

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, March 18, 2019
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, Ferro, Holtz and Smith. Staff members present were: General Manager Arant, General Counsel de Sousa Mills, District Engineer Grabbe, Director of Operations Hoyle, Director of Finance and Administration Pugh, Director of IT Pilve, Sr. Engineer Lyuber, Project Manager Carrillo, Accounting Manager Velasquez, GIS/Engineering Service Supervisor Garcia, GIS Analyst Martinez, Safety & Regulatory Compliance Supervisor Olson, and Executive Assistant Johnson. Spectators present were John Christopher – Louis Berger, Megan Anderson – HGR, and Will Rogers – Will Rogers & Associates.

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 February 19, 2019
- Audit demand check numbers 153601 through 153813 for February 8, 2019 through March 7, 2019 and wire disbursements for February 2019
- Treasurer's Report for month ending January 31, 2019
- Approval of Purchase Order #108909 for three Extra Cab ½ Ton Trucks
- Resolution No. 2019-03 Setting Public Hearing Date for Water Availability Charges on June 3, 2019

ACTION AGENDA

2. Resolution Approving the District's Statement of Investment Policy and Renewing the Authority Delegated to the Treasurer:

Review of the District's investment policy by the Board of Directors is required annually by Government Code Section 53646(a)(2) and Administrative Code Section 50.1(j). In addition, Government Code Section 53607 requires the delegation of investment authority be reconfirmed by the Board annually.

The District's investment policy has three objectives reported Finance Director Pugh: 1) the safety and preservation of capital; 2) the liquidity to meet cash flow requirements, and 3) an investment yield at least equal to the average rate of U.S. Treasury Bonds.

**Valley Center Municipal Water District
Board of Directors' Meeting**

Staff recommended adopting Resolution No. 2019-04 approving the current District Statement of Investment Policy without change, and renewing the delegation of investment authority to the Treasurer, who is the Director of Finance.

Upon motion by Ferro, seconded by Smith and unanimously carried, the following resolution, entitled:

RESOLUTION NO. 2019-04

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
TO APPROVE THE STATEMENT OF INVESTMENT POLICY
AND TO RENEW THE DELEGATION OF INVESTMENT AUTHORITY
TO THE TREASURER OF THE DISTRICT**

was adopted by the following vote, to wit:

**AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None**

3. Resolution Adopting the Sewer System Management Plan 2018 Update:

The Sewer System Management Plan (SSMP) was first adopted by the Board in 2010 in accordance with the SWRCB General Waste Discharge Order No. 2006-0003. The SSMP standardizes the District's procedures to operate and maintain its wastewater collection facilities. The Discharge Order also provides requirements for reporting performance of the collection system, sanitary sewer overflows (SSOs), and periodic updating and recertification of the SSMP.

Updates to the SSMP were prepared by John Christopher of the Louis Berger Group, who presented highlights of the changes that included: assigning responsibility to property owners for maintaining their sewer lateral; updating collection system maps and descriptions; revising the inspection and cleaning program; revising capacity enhancement measures and adding a replacement, prioritization and funding sources section. SSMP updates are required to be certified by the Board every five years or when significant changes are made.

Staff recommended adopting Resolution No. 2019-05, certifying the 2018 Sewer System Management Plan Update.

Upon motion by Smith, seconded by Haskell and unanimously carried, the following resolution, entitled:

RESOLUTION NO. 2019-05

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
ADOPTING THE
SEWER SYSTEM MANAGEMENT PLAN 2018 UPDATE**

**Valley Center Municipal Water District
Board of Directors' Meeting**

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None

4. Bear Peak Subdivision (TM 5614) Concept Approval:

KB Homes proposes to construct water and wastewater improvements to serve a 48 lot subdivision (47 residential lots and one open space lot) on the south side of Mirar de Valle, just west of Valley Center Road. Water supply for the Bear Peak Subdivision (formerly known as Shady Oak) will be provided from an 8-inch low-pressure water line and proposed pressure reducing station along Mirar de Valle, and wastewater service from an 8-inch gravity collection line crossing Mirar de Valle from the proposed Park Circle Development. The owner is a participant in Assessment District 2012-01 with 47 EDUs of sewer capacity.

Rick Engineering has submitted a preliminary design report in accordance with the District's Administrative Code for review. Since water and wastewater service is dependent upon the completion of backbone facilities proposed to be constructed as part of the Orchard Run and Park Circle Developments, alternative interim service facilities, including sufficient financial securities, may be required by the District. Several alternatives have been discussed and will depend on construction timing.

Staff recommended issuing concept approval of the water and wastewater facilities described in the preliminary design report and amended by staff comments, and authorize the General Manager to enter into the standard District Facilities Agreement with the Developer.

Upon motion by Smith, seconded by Haskell and unanimously carried, the Bear Peak Subdivision was granted concept approval subject to District requirements.

5. Miller Road Plaza Concept Approval:

Valley Center View Properties and the Stephen F. Gardella Jr. Trust are the owners of a 5.85 acre parcel on the northeast corner of Valley Center and Miller Roads. They propose to construct water and wastewater improvements to serve a 2.51 acre commercial development that includes a gas station, convenience store, restaurant and commercial office building.

Water pressure at the site exceeds 200 psi and will require a pressure reducing station (PRS) that will be dedicated to the District. A 12-inch water line extension will be required to extend service to the proposed PRS site and to the existing 6-inch water line in Miller Road. Fire service will be provided through a Double Check Detector Assembly (DCDA) and private on-site distribution system. Wastewater was to be served by the North Village Lift Station. Until that is developed, an interim wastewater service would be constructed by the Developer consisting of a private grinder pump and service lateral to the 3-inch low pressure sewer line in Valley Center Road. Once the lift station is

Valley Center Municipal Water District Board of Directors' Meeting

constructed, the developer would extend a gravity service line across V.C. Road and divert flow from the interim grinder pump to the lift station.

This proposed development will require 18 of the 200 EDUs of sewer capacity allocated to VCVF property. The property owner will be required to enter into an Excess Wastewater Usage Agreement that provides for an additional wastewater service charge to be added if water usage on the three commercial building meters exceed the assigned, per EDU, water allocation. This project is exempt from the District's CEQA Guidelines.

Staff recommended issuing concept approval of the water and wastewater facilities described in the preliminary design report and amended by staff comments, and authorize the General Manager to enter into the standard District Facilities Agreement with the Developer.

Upon motion by Smith, seconded by Haskell and unanimously carried, the Miller Road Plaza Project was granted concept approval subject to all District requirements.

6. North Village Collection System Project – Approval of Change Order No. 2 with LB Civil Construction Inc.:

The North Village Collection System Project began construction in August 2018 and has installed low pressure sewer (LPS) in Lizard Rocks, Juba and Cole Grade Roads reported Project Manager Carrillo. The contractor, LB Civil, is now installing the mainline LPS and force main in Valley Center Road, where pockets of rock have been encountered. Costs associated with rock excavation are tracked on a time and material (T&M) basis. Additional rock is anticipated for the remainder of the project within Valley Center Road. The project is approximately 43% complete at this time.

Change Order No. 1, previously approved, totaled \$11,643.18 for T&M work and added 18 additional calendar days for the change order work and inclement weather. Change Order No. 2 consists of two components: rock excavation and horizontal directional drilling.

Rock encountered in Valley Center Road in January required an additional 13 calendar days. The daily T&M records submitted by LB Civil were verified by VCMWD inspection staff for an additional cost of \$31,195.96. In addition, the contractor requested to use horizontal directional drilling (HDD) methods to install the 3-inch LPS line and 6-inch force main in the Cole Grade Road intersection and the stormwater culvert crossings located west of Indian Creek Road. The HDD alternative results in a net deduct of (\$47,936.75) to the project. Factoring in the cost of Change Order No. 1 and Change Order No. 2 T&M expenses, the project still has a net credit of (\$5,098) to apply towards additional rock excavations.

The bad weather and excavation days added to the contract change the expected project completion date to May 6, 2019.

Staff recommended adoption of Resolution No. 2019-06 approving Change Order No. 2 to the construction contract with LB Civil on the North Village Collection System Project.

**Valley Center Municipal Water District
Board of Directors' Meeting**

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

RESOLUTION NO. 2019-06

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
APPROVING LB CIVIL CONSTRUCTION INC'S CHANGE ORDER NO. 2
FOR THE NORTH VILLAGE COLLECTION SYSTEM PROJECT
[PROJECT NO. 16-06-78-56150]**

was adopted by the following vote, to wit:

**AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None**

7. Authorization to Enter 3-Year Geographical Information System (GIS) Software Licensing, Maintenance and Service Agreement:

Currently, the District contracts with Environmental Systems Research Institute, Inc. (ESRI) for GIS software licensing and maintenance for a limited number of users and products for approximately \$16,000 per year. ESRI offers a Small Utility Enterprise Agreement that provides access to all their products for concurrent use by all employees and in-house contractors for a term of 3-years at \$25,000 per year.

The GIS system will support the computerized maintenance management program that the District will be using in the near future, reported District Engineer Grabbe. ESRI is the industry standard and they have no distributors for their products. They have agreed to pro-rate the cost of the Small Utility Enterprise Agreement over the remaining four months of this fiscal year and provide a similar pro-rated credit for the amount paid for the current program.

A brief demonstration of the GIS web map capabilities was provided by Ms. Garcia.

Staff recommended adoption of Resolution No. 2019-07 authorizing staff to enter into the ESRI Small Utility Enterprise Agreement for a 3-year, 4 month term from March 2019 through June 2022, in the amount of \$83,334.

Upon motion by Ferro, seconded by Smith and unanimously carried, the following resolution, entitled:

RESOLUTION NO. 2019-07

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
AUTHORIZING STAFF TO ENTER INTO A THREE-YEAR
GEOGRAPHICAL INFORMATION SYSTEM SOFTWARE LICENSING,
MAINTENANCE AND SERVICE AGREEMENT**

**Valley Center Municipal Water District
Board of Directors' Meeting**

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None

GENERAL MANAGER'S AGENDA

8. Concurring Nominations for the 2019 ACWA-JPIA Executive Committee:

There are currently two seats available on the ACWA-JPIA Executive Committee that will be voted on at the Spring ACWA Conference. The election process requires that candidates must secure three concurring nominations from other ACWA-JPIA member agencies to qualify for the ballot.

Staff has received requests from three agencies, Vista Irrigation District (Paul Dorey), Yuba Water Agency (Brent Haste), and Rancho California Water District (William Plummer) for concurring nominations for the ACWA-JPIA Executive Committee. Adopting a concurring nomination is a courtesy and does not obligate the adopting board to vote for a particular candidate.

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

RESOLUTION NOS. 2019-08, 09, 10 (respectively)

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
CONCURRING IN THE NAMINATION(S) OF
PAUL DOREY, BRENT HASTEY AND WILLIAM PLUMMER (rsp)
TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF
CALIFORNIA WATER AGENCIES JOINT POWER INSURANCE AUTHORITY**

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None

9. Concurring Nominations for At-Large Members of the ACWA-JPIA California Water Insurance Fund (CWIF) Board of Directors:

At its 2018 Fall Conference, the ACWA-JPIA Board voted to form a Captive Insurance Company, the California Water Insurance Fund (CWIF). The non-profit CWIF will be a wholly owned subsidiary of ACWA-JPIA, domiciled in Utah. It will have a separate Board of Directors made up of four ACWA-JPIA Executive Committee members appointed by the President, the CWIF attorney who is a resident of Utah, and two at large elected directors from the ACWA-JPIA membership.

**Valley Center Municipal Water District
Board of Directors' Meeting**

Currently, ACWA-JPIA self-insures up to \$5 million and secures excess coverage from the private market. The main function of the CWIF is to secure a portion of the excess coverage at a cost savings to ACWA-JPIA.

Staff has received requests from two agencies, Vista Irrigation District (Paul Dorey) and Elsinore Valley Water District (Andrew Morris) for concurring nominations to the CWIF board. Three concurring nominations from other member agencies are required to qualify for the ballot which will take place at the ACWA 2019 Spring Conference. Adopting a concurring nomination does not obligate the agency to vote for a particular candidate.

Upon motion by Holtz, seconded by Haskell and unanimously carried, the following resolution, entitled:

RESOLUTION NOs. 2019-11 and 12 (respectively)

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
CONCURRING IN THE NAMINATION(S) OF
PAUL DOREY and ANDREW MORRIS (rsp) TO THE
BOARD OF DIRECTORS OF THE ASSOCIATION OF CALIFORNIA
WATER AGENCIES, CALIFORNIA WATER INSURANCE FUND
(AN ACWA-JPIA CAPTIVE INSURANCE COMPANY)**

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None

10. San Diego County Water Authority's Board Meeting Summary:

General Manager Arant reported that SDCWA General Manager, Maureen Stapleton, has retired. Sandy Kerl, Deputy GM, was appointed Acting General Manager until a replacement is found.

11. Miscellaneous:

The District's Status Report for January 2019 was provided. Water sales for January were 430.94 a.f. due to wet weather. February sales are expected to be low as well.

**Valley Center Municipal Water District
Board of Directors' Meeting**

GENERAL COUNSEL

12. General Counsel de Sousa Mills reported on the following items:

- The FPPC is going through a process to update some of its regulations regarding materiality standards to determine if there is a measurable financial effect. They recently amended the materiality standard for real property revising the instances where there could be a conflict of interest based on distance from the property.
- Assembly Constitutional Amendment #3, co-authored by Mathis (R) and Garcia (D), requests that 1% of the State's General Fund be allocated for water projects.
- FPPC adopted a regulation that no election campaign contributions may be made in crypto currencies.

CLOSED SESSION

No closed session was called.

ADJOURNMENT

13. Upon motion by Holtz, seconded by Ferro and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:55 p.m.

ATTEST:

ATTEST:

President

Secretary

Approved at a regular meeting of the Board of Directors on April 1, 2018