

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, July 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 2:00 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, Director Ferro and Director Smith, with Directors Haskell and Holtz, and General Counsel de Sousa teleconferencing. Staff members present were: General Manager Arant, District Engineer Grabbe, Director of IT Pilve, Manager of Accounting Velasquez, Construction/Maintenance Supervisor Lovelady and Executive Assistant Johnson.

CONSENT CALENDAR

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

- Minutes of the Board meeting held July 6, 2020
- Audit demand check numbers 157794 through 157905 for June 26, 2020 through July 9, 2020 and wire disbursements for June 2020
- Treasurer's Report for month ending May 31, 2020

PUBLIC HEARING

2. Public Hearings to Consider Adoption of the Annual Sewer Service Charges and Standby Fees for the Woods Valley Wastewater Service Area for FY 2020-2021:

Valley Center Municipal Water District Board of Directors' Meeting

District Engineer Grabbe explained that there would be five separate public hearings to take action on the following Woods Valley Ranch Water Reclamation Facility (WVR WRF) Sewer Service Area Fees and Charges:

- Service Area 1 Sewer Service Charge
- Service Area 1 Sewer Standby Fee
- Service Area 2 Sewer Service Charge
- Service Area 2 Grinder Pump Maintenance Charge
- Service Area 2 Sewer Standby Fee

Service Area 1 consists of the 270 lot Woods Valley Ranch Subdivision and Golf Course which has a total capacity demand of 280 Equivalent Dwelling Units (EDUs); 279 EDUs are connected.

Service Area 2 consists of the properties included in the WVR WRF Expansion Project which has a total capacity demand of 1,247 EDUs. Currently there are 53 EDUs connected with many more mid-year connections expected. Mid-year connections would require collecting the monthly prorated difference between the annual sewer service charge and the annual sewer standby fee on the water bill until the end of the fiscal year.

Sewer Service Charges provide for the operation, maintenance and ultimate replacement of the District owned and operated collection, treatment and seasonal storage facilities. It is levied on those properties connected to the wastewater collection system as of July 1, 2020.

Sewer Standby Fees are levied on those parcels with a capacity reservation but are not yet connected to the system. These fees provide funding for certain fixed cost maintenance items, operation support, and a replacement reserve contribution. This is necessary to maintain a parcel's commitment until it is developed and connected.

The Grinder Pump Maintenance Charge provides funding for maintenance, emergency call out and repair services, and replacement of the pump unit at the end of its service life. On-site private grinder pumps are required for properties connected to the Low Pressure Sewer Collection System in Service Area 2. There are currently 16 units connected (11 Simplex and 5 Duplex units).

A public hearing to receive input on the Sewer Service Charge for Service Area 1 for FY 2020-21 was opened by President Polito at 2:45 p.m.

Staff reported that no change over last year's annual sewer service charge of \$1,183.20 per EDU is being proposed. Staff recommended adoption of Ordinance No. 2020-09 setting the sewer service charge for FY 2020-21 and collecting it as a fixed charge special assessment on the property tax roll. Charges for any mid-year connections would be collected on the monthly water bill until the next fiscal year.

The public hearing was closed at 2:47 p.m.

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

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

**ORDINANCE NO. 2020-09
ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY SERVICE
AREA (SERVICE AREA 1) SEWER SERVICE CHARGE
ASSESSMENT FOR FY 2020-2021 ON PROPERTY WITHIN THE
WOODS VALLEY SEWER SERVICE AREA ON THE
SAN DIEGO COUNTY SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

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

A public hearing was opened by President Polito at 2:48 p.m. to receive input on the Woods Valley Ranch WRF Service Area 1, Sewer Standby Fee for FY 2020-21.

Staff recommended maintaining the sewer standby fee for Service Area 1, which has only one remaining unconnected parcel, at \$550.32 per EDU annually. This fee is to be collected as a fixed charge special assessment on the tax roll.

The public hearing was closed at 2:50 p.m.

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

**ORDINANCE NO. 2020-10
ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY SERVICE AREA
(SERVICE AREA 1) SEWER STANDBY FEE ASSESSMENT FOR
FISCAL YEAR 2020-2021 ON PROPERTY WITHIN THE WOODS VALLEY
SEWER SERVICE AREA ON THE SAN DIEGO COUNTY
SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

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

A public hearing was opened by President Polito at 2:51 p.m. to receive input on the Woods Valley Ranch WRF Service Area 2, Sewer Service Charge for FY 2020-21.

Staff recommended maintaining the current annual sewer service charge of \$1,183.20 per EDU for Service Area 2 and collecting it as a fixed charge special assessment on the tax roll. Charges for any mid-year connections would be collected on the monthly water bill until the next fiscal year.

The public hearing was closed at 2:52 p.m.

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

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

**ORDINANCE NO. 2020-11
ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY RANCH
WATER RECLAMATION FACILITY SERVICE AREA 2 SEWER SERVICE CHARGE
ASSESSMENT FOR FISCAL YEAR 2020-2021 ON PROPERTY WITHIN THE WOODS
VALLEY RANCH WATER RECLAMATION FACILITY SERVICE AREA 2
ON THE SAN DIEGO COUNTY SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

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

A public hearing was opened by President Polito at 2:54 p.m. to receive input on the Woods Valley Ranch WRF Service Area 2, Grinder Pump Maintenance Charge for FY 2020-21.

Staff recommended an increase of 2.4% in the Grinder Pump Maintenance Charge for inflation, utilizing the Consumer Price Index for All Urban Consumers. This would result in an annual charge of \$572.40/EDU for a Simplex unit to be collected as a fixed charge special assessment on the tax roll. Specific charges for Duplex Grinder Pump units for capacity allocations of one to twenty EDUs were identified and would also be collected as a fixed charge special assessment on the tax roll. Charges for any mid-year connections would be monthly prorated and collected on the monthly water bill until the next fiscal year. Charges for larger grinder pump configurations would be determined on a case by case basis pursuant to the established methods.

In addition, modifications to Administrative Code Article 172 – Low Pressure Wastewater Collection Systems (LPCS) were recommended to establish and clarify additional requirements for private on-site LPCS units. These included: installation of a radio for the wireless alarm system, commercial installations shall be a minimum duplex unit and processed as Special Projects, and updates to the charges as proposed.

The public hearing was closed at 2:56 p.m.

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

**ORDINANCE NO. 2020-12
ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY RANCH
WATER RECLAMATION FACILITY SERVICE AREA 2 GRINDER PUMP MAINTENANCE
CHARGE ASSESSMENT FOR FISCAL YEAR 2020-2021
ON PROPERTY WITHIN THE WOODS VALLEY RANCH WATER
RECLAMATION FACILITY SERVICE AREA 2 ON THE SAN DIEGO COUNTY**

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

**SECURED PROPERTY TAX ROLL AND MODIFYING THE
DISTRICT'S ADMINISTRATIVE CODE ARTICLE 172**

was adopted by the following vote, to wit:

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

A public hearing was opened by President Polito at 2:57 p.m. to receive input on the Woods Valley Ranch WRF Sewer Service Area 2, Sewer Standby Fee for FY 2020-2021.

District Engineer Grabbe recommended maintaining the current annual sewer standby fee of \$550.32 per EDU to be collected as a fixed charge special assessment on the tax roll. There are currently 1,194 EDUs not yet connected.

The public hearing was closed at 2:58 p.m.

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

**ORDINANCE NO. 2020-13
ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY RANCH
WATER RECLAMATION FACILITY SERVICE AREA 2 SEWER STANDBY FEE
ASSESSMENT FOR FISCAL YEAR 2020-2021 ON PROPERTY WITHIN THE WOODS
VALLEY RANCH WATER RECLAMATION FACILITY SERVICE
AREA 2 ON THE SAN DIEGO COUNTY SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

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

ACTION AGENDA

3. Resolution Setting the FY 2020-2021 Annual Assessments for the Woods Valley Ranch Wastewater Expansion Project, Assessment District 2012-1:

Assessment District 2012-1 was formed to provide financial security and funding for the Woods Valley Ranch Wastewater Expansion Project (Expansion Project). Annual assessments are to fund the annual debt service payments for the Clean Water State Revolving Fund Loans and the Limited Obligation Improvement Bond issued to fund the Expansion Project, reported District Engineer Grabbe.

The Assessment District 2012-1 Annual Report reveals a decrease in assessments for FY 2020-21 is recommended. This is due to approval of the WVR WRF Master Plan Update which increased the participation level in the Expansion Project, and formation

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

of the Community Facilities District No. 2020-1 (Park Circle East/West). In addition, the assessment was further reduced by the allocation of \$740,215 of the WVR Phase 2 Expansion Project costs to the facility replacement reserves for the portion of improvements that were for the sole benefit of Service Area 1. As a result, \$52,663 of AD 2012-1 annual debt service will be funded from the WVR WRF Replacement Reserves for the remaining 17 years of the SRF Loan.

The proposed annual assessment amounts for the 145 AD 2012-1 parcels in the Expansion Project were listed in an assessment roll exhibit attached to Resolution No. 2020-26. The amounts were determined using the methodology expressed in the Final Engineer's Report, prepared by Koppel and Gruber, using actual project costs and seven benefit area allocations. The AD 2012-1 debt associated with the Park Circle East/West project was assumed by CFD 2020-1 upon its formation.

The District has property within the assessment district in two different benefit areas; the Lilac Road property with 35 EDUs and the Corporate Site with 12 EDUs. The District's assessment is not placed on the property tax roll.

Staff recommended adoption of Resolution No. 2020-26, setting the annual assessment amounts for Assessment District 2012-1 to fund the annual debt service requirement for FY 2020-2021 and placing it as a fixed charge special assessment on the San Diego County Secured Property Tax Roll.

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

**RESOLUTION NO. 2020-26
RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING FIXED CHARGE SPECIAL ASSESSMENTS FOR
FISCAL YEAR 2020-2021 ON PROPERTY WITHIN ASSESSMENT DISTRICT NO. 2012-1
ON THE SAN DIEGO COUNTY
SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

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

4. Community Facilities District (CFD) 2020-1 (Park Circle East/West) Levy of Special Taxes for Fiscal Year 2020-2021:

CFD 2020-1 was established to provide financial security and funding for the wastewater capacity improvements needed for the Park Circle East/West project. The improvements include assuming the AD 2012-1 indebtedness for the Park Circle Projects' participation in the WVR Expansion Project, construction of the Orchard Run Lift Station, future expansion of the WVR Water Reclamation Facility, and future construction of additional recycled water seasonal storage and transmission facilities.

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

This is pursuant to the terms and conditions of the CFD Financing Agreement dated May 18, 2020.

This is the first annual Special Tax levy for CFD 2020-1. Staff recommended a Special Tax totaling \$821,143, the maximum allowable to be levied due to the County of San Diego's total tax rate limitations for the Park Circle projects. The Rate and Method of Apportionment (RMA) for CFD 2020-1, previously approved by the Board of Directors, set the maximum tax rate for both developed and undeveloped property in each zone in the Park Circle East/West project. As of June 30, 2020, all property within CFD 2020-1 was undeveloped. The Special Tax for each taxable parcel in the CFD was calculated utilizing the methodology identified in the RMA.

Staff recommended approving the proposed FY 2020-2021 levy of special taxes, to be collected in the same manner as property taxes, for the parcels in CFD 2012-1.

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

**RESOLUTION NO. 2020-27
RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (PARK CIRCLE EAST/WEST)
OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT LEVYING SPECIAL TAXES
TO BE COLLECTED FOR FISCAL YEAR 2020-2021**

was adopted by the following vote, to wit:

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

5. Approval of Extension of General Manager's Emergency Powers Related to the COVID-19 Pandemic:

On April 6, 2020, the Board adopted Resolution No. 2020-11 granting the General Manager certain Emergency Powers for 120 days to effectively deal with and respond to the impacts of the COVID-19 Pandemic on VCMWD staff and operations. These powers are set to expire on August 5, 2020.

As positive infection rates continue to rise, it is obvious that the Governor's Pandemic Emergency Declaration will be sustained beyond the original 120 day period. An extension of the GM's Emergency Powers for 180-days, from Aug. 3, 2020 to Feb. 3, 2021 is being requested with the exception of suspension of flow restrictions, terminations and collection of delinquency charges, which was superseded by Governor Newsom's Executive Order N-42-20.

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

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

**RESOLUTION NO. 2020-28
RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT EXTENDING THE CERTAIN
EMERGENCY POWERS PREVIOUSLY GRANTED TO THE GENERAL MANAGER
FOR USE DURING THE COVID-19 PANDEMIC EVENT**

was adopted by the following vote, to wit:

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

INFORMATIONAL ITEMS

6. Update on the Financial Impacts of the COVID-19 Pandemic:

An update on the financial impacts of the Pandemic on the District was provided by Accounting Manager Velasquez.

Analysis of customer accounts indicates that outstanding payments in the 30 to 60 day range total 4.72% for June, down from 6.77% for the same time frame last year. Customer account payments appear to be coming in at a normal rate.

A cumulative total of revenue losses through June 2020 are estimated at \$236,392, as shown below:

Flow Reduction/Lock-Off Fees	\$ 44,500
Delinquency Charges	\$191,892

Staff will continue to monitor and report monthly.

Miscellaneous:

7. The following miscellaneous items were reported by General Manager Arant:

- Status Report for May 2020 was provided for review.
- Finalizing solar agreements for Moosa and the Corporate Facility.
- Lake Wohlford Resort Annexation is moving forward. Terms and conditions will be requested from SDCWA and MWD in August.
- The San Luis Rey Groundwater Basin GSA/GSP has started up again under a revised MOU without tribal participation. VCMWD asked to be an "Ex-Officio" member of the Executive Team. Concern over liability exposure for District.

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

GENERAL COUNSEL AGENDA

8. General Counsel de Sousa reported that legislative activity in Sacramento has been slow due to COVID. They are trying to limit the number of bills and focusing on the pandemic.

SB 1386 (Moorlach), regarding water agencies including fire protection capacity in their facilities, is part of a class action lawsuit. This bill is still in process but moving without opposition.

ADJOURNMENT

9. Upon motion by Smith, seconded by Ferro and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:53 p.m.

ATTEST:

President

ATTEST:

Secretary

Approved at a regular meeting of the Board of Directors on August 3, 2020