

## VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

**Monday, March 21, 2022 - 2:00 P.M.**

*Place: Board Room 29300 Valley Center Rd; 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, Senior Engineer Lyuber, Project Manager Carrillo, 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:** Mrunal Shah *with* Best Best & Krieger, Scott Burnett *with* Zions Capital Advisors Inc. and Adam Bauer *with* Fieldman, Rolapp, & Associates.

### 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 Tuesday, February 22, 2022;**
2. **Audit Demands for Check Nos. 162250 – 162423 for February 11 – March 10, 2022 and Wire Disbursements for the Month of February 2022;**
3. **Treasurer's Report for Month Ending January 31, 2022;**
4. **Resolution No. 2022-04 Affirming the District's Authorized Debt Limit per Ordinance No.171, Effective January 1, 2022 (\$2,752,831 per Project and \$4,129,261 for the Acquisition and Installation of Water Tanks and Reservoirs;**

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- 5. Make Findings Necessary to Continue Teleconferenced Board Meetings Pursuant to Assembly Bill 361 (AB 361), for an Additional 30 Days; and**
- 6. Approve Purchase of Two (2) New 2022 Vehicles (P.O. No. 113723).**

**PUBLIC HEARING**

**7. First Public Hearing to Consider Options on Board Electoral Division Reapportionment:**

President Polito opened the first of two public hearings to review options for the reapportionment of the Board electoral division boundaries based on data from the 2020 Census at 2:11 p.m.

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. The options were previewed at the February 22, 2022 regular Board Meeting. The two options presented were as follows:

- **Option 1** tries to follow major streets as much as possible keeping the major development areas in their original Division; and
- **Option 2** boundaries were adjusted to contain like neighborhood densities as determined from the most recent imagery as opposed to following major streets.

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

<u>Election Division</u>	2010 Census		2020 Census Population	
	<u>Current Division Boundaries</u>		<u>Option 1</u>	<u>Option 2</u>
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
Population Total =	26,384	29,709	29,708	29,708
Division Average =	5,277	5,942	5,942	5,942
Deviation =	0.85%	14.07%	5.64%	1.43%

Opportunity was provided for public comment and there was none. The public hearing was closed at 2:21 p.m.

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 second of two public hearings is scheduled for the April 4, 2022 Board Meeting, and will be noticed in the Valley Roadrunner on March 24, 2022 and on the District's website. The Board is required to complete the reapportionment of the division boundaries by April 17, 2022.

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**Action:** Opportunity was provided for Board comment and public input regarding revised election division boundaries.

**ACTION AGENDA**

**8. 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 §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 §53607 and in the District's Administrative Code §40.6). Both items must be reconfirmed annually by the Board. The primary goals of the policy are: first, preservation of capital and second, to maintain enough liquidity to meet our cash flow requirements. After these goals, investment income is considered, stated Mr. Pugh.

A brief informational presentation on inflation and the Consumer Price Index was given by Scott Burnett, *Director of Fixed Income*, Zions Capital Advisors Inc.

**Action:** Board adopted Resolution No. 202-05 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 and Ordinance No. 2022-05 amending the Administrative Code to provide for changes in the Statement of Investment Policy.

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

**ORDINANCE NO. 2022-05**

**ORDINANCE OF THE BOARD OF DIRECTORS  
OF VALLEY CENTER MUNICIPAL WATER DISTRICT  
AMENDING THE ADMINISTRATIVE CODE TO PROVIDE FOR  
CHANGES IN THE STATEMENT OF INVESTMENT POLICY**

Was adopted by the following vote, to wit:

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

**AND**

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

**RESOLUTION NO. 2022-05**

**ORDINANCE OF THE BOARD OF DIRECTORS  
OF VALLEY CENTER MUNICIPAL WATER DISTRICT  
APPROVE THE STATEMENT OF INVESTMENT POLICY AND  
TO RENEW THE DELEGATION OF INVESTMENT AUTHORITY  
TO THE TREASURER OF THE DISTRICT**

Was adopted by the following vote, to wit:

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

**9. Approval to Purchase Clarifier System Equipment for the Lower Moosa Canyon Water Reclamation Facility Clarifier Upgrade Project:**

Authorization to purchase parts and equipment for the Lower Moosa Canyon Water Reclamation Facility Clarifier Upgrade Project was requested by Project Manager Carrillo. Specifications for the clarifier system upgrade were prepared by staff and quotes were solicited from multiple manufacturers to purchase the equipment. The District received two (2) quotes, as follows:

WesTech Engineering, LLC.	\$143,159.00
Environmental Water Solutions, Inc.	\$144,800.00

All of the mechanical equipment in the clarifier is original equipment installed in the mid 1970's and needs to be replaced/upgraded; including the rake arms, column support, motor, scum collector, suction piping, and bridge. In an effort to reduce costs and shorten the construction schedule, the District plans to pre-purchase all the equipment for the project and bid the contract to install the equipment separately. By pre-purchasing the equipment, the District will save the contractor's typical 15% mark up of and shorten the contract time needed for installation. The receipt of bids for installing the clarifier equipment will be scheduled during the estimated 24 to 28 weeks needed for production and delivery of the equipment, such that award of the installation contract would occur just prior to delivery.

WesTech Engineering, LLC was the apparent low bidder and their quote was reviewed and met the specification requirements of the proposal. It was recommended that the Board authorize staff to purchase the clarifier system equipment from WesTech Engineering, LLC., pursuant to the terms and conditions of their proposal, dated February 4, 2022, in the amount of \$143,159.00 plus tax.

**Action:** Upon motion by Smith, seconded by Ferro, staff's motion to approve the purchase the clarifier system equipment from WesTech Engineering, LLC., pursuant to the terms and conditions of their proposal, dated February 4, 2022, in the amount of \$143,159.00 plus tax, passed unanimously.

**10. Consider Final Approval of State Revolving Fund Loan:**

Approval of form of authorizing and directing the General Manager to execute the Installment Sale Agreement No. D2102015 for the 2020 Pipeline Replacement Project with the State Water Resources Control Board Drinking Water State Revolving Fund and authorizing and directing the General Manager to execute same will be considered.

Senior Engineer Lyuber stated, in June 2020, the Board adopted an update to the 2019 Water Master Plan, where a strategy for funding certain projects using the DWSRF Loan available through the State Water Board was presented. Staff followed through with submitting the application packaged as the, "2020 Pipeline Replacement Project" consisting of three pipeline segments: Lilac Road Upsize, Gordon Hill Road Replacement, and Oat Hill Discharge Pipeline.

The \$8,500,000 application amount includes costs for preparation of the application, project design, construction, construction management, various supporting services, and contingencies.

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The agreement requires the construction of all segments to be completed by November 1, 2024, staff is projecting completion by the end of calendar year 2023.

In February 2022, the state formally approved the application and returned the Financing Agreement stipulating the terms of the loan for execution by the District; terms are as follows:

Principal Amount:	\$8,500,000
Loan Term:	30 years
Interest Rate:	1.2%
Annual Debt Service:	\$339,000

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

**RESOLUTION NO. 2022-06**

**ORDINANCE OF THE BOARD OF DIRECTORS  
OF VALLEY CENTER MUNICIPAL WATER DISTRICT  
AUTHORIZING THE EXECUTION AND DELIVERY OF AND  
APPROVING A FINANCING AGREEMENT WITH THE CALIFORNIA STATE  
WATER RESOURCES CONTROL BOARD; AND AUTHORIZING  
CERTAIN OTHER ACTION IN CONNECTION THEREWITH**

Was adopted by the following vote, to wit:

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

**11. Consider Approval of Assessment District 2012-1 Limited Obligation Improvement Bond – Series 2022 for the Orchard Run Lift Station Project:**

District Engineer Grabbe gave a brief review of the Orchard Run Lift Station Project (which includes a portion of the costs associated with the previously constructed forcemain in Old Road). The project has a total budgeted cost of \$4,550,000 which should be shared between AD 2012-1 and CFD 2020-1. Based on the lift station capacity allocation, AD 2012-1's share of the project is 15.5% (\$705,000) and CFD 2020-1's share of the project is 84.5% (\$3,845,000). Approval authorizing the issuance and purchase of up to \$750,000 Assessment District No. 2012-1 Limited Obligation Improvement Bond, Series 2022 to fund AD 2012-1's share of the Orchard Run Lift Station Project was requested.

The proposed \$700,000 Bond will generate \$681,000 in proceeds for the Project. The prior annual assessments will provide the \$24,250 needed to bring up AD 2012-1's share of the project funding to \$705,250. The authorization amount allows for an additional \$50,000 in contingencies, if needed.

The Bond would be repaid from the AD 2012-1 annual assessments and the AD 2012-1 Engineer's Report would be updated to include the allocation of the additional cost.

Funding for purchasing the Bond would come from the Woods Valley Ranch Water Reclamation Facility Replacement Reserve account, which has a current balance of \$1,801,500 and estimated annual contributions currently at \$150,000 and increasing to greater than \$600,000 at full build out of the Park Circle developments.

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

**RESOLUTION NO. 2022-07**

**ORDINANCE OF THE BOARD OF DIRECTORS  
OF VALLEY CENTER MUNICIPAL WATER DISTRICT  
AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF  
A LIMITED OBLIGATION IMPROVEMENT BOND FOR AD 2012-2 AND  
AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH**

Was adopted by the following vote, to wit:

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

**GENERAL MANAGER'S AGENDA**

**12. San Diego County Water Authority Board Meeting Summary:**

San Diego County Water Authority Board Meeting Summary for February 24, 2022, will be reviewed.

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

**13. General Information:**

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

- The January 2022 Monthly Status Report was received and filed.

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

**DISTRICT GENERAL COUNSEL'S AGENDA**

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

- Two pieces of proposed legislation related to local government teleconferencing (AB 1944 and AB 2449);
- An initiative currently being circulated for signatures, which would place additional restrictions on, and further limit the ability of local government to, set fees and charges ("Limits Ability of Voters and State and Local Governments to Raise Revenue for Governmental Services") If enough signatures are gathered, it will be placed on the November 2022 General Election ballot.

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

- Director Smith reported his attendance at the following meeting:
  - LAFCO Special Districts Advisory Committee, Quarterly Meeting – March 18, 2022.

**CLOSED SESSIONS**

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session. *Authority: Government Code §54956.9.*

**14. A closed session was called by President Polito at 4:10 p.m. pursuant to the following two items:**

- Government Code §54956.9(d)(4) – Conference with Legal Counsel, Anticipated Litigation  
**Initiation of litigation: *One potential case***
- 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 4:38 p.m. with no reportable action.

**ADJOURNMENT**

**Action:** Upon motion by Smith, seconded by Babineau; motion passed unanimously, the regular meeting of the Board of Directors was adjourned at 4:40 p.m.

**ATTEST:**



**Robert A. Polito, President**

**ATTEST:**



**Kirsten N. Peraino, Secretary**