

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

Monday, February 7, 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, Director Smith, and Director Babineau; with Vice President Ferro and Director Holtz teleconferencing.

Board Members Absent: None.

Staff Members Present: General Manager Arant, Director of IT Pilve, and Executive Assistant/Board Secretary Peraino; with District Engineer Grabbe, Director of Finance Pugh, Director of Operations and Facilities Lovelady, Safety and Regulatory Compliance Supervisor Olson, Senior Engineer Lyuber, Manager of Accounting Velasquez, 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 Smith, seconded by Babineau; and unanimously carried, the following consent calendar items were approved:

1. **Minutes of the Regular Board Meeting Held Monday, January 18, 2022;**
2. **Audit Demands for Check Nos. 162012 – 162147 for January 7 – 27, 2022;**
3. **Concept Approval of the Pauma Vista Winery Waterline Extension Project; and**
4. **Make Findings Necessary to Continue Teleconferenced Board Meetings Pursuant to Assembly Bill 361 (AB 361).**

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PUBLIC HEARING

5. Adoption of Ordinance No. 2022-02 Amending Administrative Code Increasing Water Meter Capacity and Annexation Charges:

President Polito opened the public hearing at 2:11 p.m. to receive written and oral input on adoption of Ordinance No. 2022-02, amending the following District Administrative Code Articles:

Article 160 – Water Service Rules and Regulations:

- Implementing an increase in Meter Capacity Charges to reflect current water system asset values, and

Article 220 – Annexation Procedures:

- Implementing an increase in the Annexation Charge to reflect current corporate asset values, to clarify the acreage used for calculating the annexation charge and to correct references to Article 230 Water Use Efficiency and Drought Response Program requirements for annexation request processing.

District Engineer Grabbe reviewed the approach used to determine the capacity charges and explained the following modifications to the approach that were incorporated for this year's recommendation: Reduced the number of Equivalent Meters to account for reduced water revenues contributed to capital improvements associated with Inactive Meters; Detachment of Meadowood Subdivision; Clarifying acreages used for calculation of the Annexation Charge and Updated determination of Right-of-Way acreage classified as exempt from taxes and availability charges.

Staff proposed the following increases, based on estimated water system and non-facility asset values as of June 30, 2021:

- Approximately 5.9% in the Meter Capacity Charges from \$4,950 to \$5,242 for a ¾-inch meter;
 - Mr. Grabbe noted the Meter Capacity Charge for a 5/8-inch meter was eliminated as the ¾-inch Ally Meter used for new developments has equivalent accuracy as the 5/8-inch meter at low flows and eliminates the need to stock the 5/8-inch meters.
- 4.4% increase in the SBA Charge, based on the Engineering News Record Construction Cost Index plus an additional year of depreciation; and
- 9.5% increase in the Annexation Charge, from \$1,210 to \$1,325 per acre.

Notification of the proposed increases to the District's Water Meter Capacity and Annexation charges had been published in the local newspaper. It was announced that no comments or requests to speak were received prior to close of the Public Hearing. The public hearing was closed at 2:34 p.m. Adoption of Ordinance No. 2022-02 amending Administrative Code Article 160, increasing the Meter Capacity Charges, and Article 220, increasing the Annexation Charge and other clarifying revisions, to be effective March 14, 2022 was recommended.

Action: Upon motion by Smith, seconded by Ferro; staff's motion to approve the following Ordinance passed unanimously:

ORDINANCE NO. 2022-02

**ORDINANCE OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING ADMINISTRATIVE CODE ARTICLE 160
INCREASING WATER METER CAPACITY CHARGES
AND ARTICLE 220 INCREASING THE ANNEXATION CHARGE**

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Was adopted by the following vote, to wit:

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

ACTION AGENDA

6. Adoption of Ordinance No. 2022-03 Amending Administrative Code Article 160, Establishing a Permanent Water Service Discontinuance Policy:

Updates to Article 160 of the District's Administration Code, establishing criteria for customers desiring to permanently discontinue water service, was presented for approval by Senior Engineer Lyuber. Proposed revisions to Administration Code Article 160 were presented for review at the January 18, 2022 Regular Board Meeting. The Board of Directors adopted the inactive meter charge at the Public Hearing held on January 3, 2022, effective on February 1, 2022 and applies to all meters that have readily available service.

Regardless of water usage the District is responsible for maintaining the service lateral from the water main to the meter location, as well as the overall system to ensure service and capacity are readily available at all times explained Mr. Lyuber. Therefore, the District continues to incur expenses on active and inactive meters as long as service is readily available. Discontinuing the service will remove its connection and forfeit its reserved system capacity, making it no longer readily available.

The proposed Administrative Code changes establish formal criteria that will facilitate Permanent Service Discontinuance for customers that no longer desire to retain readily available service to their inactive meter(s). The following items will be reflected in the Code changes, and once all steps are satisfied, the inactive charge will no longer apply:

1. The legal property owner shall submit a letter requesting permanent discontinuance, accompanied with an administrative fee (currently proposed at \$500);
2. An agreement shall be executed between the District and the property owner, to be notarized and recorded against the property; and
3. The property owner will be responsible for costs associated with disconnecting and abandoning the service lateral. Costs are proposed at:
 - \$5,400 when work is within a heavily trafficked area, or
 - \$3,700 when traffic control is not needed.

Action: Upon motion by Babineau, seconded by Ferro; staff's motion to approve the following Ordinance passed unanimously:

ORDINANCE NO. 2022-03

**ORDINANCE OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE TO
PROVIDE FOR PERMANENT SERVICE DISCONTINUANCE**

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Was adopted by the following vote, to wit:

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

7. Award of Construction Contract for the Oat Hill Discharge and Alps Way Pipeline Replacement Project [PROJECT NO. 01-06-78-51415]:

District Engineer Grabbe provided a brief summary of the Oat Hill Discharge and Alps Way Pipeline Replacement Project ("Project"). The Project consists of two pipeline replacement segments. Funding for the Project was included in the FY 2021-2022 Annual Budget; with costs reimbursed from proceeds of a State Water Resources Control Board Drinking Water State Revolving Fund (SRF) loan, resulting in an estimated 20-year annual debt service of \$72,000.

The Oat Hill Pump Station Discharge Pipeline segment consists of the following:

- Installation of appx. 2,100 linear feet of 12-inch diameter buried PVC potable waterline including valves, water services, appurtenances, and the abandonment of existing 12-inch diameter buried concrete mortar lined and coated steel potable waterline, water services, and appurtenances.
- Located within agricultural graded roads north of Oat Hill Pump Station to Faircrest Way (private road).

The Alps Way Pipeline segment consists of the following:

- Abandonment of appx. 270 linear feet of existing 16-inch diameter buried concrete mortar lined and coated steel potable waterline and installation with 16-inch diameter buried PVC potable waterline including valves, water service, fire hydrant, and the abandonment of an existing water service.
- Located within Cougar Pass Road/Alps Way, an existing developed County of San Diego public right-of-way.

Bids for the Project were received in accordance with the formal bidding procedures set forth in §140.2(b) of the District's Administrative Code. Ten contractors attended the pre-bid meetings, but only three bids were received for the Project on January 25, 2022. The apparent low bidder was M-Rae Engineering Inc. with a total bid of \$845,863 approximately 14% less than the second bid and 3% lower than the \$875,000 engineer's estimate.

The contract allows for ninety calendar days for the Project, resulting an estimated completion date of May 28, 2022 assuming the Notice to Proceed is issued on February 28th.

Staff recommended adoption of Resolution No. 2022-03 awarding the construction contract for the Oat Hill Discharge and Alps Way Pipeline Replacement Project to M-Rae Engineering Inc. for their low bid amount of \$845,863.

Action: Upon motion by Ferro, seconded by Babineau; staff's motion to approve the following Resolution passed unanimously:

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RESOLUTION NO. 2022-03

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT TO
AWARD THE CONSTRUCTION CONTRACT FOR THE
OAT HILL DISCHARGE AND ALPS WAY PIPELINE
REPLACEMENT PROJECT [PROJECT NO. 01-06-78-51415]

Was adopted by the following vote, to wit:

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

8. Amended Employment Agreement for the General Manager Effective January 1, 2022:

Prior to taking final action on an executive's compensation, an oral report summarizing the recommended action must be made in open session per the Brown Act. General Counsel de Sousa reported that the Board had conducted its annual performance evaluation and compensation review of the General Manager at a regular meeting on January 18, 2022. Based upon the discussions and completion of successful negotiations, an amended Employment Agreement to be effective January 1, 2022 increasing the General Manager's annual compensation by 2%, from \$239,325 to \$244,111.50, along with a performance bonus of \$15,000, was presented for approval.

Action: Upon motion by Ferro, seconded by Babineau; staff's motion to approve the following Ordinance passed unanimously:

ORDINANCE NO. 2022-04

ORDINANCE OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE
TO PROVIDE FOR CHANGES IN THE AMENDED
AGREEMENT FOR THE GENERAL MANGER

Was adopted by the following vote, to wit:

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

GENERAL MANAGER'S AGENDA

9. San Diego County Water Authority Board Meeting Summary:

A report on the San Diego County Water Authority Board of Directors' Meeting of January 27, 2022, was provided.

Action: No action required, informational item only.

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10. General Information:

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

- As of Nov. 2021, Water Sales Projected at 15,600-AF against budgeted sales of 17,000.
- Solar Projects status update:
 - Progress is being made on the Corporate Yard and Lower Moosa Canyon;
 - Both sites are cleared, engineering is being finalized, materials have and are being acquired; and
 - Interconnection agreements have been filed with SDG&E under NEM 2.
- Renewable Energy Credits (RECs) Status update:
 - RECs sales through early January are 21,904 units for a value of \$23,889.60.
 - Legacy RECs sold for \$1.00 and \$2.00.
 - Current RECs are selling for \$7.00.
- Brief update on Vehicle Miles Traveled (VMT) Policy.

Action: No action required, informational item only.

ADJOURNMENT

Action: Upon motion by Babineau, seconded by Ferro; motion passed unanimously, the regular meeting of the Board of Directors was adjourned at 3:43 p.m.

ATTEST:

ATTEST:

Robert A. Polito, *President*

Kirsten N. Peraino, *Secretary*

Approved at a regularly scheduled Board Meeting on Tuesday, February 22, 2022