

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Tuesday, January 21, 2020
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, Holtz and Smith. Director Ferro arrived late. Staff members present were: General Manager Arant, General Counsel Diven, District Engineer Grabbe, Director of Operations Hoyle, Director of Finance and Administration Pugh, Director of IT Pilve, Manager of Accounting Velasquez, Senior Engineer Lyuber, Safety & Regulatory Compliance Supervisor Olson, Meter Services Supervisor LoPresti, and Executive Assistant Johnson. Spectators present were Jacqueline Howells – HGR, Scott Koppel and Nick Farrel – Koppel & Gruber Public Finance, and Kerry Garza – Touchstone Communities.

CONSENT CALENDAR

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

- Minutes of the Board meeting held January 6, 2020
- Audit demand check numbers 156360 through 156467 for December 27, 2019 through January 9, 2020 and wire disbursements for December 2019
- Quarterly Report of employees' expense reimbursements for the quarter ended December 31, 2019
- Treasurer's Report for month ending November 30, 2019

ACTION AGENDA

2. Park Circle East/West Development Community Facilities District – Modification of Resolution No. 2019-35 to Amend Rate and Method of Apportionment:

An amendment to Resolution No. 2019-35, adopted December 16, 2019, was requested to modify the rate and method of apportionment (RMA) of the special CFD tax, reported District Engineer Grabbe. The RMA identifies how the CFD's special tax levy is determined and how the tax revenue would be used.

As currently written, the RMA could be interpreted to not allow special taxes to be levied on undeveloped property to accumulate funds to be used for the acquisition or construction of facilities. By allowing the special tax on undeveloped property, the Pay-Go fund balance would be greater, the security requirement for the Phase 3 Expansion facilities would be less, and the undeveloped tax would be the responsibility of the

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developer or whoever owns the property. If the build-out goes as planned, this change could provide up to \$1M in additional funds for the first ten years.

With this modification, staff suggested extending the public hearing for the project out to February 18, 2020. This would allow additional time to finalize the funding security requirements and the Funding Agreement with Touchstone for the CFD facilities.

Staff recommended adoption of Resolution No. 2020-04, amending the Resolution of Intention to establish a CFD (Resolution No. 2019-35), to modify the Rate and Method of Apportionment.

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

**RESOLUTION NO. 2020-04
RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING RESOLUTION NO. 2019-35**

was adopted by the following vote, to wit:

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

PUBLIC HEARING

3. Park Circle East/West Development Community Facilities District Public Hearings Continued Until February 18, 2020:

A public hearing to consider establishing the proposed Community Facilities District 2020-1, and incurring a bonded indebtedness for such District, was opened by President Polito at 2:18 p.m.

Upon motion by Haskell, seconded by Smith and unanimously carried, the public hearings were continued to the February 18, 2020 regular board meeting.

ACTION AGENDA (Cont'd)

4. Adoption of Administrative Code Article 280 – Design and Construction Standards Policies and Procedures, and Related Revisions to Articles 180 and 190:

A new Administrative Code Article 280 “Design and Construction Standards – Policies and Procedures” was presented for adoption by Senior Engineer Lyuber. The proposed new section will also affect two existing Articles, 180 – Special Project Requirements, and 190 – Developer Project Requirements, as these sections make reference to District Standards. The minor amendments will also clarify provisions for allowing conditional acceptance of developer projects.

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A framework of the new Article was first presented to the Board in November 2019 and is now being submitted in final form. These standards will be used in governing design and construction of new facilities that will be dedicated to the District for its ownership, operation and maintenance. They will also outline a review process that will allow changes to be made at the staff level.

Once adopted, staff will post the Standards on the District's website. A demonstration of how they will look will be provided to the Board before going live with them in March.

Staff recommended adoption of Ordinance No. 2020-02 amending the Administrative Code to add Article 280 and making revisions to Articles 180 and 190.

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

ORDINANCE NO. 2020-02

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE TO PROVIDE POLICIES AND
PROCEDURES FOR THE DEVELOPMENT AND REVISION OF PLANNING,
DESIGN AND CONSTRUCTION STANDARDS FOR DISTRICT
FACILITIES AND TO CLARIFY CONDITIONAL ACCEPTANCE
REQUIREMENTS FOR DEVELOPER PROJECTS**

was adopted by the following vote, to wit:

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

5. Amendment to FY 2019-2020 Annual Budget for Development of Additional Solar Arrays:

Approval of Resolution No. 2020-05 amending the FY 2019-2020 Annual Budget and allowing staff to move forward with development of additional solar arrays, as recommended in the April 2019 "Comprehensive Energy Program Analysis and Strategic Plan," was requested by General Manager Arant.

The Board was reminded that a previous attempt to obtain proposals for the Moosa WRF Solar Project yielded no bids; citing the project was too small to be economically viable for securing favorable Power Purchase Agreement financing. After discussions with the energy consultant, staff recommends bundling all four solar projects: Moosa, the Corporate Facility, Miller PS and Betsworth PS.

The two pump station projects involve grading and disturbing native vegetation and potentially sensitive habitat. These projects will require a higher degree of environmental analysis prior to moving forward. Birdseye Planning Group has submitted two proposals for environmental assessments; Betsworth PS - \$24,820, Miller PS - \$24,910.

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Dr. Lon House (WEC) has submitted a proposal to provide 1) a more detailed analysis of the optimum size solar array at Betsworth, 2) revising the RFP to solicit proposals on all four array projects, and 3) provide an analysis of the proposals received and a recommendation for award. The not-to-exceed amount for his proposal is \$24,000 for this work.

There is currently \$10,000 remaining in the Solar Evaluation Account. An additional \$35,000 in surplus funds are available for transfer from the AMI Technology, Central Zone Account. Staff estimated that an additional \$49,000 is needed to continue with this effort and requested a transfer of that amount from the Capital Improvement Reserves.

Staff recommended approving Resolution No. 2020-05, amending the FY 2019-2020 annual budget to transfer \$49,000 from Reserves for Capital Improvements to the Solar Evaluation Account and authorize the General Manager to enter into the consultant agreements with Birdseye Planning Group and Water and Energy Consulting.

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

**RESOLUTION NO. 2020-05
RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE FY 2019-2020 BUDGET BY TRANSFERRING
\$49,000 FROM RESERVES FOR CAPITAL IMPROVEMENTS TO
THE SOLAR EVALUATION ACCOUNT [16-06-78-56150]**

was adopted by the following vote, to wit:

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

6. Meter Flow Reduction Policy Update:

Senate Bill 998, the "Water Shut-off Protection Law," goes into effect on February 1, 2020 and sets restrictions on residential water service termination for non-payment. The requirements of this law were so time consuming and cost prohibitive that the District developed a Meter Flow Reduction Policy in response.

An update on the details of the Meter Flow Reduction Policy, Administrative Code Section 160.5, was provided by Finance Director Pugh. This policy will eliminate shut-offs of residential and combination ag-domestic accounts for non-payment. However, bills left unpaid for 40 days are subject to meter flow restrictions which will only provide sufficient flow to meet minimum health and safety needs. Customers will be notified that accounts past due on February 1st will be subject to meter flow reduction beginning on February 5, 2020.

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GENERAL MANAGER'S AGENDA

7. San Diego Local Agency Formation Commission (LAFCO) Draft Municipal Service Review for the Valley Center Area:

LAFCO is responsible for conducting comprehensive studies every five years to evaluate the delivery of municipal services to both cities and special districts in each county. A draft MSR document was recently released for a 45 day review period on the Valley Center Area that included VCMWD, the VC Fire Protection District and the VC Parks & Recreation District.

Staff worked closely with LAFCO staff on developing several sections by providing data, reviewing and commenting on certain sections of the document. However, on December 30, 2019, LAFCO released a full draft for public review which contained several sections, findings and recommendations that District staff had not had a chance to review. These included some factual errors that General Manager Arant felt compelled to respond to immediately by a letter of comment, as well as attending LAFCO's January 6th meeting to clarify items in the draft being presented to the full Commission. Staff will continue to work with LAFCO to ensure that VCMWD's comments are appropriately incorporated into the final MSR for the Valley Center Area.

The draft MSR delves into all aspects of the District's water, wastewater and recycled water provisions. On a positive note, LAFCO found no service or capacity deficiencies in VCMWD and made no recommendations for changes in the agency organization.

8. Upper San Luis Rey Groundwater Basin Groundwater Sustainability Agency Status Report:

The GSA was put on notice that if it was not moving forward to develop a Groundwater Sustainability Plan (GSP) inclusive of all interests in the basin, including Tribal interests, the District would withdraw from the MOU. VCMWD formally notified GSA Chairman, Ron Watkins, of VCMWD's withdraw from the MOU on November 27, 2019. Since that time, VCMWD's request for a refund of its deposit of \$12,500 has been received.

On January 9, 2020, a letter was received from Mr. Watkins stating that the GSA was hopelessly deadlocked and the MOU was no longer valid.

The District will continue to monitor the situation since it has landowners in the basin that would be affected if the USLRGB goes into "probationary status" and the SWRCB takes over development of the GSP. The deadline for the GSP is January 30, 2022.

The San Luis Rey Indian Water Authority has asked the State DWR to come meet with interested parties to discuss the situation. The District has indicated its interest in participating in the meeting. Future updates on this issue will be provided.

9. Miscellaneous:

The following miscellaneous items were discussed:

- 1st Aqueduct shutdown February 10th thru 19th in Jesmond Dene area.
- 2nd Aqueduct shutdown scheduled for March 1 – 10, 2020.

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ADJOURNMENT

10. Upon motion by Haskell, seconded by Smith and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:33 p.m.

ATTEST:

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President

Secretary

Approved at a regular meeting of the Board of Directors on February 18, 2020