

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, July 6, 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 Stream.

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:00 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 for this meeting.

ROLL CALL

Board members present were President Polito and Director Smith, with Directors Haskell, Ferro, Holtz 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, Senior Engineer Lyuber, Manager of Accounting Velasquez, and Executive Assistant Johnson.

CONSENT CALENDAR

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

- Minutes of the Board meeting held June 15, 2020
- Audit demand check numbers 157598 through 157793 for June 5, 2020 through June 25, 2020 and wire disbursements for May 2020

PUBLIC HEARING

1. **Ordinance No. 2020-08 Amending the Administrative Code to Increase Meter Connection and Component Charges:**

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A public hearing was opened by President Polito at 2:06 p.m. to consider adopting revisions to Administrative Code Articles 160 and 171 increasing meter connection and component charges for FY 2020-2021.

Sr. Engineer Lyuber presented a follow-up to his report at the June 15th Board meeting, providing additional information on the proposed cost increases. Work related to material, labor and equipment costs was found to be consistent with the ENR Index for 2019 and was requested to be increased 1.66%. Work requiring staff time only was requested to be increased 2.4%, based on the CPI-U. The proposed changes were advertised in the Roadrunner newspaper; no comments or protests were received. The proposed increases are as follows:

Connection Charge (Sec. 160.4(a))

Meter Size	3/4"	1"	1-1/2"	2"	3"
When Service Lateral is Installed by District (Full Installation)	\$6,872 \$6,986	\$6,656 \$6,766	\$7,629 \$7,756	\$8,203 \$8,339	\$9,548 \$9,706
When Service Lateral is Existing or Installed by Others at the District's Discretion (Drop-In Meter Installation)	\$940 \$925	\$707 \$719	\$1,355 \$1,377	\$1,507 \$1,532	\$1,823 \$1,853
Drop In Fire Service Meter	\$680 \$691	\$335 \$341			

In addition, the 1" Residential Fire Sprinkler Meter Tee charge was proposed to increase from \$247 to \$251.

Backflow Prevention Devices (Sec. 160.12(d))

Meter Size	Approved Double Check Valve Section 160.12(a)1	Approved Double Check Valve Section 160.12(a)2	Approved Reduced Pressure Backflow Preventer Section 160.12(b)	Approved RP With Domestic Service Tee Section 160.12(b)
3/4"	\$225 \$229	\$382 \$388	\$500 \$508	\$649 \$660
1"	\$272 \$277	\$499 \$507	\$616 \$626	\$783 \$796
1-1/2"	\$409 \$416	\$825 \$839	\$949 \$965	\$1,129 \$1,148
2"	\$448 \$455	\$1,026 \$1,043	\$1,194 \$1,214	\$1,411 \$1,434
3"	\$1,209 \$1,229	\$1,763 \$1,792	\$2,124 \$2,156	\$2,432 \$2,472

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No changes are currently being proposed for the annual backflow inspections.

Pressure Reducing Valves (Section 160.20(c))

Meter Size	3/4"	1"	1-1/2"	2"	3"
Cost for PRV ¹	\$79 \$80	\$93 \$95	\$670 \$681	\$740 \$752	N/A
Cla Valve ²	N/A	N/A	N/A	\$1,419 \$1,443	\$1,957 \$1,989

¹ Standard PRV; ² Cla-Valve Regulator for Higher Discharge Pressure than Standard PRV

Project Facility Availability and Commitment Letters for both water and wastewater (Sections 160.22 and 171.10) are proposed to be increased from \$125.00 to \$128.00.

Following discussion, the public hearing was closed at 2:15 p.m.

Staff recommended adoption of Ordinance No. 2020-08 amending the Administrative Code to increase the various meter connection and component charges to be effective August 10, 2020.

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

ORDINANCE NO. 2020-08

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING THE
ADMINISTRATIVE CODE TO PROVIDE FOR CHANGES IN THE
METER CONNECTION CHARGES**

was adopted by the following vote, to wit:

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

ACTION AGENDA

2. Approval of Fiscal Year 2020-2021 Annual Operating and Capital Budget:

In this third presentation to the Board, a request for adoption of Resolution 2020-25, approving the final Operating and Capital Budget for FY 2020-21, and Ordinance No. 2020-07, amending Administrative Code Article 8 to comply with the current employee MOU, was provided by Accounting Manager Velasquez.

The first presentation, on May 4th, was centered on the proposed operation and maintenance budget. The second, on June 15th, introduced the proposed water rates and capital budget. No changes have been made to the O&M and Capital budgets

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since they were first presented. A decrease has been made to the proposed water rates following adoption of the SDCWA's rates.

The estimated acre foot rates used to prepare the proposed budget have been modified to \$2,267.56 for domestic (a 3.9% increase, down from 4.4%), and \$1,722.02 for agricultural customers (a 6.6% increase, down from 6.7%). These include a local commodity rate increase of \$14.68 per ac. ft. (or 6.1%). Water rates will be evaluated again in November and any rate increases would be adopted by separate ordinance for implementation in February 2021.

A cost of living increase of 2.4%, per the current employee MOU, has been included in the budget with an effective date of June 19, 2020 at mid-shift, making this an urgency ordinance.

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

RESOLUTION NO. 2020-25

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET
FOR THE FISCAL YEAR 2020-2021 AND ESTABLISHING CONTROLS
ON CHANGES IN APPROPRIATIONS FOR THE VARIOUS FUNDS**

was adopted by the following vote, to wit:

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

and;

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

ORDINANCE NO. 2020-07

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING
THE ADMINISTRATIVE CODE TO INCORPORATE CHANGES PER THE
APPROVED MEMORANDUM OF UNDERSTANDING WITH EMPLOYEES**

was adopted by the following vote, to wit:

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

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INFORMATIONAL ITEMS

3. Request for Annexation from Lake Wohlford Resort Property Owner:

Staff was contacted in July 2018 by Mr. John O'Flynn, owner of the 127 acre Lake Wohlford Resort, about possible annexation reported General Manager Arant. This was in response to a water quality citation for non-compliance with Title 17 regulations and surface water treatment violations the Resort received from the State Water Resources Control Board (SWRCB). According to the citation, the private treatment plant, which treats raw water from Lake Wohlford to serve the resort's 235 residents and café, does not meet state technology and operating standards. Mr. O'Flynn expressed that he preferred to annex his property to VCMWD and take his water supply from the District rather than implement the measures needed to correct the citation and continue operation of his private treatment system.

An initial analysis revealed some significant difficulties involved in delivering water to the Resort property, including the 2-mile distance to the closest District pipeline and water quality issues associated with low demands and long detention times. Staff encouraged Mr. O'Flynn to reconsider improving his private system or secure service from the San Pasqual Band, which owns property nearby. He was also advised to hire a professional engineering firm to provide technical assistance in analyzing the best way to serve the property.

The Resort is now represented by Dexter Wilson Engineering (DWE) who has provided a preliminary feasibility report which is under review by staff. DWE recommends annexation to the District and installing a meter on the District's 16" pipeline at Lake Wohlford and Guejito Roads and running a 2-inch private service line to the property. The District would not operate the private line or the Resort's community water system. However, the District has been requested to enter a long-term emergency repair agreement with the Resort for the private line. This unusual agreement is being reviewed by General Counsel.

Staff is being supportive and somewhat flexible in finding a solution, short of taking over their small community water system, since the SWRCB has the regulatory power to force consolidations when no other options are available. A feasibility assessment report and draft preliminary terms and conditions of annexation will be presented to the Board in August.

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

General Manager Arant reported that the SDCWA Board of Directors' meeting held on June 25th (via teleconference) consisted of the following items:

- Completed bond refinancing which will provide \$46.4M in savings.
- A mid-term budget update was provided. Proposed rate increases went down from 6.3% to 4.9%. The Water Authority will monitor actions taken at MWD to reduce their overall wholesale costs to see if further reductions are possible.
- A LAFCO Advisory Committee met to discuss the potential Fallbrook/Rainbow detachment.
- Energy Program Update provided

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- San Vicente Pumped Hydro Project lacks legislative support due to the battery industry's huge lobbying efforts in Sacramento.

Miscellaneous:

The following miscellaneous items were discussed:

- Staff has been taking employee's temperatures every morning per the COVID-19 regulations. Purchase of a walk through temperature kiosk is being considered.
- An extension to the Resolution providing the General Manager with emergency powers during the pandemic will be forthcoming.

GENERAL COUNSEL AGENDA

5. Increase in General Counsel Hourly Rates Effective July 1, 2020:

A 2.4% adjustment in general counsel hourly rates, based on the San Diego Consumer Price Index, will be effective July 1, 2020. This is in accordance with the Agreement for General Counsel Services dated January 1, 2014.

ADJOURNMENT

12. Upon motion by Smith, seconded by Haskell and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:39 p.m.

ATTEST:

President

ATTEST:

Secretary

Approved at a Regular Meeting of the Board of Directors on July 20, 2020