

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

Monday, January 3, 2022 - 2:00 P.M.

Place: Board Room

29300 Valley Center Road; Valley Center, CA 92082

Due to the COVID-19 State of Emergency this Board Meeting is being conducted via Web Conference and Live Stream pursuant to Government Code §54953(e)(1)(A), which provides waivers to certain provisions of the Brown Act during a proclaimed state of emergency when state or local officials have imposed or recommended measures to promote social distancing, and allows some or all of the District's Directors to participate in the meeting telephonically or via video conference.

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 Smith, and Director Babineau; with Director Holtz teleconferencing.

Board Members Absent: None.

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

PUBLIC COMMENTS / QUESTIONS

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.

CONSENT CALENDAR

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

1. **Minutes of the Regular Board Meeting Held Monday, December 20, 2021;**
2. **Audit Demands Check Nos. 161786 – 161899 for December 10 – 22, 2021;**
3. **Treasurer's Report for Month Ending November 30, 2021;**

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4. Board Member Reimbursement for Per Diem & Expenses and Disclosures per GC §53065.5; and
5. Resolution No. 2022-01 Approving the Duffwood Development Waterline Project Concept Approval, Authorizing the General Manager to Enter into a District Facilities Agreement for up to \$165,000, and Declare Findings that the Project is Exempt from CEQA.

PUBLIC HEARING

6. Approval of Ordinance No. 2022-01 Amending the Administrative Code to Increase Water and Sewer Rates Effective with the February 1, 2022 Billings:

A public hearing to receive written and oral input on the adoption of Ordinance No. 2022-01, regarding proposed increases in Water and Sewer Rates was opened by President Polito at 2:27 pm. General Manager Arant gave a brief summary of the Proposition 218 requirements, before handing over the presentation to Director of Finance & Administration Pugh.

Amendments to Administrative Code Articles 160, 171 and 172, to be effective with the February 1, 2022 billings were reviewed. The increases include pass through of the wholesale price of water from SDCWA and MWD, and an adjustment in the local commodity portion to offset increases in operational and maintenance costs. In addition, Pumping Zone Rates are proposed to increase to offset increased utility costs and increases in pump and motor maintenance costs, along with increases in the Moosa Wastewater Service Charges and Fees and Low-Pressure Wastewater Collection System Charge.

On November 17, 2021 23,894 Proposition 218 Notices of Public Hearing were mailed to all owners and tenants of record within the District's boundaries, representing 40,099 parcels, in compliance with state law, stated Director of Finance & Administration Pugh.

a. Water Rates

The proposed total net increase is 4.4% for domestic and 3.5% for the Permanent Special Agricultural Water Rate (PSAWR) customers, as shown in the following table:

Per Hundred Cubic Feet	<u>Current</u>	<u>Change</u>	<u>New</u>
<u>Domestic/Commercial:</u>			
Wholesale: MWD/SDCWA	\$4.6185	\$0.2048	\$4.8233
VCMWD	<u>\$0.5660</u>	<u>\$0.0311</u>	\$0.5971
Total	\$5.1845	\$0.2359	\$5.4204
Per Hundred Cubic Feet	<u>Current</u>	<u>Change</u>	<u>New</u>
<u>Certified PSAWR:</u>			
Wholesale: MWD/SDCWA	\$3.3668	\$0.1173	\$3.4841
VCMWD	<u>\$0.5660</u>	<u>\$0.0311</u>	\$0.5971
Total	\$3.9328	\$0.1484	\$4.0812
<u>Construction Water</u>			
Potable	\$5.1845	\$0.2359	\$5.4204
Non-Potable (75% of Potable)	\$3.8884	\$0.1769	\$4.0653
Reclaimed (50% of Domestic)	\$2.5923	\$0.1179	\$2.7102

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b. Water Meter Service Charges

The monthly water service charge and service charge for fire protection meters are to increase 5.5% to offset local inflation in the District's operating costs.

Meter Service Charge:

Meter Size	Current	Change	Active Meters (effective 2/1/22)	Inactive Meters (effective 2/1/22)
3/4 inch	\$42.77	\$2.35	\$45.12	\$22.56
1 inch	\$58.43	\$3.21	\$61.64	\$30.82
1-1/2 inch	\$87.65	\$4.81	\$92.46	\$46.23
2 inch	\$116.86	\$6.42	\$123.28	\$61.64
3 inch	\$175.29	\$9.63	\$184.92	\$92.46
4 inch	\$233.72	\$12.84	\$246.56	\$123.28
6 inch	\$350.58	\$19.26	\$369.84	\$184.92
8 inch	\$467.44	\$25.68	\$493.12	\$246.56

Fire Protection Meter Service Charge:

Meter Size	Current	Change	Active Meters (effective 2/1/22)	Inactive Meters (effective 2/1/22)
3/4 inch	\$8.96	\$0.49	\$9.45	\$4.73
1 inch	\$12.54	\$0.69	\$13.23	\$6.61
1-1/2 inch	\$18.69	\$1.03	\$19.72	\$9.86
2 inch	\$24.83	\$1.37	\$26.20	\$13.10
3 inch	\$37.38	\$2.06	\$39.44	\$19.72
4 inch	*	*	*	*
6 inch	*	*	*	*
8 inch	*	*	*	*

**Fire meters larger than 3" require the approval of the District Engineer. The monthly service charge is based on the size of the meter times the 1" service.*

Construction Water:

	Current	Change	Effective Feb. 1, 2022
Potable:	\$175.29	\$9.63	\$184.92
Non-Potable:	\$112.18	\$8.01	\$120.19

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c. Pumping Rates

Total energy costs, including electricity and natural gas, pump and motor maintenance continue to increase. The pumping rates are proposed to increase 10.0% in calendar year 2022.

Zone	Current \$/Unit	Change	Effective Feb.1, 2022 (+10.0%)
1	\$0.10004	\$0.01000	\$0.11004
2	\$0.20002	\$0.02000	\$0.22002
3	\$0.22190	\$0.02219	\$0.24409
4	\$0.33138	\$0.03314	\$0.36452
5	\$0.48604	\$0.04861	\$0.53465
6	\$0.54218	\$0.05422	\$0.59640
7	\$0.57497	\$0.05750	\$0.63247
8	\$0.65167	\$0.06517	\$0.71684
9	\$0.67497	\$0.06750	\$0.74247
10	\$0.89400	\$0.08940	\$0.98340

d. SDCWA Infrastructure Access Charge (IAC)

Annually the SDCWA assesses the District a fixed charge based on the number and size of the active meters within the District. The charge to the District is passed through and collected from active customers. The increase is 5.2% for calendar 2022.

Meter Size	Current	Change	Effective Feb.1, 2022 (+5.2%)
3/4 inch	\$4.03	\$0.21	\$4.24
1 inch	\$6.45	\$0.33	\$6.78
1-1/2 inch	\$12.09	\$0.63	\$12.72
2 inch	\$20.96	\$1.09	\$22.05
3 inch	\$38.69	\$2.01	\$40.70
4 inch	\$66.09	\$3.45	\$69.54
6 inch	\$120.90	\$6.30	\$127.20
8 inch	\$209.56	\$10.92	\$220.48

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e. Construction Water Permit Fees

With the proposed water rate increases, the Construction Water Permit Fees will change accordingly.

<u>Used via a Water Truck</u> <u>with a capacity of:</u>	Potable		Non-Potable	
	<u>Current</u>	<u>New</u>	<u>Current</u>	<u>New</u>
2,500 gallons or less	\$305	\$325	\$195	\$205
3,000 gallons	\$370	\$390	\$235	\$245
3,500 gallons	\$430	\$450	\$275	\$290
4,000 gallons	\$490	\$515	\$315	\$330
5,000 gallons	\$610	\$645	\$390	\$410

f. Wastewater Monthly Service Charges:

i. Moosa

The Moosa Reclamation Facility Monthly Service Fee and Low-Pressure Wastewater Collection System Maintenance Fee are proposed to increase 1.5%, per equivalent dwelling unit (EDU) to offset inflationary impacts.

The monthly Wastewater Capacity Reservation Fee is also proposed to increase 1.5%. The current and proposed rates for Wastewater Service Charges and Capacity Reservation Fee are set forth in the table below:

	Current	Change	Effective Feb.1, 2022 (+1.5%)
Monthly Moosa - Gravity	\$57.80	\$0.87	\$58.67
Monthly Moosa - Pressure	\$47.70	\$0.72	\$48.42
	\$105.50	\$1.59	\$107.09

Capacity Reservation Fee	\$28.90	\$0.43	\$29.33
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ii. Woods Valley Ranch

No change is proposed at this time for the Sewer Service Charge or the Grinder Pump Maintenance Charge which is collected on each owner's property tax bill on an annual basis.

1. Wastewater Excess Use Charge

When wastewater usage exceeds the wastewater EDU capacity allocation, staff proposes to add a Wastewater Excess Usage Charge to the property's water bill based on the amount of excess wastewater discharged.

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The Wastewater Excess Usage Charge, on commercial properties, provides a means to recover capital, service and administration costs associated with wastewater usage in excess of a property's wastewater capacity allocation. The charge would be billed to the commercial customer on their monthly water bill and should be sufficient to recover all costs associated with providing wastewater service. The allotted wastewater flow is calculated at 175 gallons per day per EDU, or 5,250 gallons per month per EDU, which equates to a wastewater flow per EDU of 7.0 hundred cubic feet per month. Any wastewater discharged greater than 7.0 HCF times the number of EDU's allocated to the property would be charged at the proposed Wastewater Excess Usage Charges, as follows:

	New Effective Feb.1, 2022 (\$/HCF)
Wastewater Excess Usage Charge <i>(discharge amount greater than 7.0 HCF times the EDU allocation)</i>	\$39.66
Grinder Pump Excess Usage Charge <i>(discharge amount greater than 7.0 HCF times the EDU allocation)</i>	\$9.92

The District has received written protests for six (6) parcels and it was announced that no comments were received prior to close of the Public Hearing. The public hearing was closed at 2:54 p.m.

Staff recommended adoption of Ordinance No. 2022-01 to implement the proposed rate changes to be effective for services provided on and after February 1, 2022, and authorizing the pass through of wholesale water, energy, Infrastructure Access Charge, increases in the retail component of the water rate, and increases in wastewater rates and charges.

Action: Upon motion by Smith, seconded by Ferro – motion carried with four (4) affirmative votes (Babineau abstaining), *the following* Ordinance, entitled:

ORDINANCE NO. 2022-01

**ORDINANCE OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
ADOPTING INCREASES IN WATER AND
WASTEWATER RATES AND CHARGES**

Was adopted by the following vote, to wit:

AYES: *Directors Polito, Ferro, Holtz, and Smith*
NOES: *None*
ABSENT: *None*
ABSTAIN: *Director Babineau*

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ACTION AGENDA

7. Make Findings Necessary to Continue Teleconferenced Board Meetings Pursuant to Assembly Bill 361 (AB 361):

The Board must make specific findings at least every thirty (30) days after making initial findings (last specific findings were made at the January 3, 2022 Board Meeting). The Board must find that it has reconsidered the circumstances of the State of Emergency and that the State of Emergency continues to directly impact the ability of the members to meet safely in person or that state and local officials continue to impose or recommend measures to promote social distancing.

Staff recommended that the Board adopt a motion making the following findings and determinations: (a) That the proclaimed COVID-19 State of Emergency remains in effect and that the Board has reconsidered the circumstances of the COVID-19 State of Emergency; (b) That state or local officials continue to impose or recommend measures to promote social distancing; and (c) That, for the next 30 days, District Board meetings shall be held pursuant to the provisions of Government Code §54953(e) to ensure the health and safety of the Board, staff and the public.

Action: Upon motion by Babineau, seconded by Ferro; staff's recommendation to make findings pursuant to AB 361 authorizing the continued use of virtual meetings passed unanimously.

GENERAL MANAGER'S AGENDA

8. General Information:

General Manager Arant gave a preview of DWR snowpack, precipitation and reservoir levels, and stated a more detailed report is to come at an upcoming board meeting.

Action: No action required, informational item only.

ADJOURNMENT

Action: Upon motion by Ferro, seconded by Smith; motion passed unanimously, the regular meeting of the Board of Directors was adjourned at 3:14 p.m.

ATTEST:



Robert A. Polito, *President*

ATTEST:



Kirsten N. Peraino, *Secretary*