

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Tuesday, April 16, 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, Director of Operations Hoyle, Finance Director Pugh, IT Director Pilve, Project Manager Williams, Safety and Regulatory Compliance Supervisor Olson, and Executive Assistant Johnson. Spectators present were John Christopher – Louis Berger, and Andy Sells, Bill Knutson and Peter Kuchinsky – ACWA/JPIA.

SPECIAL PRESENTATION

ACWA/JPIA CEO, Andy Sells, presented the Board with an insurance refund check in the amount of \$100,102 and thanked the Board and staff for their participation and involvement in JPIA's safety training program.

CONSENT CALENDAR

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

- Minutes of the Board meeting held March 19, 2018
- Minutes of the Board meeting held April 9, 2018
- Audit demand check numbers 151031 through 151231 for March 8, 2018 through March 29, 2018
- Treasurer's Report for month ending February 28, 2018
- Quarterly report of employees' expense reimbursements for the quarter ending March 31, 2018
- Board of Directors' request for reimbursement of expenses and report of expenses
- Biannual Survey of General Counsel and Auditing Services Costs
- Approval of Purchase Order #107753 to Courtesy Chevrolet for the purchase of two 2018 Extra Cab, half ton trucks

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PUBLIC HEARINGS

2. Adoption of Ordinance No. 2018-04 Amending Administrative Code Section 160.4, Increasing Water Meter Capacity Charges and Section 220.6, Modifying Annexation Charge Calculation Procedures:

A public hearing was opened by President Polito at 2:11 p.m. to consider increasing water meter capacity charges for FY 2018-19 and modifying the calculation procedures for annexation charges.

Meter Capacity Charges - The methodology used to determine Meter Capacity Charges is calculated by taking the value of facilities and dividing it by the number of equivalent ¾" meters. This is applied to the other meter sizes via a multiplier of its gpm rating reported District Engineer Grabbe. The 3-inch meters being used today have a higher rating of 350 gpm, previously set at 300 gpm, that matches AWWA recommendations. Other new considerations included deducting contributed capital, deducting estimated asset value attributed to taxes and availability charges, and re-evaluating the service life of each facility.

A memorandum of proposed charges, prepared by John Christopher of Louis Berger, utilized this methodology to make its recommendations, as shown in the table below:

Meter Capacity Charge Summary						
Meter Size	5/8"	3/4"	1"	1 ½"	2"	3"
Current Capacity Charge (FY14/15)	\$3,096	\$4,644	\$7,740	\$15,480	\$24,768	\$46,440
Proposed Increase	\$58	\$87	\$145	\$290	\$464	\$8,755
Percent Increase	1.9%	1.9%	1.9%	1.9%	1.9%	18.9%
Total Proposed Meter Capacity Charge (FY18/19)	\$3,154	\$4,731	\$7,885	\$15,770	\$25,232	\$55,195
Safe Operating Flow Rate (gpm)	20	30	50	100	160	350
Meter Equivalent Ratio	0.6667	1.0000	1.6667	3.3333	5.3333	11.6667

Annexation Fee – The same amount deducted from the facility value for taxes and availability charges was used to determine a recommendation for the annexation fee. Property owners' outside the District do not pay availability charges or tax revenues to the District so they would need to buy-in to the value attributed to those revenue sources to be on an equal basis as customers within the District. The recommended annexation fee is \$1,061 per acre.

Incremental Charges – An incremental component to the capacity charge is added only for projects either constructed by the District that benefit future connections in a specific area or for contributed capital (developer projects with reimbursement agreements) that benefit future connections in a Specific Benefit Area (SBA). When

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approved on a case-by-case basis, a Specific Benefit Area Connection Charge (SBACC) is established to collect the incremental charge.

Incremental Charges have been established for two District funded water facility projects: High Mountain Water Line and Red Ironbark Pump Station. Two additional projects have been conceptually approved for establishing an SBACC (Country Club Reservoir Upgrades and Wilkes Road Pipeline Extension Projects). Wilkes Road is pending submittal of final costs and staff has indicated that an SBACC is not warranted for the current land uses of the Country Club Reservoir Upgrade project service area. Staff recommended revisiting the need for an SBACC for this project should the County approve a major General Plan Amendment in this zone. One developer Reimbursement Agreement is still in effect, the Saiki Line Extension (Via Piedra).

Staff recommended adoption of Ordinance No. 2018-04, amending Administrative Code Article 160.4, increasing meter capacity charges and other minor clarifying revisions, and Article 220.6, modifying the procedures for calculating the Annexation Charge to be effective July 2, 2018.

The public hearing was closed at 2:29 p.m. No comments were received.

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

ORDINANCE NO. 2018-04

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING ADMINISTRATIVE CODE SECTION 160.4
INCREASING WATER METER CAPACITY CHARGES AND SECTION 220.6
MODIFYING PROCEDURES FOR CALCULATING THE ANNEXATION CHARGE**

was adopted by the following vote, to wit:

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

NOES: None

ABSENT: None

3. Ordinance No. 2018-05 Amending the Administrative Code to Increase Meter Connection, Meter Component, Project Facility Letter and Grinder Pump Processing Charges:

A public hearing was opened by President Polito at 2:30 p.m. to consider adopting revisions to meter connection, meter component, project facility letter, and grinder pump processing charges.

As discussed at the March 5th board meeting, fees and charges are intended to represent the actual cost of the specific service and need to be reviewed periodically, reported District Engineer Grabbe. Price increases for lead free brass and copper

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components have dramatically increased the cost of materials. Some increases are so drastic that staff recommended spreading the increase over two years. The fees and charges being evaluated included:

Meter Installation Fees (Sec. 160.4) Full installs, drop-ins, and fire meter tees show dramatic increases from 42% to 68% depending on the meter size. However, some of the larger drop-in meters showed minimal increases. It was recommended to spread the larger increases over two years.

Meter Relocations (Sec. 160.8) The current \$50 charge is not sufficient to cover the staff time required (1.5 hours plus the vehicle charge). It is recommended to increase this charge to \$180.

Backflow Devices (Sec. 160.12) The type of backflow device required varies depending on site conditions. In addition to the actual cost of the backflow parts, the first annual backflow test is performed at the time of installation. It is recommended to spread the increase over two years.

Pressure Reducing Valves (Sec. 160.20) As with other brass components, certain PRV sizes have increased significantly. It is recommended to spread the larger increases over two years.

Project Facility Availability and Commitment Letters – (Sec. 160.22 & 171.10) PFA and PFCs are standard form County letters required when processing plans or property entitlement applications at the County. The current fee of \$50 does not cover the estimated 2 hours of staff time needed. Increasing the charge to \$125 for each letter is recommended.

Low Pressure Sewer Pump Unit, Administration and Inspection (Sec. 172.2) The current \$800 charge includes review of site plan, inspection, testing and start-up. Staff recommends adding a radio for alarm monitoring (\$200) plus 21 hours of staff time for a new cost of \$1,200.

Staff recommended adoption of Ordinance No. 2018-05 amending the Administrative Code to increase meter connection, various meter component, project facility letter and grinder pump processing charges to be effective July 2, 2018.

President Polito closed the public hearing at 2:52 p.m. No comments were received.

Upon motion from Ferro, seconded by Holtz and unanimously carried, the following Ordinance, entitled:

ORDINANCE NO. 2018-05

**ORDINANCE OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING ADMINISTRATIVE CODE TO PROVIDE FOR CHANGES IN
THE METER CONNECTION, METER COMPONENT, PROJECT FACILITY LETTER
AND GRINDER PUMP UNIT PROCESSING CHARGES**

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was adopted by the following vote, to wit:

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

NOES: None

ABSENT: None

ACTION AGENDA

4. Ordinance No. 2018-06 Amending the Administrative Code to Add Meter Requirements for Multi-Unit Residential Structures, Irrigation Meters and Meter Relocations:

As previously reviewed, amendments to the Administrative Code requiring 1) separate irrigation meters for commercial, industrial and institutional developments, 2) individual water meters for each new residential unit of a multi-unit residential structure, and 3) allowing meter relocations between properties of the same ownership, was requested by District Engineer Grabbe.

Separate Irrigation Meters – (Sec. 160.2(a)2) Proposed water conservation regulations require monitoring internal water demands separate from irrigation demands. Staff proposes amending the Administrative Code to require separate irrigation meters for Commercial, Industrial and Institutional (CII) developments.

Multi-Unit Residential Structures – (Sec. 160.2(a)) Effective 01/01/18, legislation was passed requiring that water supplied to each dwelling unit of newly constructed multi-unit residential structures or mixed-use residential/commercial structures be measured. Exceptions to this rule would be considered for low income housing, time-share property, educational housing, long-term health care facilities, and care facilities for the elderly.

Other amendments are recommended to clarify the following:

- one ownership per meter service (Sec. 160.9),
- multi-unit residential structures exempted from the separate meter requirement would be subject to Water Serviceability Charge provisions (Sec. 160.10), and
- correcting other minor grammatical errors.

Meter Relocations – (Sec. 160.8) Staff proposes amending the Code to allow for meters to be relocated between properties of the same ownership. Provisions also include requiring the property owner to be responsible for disconnecting the abandoned service lateral from the main.

Staff recommended adopting Ordinance No. 2018-06 amending the Administrative Code to include the proposed changes to be effective upon approval.

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

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ORDINANCE NO. 2018-06

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING ADMINISTRATIVE CODE SECTIONS 160.2, 160.8 AND
160.9, ADDING METER REQUIREMENTS FOR MULTI-UNIT RESIDENTIAL
STRUCTURES, IRRIGATION METERS AND METER RELOCATIONS**

was adopted by the following vote, to wit:

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

NOES: None

ABSENT: None

5. Resolution Approving FY 2017-18 Budget Amendment and Change Order No. 7 for the Cool Valley Reservoir Paving and Stormwater Removal System Project:

The Cool Valley Reservoir Paving and Stormwater Removal System is the third of four phases of work for the Cool Valley Reservoir Cover/Liner Replacement Project, reported Project Manager Williams. The third phase will provide facilities to remove stormwater from within the reservoir's floating cover and improve the on-site and off-site access roads.

Administrative Code Article 140.4 requires Board approval for cumulative change order amounts exceeding \$35,000. Change Order No. 7 was requested by District staff to address a drainage issue along Miller Road. The cumulative total of change orders is \$45,796, as shown in the following table:

Change Order No.	Description	Amount
1	Off-Site Paving; install overlay in lieu of slurry	8,797
2	Extend bid item No. 2 (removal of AC pavement & conduit)	3,188
3	Remove interfering conduits, etc.	7,010
4	Install native material in lieu of import sand	(2,793)
5	Install crushed rock at electric pull boxes	6,655
6	Modify panel A pedestal, install guard posts at pedestal C	5,945
Sub-Total		28,802
7	Install V-ditch along Miller Road (pending)	16,994
TOTAL		\$45,796

When the FY 2017-18 annual Budget was prepared, staff did not anticipate needing the \$700,000 of contingency that was available at that time, so it was released from the project budget for use on other projects. However, due to higher paving cost bids, additional staff and engineering costs, funding in the amount of \$246,240 is needed to complete the project. Subtracting some off-site paving being funded by the local

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homeowner's (\$6,240), staff requested a budget adjustment of \$240,000 from the Capital Improvement Reserves.

Of the total \$3.8M project cost, approximately \$3.5M is expected to be reimbursed from the Drinking Water SRF Loan, resulting in an annual debt service payment of \$210,000 for 20 years. The project is expected to be completed by May 24, 2018.

Staff recommended adopting Resolution No. 2018-09, amending the FY 2017-18 Annual Budget to authorize an additional \$246,240 for the Cool Valley Reservoir Cover/Liner Project and approving Change Order No. 7 for the Paving and Stormwater Removal System project.

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

RESOLUTION NO. 2018-09

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE FY 2017-2018 ANNUAL BUDGET TO APPROPRIATE
ADDITIONAL FUNDING FOR THE COOL VALLEY COVER/LINER
REPLACEMENT PROJECT**

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell Broomell, Ferro and Holtz

NOES: None

ABSENT: None

6. Review of Current Strategic Plan Goals and Potential Modifications for the Successor Strategic Plan:

The District's current Strategic Plan expires at the end of FY 2017-2018 reported General Manager Arant. A survey of the Department Heads and Supervisory staff was conducted to receive input on the District's strengths and what needs to be done over the next five year period to ensure the District continues to perform in a safe, reliable, cost effective and customer service oriented manner.

Several areas of concern were identified for the next strategic plan period, including:

Growth – both commercial and residential growth will tax current resources;
Infrastructure – water and wastewater infrastructure are aging;
General Technology – asset, data management and deployment capabilities needed;
Meter Technology – significant investments in AMI needed over the next five years.

The current Strategic Plan Goals were reviewed. Many of the goals are still relevant today, however, some need to be eliminated, updated or expanded upon. Some new considerations being discussed were emphasis on e-business, new technology,

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securing agricultural pricing considerations on the "WaterFix" project and renewable energy.

The District's Mission Statement, Performance Standards, Code of Ethical Practices and Organizational Values will be reviewed at a later time.

The Board's feedback on the Strategic Plan Goals was requested. Adoption of the successor Strategic Plan is targeted for the end of this fiscal year.

GENERAL MANAGER'S AGENDA

7. San Diego County Water Authority's Board of Directors Meeting:

General Manager Arant reported that the SDCWA Board of Directors' Meeting on March 22, 2018 discussed general business items.

8. Miscellaneous:

General Manager Arant reported that he had listened to Metropolitan's board meeting where Met approved paying 67% of the \$17B Twin Tunnel Project. The cost impacts will be significant.

BOARD OF DIRECTORS' AGENDA and AB 1234 REPORTING

9. San Diego County Consolidated Redevelopment Oversight Board Election:

Direction on casting the Mailed Ballot to elect a Regular Member of the San Diego County Consolidated Redevelopment Oversight Board by the Board President was requested.

Upon motion by Holtz, seconded by Haskell and unanimously carried, the Board approved casting the District's ballot for Edmund Sprague of Olivenhain MWD.

ADJOURNMENT

10. Upon motion by Haskell, seconded by Ferro and unanimously carried, the regular meeting of the Board of Directors was adjourned at 4:02 p.m.

ATTEST:

ATTEST:

President

Secretary

Approved at a regular meeting of the Board of Directors on May 21, 2018