

## VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

**Monday, May 2, 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, and Director Holtz; *noting vacancy in Division 2 Director Seat.*

**Board Members Absent:** Director Smith.

**Staff Members Present:** General Manager Arant, District Engineer Grabbe, Director of IT Pilve, Senior Engineer Lyuber, Manager of Accounting Velasquez, and Executive Assistant/Board Secretary Peraino; with Director of Operations and Facilities Lovelady, Safety and Regulatory Compliance Supervisor Olson, General Counsel de Sousa, and Federal Consultant 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.

- The Board Secretary received a request from Lee Marzano-Schwarz to speak during open public comments to express concern about the new inactive meter charges.

### **CONSENT CALENDAR**

**Action:** Upon motion by Ferro, seconded by Holtz; and carried with three affirmative votes, the following consent calendar items were approved:

1. **Minutes of the Regular Board Meeting Held Monday, April 18, 2022;**
2. **Audit Demands for Check Nos. 162660 – 162750, for April 8 – 21, 2022;** *and*
3. **Resolution No. 2022-15 Adopting 2022 Revisions to Local Guidelines for Implementing the California Environmental Quality Act (CEQA).**

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**ACTION AGENDA**

**4. Public Hearing Date Set for May 16, 2022 to Consider Proposed Miscellaneous Water Meter Fees and Charges, and Related Administrative Code Changes:**

Proposed revisions to various water meter fees and charges were presented by Senior Engineer Lyuber for Board discussion, input and direction. To avoid the possibility of significant increases, staff has committed to reviewing these one-time fees and charges annually. Staff analyzed the charges currently in effect as they relate to actual material, labor and equipment costs experienced in the current fiscal year, as explained by Mr. Lyuber.

After analyzing current charges as they relate to actual material, labor and equipment costs, staff considered industry standards such as Consumer Price Index for All Urban Consumers (San Diego - Carlsbad) ("CPI-U"), Engineering News Record ("ENR"), and Cost of Living Adjustment (COLA) to help determine the appropriate updates to the charges. ENR and CPI Indexes are indicating approximately an 8-9% increase from last year, setting the District's COLA for salary increases at its maximum allowed of 4.5% which takes effect July 1, 2022. Staff found certain material costs, primarily backflow devices to be experiencing 30%-40% increases, attributed to current supply shortages causing abnormal inflation for those parts.

The fees shown in the following Administrative Code Sections are recommended to be increased to match actual costs that the District is paying currently for its materials, and labor rates reflecting the 4.5% COLA increase per employee association Memorandum of Understanding.

*Section 160.4(a) – Meter Installation Fees (Tables 1 and 17)*

*Section 160.4(a) – Fire Meter Tee (Table 7)*

*Section 160.12(d) – Backflow Devices (Tables 3 – 6)*

*Section 160.20(c) – Pressure Reducing Valves (Tables 9 and 10)*

*Sections 160.22 & 171.10 – Project Facility Availability & Comment Letters (Table 15)*

*Section 160.24 – Temporary Water Service (Table 16)*

As a part of this process, staff also reviewed other related information within Administrative Code Article 160, explained Senior Engineer Lyuber. Proposed updates will align the code with procedures and policies that reflect current needs. Brief summaries were provided regarding the proposed administrative code updates.

**Action:** Upon motion by Ferro, seconded by Holtz; motion carried with 3 affirmative votes, the public hearing date was set for Monday, May 16<sup>th</sup> at 2:00 p.m.

**5. Public Hearing Date Set for June 6, 2022 to Consider Collecting the Woods Valley Ranch Sewer Service Charges and Grinder Pump Maintenance Charges on the Tax Roll:**

The date for a public hearing to receive input and consider the FY 2022-23 Woods Valley Ranch Annual Sewer Service Charge (Service Areas 1 and 2), and the annual Woods Valley Ranch Grinder Pump Maintenance Charge (Service Area 2) to be collected on the tax roll, was requested by District Engineer Grabbe. Notification of the public hearing on Monday, June 6, 2022 will be published in the local newspaper.

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**District's Sewer Service Charge Funding Responsibility**

The District's Sewer Service and Grinder Pump Maintenance Fee responsibility is just over \$4,550, based on the 3 EDUs and the duplex grinder pump connected to the wastewater system at the Corporate Facility Site.

**Action:** Upon motion by Ferro, seconded by Holtz; motion carried with 3 affirmative votes, the public hearing date was set for Monday, June 6<sup>th</sup> at 2:00 p.m.

**INFORMATIONAL AGENDA**

**6. Review Proposed Annual Assessments for Woods Valley Ranch Sewer Standby Fee & Assessment District No. 2012-1 and Special Tax Levy for Community Facilities District No. 2020-1:**

District Engineer Grabbe previewed the FY 2022-2023 annual assessments for the Woods Valley Ranch Sewer Standby Fee, the annual assessments for Assessment District No. 2012-1 (Woods Valley Ranch Wastewater Expansion Project) ("AD 2012-1") and the annual special tax levy for Community Facilities District No. 2020-1 ("CFD 2020-1"). The Board resolutions approving the assessments and levies for the FY 2022-2023 tax roll are due to the County by August 10, 2022, stated Mr. Grabbe. These resolutions will be presented to the Board for approval at the June 6, 2022 Board Meeting.

**Sewer Standby Fee Annual Assessment**

Staff recommended that the current Annual Sewer Standby of \$550.32 per EDU be continued for FY 2022-2023 and collected on the County property tax roll. It is levied on those parcels in the service area that have a capacity reservation, but are not connected to the wastewater collection system as of July 1, 2022. The standby fee provides funding for the following costs for the Woods Valley Ranch Water Reclamation Facility and Collection System, a) certain fixed maintenance cost items, b) operation support, and c) replacement reserve contribution;; all of which are necessary to maintain a parcel's capacity commitment until the parcel is developed and connected to the wastewater collection system.

The Woods Valley Ranch Water Reclamation Facility Service Area is comprised of two separate areas, the Woods Valley Service Area ("Service Area 1") and the Woods Valley Ranch Water Reclamation Facility Service Area 2 ("Service Area 2"):

- Service Area 1 consists of the 270 lot Woods Valley Ranch Subdivision and Golf Course which has a total capacity demand of 280 Equivalent Dwelling Units (EDUs); 279 EDUs are connected (one vacant parcel).
- Service Area 2 consists of parcels participating in the Woods Valley Ranch Wastewater Expansion Project, AD 2012-1 and CFD 2020-1. Service Area 2 has a current total capacity allocation of 1,466 EDUs; last year's total was 1247 EDUs. With Touchstone providing financial security for the Phase 3 Improvements, capacity is now reserved for the balance of the Park Circle Development; increasing the total allocated capacity by 219 EDUs. Of the 644 EDUs allocated to the CFD, 302 are connected and 342 are subject to the Standby fee. These values will be updated as of June 30, 2022 for the FY 2022-2023 Tax Rolls.

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### **District's Sewer Standby Fee Funding Responsibility**

The District's Sewer Standby Fee responsibility is just over \$24,200, based on 35 EDUs for the VCMWD Lilac Road Site and 9 EDUs of the 12 EDUs allocated to the Corporate Facility Site (3 EDUs are considered connected and are subject to the Sewer Service Charge).

### **Assessment District No. 2012-1 Annual Assessment:**

The annual assessments of AD 2012-1 are used to fund the debt service repayment of the three California State Water Resources Control Board SRF Loans and two Limited Obligation Improvement Bonds ("Bonds") used to finance the Expansion Project and a portion of the Orchard Run Lift Station construction.

Proposed annual assessments totaling approximately \$1.84M (including the CFD 2020-1 share funded from its annual special tax levy) are estimated for FY 2022-23. Costs for the Expansion project were allocated to seven Benefit Areas (A through G) based on the benefit received as defined in the Engineer's report for the assessment district (821 EDUs allocated to the properties within Service Area 2 and outside CFD 2020-1 and 421 EDUs allocated to properties within CFD 2020-1).

In the current year (FY 2021-2022), modifications to the assessments included the transfer and reallocation of 16 EDUs (1 EDU transferred from the Debs property to the Park Circle County Park and 15 EDUs reallocated on the Bell Enterprise parcels). These modifications will be included in the assessments for the FY 2022-2023 tax roll.

### **District's Sewer Standby Fee Funding Responsibility**

The Valley Center Municipal Water District has a total capacity reservation of 47 EDUs; 35 EDUs reserved for the future Lilac Road corporate facility site and 12 EDUs for the Valley Center Road Corporate Facility Site. The annual assessment for VCMWD's capacity reservation totals approximately \$75,000.

### **Community Facilities District No. 2020-1 Special Tax Levy:**

The amount of the annual CFD 2020-1 Special Tax levy is established and determined by the Rate and Method of Apportionment (RMA) document prepared by Koppel & Gruber Public Finance and approved with formation of the community facilities district. The Special Tax Levy is based on whether the property is undeveloped (without a building permit) or developed (with a building permit) as of May 1st. The Special tax for the developed property is further dependent on the characteristics (square footage) of the home permitted for the parcel and its development Zone, as defined in the RMA. The special tax levy for FY 2022-2023 is estimated at approximately \$900,000. Of this amount \$575,000 is allocated to the CFD 2020-1's share of AD 2012-1 debt and administration fees with the balance, \$325,000, available for the debt service on the proposed Series 2022 bonds and future Phase 3 Improvements. The special tax levy is allowed to increase 2% per year. Staff indicated that the 2% increase is needed to provide sufficient revenue for the Phase 3 Improvements. Once all the required Phase 3 Improvements have been funded and constructed, the need for the annual 2% increase can be re-evaluated.

Staff anticipates bringing the annual assessment and special tax levy reports back to the Board of Directors for approval at the June 6, 2022 Board Meeting.'

**Action:** Informational item only, no action required.

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**DISTRICT GENERAL COUNSEL'S AGENDA**

*None.*

**BOARD OF DIRECTORS' AGENDA**

**7. Determination of Process to Fill Division 2 Vacancy:**

General Manager Arant reported that the Board has 60 days (per Gov't code) from the date of resignation (4/30/2022) to either call for a special election or appoint someone to carry out the remaining term. If neither is done within the 60 days, the San Diego County Board of Supervisors can appoint someone or direct the District to call an election.

If the Board decides to fill the vacancy by appointment, a Notice of Vacancy must be posted in three or more conspicuous places at least 15 days prior to the meeting where the appointment will be made (6/20/2022).

**Action:** Upon motion by Holtz, seconded by Ferro; motion carried with 3 affirmative votes, the Board will fill the vacant Division 2 seat by appointment.

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

*None.*


**ADJOURNMENT**

**Action:** Upon motion by Ferro, seconded by Holtz; motion passes with 3 affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:00 p.m.

**ATTEST:**

  
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**Robert A. Polito, President**

**ATTEST:**

  
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**Kirsten N. Peraino, Secretary**