

## VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

**Monday, July 19, 2021 - 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 Stream.

**The Valley Center Municipal Water District Board of Directors' meeting was called to order by Vice President Ferro at 2:00 P.M.** Vice President Ferro 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:** Vice President Ferro, Director Haskell, and Director Smith; with Director Holtz teleconferencing.

**Board Members Absent:** President Polito.

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

**Other Attendees:** Scott Koppel with Koppel and Gruber Public Finance was available for questions to Agenda items 4 through 8.

### **PUBLIC COMMENTS**

Vice President Ferro 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.

### **CONSENT CALENDAR**

**Action:** Upon motion by Director Smith, seconded by Director Haskell; motion passes with four (4) affirmative votes, noting President Polito's absence; the following consent calendar items were approved:

1. **Minutes of the Regular Board Meeting Held Tuesday, July 6, 2021;**
2. **Audit Demands: Check Nos. 160528 – 160599 for June 25, 2021 – July 8, 2021; and**
3. **Quarterly Expense Reimbursement Disclosures (April 1 – June 30, 2021).**

## ACTION AGENDA

### 4. Adoption of Ordinance Implementing the Woods Valley Ranch (WVR) Water Reclamation Facility (WRF) Service Area Sewer Service Charge and Grinder Pump Maintenance Charge for FY 2021-2022 and Amending the District's Administrative Code to Reflect the Current and Newly Adopted Fees and Charges:

District Engineer Grabbe gave a summary of the proposed charges and background on Service Areas 1 and 2 and requested adoption of Ordinance No. 2021-10, to implement the Woods Valley Ranch Water Reclamation Facility Service Area Sewer Service Charge and Grinder Pump Maintenance Charge for FY 2021-2022 and to amend the District's Administrative Code to reflect the current and newly adopted fees and charges.

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, 2021.

- **Service Area 1** consists of the 270 lot Woods Valley Ranch Subdivision and Golf Course (allocated a 10 EDU capacity demand). Service Area 1 has a total capacity demand of 280 Equivalent Dwelling Units (EDUs) and as of July 1, 2021, 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 109 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.

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 22 units connected: 13 Simplex and 9 Duplex units. *Note:* Grinder Pumps are not utilized in Service Area 1.

Staff recommended an increase of 1.5% 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 \$581.04 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. *Note:* Charges for larger grinder pump configurations would be determined on a case by case basis pursuant to the established methods.

**Action:** Upon motion by Director Holtz, seconded by Director Smith; motion passes with four (4) affirmative votes, noting President Polito's absence; the following Ordinance entitled:

**ORDINANCE NO. 2021-10**

**ORDINANCE OF THE BOARD OF DIRECTORS OF  
VALLEY CENTER MUNICIPAL WATER DISTRICT IMPLEMENTING  
SEWER SERVICE CHARGE AND THE GRINDER PUMP  
MAINTENANCE CHARGE FOR THE WOODS VALLEY RANCH  
WATER RECLAMATION FACILITY SERVICE AREA**

was adopted by the following vote, to wit:

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

**PUBLIC HEARING**

**5. Public Hearing to Consider Levying the Approved Woods Valley Ranch Water Reclamation Facility Service Area Sewer Service Charges (Service Area 1), Sewer Service Charges (Service Area 2), and Grinder Pump Maintenance Charges (Service Area 2) on the Property Tax Roll for FY 2021-2022:**

A public hearing to receive written and oral input on the adoption of Resolution No. 2021-24 levying the Woods Valley Ranch Water Reclamation Facility Service Area Sewer Service Charges (Service Areas 1 and 2), and Grinder Pump Maintenance Charges (Service Area 2) on the property tax roll for FY 2021-2022, was opened by Vice President Ferro at 2:23 p.m. District Engineer Grabbe gave a brief review of the proposed charges and background on the service areas.

Staff recommended collecting the annual sewer service charge of \$1,183.20 per EDU for Service Areas 1 and 2 and the recently approved increased Grinder Pump Maintenance Charge 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.

It was announced that no comments were received prior to start of the Public Hearing. The public hearing was closed at 2:30 p.m.

**Action:** Upon motion by Director Holtz, seconded by Director Haskell; motion passes with four (4) affirmative votes, noting President Polito's absence; the following Resolution entitled:

**RESOLUTION NO. 2021-24**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLEY CENTER MUNICIPAL WATER DISTRICT PLACING THE  
WOODS VALLEY RANCH WATER RECLAMATION FACILITY  
SERVICE AREA SEWER SERVICE CHARGE ASSESSMENTS AND  
GRINDER PUMP MAINTENANCE CHARGE ASSESSMENTS  
FOR FY 2021-2022 ON PROPERTY WITHIN THE SERVICE AREA  
ON THE SAN DIEGO COUNTY SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

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

**ACTION AGENDA (cont'd)**

**6. Resolution to Approve and Levy the Approved Woods Valley Ranch Water Reclamation Facility Service Area Sewer Standby Fees (Service Areas 1 and 2) on the Property Tax Roll for FY 2021-2022:**

Adoption of Resolution No. 2021-25, approving and levying the Woods Valley Ranch Water Reclamation Facility Service Area Sewer Standby Fees for Service Areas 1 and 2 on the property tax roll for FY 2021-2022, was considered. District Engineer Grabbe gave a brief review of the proposed charges and background on the service areas.

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.

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.

**Action:** Upon motion by Director Smith, seconded by Director Haskell; motion passes with four (4) affirmative votes, noting President Polito's absence; the following Resolution entitled:

**RESOLUTION NO. 2021-25**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLEY CENTER MUNICIPAL WATER DISTRICT PLACING THE  
WOODS VALLEY RANCH WATER RECLAMATION FACILITY  
SERVICE AREA SEWER STANDBY FEE ASSESSMENTS  
FOR FY 2021-2022 ON PROPERTY WITHIN THE SERVICE AREA  
ON THE SAN DIEGO COUNTY SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

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

**7. Resolution Approve and Levy Annual Assessments for Assessment District No. 2012-1 on the Property Tax Roll for FY 2021-2022:**

Adoption of Resolution No. 2021-26, approving and levying the annual assessment amounts for Assessment District No. 2012-1 (AD 2012-1) to fund the annual debt service requirement for FY 2021-2022 and placing it as a fixed charge special assessment on the San Diego County Secured Property Tax Roll, was considered. AD 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, the Limited Obligation Improvement Bond issued to fund the Expansion Project and the proposed indebtedness to fund the AD 2012-1 share of the Orchard Run Lift Station project, reported District Engineer Grabbe.

The proposed annual assessment amounts for the AD 2012-1 parcels in the Expansion Project were listed in an assessment roll exhibit attached to Resolution No. 2021-26. The amounts were determined using the methodology expressed in the Final Engineer's Report, prepared by Koppel and Gruber Public Finance, 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 Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District upon its formation.

Seven benefit areas were assessed (A through G), for a total of 148 parcels - three more than the previous year due to boundary adjustments, lot splits and the addition of one parcel. 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. 2021-26, approving and levying the annual assessment amounts AD 2012-1 to fund the annual debt service requirement for FY 2021-2022 and placing it as a fixed charge special assessment on the San Diego County Secured Property Tax Roll.

**Action:** Upon motion by Director Smith, seconded by Director Haskell; motion passes with four (4) affirmative votes, noting President Polito's absence; the following Resolution entitled:

**RESOLUTION NO. 2021-26**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLEY CENTER MUNICIPAL WATER DISTRICT PLACING  
FIXED CHARGE SPECIAL ASSESSMENTS FOR FY 2021-2022  
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 Ferro, Haskell, Holtz and Smith**  
NOES: **None**  
ABSENT: **President Polito**

**8. Resolution to Approve and Levy Special Taxes for Community Facilities District No. 2020-1 on the Property Tax Roll for FY 2021-2022:**

Adoption of Resolution No. 2021-27, approving and levying the annual special taxes for Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District (CFD 2020-1) on the property tax roll for FY 2021-2022, was considered. 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 Assessment District No. 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. This is pursuant to the terms and conditions of the CFD Financing Agreement dated May 18, 2020.

Staff recommended a Special Tax totaling \$917,783, the maximum allowable pursuant to the Rate and Method of Apportionment for CFD 2020-1 (Rate and Method), previously approved by the Board of Directors. The Rate and Method set the maximum tax rate for both developed and undeveloped property in each zone in the Park Circle East/West project.

As of May 1, 2021 (the cutoff date for determining Developed Property and Undeveloped Property as defined in the Rate and Method), 72 parcels were developed in CFD 2020-1 and the remaining taxable 86.9257 acres (comprising the remaining 560 lots and 2 commercial parcels) were undeveloped. The Special Tax for each taxable parcel in the CFD was calculated utilizing the methodology identified in the Rate and Method.

Staff recommended adopting Resolution No. 2021-27, approving and levying the annual special taxes for CFD 2020-1 on the property tax roll for FY 2021-2022.

**Action:** Upon motion by Director Smith, seconded by Director Holtz; motion passes with four (4) affirmative votes, noting President Polito's absence; the following Resolution entitled:

**RESOLUTION NO. 2021-27**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
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 2021-2022**

was adopted by the following vote, to wit:

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

**INFORMATIONAL ITEMS**

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

An update on the financial impacts of the COVID-19 Pandemic was provided by Director of Finance and Administration Pugh. The sales volume for June 2021 was 1,701.6-acre feet with outstanding balances of \$4,068,261 representing 7,567 accounts. June 2020 had sales of 1653.2-acre feet with total outstanding balances of \$3,693,263 with 7,573 accounts. June 2021 had total balances greater than 30 days was \$318,696, down \$76,062 from May 2021. A total of 7,567 accounts in June 2021, with 770 having an outstanding balance greater than 30 days.

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

Director of Finance and Administration Pugh stated staff has continued efforts to monitor, contact, and ultimately send lien letters to VCMWD customers has been effective in reducing outstanding balances. As of June 30, 2021, fifteen (15) "Lien Notices" have been issued. Total outstanding balances for these accounts greater than 60 days is \$101,411. Updated letters are being sent to the property owners to advise them of the updated lien amounts.

**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**

**10. General Information:**

The following general informational items were reported by General Manager Arant:

- The May 2021 Monthly Status Report was received and filed.
- LAFCO Independent Special District Election Results Announced – David Drake with the Rincon del Diablo Municipal Water District, was elected as the Special District Alternate Representative.

**Action:** No action required, informational item only.

**DISTRICT GENERAL COUNSEL'S AGENDA**

*None.*

**BOARD OF DIRECTOR'S REPORTS ON MEETINGS ATTENDED (AB1234)**

*None.*

**BOARD OF DIRECTOR'S AGENDA**

*None.*

**CLOSED SESSION**

*None.*

**ADJOURNMENT**

**Action:** Upon motion by Director Smith, seconded by Director Haskell, and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:25 p.m.

**ATTEST:**

**ATTEST:**

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**Robert A. Polito, President**

\_\_\_\_\_  
**Kirsten N. Peraino, Secretary**

**Approved at a regularly scheduled Board Meeting on Monday, August 16, 2021**