

## VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

**TUESDAY, February 22, 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, Director of IT Pilve, and Executive Assistant/ Board Secretary Peraino, District Engineer Grabbe, Director of Finance Pugh, and GIS Analyst Martinez; with Director of Operations and Facilities Lovelady, Safety and Regulatory Compliance Supervisor Olson, General Counsel de Sousa and Jacqueline Howells (HGR) teleconferencing.

**Guest Speakers Present:** Nick Norvell *with* Best Best & Krieger

### **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 Ferro; and unanimously carried, the following consent calendar items were approved:

1. **Minutes of the Regular Board Meeting Held Monday, February 7, 2022;**
2. **Audit Demands for Check Nos. 162148 - 162249 for January 28, 2021 - February 10, 2022 and Wire Disbursements for the Month of January 2022;**
3. **Resolution No. 2022-04 Setting June 6, 2022 as the Public Hearing Date for Water Availability Charges; and**
4. **Make Findings Necessary to Continue Teleconferenced Board Meetings Pursuant to Assembly Bill 361 (AB 361).**

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**INFORMATIONAL AGENDA**

**5. Federal Advocacy and Funding Program Status Report:**

An update on the Federal Advocacy and Funding efforts being made on behalf of the District was provided by Jacqueline Howells of Howells Governmental Relations (HGR). Goals include identifying District priorities; crafting political, legislative and funding strategies; establishing a presence and creating a political footprint; as well as identifying, monitoring and tracking federal legislation/regulations and pursue funding opportunities.

Activities have included advocating for continued federal funding for the Safe Drinking Water and Clean Water Act State Revolving Fund (SRF) Loans, Feasibility Study funding from the Bureau of Reclamation, Regional Conservation Partnership Program (RCCP) grants, and Environmental Quality Incentives Program (EQIP) funding from the NRCS. Ms. Howells shared that three Clean Water State Revolving Fund (CWSRF) loans were approved for the Woods Valley Ranch Wastewater Expansion Project: the South Village Collection System - \$2.63M, the Woods Valley Ranch WRF Phase 2 Expansion Project - \$17.24M, and the Charlan Road Seasonal Storage Project - \$4.75M.

In 2013 the District began a partnership with the USDA-Natural Resources Conservation Service and Mission Resource Conservation District to provide agricultural customers water use efficiency evaluations and to aid in securing federal funding for retrofits and efficiency improvements, stated Ms. Howells. In the first three years of the partnership, \$463,571 in funding was received by 13 ag producers. As a part of the "Keeping the Lights On" campaign, numerous agricultural water use evaluations were completed; and as a result, DU and conservation efforts improved.

Currently, HGR is evaluating and analyzing funding opportunities under the recently approved federal infrastructure legislation, as well as preparing appropriations requests for the FY 2023 Federal Appropriations Cycle. Ms. Howells explained that keeping the District's projects high on the State and Federal "radar" is important for laying the groundwork for future funding requests. HGR will continue its role in identifying, evaluating, and pursuing potential funding opportunities by attending meetings with congressional delegations, key committee members, and federal agency officials in order to affect legislation, regulations, and help secure additional funding for the District.

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

**6. Election Division Reapportionment – Preview of Options:**

District Engineer Grabbe reported that state and federal law requires an examination of population apportionment among election divisions after each census and that imbalances be corrected by reapportionment. Using the 2020 revised population and census tract data supplied by the County of San Diego, District GIS staff evaluated the population distribution between the five divisions and determined there were significant population imbalances which had developed since the 2010 census.

In creating the division boundary options, staff followed the following reapportionment criteria:

- Each Division boundary shall follow a census block wherever possible;
- Option 1 tries to follow major streets as much as possible keeping the major development areas in their original Division;

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- Option 2 boundaries were adjusted to contain like neighborhood densities as determined from the most recent imagery as opposed to following major streets; and
- Each Division shall contain a nearly equal population resulting in a total deviation of less than 10%.

The following table summarizes the population for each Division along with the overall total, average, and the percent deviation for the various conditions:

Election Division	2010 Population	2020 Population		
	Current Division Boundaries	Redistricting Option 1	Redistricting Option 2	
Division 1	5,276	5,840	5,731	5,881
Division 2	5,261	5,583	5,990	5,951
Division 3	5,279	5,690	5,955	5,966
Division 4	5,262	6,177	5,966	5,950
Division 5	5,306	6,419	6,066	5,960
<b>Total</b>	<b>26,384</b>	<b>29,709</b>	<b>29,708</b>	<b>29,708</b>
Division Average	5,277	5,942	5,942	5,942
<b>Deviation</b>	<b>0.85%</b>	<b>14.07%</b>	<b>5.64%</b>	<b>1.43%</b>

The District is required to hold two public hearings on the reapportionment of the Board Member division boundaries prior to Board approval of the revised boundaries. The public hearings are scheduled for the March 21, 2022 and April 4, 2022 Board meeting dates. The Board is required to complete the reapportionment of the division boundaries by April 17, 2022.

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

**7. Treasurer's Report for Month Ending December 31, 2021:**

The Treasurer's Report for month ending December 31, 2021 was presented by Director of Finance and Administration Pugh. The monthly Treasurer's Reports include all investments, type of investment, issuer, date of maturity, dollar amount invested, rate of interest, and current market value.

The Districts portfolio is segregated into three pools:

1. The State of California's Local Agency Investment Fund (LAIF), which invests in short term investments to maintain liquidity.
  - LAIF rates rise and fall quickly, mirroring the market with about a 60-90 day lag.

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2. The County of San Diego Investment Fund (SDCIF), invests in short term investments to maintain liquidity.
  - Similar to LAIF rates, their investments provide the District with some diversification in investment philosophies; and
  - Avoids overconcentration of investments in LAIF.
3. Zions Capital Advisors, an affiliate of California Bank & Trust.
  - Zions has the authority to invest and manage our funds in conformance with the Districts investment policy.

Mr. Pugh outlined what is included in the monthly Treasurer's Report, stating the first page of the report summarizes the type of investments the District has, provides the average yield by investment, indicates the market value and the percentage of investment by portfolio. The second page details the active deposits, lists the investments by portfolio, and includes the type of investment showing the face value of the investment, purchase and maturity dates, market value, and current yield. Pages 3 and 4 graphs significant items of the District's investments over time, indicating the total investments, investments by portfolio, the weighted average days to maturity, and yield comparisons. The last page of the report breaks down transactions by investments purchased during the reporting period and investments that have matured.

Lastly, the District's Investment Policy was highlighted by Mr. Pugh; stating the Investment Policy Mission Statement "security with a market rate of return, while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds." 1. The Districts Investment Policy prudently puts safety and liquidity above yield; and 2. Safety is not just a return of principal (credit risk), but also a management of interest rate risk.

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

**8. Quarterly Financial Report for Quarter Ending December 31, 2021:**

The Quarterly Financial Report for quarter ending December 31, 2021 was presented by Director of Finance and Administration Pugh. Total Revenues as of the quarter ending December 31, 2021 total \$28,260,080, which is 43.9% of budget; this is a result of the lower Capital Project Revenues (SRF Loan) not yet funded, \$6.6M, stated Mr. Pugh.

**Revenues** for the quarter ending December 31, 2021 were summarized, reminding the Board that water revenue historically runs near 60% of budget within the first 6 months of the fiscal year:

- Water Sales and Pumping Revenue of \$20,250,449 is currently 57.1% of budget;
- Water sales for the first quarter of 9,771.6 acre-feet is 57.5% of budget;
- Meter Services Charges are \$3,486,359, 47.4% of budget;
- New Meter Connection Sales are \$409,279 and is 117.6% of budget;
- Investment Income totals \$51,942 or 33.9% of budget;
- Meter Capacity Charges are \$608,850 and is 131.3% of budget;
- Property Taxes total \$1,078,465, 39.5% of budget;
- Debt Service – Water Availability Charges are \$147,837, 38.3% of budget;
- Capital Project Revenues are down as the SRF Loan has not yet been funded;
- Moosa Wastewater is right on budget at \$891,544, or 49.0% of budget; *and*
- Woods Valley Wastewater revenues are down as they are on the property tax roll and will be picked in April when the second installment of the property taxes are typically received.

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Mr. Pugh stated that Total **Expenditures** of \$24,768,600 are 39.9% of budget at the end of the second quarter (Reduced Capital Expenditures are the reason for the reduction).

- Source of Supply is 50.9% of budget at the end of the second quarter, right on budget;
- General Administration costs are 50.3% of budget and total \$447,942;
- Finance expenses, excluding debt service, are slightly below budget at 47.6;
- Information Technology expenses total \$511,007 or 52.4% of budget;
- Engineering expenses are slightly ahead of budget, running at 55.3%;
- Operations and Facilities expenses are slightly lower than the current budget;
- Moosa operating expenses are 56.1% of budget; *and*
- Woods Valley Ranch combined operating expenses are 51.5% of the combined operating budget numbers.

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

**GENERAL MANAGER'S AGENDA**

**9. General Information:**

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

- December 2021 Monthly Status Report was Received and Filed;
- VMT Update – BBK Legal Analysis Underway;
- Auditor Selection Update – Two RFP Responses;
- 2nd Aqueduct Emergency Repair Shut-down from March 1 – 10, 2022; *and*
- MWD Projected 8% Wholesale Cost Increase

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

**DISTRICT GENERAL COUNSEL'S AGENDA**

*General Counsel de Sousa reported on the following items:*

- The recently issued California SMARTER Plan, addressing the next phase of California's response to the COVID-19 Pandemic. She noted that the Plan includes maintaining wastewater surveillance in all regions as part of the Plan's "Readiness" Goal;
- The passage of SB 323, which went into effect on January 1, 2022 and provides a shorter statute of limitations for challenges to water and sewer services fees and charges; *and*
- An update on San Diego LAFCO's legislative effort to amend Government Code section 56133 related to out of area service agreements.

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

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**BOARD OF DIRECTORS' AGENDA AND REPORTS ON MEETINGS ATTENDED**

- Director Smith reported his attendance at the following meeting:
  - ACWA Energy Committee Meeting – February 16, 2022.
- Vice President Ferro reported his attendance at the following meeting:
  - ACWA Agriculture Committee Meeting – February 17, 2022.

**ADJOURNMENT**

**Action:** Upon motion by Babineau, seconded by Smith; motion passed unanimously, the regular meeting of the Board of Directors was adjourned at 3:50 p.m.

**ATTEST:**

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**Robert A. Polito, *President***

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**Kirsten N. Peraino, *Secretary***

**Approved at a regularly scheduled Board Meeting on Monday, March 21, 2022**