

# VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting  
Monday, April 20, 2020  
Time: 2:00 P.M.  
Place: Board Room  
29300 Valley Center Road  
Valley Center, CA 92082

Due to the COVID-19 State of Emergency and pursuant to waivers of certain Brown Act provisions under the Governor's Executive Orders, the Board Meeting was conducted via Web Conference and Live Steam.

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:02 P.M.

President Polito established for the record that all Directors were able to hear the proceedings, that all members of the Board were able to hear the Directors participating by teleconference clearly, and that all votes would be taken by a roll call vote pursuant to the provisions of the Brown Act. President Polito further established for the record the process by which public comments would be received by the Board; this process was also described in the Agenda for the meeting. It was announced that no public comments had been received on any item for this meeting.

## **ROLL CALL**

Board member present was President Polito with Directors Haskell, Ferro, Holtz, Smith and General Counsel de Sousa teleconferencing. Staff members present were: General Manager Arant, District Engineer Grabbe, Director of Operations Hoyle, Director of Finance and Administration Pugh, Director of IT Pilve, Manager of Accounting Velasquez, and Executive Assistant Johnson. Spectators present via teleconference were Nora O'Brien – BBK and Scott Koppel – Koppel & Gruber Public Finance.

## **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 6, 2020
- Audit demand check numbers 157070 through 157195 for March 27, 2020 through April 9, 2020 and wire disbursements for March 2020
- Quarterly Report of employees' expense reimbursements for the quarter ended March 31, 2020

## **PUBLIC HEARING**

### **2. Park Circle East/West Development Community Facilities District Public Hearings Continued Until May 18, 2020:**

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Prior to opening the public hearing, District Engineer Grabbe reviewed the history of actions and continuances that have occurred thus far, and what actions and documents still need to be completed prior to establishing Community Facilities District 2020-1 and incurring the indebtedness of the authorized facilities of the proposed CFD.

Staff had been hopeful of providing the necessary reports and documents well in advance of today's public hearing; however, intervening circumstances did not allow this to happen. Changes in the CFD financing agreement requested by the developer in the week prior to the board meeting resulted in staff's recommendation to continue the public hearing to May 18, 2020.

District Engineer Grabbe again described the complexities associated with the CFD and the financial security requirements needed to protect the District. In addition, he described in detail the four actions required for approval at the close of the public hearing. These included the following:

- Resolution of Formation establishing the CFD and approving the Financing Agreement;
- Resolution determining Necessity to Incur Bonded Indebtedness and calling for a special election;
- Resolution declaring the results of the special election; and an
- Ordinance authorizing the levy of special taxes

Questions from Director Smith were responded to by Special Counsel O'Brien and Special Tax Consultant Koppel, including what would happen if the public hearings cannot be completed by the six month deadline, July 21st? Ms. O'Brien responded by stating that the whole process would have to start over from the beginning.

The public hearing was opened by President Polito at 2:33 p.m.

Because of the complexity in resolving the issues of the Financing Agreement, staff recommended the Board approve a motion finding that the complexity of the proposed CFD continues to require additional time to resolve and that the public hearings be continued to May 18, 2020 to consider establishment of the CFD and the bonded indebtedness.

**Upon motion by Ferro, seconded by Smith and unanimously carried per staff's recommendation, the public hearings were continued to the May 18, 2020 regular board meeting.**

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

#### **3. Photo-voltaic Solar Development Status Report:**

An update on the solar development project was provided by General Manager Arant. As previously recommended by several solar providers, the four proposed sites were bundled into one larger project (Miller and Betsworth Pump Stations, Moosa and the Corporate Facility). Still, only one proposal was received from Blue Max Energy and Consulting of Rexburg, Idaho. Blue Max proposed to do Photo-voltaic Solar Arrays at

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all four facilities through individual Power Purchase Agreements (PPA) at \$0.01 per kWh savings over SDG&E rates over the life of the PPA.

One of the large local solar providers was contacted to inquire why, after the projects had been bundled, did they not respond? They conveyed that the cost uncertainties associated with the site preparation at Miller and Betsworth Pump Stations caused enough concern to dissuade them from proposing.

Staff instructed Dr. Lon House of Water and Energy Consulting (WEC) to conduct continued negotiations and discussions with Blue Max Energy, who also revealed concerns over the Miller and Betsworth Pump Stations site costs. Blue Max was asked if they would modify their proposal to only develop solar on the Moosa and Corporate Facility sites and what impact that would have on the savings rate.

A report from WEC on their recommendations is expected this week. Staff will then assess if the net value savings over the 25 year PPA contract will justify the effort and risk of entering into the PPA.

It is anticipated that developing the four solar sites would reduce CO<sub>2</sub> emissions by 4,000 to 5,000 tons over the life of the project. This may have an environmental value in that California is moving towards 100% greenhouse gas emission-free energy.

This item is expected to be brought back for further updates in May.

#### **4. Strategic Plan Performance Measurement Results for Calendar Year 2019:**

The District's Strategic Plan sets out specific goals and initiatives it will be involved in over the next five years along with 12 performance measures which are tracked by staff and reported on an annual basis. General Manager Arant reported on the following performance measure results:

1. Customer Satisfaction – 100% “meets or exceeds” customer expectations.
2. Unknown Water Loss – Goal met with 4.9% of total water sold.
3. Discretionary Reserves – Goal met with 6.4 months of O&M expense
4. Return on Investments – Goal met with average yield of 2.074%, 0.1% above benchmark.
5. Total Commodity Cost – Goal met with M&I at 11% and TSAWR at 15%
6. Pump Efficiency – Goal exceeded with 107% of design efficiency.
7. Solar Energy Production – Goal met at the six District owned solar arrays by exceeding 90% of the low range of anticipated production.
8. Project Actual vs. Estimated Cost – Goal met with 5.9% over estimated costs.
9. Capital Improvement Projects under contract within 12 month of budget approval – Of 9 total projects for FY 2018-19 – 5 under contract, 2 delayed with project scope changes, 2 delayed by the County and SDCWA.
10. Water Service Reliability – Goal met at 99.999%
11. Lost Time Accidents – Goal met with “0” lost time accidents
12. Compliance with all State and Federal Regulations – Goal met.

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Staff seeks to modify the Return on Investment standard by using multiple metrics to match the various types of investments. Also noted was that the COVID-19 Pandemic response could negatively impact the timing of some CIP projects in 2020-21.

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

General Manager Arant reported that at the SDCWA Board of Directors' meeting held on March 26, 2020, the Board voted to make significant adjustments to their investment policies due to the Pandemic. The remainder of the meeting was routine.

### **6. Miscellaneous:**

The following miscellaneous items were discussed:

- Status Report for February indicates low water sales.
- COVID-19 hybrid work week is functioning well.
- The Governor mandated that action to collect late water bills be suspended along with delinquency charges etc. A report from the PUC has directed that all privately owned public utilities suspend collection efforts for one-year. If adopted by the State, this could create significant fiscal impacts for the District.
- With the uncertainty of how long the directives in response to the pandemic will go on, staff is undergoing critical review of current budget expenditures as well as evaluating items that could be eliminated from the FY 2020-21 Budget that is being prepared.

## **BOARD OF DIRECTORS' AGENDA:**

### **7. Annual Review of Board Member Per Diem Compensation:**

Current law provides that the Board may increase its per diem amount by 5% for each calendar year since the date of the last adjustment, which was February 16, 1993. A current survey of 24 District's was provided which indicated an average per diem rate of \$149 per day of Board business. VCMWD's per diem is currently at \$100 per day.

General Manager Arant asked for direction on whether the Board wanted to continue reviewing the per diem annually and if they want to schedule a public hearing to consider increasing the amount.

**The Board of Directors instructed staff to continue the annual reviews of the per diem rate but declined to initiate action to increase the amount at this time.**

### **8. Designation of Applicant's Agents for Non-State Agencies to Obtain Federal Financial Assistance Under PL 93-288 as Amended by the Robert Stafford Disaster Relief Act of 1988 and/or State Financial Assistance Under the California Disaster Assistance Act:**

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Adoption of Resolution 2020-12 will designate the General Manager, Director of Operations/Facilities, and Director of Finance & Administration as agents for the District to sign CAL-OES documents for the purpose of obtaining State and/or Federal Financial Disaster Assistance reported General Manager Arant. This is a universal resolution and is effective for all open and future disasters for up to three years following the date of approval.

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

**RESOLUTION NO. 2020-12**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT  
AUTHORIZING THE DESIGNATION OF THE GENERAL MANAGER  
THE DIRECTOR OF OPERATIONS AND FACILITIES AND THE  
DIRECTOR OF FINANCE AND ADMINISTRATION, AS AGENTS TO  
SIGN CAL-OES DOCUMENTS FOR THE PURPOSE OF OBTAINING  
STATE AND/OR FEDERAL FINANCIAL DISASTER ASSISTANCE**

was adopted by the following vote, to wit:

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

**ADJOURNMENT**

**9. Upon motion by Smith, seconded by Haskell and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:35 p.m.**

**ATTEST:**

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**President**

**ATTEST:**

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**Secretary**

**Approved at a regular meeting of the Board of Directors on May 4, 2020**