

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

Monday, April 4, 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.

Board Members Absent: Director Holtz.

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

Guest Speakers Present (Virtual): Melody McDonald, ACWA-JPIA Executive Committee Member, Mrunal Shah *with* Best Best & Krieger, 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 Ferro, seconded by Smith; and carried with four affirmative votes, the following consent calendar items were approved:

1. **Minutes of the Regular Board Meeting Held Monday, March 21, 2022;**
2. **Audit Demands for Check Nos. 162424 – 162509 for March 11 – 24, 2022;**
3. **Treasurer's Report for Month Ending February 28, 2022; and**
4. **Birdseye Agreement Amendment N. Broadway Pipeline Replacement Project.**

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PRESENTATION

5. ACWA– JPIA Rate Stabilization Fund Refund:

The District was informed that we would be receiving an ACWA–JPIA Rate Stabilization Fund (RSF) refund from the Workers Compensation Program. The refund results from member losses being lower than originally estimated, resulting in large amounts of funds going into each members' rate stabilization fund. Melody McDonald, ACWA–JPIA Executive Committee Member and the Board President of the San Bernardino Valley Water Conservation District is participating remotely to present the refund. Ms. McDonald informed us that this has now resulted in a Rate Stabilization Fund refund of \$80,402.98.

This is the thirteenth refund that the District has received since the 2008-09 policy year. Total refunds to date amount to \$875,598. In accordance with existing Board Policy regarding onetime sources of cash, the following options were presented by Mr. Pugh for Board consideration as to where to apply the funds:

- Reduce the District's CalPERS or OPEB unfunded pension liability;
- Place the refund in the General Fund to offset operating costs; and/or
- Place the refund in the CIP Reserve and/or used to fund current CIP.

General Manager Arant acknowledged District staff for their efforts, stating “safety is built in to everything we do.”

Action: Upon motion by Smith, seconded by Ferro; motion to spend the funds on OPEB Unfunded Liability, passes with three affirmative votes (President Polito voted Nay and noting the absence of Director Holtz).

PUBLIC HEARING

6. Second and Final Public Hearing to Consider Options on Board Electoral Division Reapportionment:

The second and final public hearing to review options for the reapportionment of the Board electoral division boundaries based on data from the 2020 Census and request approval of revised division boundaries, was opened by President Polito at 2:24 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.

Mr. Grabbe gave a brief review of the options previewed at the regular Board Meeting of February 22, 2022 and the first public hearing on March 21, 2022, as well as the criteria used to develop options. 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.

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Opportunity was provided for public comment and there was none. The public hearing was closed at 2:38 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 public hearing was noticed in the Valley Roadrunner on March 10 and March 24, 2022 as well as posted on the District's website with links to the public hearing notice and reapportionment map options.

A motion was made to adopt Resolution No. 2022-08 approving Reapportionment Option 1. The Board is required to complete the reapportionment of the division boundaries by April 17, 2022.

Action: Upon motion by Babineau, seconded by Ferro; motion to select *Reapportionment Option 1 as the final map of the adjusted board division boundaries* and approve the following Resolution passes with three affirmative votes:

RESOLUTION NO. 2022-08

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
ADOPTING ELECTION DIVISION BOUNDARY REAPPORTIONMENT**

Was adopted by the following vote, to wit:

- AYES:** *Directors Polito, Ferro, and Babineau*
- NOES:** *Director Smith*
- ABSENT:** *Director Holtz*

ACTION AGENDA

7. Consider Approval of Amendment No. 3 to the Lease Agreement with T-Mobile West Tower LLC, by CCTMO LLC, for Use of the Pauma Heights Reservoir:

Director of Finance and Administration Pugh gave a brief background on the lease agreement with T-Mobile West Tower LLC, by CCTMO LLC. T-Mobile is requesting the use of an additional 160-SF for the installation of a generator and related equipment. This requires a third amendment to the agreement to grant additional square footage of 160-square feet, not to exceed 400-square feet in total. In consideration of our time and expenses associated with the site lease agreement amendment, T-Mobile will pay us a one-time sum of \$1,500 dollars. The original lease was with Pacific Bell Wireless and was signed in August 2009 and the current lease expires in 2044.

Current yearly rental is \$38,012 per year (\$3,167/ month) and rents will adjust annually under the terms of the contract. In consideration, staff determined that T-Mobile shall pay an additional \$400 per month in addition to the current rent with a Total Lease revised value of \$42,812 per year (\$3,568/month). The District brings in an annual lease revenue of \$375,995 (\$22.12/AF based on 17,000-AF of water sold) for the 11 lease sites.

Mr. Pugh stated that a survey was recently completed by the District, polling the 26 member agencies within the SDCWA; with 8 responses received from member agencies. A review of the survey indicates that the average monthly rate for the responding agencies is approximately \$3,270 with VCMWD's monthly rent averaging at \$3,045, excluding the County of San Diego.

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Adoption of Resolution No. 2022-09 to approve Amendment No.3 to the lease agreement with T-Mobile West Tower LLC, by CCTMO LLC, located at the Pauma Heights Reservoir for the granting of an additional 160-square feet, not to exceed 400-square feet in total, was requested.

Action: Upon motion by Ferro, seconded by Smith; motion to approve the following Resolution passes with four affirmative votes:

RESOLUTION NO. 2022-09

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
APPROVING A THIRD AMENDMENT TO THE LEASE AGREEMENT
BETWEEN VALLEY CENTER MUNICIPAL WATER DISTRICT
AND T-MOBILE WEST LLC, BY CCTMO LLC, AND
AUTHORIZING THE GENERAL MANAGER TO SIGN**

Was adopted by the following vote, to wit:

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

INFORMATIONAL AGENDA

8. Review of Series 2022 Bond Sale – CFD 2020-1 (Park Circle East/West):

District Engineer Grabbe provided the Board an opportunity to review the bond documents and associated resolution for the Series 2022 bond sale for Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District (CFD 2020-1). The District formed CFD No. 2020-1”) (Park Circle East/West) to fund the construction of the Orchard Run Lift Station and other critical infrastructure such as the CFD share of the Assessment District No. 2012-1 (AD 2012-01) indebtedness of the Woods Valley Ranch Wastewater Expansion Project, capacity charges, future funding of the Phase 3 Facilities; including design and construction of the Phase 3 expansion of the Woods Valley Ranch Water Reclamation Facility, additional recycled water seasonal storage, and recycled water transmission facilities.

The Series 2022 Special Tax Bond is going to fund a total of \$6,170,000 in facilities: Orchard Run Lift Station - \$3,845,000; Buy-in WVR WRF Phase 1- \$520,000; and Planning Costs, Seasonal Storage Improvements, and other cost items - \$1,805,000.

Adam Bauer with Fieldman-Rolapp & Associates (the District’s Municipal Advisor) gave a brief presentation to the Board addressing the proposed issuance of the CFD 2020-1 Series 2022 Special Tax Bonds, the District's continuing disclosure obligations and reviewed the following documents that will be presented for approval at the April 18, 2022 Board meeting:

- Preliminary Official Statement,
- Form of the Fiscal Agent Agreement,
- Bond Purchase Agreement, and
- Continuing Disclosure Agreement.

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Staff is scheduled to submit the final resolution authorizing and proving for the issuance of Special Tax Bonds for approval at the April 18, 2022 Board Meeting.

Action: No action required, informational item only.

9. Overview of Strategic Plan Performance Measures – Review of Results for 2021:

The Strategic Plan sets forth twelve measurable performance goals, which are reported to the Board after each calendar year. The following summary of results for calendar year 2021, was provided by General Manager Arant:

- **Customer Satisfaction:** *Performance Goal* “Met” or “Exceeded” Customer Expectations – 100%.
- **Unknown Water Loss:** *Performance Goal* “Met” – Measured in terms of percent of water sold, acre feet and value of water loss over last ten years; for calendar year 2021, unaccounted water loss (UWL) was 3.7% of total water sold (compared to 5.1% in 2020).
- **Discretionary Reserves:** *Performance Goal* “Met”.
- **Return on Investments:** *Performance Goal* “Exceeded” – the weighted average yield was 0.704%, .598 basis points, or 564% above benchmark.
- **Local Share of Commodity Cost:** *Performance Goal* “Met” – at no time will the local rate be more than 15% of total commodity cost for Full Price (M&I) and 18% of the certified TSAWR supplies.
- **Pump Efficiency:** *Performance Goal* “Exceeded” with 106% of design efficiency.
- **Solar Energy Production:** *Performance Goal* “Exceeded” with all of the District’s Solar Facilities Exceeding 90% of the scheduled kilowatt hour solar energy production for the current age of the photovoltaic panels; producing a total of 572,500 kWhrs of electricity.
- **Final CIP Project Cost:**
 - **Overall Total** – Performance Goal **MET**
 - **Individual Projects** – Performance Goal **NOT MET**
 - **Overall Project Net Performance 2.3% Under Engineer’s Estimate** – Performance Goal **MET**
- **Project Timelines:** *Performance Goal* “Met”.
- **Water Service Reliability:** *Performance Goal* “Exceeded” – There were 1398.3 hours of unplanned outage (compared to 1,980.5 in 2020) during 93,872,160 service hours for an average of 10,716 active accounts; providing a service reliability factor exceeding 99.999%.
- **Lost Time Accidents:** *Performance Goal* “Met” – Out of 124,871 regular and overtime hours worked (130,266 in 2020), the District had a total of 4 recordable accidents with two lost time accidents and 72 lost time hours logged. This represents .0577% (.47% in 2020) of the total hours worked.
- **Compliance with all State and Federal Regulations:** *Performance Goal* “Met” with 100% compliance.

Of the twelve Strategic Plan Performance Goals for the calendar year 2020 five goals were “exceeded” (compared to four in 2019), six goals were “met” (compared to eight in 2019), and one goal was “not met” (compared to none in 2019).

Action: No action required, informational item only.

GENERAL MANAGER'S AGENDA

10. San Diego County Water Authority Board Meeting Summary:

General Manager Arant reviewed the following items from the San Diego County Water Authority Board Meeting of March 24, 2022:

- 1st San Diego Aqueduct Tunnel Repair Project:
 - Will repair/reline the Oat Hill, Red Mountain, and Lilac Tunnels discovered to be leaking groundwater from above during the recent relining project.
 - Late 2022-Early 2023; 3 consecutive 10-day shutdowns (12/5/22; 1/23/23; & 2/27/23)
 - Modified, earlier schedule had shutdowns scheduled in late March 2023 & mid-May 2023.
- Refund of MWD Rate Litigation Attorney's Fees:
 - SDCWA was recently awarded \$14,649,112 in attorney's fees and interest as Prevailing Party in the 2010-2012 MWD Cases; with VCMWD's share of 1.9% or \$278,333, based on its share of M&I purchases between 2010 and 2012.
 - It was announced that the refund would be retained until the June 2022 SDCWA Board Meeting, pending evaluation of other financial issues.

Action: Staff recommended that a letter be drafted for the Board President's signature, objecting to the actions of SDCWA and requesting that the latest MWD Litigation Funds be refunded to the member agencies based on the same policy and methodology as were the first two refunds.

11. General Information:

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

- Executive Order N-7-22
 - On March 28, 2022, the Governor issued Executive Order N-7-22 citing the worsening Drought Conditions and need for Enhanced Water Conservation efforts;
 - N-7-22 calls on water agencies to move to a Level 2 of their Drought Response Plans as well as calling on each water agency to do a Water Supply Assessment Report to determine the actual local or regional water supply shortage conditions by June 1, 2022;
 - As has been referenced before, the SDCWA will do a Regional Water Supply Shortage Assessment;
 - SWRCB has also been tasked to develop regulations which would prohibit the irrigation of Ornamental Non-functional Turf for commercial and institutional establishments.
 - This would not apply to irrigating turf used for residential or recreational purposes.

Action: Informational item only, no action required.

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12. Action to Support of Application for House and Senate Interior, Environmental & Related Agencies Appropriations; Including Adoption of Resolution No. 2022-10:

The Board will consider action to support the District's application for Federal Infrastructure funding through the House and Senate Interior, Environment & Related Agencies Appropriations. The District's Federal Consultant Jaqueline Howells prepared a grant application for the Lilac Road Pipeline Replacement Project, totaling \$3,060,000 in funding (representing 80% of the project's cost). The grant applications will be submitted to the offices of Senator Feinstein and Padilla later today – the application through Congressman Issa's office will follow later this month. Resolution No. 2022-10 will indicate the need and the District's support of the grant application.

Action: Upon motion by Smith, seconded by Babineau; motion to approve the following Resolution passes with four affirmative votes:

RESOLUTION NO. 2022-10

**A RESOLUTION OF THE BOARD OF DIRECTORS SUPPORTING
AND SEEKING FAVORABLE CONSIDERATION FOR THE
VALLEY CENTER MUNICIPAL WATER DISTRICT'S APPLICATIONS
FOR FY2023 FEDERAL NON-DEFENSE CONGRESSIONALLY DIRECTED
SPENDING THROUGH THE INTERIOR, ENVIRONMENT AND
RELATED AGENCIES APPROPRIATIONS BILL**

Was adopted by the following vote, to wit:

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

DISTRICT GENERAL COUNSEL'S AGENDA

Nothing reported.

BOARD OF DIRECTOR'S AGENDA AND REPORTS ON MEETINGS ATTENDED

Nothing reported.

ADJOURNMENT

Action: Upon motion by Smith, seconded by Ferro; motion passed with four affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:51 p.m.

ATTEST:

ATTEST:

Robert A. Polito, President

Kirsten N. Peraino, Secretary

Approved at a regularly scheduled Board Meeting on Monday, April 18, 2022