

# VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting  
Monday, April 15, 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, Accounting Manager Velasquez, Project Manager Williams, Meter Services Supervisor, Pumps and Motors Supervisor Rutherford, Safety & Regulatory Compliance Supervisor Olson, and Executive Assistant Johnson. Spectators present were Dr. Lon House – Water and Energy Consulting, Jacqueline Howells – HGR, and Chris Berg, Jeff Randolph and Ed Funk with Aqua Metric.

## **CONSENT CALENDAR**

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

- Minutes of the Board meeting held April 1, 2019
- Audit demand check numbers 153939 through 154068 for March 22, 2019 through April 4, 2019 and wire disbursements for March 2019
- Quarterly report of employees' expense reimbursements for the quarter ending March 31, 2019
- Quitclaim of 20 ft. duplicate easement in Tamara Dr., Escondido recorded 4/18/63
- Approval of Purchase Order No. 109122 for a 2019 1-1/2 ton, 4x4 diesel truck
- Confirmation of RFP required for Auditor following the 2021 Audit

## **PRESENTATION**

### **2. Comprehensive Energy Program Analysis and Strategic Plan Presentation by Dr. Lon House:**

A comprehensive overview of the District's energy program was budgeted in FY 2017-2018 to analyze what opportunities may be available to further control energy costs, and how best to position the District for potential future trends and developments. A similar analysis was completed in 2002 following "Energy Deregulation".

Dr. Lon House of Water and Energy Consulting presented the findings of his comprehensive energy analysis which was broken into four phases as follows:

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

Phase I – Performed a rate analysis to determine if the District's solar generation was on the most advantageous tariffs. Several have consequently been changed over the study period.

Phase II – Reviewed all other non-solar SDG&E accounts. A tariff analysis software tool was developed to be used by staff to do independent analyses. With the use of this tool, six SDG&E accounts were changed which resulted in over \$85K per year in reduced power costs.

Phase III – Evaluated the benefit of additional solar development for the Corporate Facility, Lower Moosa Canyon WRF and Miller Pump Station, as well as energy storage for these locations and Betsworth Pump Station. It was determined that additional or expanded solar was economically feasible at these locations. However, changes in the 2022 SDG&E rates would make energy storage economically infeasible.

Phase IV – Focused on the state's new policies and how they would impact VCMWD in the future, such as reaching 100% carbon free energy by 2050, and the emergence of Community Choice Aggregation (CCA) and Consumer Choice (CC) options for power purchases. It also evaluated how the current SDG&E General Rate Case (GRC) will impact the value of the District's renewable energy program and how to adapt going forward.

In conclusion, Dr. House stated that VCMWD is doing a very good job responding to the changing SDG&E tariffs but needs to stay vigilant. Solar projects that follow account demand are still attractive; however, solar project tariffs, including those grandfathered in, need to be reevaluated depending on what happens with the GRC. In the next couple of years, VCMWD will need to decide if its accounts should join a Community Choice Aggregator or stay with SDG&E.

The Board received and accepted the report from Dr. House and directed staff to continue the analysis and report back on any specific recommendations to be pursued.

### **ACTION AGENDA**

#### **3. Approval of Multi-Year Transition from the Current Automated Meter Reading (AMR) System to the New Advanced Metering Infrastructure (AMI) Technology:**

The District's AMR program began in FY 2005-06 with a pilot project that focused mainly on safety sensitive areas. Two years later the Board approved funds to continue the project which was completed at the end of 2009. This program allows the Meter Technicians to simply drive by the meters with a portable system that reads the water consumption data and transfers it to the billing system. The AMR program has been very successful, reported Meter Services Supervisor LoPresti, and staff feels that it is time to begin migrating to the next generation of smart meter technology.

Advanced Metering Infrastructure (AMI) technology will collect and transfer real-time meter data through a communication network utilizing a number of AMI specific communication towers and the District's existing SCADA Radio Frequency network. The AMI system would provide many operational benefits including meter data collection, real-time notification of potential meter malfunctions, and further reduce meter

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

reader labor and vehicle operation costs. In addition, it will allow customer online access to real-time information about their water consumption.

For the past several years, the District established limited trial areas where 70 various AMI meters have been installed and tested. Now confident in the AMI technology, staff has determined that retrofitting the Sensus meter reading heads with the new AMI MXU is the most cost effective approach to moving forward with the project. Meters larger than 1" would have to be completely changed-out to the more accurate Omni meters.

Full coverage of the service area would require AMI-specific communication towers to be installed at strategic locations in the District. Radio frequency studies by Sensus indicate virtually full coverage can be achieved by installing 15 towers of 40 to 50 feet in height at a cost of \$628,320, or seven 80 foot towers at a cost of \$293,520. The final determination on the height and number of towers will be made after additional review of potential visual impacts and other environmental factors.

Staff estimates that the AMI transition project can be completed by the end of FY 2022-2023. The estimated total cost and annual budgets to transition to the AMI system, including the cost of new large meters, AMI MXUs, seven 80 foot communication towers, software and temporary labor over the next fiscal years is as follows:

FY 2018-2019	\$220,000 *
FY 2019-2020	\$595,000
FY 2020-2021	\$640,000
FY 2021-2022	\$658,000
<u>FY 2022-2023</u>	<u>\$657,000</u>
Total Cost	\$2,770,000

\*Funding provided in the existing budget.

**Upon motion by Holtz, seconded by Haskell and unanimously carried, the Board approved moving forward with the AMI Project.**

**4. Concept Approval for the Park Circle (TM 5603) and Orchard Run (TM 5087) Subdivisions and Authorization to Enter into Standard Development Agreements:**

Touchstone Communities proposes to construct water and wastewater facilities to serve the Park Circle and Orchard Run Subdivisions on 189.35 acres located within the South Village area of the District, reported Project Manager Williams.

Park Circle is located on 71.15 acres within the old Konyn Dairy property, on the corner of Valley Center Road and Mirar de Valle. It consists of 332 single family residential lots, a 33,700 sq. ft. commercial/retail center, a community garden and several parks.

Orchard Run is located on 118.2 acres between Mirar de Valle and Betsworth Road, just west of Park Circle. It proposes 248 single family residential lots, 52 multi-family units and a community recreation center. Orchard Run was granted concept approval by the Board in 2015 and executed a District Facilities Agreement at that time. Now, under new ownership, with a revised design and expired plan approvals, Touchstone is requesting to re-establish the Orchard Run concept approval.

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

Preliminary Design Reports for each individual subdivision were provided by the Developer's engineer which address the water, wastewater and recycled water facilities that are proposed to be designed and constructed. After review, staff developed recommendations for Conceptual Approval of the proposed facilities.

Wastewater capacity for 273 EDUs, of the 644 EDUs required, has been obtained through participation in the Phase 2 Wastewater Expansion Project. The additional capacity needed to serve the project will have to come from a Phase 3 Expansion. A Community Facilities District (CFD) is proposed to establish the funding source for the improvements needed to generate additional capacity at the Woods Valley Ranch WRF.

Funding for all on-site facilities necessary to provide water distribution (potable and recycled) and wastewater collection is the responsibility of the Developer. Construction of the Orchard Run Lift Station and force main in Old Road will be included with the on-site improvements, funded by the Developer, then reimbursed through the CFD.

Currently, the Woods Valley Ranch WRF has 1,375 EDUs of committed capacity with approximately 300 EDUs connected. Staff recommended delaying construction of proposed expansion facilities until such time as the number of connected units is closer to the available capacity. The CFD will provide financial security to construct the improvements when they are needed. Formation of the CFD would be completed before allowing building permits to be issued in excess of the 273 EDUs included in the Phase 2 Expansion.

Standard agreements are needed for each project to proceed with design. These include a District Facilities Agreement, Recycled Water Use Agreement, and the County Agreement to Improve Major Subdivision (Joint Bonding Agreement).

Staff recommended issuing concept approval of the District facilities proposed for the Park Circle and Orchard Run Subdivisions, as described in the Preliminary Design Reports and amended by staff, and authorize the General Manager to execute the Standard Development Agreements as needed for the Project.

**Upon motion by Ferro, seconded by Haskell and unanimously carried, the Board approved staff's recommendation.**

### **GENERAL MANAGER'S AGENDA**

#### **5. San Diego County Water Authority's Board Meeting Summary:**

General Manager Arant provided a summary of the Water Authority's Board meeting of March 28, 2019.

#### **6. Miscellaneous:**

The District's Status Report for March was provided for review. It was noted that agricultural discounts from SDCWA and MET are approaching \$140M in savings since the program began.

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

**BOARD OF DIRECTORS AGENDA AND REPORTS ON MEETINGS ATTENDED**

7. The California Water Policy Conference held in San Diego April 4-5, 2019 was attended both days by Director Ferro and one day by Director Smith.

**CLOSED SESSION**

8. A closed session was called by President Polito, at 4:07 p.m. pursuant to:

- **Government Code §54957.6 – Conference with Labor Negotiators:**

Agency Representative:	Gary Arant, General Manager
Employee Organization:	Valley Center MWD Employee Association

**RECONVENE**

9. The regular Board of Directors meeting reconvened at 4:17 p.m. There was no reportable action.

**ADJOURNMENT**

10. Upon motion by Haskell, seconded by Ferro and unanimously carried, the regular meeting of the Board of Directors was adjourned at 4:18 p.m.

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
**President**

\_\_\_\_\_  
**Secretary**

**Approved at a regular meeting of the Board of Directors on May 20, 2019**