

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

Monday, March 15, 2021

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 VCMWD 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.

ROLL CALL

Board Members Present: President Polito, Vice President Ferro, Director Haskell, and Director Smith; with Director Holtz teleconferencing.

Board Members Absent: None.

Staff Members Present: General Manager Arant, District Engineer Grabbe, Director of IT Pilve, Director of Finance Pugh, Safety and Regulatory Compliance Supervisor Olson, Senior Engineer Lyuber, Project Manager Sandoval and Executive Assistant Peraino; with Director of Operations and Facilities Lovelady, General Counsel de Sousa and Jacqueline Howells (HGR) teleconferencing.

PUBLIC COMMENTS

President Polito established for the record the process by which public comments are 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.

SPECIAL STAFF ACKNOWLEDGEMENT

General Manager Arant presented a crystal award recognizing both *Engineering Technician* Calvin Brewer (retiring March 25, 2021) for his 15 years of service and *Meter Services Supervisor* Tony LoPresti (retired March 1, 2021) for his 41 plus years of service. The Board thanked Brewer and LoPresti for their years of service and dedication.

CONSENT CALENDAR

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

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1. Minutes of the Board meeting held February 16, 2021.
2. Audit demands check numbers 159541 through 159731 for February 5, 2021 through March 4, 2021 and wire disbursements for February 2021.
3. Treasurer's report ending January 31, 2021.
4. Resolution No. 2021-05 to set June 7, 2021, at 2:00 p.m. as the date and time set for the public hearing to consider continuing the assessment of an annual \$10 / acre water availability charge on all properties in the District.

ACTION AGENDA

5. Resolution Approving the District's Statement of Investment Policy and Renewing the Authority Delegated to the Treasurer:

Director of Finance and Administration Pugh facilitated a review of the District's investment policy (as required by the District's Administrative Code Section 50.1(j)); as well as, a review of the investment authority delegated to the treasurer to invest and reinvest District funds, (as required by Government Code Section 53607 and in the District's Administrative Code Section 40.6). Both items must be reconfirmed annually by the Board.

Staff recommended approving the District's Statement of Investment Policy without modification and renewing the authority delegated to the Treasurer to invest and reinvest District funds.

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

RESOLUTION NO. 2021-07

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
APPROVING THE STATEMENT OF INVESTMENT POLICY AND
RENEWING THE DELEGATION OF INVESTMENT AUTHORITY
TO THE TREASURER OF THE DISTRICT**

was adopted by the following vote, to wit:

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

Action: Board adopted Resolution No. 2021-07 to (1) approve the District's Statement of Investment Policy as currently stated in Administrative Code Section 50.1, and (2) to renew the authority delegated to the Treasurer to invest and reinvest District funds.

6. Use of Metropolitan Water District (MWD) Litigation Damages Award:

General Manager Arant provided a brief overview of the MWD Litigation Damages Award, noting the SDCWA determination of the \$44.3 million damage award (from the 2010 and 2012 rate litigation) and how the funds are to be distributed among its member

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agencies. The award is to be distributed based upon the pro-rata share of each agency's use of M&I water in 2010, 2011 and 2012; with VCMWD share of the award being \$1,332,471.35, or 3% (according to the *SDCWA Allocation Document and News Release*).

The following options for dispensation of the MWD Litigation Award were presented by General Manager Arant: Contribute the full amount to the District's CIP Program; Dispense the full amount through a 10.17% rebate on up to 5,800 AF of M&I Sales; Contribute the full amount to lowering the District's CalPERS / OPEB Unfunded Liability; a combination of all three options; or choose to defer consideration to a future meeting.

Action: After review and discussion, the Board opted to defer decision to a future board meeting.

7. ACWA – JPIA Rate Stabilization Fund Refund:

General Manager Arant advised the Board of the District's ACWA – JPIA Rate Stabilization Fund (RSF) Refund of \$96,612.95. ACWA-JPIA maintains a RSF for each to attenuate the impact of a high loss year on the premiums charged to the member agency. When the RSF balance exceeds 70% of the member's basic Liability Program premium, a refund is triggered. Recent lowering of our Liability Premium based upon our earlier reported ExMod improvement resulted in this refund. This underscores the financial advantage of securing insurance coverages through a self-funded insurance pool.

The following options were presented by General Manager Arant as where to apply the funds:

- Place in the General Fund to offset ongoing operating costs;
- Place in the CIP Reserve and/or used to fund current CIP projects;
- As per Board Policy regarding onetime sources of cash, consider using the refund to reduce the District's CalPERS / OPEB unfunded liability; or
- Defer action pending more information concerning the COVID-19 financial impact or the fiscal issue impacting the upcoming FY 2021-2022 Budget.

Action: After review and discussion, the Board opted to defer decision to a future board meeting.

8. Resolution Amending the FY 2020-2021 Annual Budget, Moving Selected Priority Level 2 Projects Forward to Level 1 and Transfer Funding for the Calle Oro Verde Water Line Replacement Project:

Senior Engineer Lyuber gave an overview of the District's Deferred Projects being requested to move from Priority Level 2 to Level 1, with the release of \$878,659 in deferred funds for the following Priority Level 2 Projects: Rock Hill Intertie; Oak Glen Reservoir Demolition; Paradise Pump Replacement; and the Moosa MCC Replacement. Staff also gave an overview of the new Calle Oro Verde Project, requesting the transfer of \$65,000 from the Unspecified Project Account to fund the proposed Project, noting the following details:

- The affected section - approximately 160 linear feet of 8-inch Ductile Iron Pipe was installed in 1997.
- Three consecutive failures were experienced in January 2021;

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- Cause is found to be corrosion, due to lack of polyethylene encasement;
- Proposed replacement using 8-inch Class-350 Ductile Iron Pipe (using District forces);
- Requesting \$65,000 to be transferred from Unspecified Project Account.

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

RESOLUTION NO. 2021-08

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING THE
FY 2020-2021 ANNUAL BUDGET BY MOVING PRIORITY LEVEL 2 FUNDING
TO PRIORITY LEVEL 1 FOR FOUR PROJECTS AND TRANSFERRING FUNDS
FOR THE CALLE ORO VERDE PIPELINE REPLACEMENT PROJECT**

was adopted by the following vote, to wit:

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

Action: Adoption of Resolution No. 2021-08, authorizing the amendment of the FY 2020-2021 Annual Budget to move certain capital projects to Priority Level 1 from Priority 2 deferred classification and to transfer \$65,000 from the Unspecified Project Account to fund the Calle Oro Verde Water Line Replacement Project.

9. Resolution Approving Amendment No. 2 for the Professional Services Agreement with Infrastructure Engineering Corporation for Design of the Cole Grade Road Pipeline Replacement Project:

Project Manager Sandoval reviewed the proposed Amendments to the Professional Services Agreement with Infrastructure Engineering Corporation for Design of the Cole Grade Road Pipeline Replacement Project:

Amendment No. 1

Staff approved Amendment 1 in the amount of \$10,303 (6.8% of original contract amount) on September 16, 2020 it consisted of the following items:

- Abandon existing services and appurtenances in areas beyond the proposed watermain installation.
- Redesign of existing watermain at proposed storm drain crossings and road widening.
- Relocate service laterals from Cole Grade Road to Faraway Place and Ava Lane.

Amendment No. 2

- Redesign watermain at Keys Creek bridge crossing to utilize Bridge Cell 1.

A total project budget in the amount of \$610,000 has been incrementally established for the design of this portion of the Cole Grade Road Pipeline Replacement Project since its initial authorization in in FY 2016-17. Project funds have been allocated for the design of the project (Phase 1 and 2) and construction of the Phase 1 improvements and reallocated for Amendments 1 and 2.

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

RESOLUTION NO. 2021-09

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING
AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT
WITH INFRASTRUCTURE ENGINEERING CORPORATION FOR THE DESIGN
OF THE COLE GRADE ROAD PIPELINE REPLACEMENT PROJECT
[PROJECT NO. 01-06-78-51690]**

was adopted by the following vote, to wit:

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

Action: Board approved adoption of Resolution No. 2021-09 approving Amendment No. 2 for the Professional Services Agreement with Infrastructure Engineering Corporation (IEC) (dated February 17, 2021) in the amount of \$14,975 resulting in a revised total contract amount of \$176,063 for Design of the Cole Grade Road Pipeline Replacement Project.

10. Overview of Program Progress and Request Board Authorization to Proceed with CMMS Phase Two Implementation:

Safety and Regulatory Compliance Supervisor Olson provided the Board with a review of Phase One and an update on the implementation of Phase Two of the Cityworks Computerized Maintenance Management System (CMMS). On April 1, 2019, the Board authorized staff to enter into a three-year enterprise licensing agreement with Cityworks for CMMS and also authorized staff to enter into a contract with Miller Spatial for the Phase one Cityworks implementation. Miller Spatial and District staff have been working together for the Phase One Cityworks implementation and the GIS system improvements and changes.

The Cityworks CMMS allows the District to improve and modernize field tracking and scheduling of maintenance, inspections and repairs of all field activities and allows the Engineering Department to access and process DigAlert requests in the field. Phase Two consists of the following:

- Implementation for the Operations Division that will include work orders, various daily and monthly inspection documentation, water quality sampling documentation and reports.
- Integration with existing in-house backflow program that will allow staff to document backflow testing using iPads in the field.
- Full implementation for all of our fleet and equipment maintenance. This will include electronic inspections, maintenance records and fleet inventory.
- Encroachments are currently being conducted manually and this phase will upgrade the current system into an electronic format.

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Action: Upon motion from Smith, seconded by Haskell, and unanimously carried - authorization to enter into a contract with Miller Spatial for Phase Two of the Cityworks Computerized Maintenance Management System (CMMS) implementation in the not to exceed amount of \$47,140.00, as approved in the 2020-2021 FY budget.

INFORMATIONAL ITEMS

11. Update on the Financial Impacts of COVID-19:

An update on the financial impacts of the COVID-19 Pandemic was provided Director of Finance and Administration Pugh. The sales volume for February 2021 was 528.8-acre feet with outstanding balances of \$2,275,794 representing 7,866 accounts. February 2020 had sales of 738.8-acre feet with total outstanding balances of \$1,934,222 with 7,411 accounts.

Comparing February 2021 to 2020, the percentage of outstanding balances over 30 days was 5.47% in 2020 valued at \$107,4634 compared to 2.73% and \$623,245 in 2021. The increase in the outstanding balance total is a direct correlation to an increase in the volume of water sold year over year. Director of Finance and Administration Pugh stated the majority of VCMWD customers continue to pay their water bills as they have always done with minimal financial impact at this time, and commented on a recent trend of customers with balances over 60 days. Staff is monitoring County, State and Federal developments which could result in funding allocations to pay customer arrearages.

Action: No action required, informational item only. Staff will continue to monitor and report the results to the Board on a regular basis.

GENERAL MANAGER'S AGENDA

12. Concurring Nominations for the 2021 ACWA–JPIA Executive Committee:

Potential candidates for the ACWA–JPIA Executive Committee must acquire concurring nominations from other member agencies. Concurring nominations do not obligate the agency to vote for these candidates but rather acknowledge that they are worthy of candidacy for the position. Staff has received requests from two agencies, Rincon Del Diablo Municipal Water District (David Drake) and San Bernardino Valley Water Conservation District (Melody McDonald), for concurring nominations for the ACWA–JPIA Executive Committee.

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

RESOLUTION NO. 2021-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT CONCURRING
IN NOMINATION OF DAVID DRAKE TO THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT
POWERS INSURANCE AUTHORITY ("ACWA - JPIA")**

was adopted by the following vote, to wit:

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

and

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

RESOLUTION NO. 2021-10

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT CONCURRING
IN NOMINATION OF MELODY MCDONALD TO THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT
POWERS INSURANCE AUTHORITY ("ACWA - JPIA")**

was adopted by the following vote, to wit:

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

Action: Adoption of Resolution No. 2021-06 concurring in the nomination of David Drake, Rincon Del Diablo Municipal Water District and Resolution No. 2021-10, concurring in the nomination of Melody McDonald, San Bernardino Valley Water Conservation District for reelection to the ACWA - JPIA Executive Committee.

13. San Diego County Water Authority's Board Meeting Summary:

General Manager Arant reported that the SDCWA Board of Directors' meeting held on February 23, 2021 via teleconference consisted of the following: reaffirmed support for Potable Reuse and approved distributing MWD Damages Award to member agencies

Action: No action required, informational item only.

14. Miscellaneous:

The following miscellaneous items were reported by General Manager Arant:

- SD LAFCO Alternate Special District Member Call for Nominations – due by April 23, 2021. General Manager Arant asked if there any interest among the Board in making a nomination.
- SDG&E Rebate of \$102,251.76 – Staff Audit found five SDG&E accounts which had been misclassified, leading to the above rebate over the next several billing periods.
- First REC Transaction Completed - ACT marketed 17,634 Lake Turner Solar Vintage RECs generated between 2009 and 2017 for \$0.40/REC, for a total value of \$7,053.60.
 - Lake Turner Vintage RECs generated between 2017 and 2021 will be next up for marketing at an estimated \$2.00/REC.
 - Staff is in the process of evaluating which the six solar facilities owned by the District are economically viable to register with WestRegis.

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- Corporate / Lower Moosa Canyon Solar Projects – An extension was granted to High Mountain Investments, LLC based on progress made between 2/16/21 and 3/4/21. General Manager will bring item back to the Board on 4/5/21 for final approvals.
- SDG&E Power Your Drive for Fleets Program – Initial meeting was held regarding the program, which could provide significant financial assistance for installing the required fleet electrification equipment and infrastructure. Staff currently evaluating the program.
- The January 2021 Monthly Status Report was received.

Action: No action required, informational item only.

District General Counsel's Agenda

General Counsel de Sousa reported on FPPC Opinion Letters regarding real property, Conflicts of Interest(s) and Bills introduced regarding teleconferencing.

Action: No action required, informational item only.

Board of Director's Reports on Meetings Attended (AB1234):

Director Smith shared that he attended the ACWA Energy Committee Meeting on February 23, 2021. CARB regulations on the Advanced Clean Truck rule and Clean Fleet rule; both limited by the availability of energy from SDGE during normal and emergency use which would put those vehicles out of commission.

Action: No action required, informational item only.

CLOSED SESSION

15. A closed session was called by President Polito at 3:53 p.m. pursuant to:

- **Government Code §54956.9(d)(2) – Conference with Legal Counsel** – Anticipated Litigation
Significant Exposure to Litigation – one potential case

RECONVENE

Action: The Board came out of closed session at 4:19 p.m. with no reportable action.

ADJOURNMENT

Action: Upon motion by Ferro, seconded by Haskell, and unanimously carried, the regular meeting of the Board of Directors was adjourned at 4:20 p.m.

ATTEST:

ATTEST:

Robert A. Polito, *President*

Kirsten N. Peraino, *Secretary*

Approved at a regular meeting of the Board of Directors on April 5, 2021