

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, March 5, 2018
Time: 2:00 P.M.
Place: Board Room
29300 Valley Center Road
Valley Center, CA 92082

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:00 P.M.

ROLL CALL

Board members present were: Directors Polito, Haskell, Broomell, Ferro and Holtz. Staff members present were: General Manager Arant, General Counsel De Sousa Mills, District Engineer Grabbe, Finance Director Pugh, IT Director Pilve, Director of Operations/Facilities Hoyle, Accounting Manager Velasquez, Meter Services Supervisor LoPresti, Safety and Regulatory Compliance Supervisor Olson and Executive Assistant Johnson. Spectator present was Megan Anderson – HGR.

CONSENT CALENDAR

1. Upon motion by Broomell, seconded by Haskell and unanimously carried, the following consent calendar items were approved:

- Audit demand check numbers 150826 through 150947 for February 9 through February 22, 2018 and wire disbursements for February 2018
- Treasurer's Report for month ending January 31, 2018

ACTION AGENDA

2. Resolution Setting Public Hearing Date for Water Availability Charges:

Approval of Resolution No. 2018-05 setting the date and time for a public hearing on June 4, 2018 at 2:00 p.m. to consider levying the assessment of an annual \$10/acre, \$10/parcel minimum water availability charge, was requested by Accounting Manager Velasquez. The availability charge has been assessed on all parcels within the District since FY 1995-96 and is expected to generate \$585,000 to be used for ongoing capital improvements.

Upon motion from Haskell, seconded by Ferro and unanimously carried, the following Resolution, entitled:

RESOLUTION NO. 2018-05

RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
SETTING FORTH A SCHEDULE OF WATER AVAILABILITY CHARGES
PROPOSED TO BE ESTABLISHED FOR ALL PROPERTY WITHIN
THE DISTRICT FOR 2018-2019, FIXING THE TIME AND PLACE
OF HEARING, AND GIVING NOTICE OF HEARING

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell, Broomell, Ferro and Holtz

NOES: None

ABSENT: None

3. Overview of a California Multi-Agency Analysis of the Relationship Between Water Sales and Pricing During the Drought:

A multi-agency study was conducted by the Environmental Finance Center at the University of North Carolina at Chapel Hill reported Safety and Regulatory Supervisor Olson. Ten California agencies with uniform rate structures from all over the state participated in the study to look at the relationship between pricing, conservation measures and other factors, and the resulting water usage curtailments during the 2015 drought.

The study concluded the following:

- There was no evidence that a single approach or method by any water utility was uniformly successful across the state at achieving the targeted savings.
- Pricing structure played a relatively minor role in helping water utilities meet their aggressive reduction targets.
- No clear correlation between rate structure type and water savings during the drought.
- Higher monthly rates and total water bills, regardless of rate structure, were strongly associated with lower residential use.
- Areas with higher temperatures use more water.
- Water utilities should retain the flexibility to establish demand reduction strategies and components relevant to local supply conditions and community characteristics.

Following a peer review, this analysis is expected to be published in water journals.

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4. Review of Proposed Revisions to Miscellaneous Fees and Charges:

Proposed revisions to various meter connection charges, Project Facility Letters and Low Pressure Sewer Pump processing and inspection fees were presented by District Engineer Grabbe for Board discussion.

Staff has determined that several of the fees and charges fall significantly short of recovering the District's actual cost. Since last amended, material costs have dramatically increased for lead free brass and copper components, in addition to increased labor and equipment costs. In many instances, the amount of the desired adjustment is significant and much more than should be applied in any one year. Staff proposes to split the needed increases over the next two years to catch up with the actual cost of services.

The proposed increases will be further reviewed with the final amounts posted as a Public Notice in the local newspaper. Final approval of the proposed increases, and any necessary changes to the Administrative Code, will be brought before the Board in April.

General Manager Arant reminded staff that in 2011 the Board admonished them for letting the fee changes go so long, and here it is seven years later. Mr. Arant requested a policy provision in the Administrative Code stating that the fees and charges will be adjusted on an annual basis based upon increases in labor and material costs. In addition, a full evaluation of costs shall be done every three years.

5. Authorize Contribution to the ACWA Anti-Water Tax Campaign:

The Association of California Water Agencies (ACWA) is proposing to mount a campaign opposing Senate Bill 623 (Monning) which proposes to impose a "Water Tax" on all water service connections. This tax of \$0.95/month for a 1-inch meter or smaller, increasing up to \$10.00/month for a 4-inch meter, would fund the "Safe and Affordable Drinking Water Fund" to be established by Governor Brown in the FY 2018-19 state budget.

Establishing a water tax sets a dangerous precedent for funding other state issues in a similar manner stated Mr. Arant. Once established, the state could easily increase the amount of the tax over time.

ACWA is asking for \$10,000 contributions from their members to mount a strong campaign against SB 623. Staff believes it is critical to stop the Water Tax in the interests of its customers and agency.

Upon motion by Broomell, seconded by Haskell and unanimously carried, the Board approved making a \$10,000 contribution to ACWA's Anti-Water Tax Campaign.

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GENERAL MANAGER'S AGENDA

6. Miscellaneous:

The following miscellaneous items were discussed:

- Board members were asked to check their availability on April 9th in order to schedule a special meeting to tour District facilities.
- The 2nd Aqueduct will shut down for 10 days from March 18th to March 27th. Service will be provided from the 1st Aqueduct during that time.
- Escrow closed on the Hauck Mesa sale to the Water Authority for \$197,000.

ADJOURNMENT

7. Upon motion by Ferro, seconded by Haskell and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:03 p.m.

ATTEST:

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President

Secretary

Approved at a regular meeting of the Board of Directors on March 19, 2018