

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

TUESDAY, January 3, 2023 – 2:00 P.M.

Place: Board Room

29300 Valley Center Road; Valley Center, CA 92082

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:00 PM, via teleconference and in-person. 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 remotely clearly, and that all votes would be taken by a roll call vote pursuant to the provisions of the Brown Act. The meeting was also livestreamed.

ROLL CALL

Board Members Present: President Polito and Director Ness (*present in-person*); with Director Holtz and Vice President Ferro teleconferencing.

Board Members Absent: Director Smith.

Staff Members Present: General Manager Arant, Director of IT Pilve, District Engineer Grabbe, Director of Operations and Facilities Lovelady, Senior Engineer Lyuber, Manager of Accounting Velasquez, Executive Assistant/Board Secretary Peraino, General Counsel de Sousa, and Federal Consultant Howells (*present in-person*); with Special Projects & Compliance Manager Olson 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.

2022 ELECTION RESULTS

Directors Ness (Div. 2), Smith (Div. 3), and Holtz (Div. 5) won their respective Division Elections in the November 8, 2022 General Election, and are reappointed to 4-year terms expiring December 2026.

ELECTION OF BOARD OFFICERS

1. Per Water Code, an election of officers, President and Vice President, shall be conducted during the first meeting in January of each odd numbered year.

Action: Upon motion by Ferro, seconded by Ness; and unanimously carried, Director Polito was re-elected **President** of the Board of Directors.

Upon motion by Holtz, seconded by Ness; and unanimously carried, Director Ferro was re-elected **Vice President** of the Board of Directors.

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CONSENT CALENDAR

2. **Minutes of the Regular Board Meeting Held Monday, December 19, 2022**
3. **Audit Demands for Check Nos. 164941 – 165069 from 12/8/2022 thru 12/22/2022; and**
4. **Treasurer's Report for Month Ending October 31, 2022.**

Action: Upon motion by Ferro, seconded by Ness; and unanimously carried, the previously listed consent calendar items were approved.

PUBLIC HEARING

5. **Public Hearing on Proposed Changes to Water and Wastewater Rates and Charges and Adoption of Ordinance No. 2023-01 Amending the Administrative Code to Increase Water and Sewer Rates Effective with the February 1, 2023 Billings:**

Before the Public Hearing was opened, General Manager Arant gave a brief summary of the Proposition 218 requirements. At the conclusion of the General Manager's background summary on Prop 218, President Polito opened the public hearing at 2:14 p.m. to receive written and oral input on the proposed increases in Water and Sewer Rates.

The increases include pass through of the wholesale price of water from SDCWA and MWD, and an adjustment in the local commodity portion to offset increases in operational and maintenance costs. In addition, Pumping Zone Rates are proposed to increase to offset increased utility costs and increases in pump and motor maintenance costs, along with increases in the Moosa Wastewater Service Charges and Fees and Low-Pressure Wastewater Collection System Charge.

On November 15, 2022 the District mailed 25,554 Proposition 218 Notices of Public Hearing to all owners and tenants of record within the District's boundaries, representing 40,026 parcels, in compliance with state law, stated Ms. Velasquez.

a. Water Rates

The proposed total net increase is 4.7% for domestic and 5.7% for the Permanent Special Agricultural Water Rate (PSAWR) customers, as shown in the following table:

<u>Domestic/Commercial**:</u>	<u>Current</u>	<u>Change</u>	<u>New</u>
Wholesale: MWD/SDCWA	\$4.8233	\$0.2241	\$5.0474
VCMWD	\$0.5971	\$0.0311	\$0.6282
Total	\$5.4204	\$0.2552	\$5.6756
<u>Certified PSAWR**:</u>	<u>Current</u>	<u>Change</u>	<u>New</u>
Wholesale: MWD/SDCWA	\$3.4841	\$0.2025	\$3.6866
VCMWD	\$0.5971	\$0.0311	\$0.6282
Total	\$4.0812	\$0.2336	\$4.3148
	<u>Current</u>	<u>Change</u>	<u>New</u>
Construction Water:	\$5.4204	\$0.2552	\$5.6756
Reclaimed (50% of Domestic)	\$2.7102	\$0.1276	\$2.8378

**Per Hundred Cubic Feet

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The District's Local Cost Component will increase 5.2%. Included in water charges the District is required to pay the SDCWA and MWD in 2023 are fixed charges for readiness to serve, capacity, customer service, emergency storage, and supply reliability. The District calculates the per-acre-foot equivalent of these charges by dividing the total charges by projected water sales, less an 8% reserve for declining sales. For FY 2022-23, budgeted sales total 16,500 acre-feet (AF). The 2023 fixed charges of \$4.2M are allocated over 15,180 AF.

b. Water Meter Service Charges

The monthly water service charge and service charge for fire protection meters are to increase 5.2% to offset local inflation in the District's operating costs.

Water Meter Service:

Meter Size	Current	Change	Effective 2/1/23
3/4-inch	\$ 45.12	\$ 2.34	\$ 47.46
1-inch	\$ 61.64	\$ 3.20	\$ 64.84
1 1/2-inch	\$ 92.46	\$ 4.80	\$ 97.26
2-inch	\$ 123.28	\$ 6.41	\$ 129.69
3-inch	\$ 184.92	\$ 9.61	\$ 194.53
4-inch	\$ 246.56	\$ 12.82	\$ 259.38
6-inch	\$ 369.84	\$ 19.23	\$ 389.07
8-inch	\$ 493.12	\$ 25.64	\$ 518.76

Fire Meter Service:

Meter Size	Current	Change	Effective 2/1/23
3/4-inch	\$ 9.45	\$ 0.49	\$ 9.94
1-inch	\$ 13.23	\$ 0.68	\$ 13.91
1 1/2-inch	\$ 19.72	\$ 1.02	\$ 20.74
2-inch	\$ 26.20	\$ 1.36	\$ 27.56
3-inch	\$ 39.44	\$ 2.05	\$ 41.49
4-inch	*	*	*
6-inch	*	*	*
8-inch	*	*	*

**Fire meters larger than 3" require the approval of the District Engineer.
The monthly service charge is based on the size of the meter times the 1" service.*

<u>Construction Water:</u>	Current	Change	Effective 2/1/23
Potable:	\$184.92	\$9.61	\$194.53

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c. Pumping Rates

Total energy costs, including electricity and natural gas, pump and motor maintenance continue to increase. Pumping rates are proposed to increase 10.0% in calendar year 2023.

Zone	Current \$/Unit	Change	Effective 2/1/23
1	\$0.11004	\$0.01100	\$0.12104
2	\$0.22002	\$0.02200	\$0.24202
3	\$0.24409	\$0.02441	\$0.26850
4	\$0.36452	\$0.03645	\$0.40097
5	\$0.53465	\$0.05347	\$0.58812
6	\$0.59640	\$0.05964	\$0.65604
7	\$0.63247	\$0.06325	\$0.69572
8	\$0.71684	\$0.07168	\$0.78852
9	\$0.74247	\$0.07425	\$0.81672
10	\$0.98340	\$0.09834	\$1.08174

d. SDCWA Infrastructure Access Charge (IAC)

Annually the SDCWA assesses the District a fixed charge based on the number and size of the active meters within the District. The charge to the District is passed through and collected from active customers. No change is proposed to the current rates for 2023.

Meter Size	3/4- inch	1-inch	1 1/2- inch	2-inch	3-inch	4-inch	6-inch	8-inch
Current	\$4.24	\$6.78	\$12.72	\$22.05	\$40.70	\$69.54	\$127.20	\$220.48

e. Construction Water Permit Fees:

With the proposed water rate increases, the Construction Water Permit Fees will change accordingly.

Via a Water Truck with a capacity of:

	Potable	
	Current	New
2,500 gallons or less	\$325	\$340
3,000 gallons	\$390	\$410
3,500 gallons	\$450	\$475
4,000 gallons	\$515	\$545
5,000 gallons or more	\$645	\$680

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f. Wastewater Monthly Service Charges:

- **Moosa**

The Lower Moosa Canyon Wastewater Reclamation Facility Monthly Service Fee and Low-Pressure Wastewater Collection System Maintenance Fee are proposed to increase 5.2%, per equivalent dwelling unit (EDU) to offset inflationary impacts.

The monthly Wastewater Capacity Reservation Fee is also proposed to increase 5.2%. The current and proposed rates for Wastewater Service Charges and Capacity Reservation Fee are set forth in the table below:

	Current	Change	Effective 2/1/23
Monthly Moosa - Gravity	\$58.67	\$3.05	\$61.72
Monthly Moosa - Pressure	\$48.42	\$2.51	\$50.93
Combined Total:	\$107.09	\$5.56	\$112.65

Capacity Reservation Fee	\$29.34	\$1.52	\$30.86
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- **Woods Valley Ranch**

Sewer Service Charges and Sewer Standby Fees for properties not yet connected to the sewer system are collected as a fixed charge special assessment on the property tax roll. No change is proposed at this time. The current fee is \$98.60 per month, or \$1,183.20 per year.

Grinder Pump Maintenance Charge is normally collected on the property tax roll. However, mid-year connections may occur which will result in the collection of the charge on the monthly water bill until the end of the FY. The current fee is proposed to increase \$2.51, or 5.2%, to \$50.93 per month, or \$611.16 per year.

Wastewater Excess Usage Charge: When wastewater usage exceeds the wastewater EDU capacity allocation, staff proposes to add a Wastewater Excess Usage Charge to the property's water bill based on the amount of excess wastewater discharged.

The Wastewater Excess Usage Charge, on commercial properties, provides a means to recover capital, service and administration costs associated with wastewater usage in excess of a property's wastewater capacity allocation. The charge is billed to the commercial customer on their monthly water bill and should be sufficient to recover all costs associated with providing wastewater service.

The allotted wastewater flow is calculated at 175 gallons per day per EDU, or 5,250 gallons per month per EDU, which equates to a wastewater flow per EDU of 7.0 hundred cubic feet per month. Any wastewater discharged greater than 7.0 HCF times the number of EDU's allocated to the property would be charged at the Wastewater Excess Usage Charges. No change is proposed to the current rates at this time. For discharge amounts greater than 7.0 HCF times the EDU allocation, the Wastewater Excess Usage Charge would be \$39.66 per HCF. For discharge amounts greater than 7.0 HCF times the EDU allocation, the Grinder Pump Excess Usage Charge would be \$9.92 per HCF.

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Prior to the close of the Public Hearing, it was announced that out of 25,554 notices mailed, the District received thirteen (13) written protests and one in-person public comment from Mr. Matthew Pricket, who voiced opposition to the proposed rate increases. President Polito closed the public hearing at 2:46 p.m.

Staff recommended adoption of Ordinance No. 2023-01 to implement the proposed rate changes to be effective for services provided on and after February 1, 2023, and authorizing the pass through of wholesale water, energy, Infrastructure Access Charge, increases in the retail component of the water rate, and increases in wastewater rates and charges.

Action: Upon motion by Holtz, seconded by Ferro; the following Ordinance was approved with 4 affirmative votes:

ORDINANCE NO. 2023-01

ORDINANCE OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT ADOPTING INCREASES IN WATER AND WASTEWATER RATES AND CHARGES

Was adopted by the following vote, to wit:

AYES:	<i>Directors Polito, Ferro, Holtz, and Ness</i>
NOES:	<i>None</i>
ABSENT:	<i>Director Smith</i>

ACTION AGENDA

6. **Adoption of Resolution No. 2023-01, Approving Change Order No. 2 to the Professional Services Agreement with CCL Contracting, Inc. for the Gordon Hill Rd. Pipeline Replacement Project [Project No. 01-06-78-51412]:**

A brief overview of the Construction Contract with CCL Contracting, Inc., for the Gordon Hill Rd. Pipeline Replacement Project ("Project"), was given by Senior Engineer Lyuber. The Project scope includes replacement of approximately 4,700 linear feet of 12-inch diameter buried polyvinyl chloride (PVC) potable waterline including valves, water services, and appurtenances within Gordon Hill Road (*Private*), between Old Castle Road (*Public*), and Welk View Drive (*Private*). The Project replaces aging existing 8- and 10-inch steel waterlines and realigns portions out of hard to access easements.

Mr. Lyuber noted that this project is the second in the trilogy of projects funded by the State Revolving Fund (SRF) loan.

The first change order was administrative only and was executed in December 2022, with no cost or time impact. The five parts to the second change order are summarized below:

- Item 1: Additional Survey to establish Easement limits – \$7,399;
- Item 2: Re-alignment Construction Change – \$0
- Item 3: Easement Road Base and Drainage improvements – \$42,589;
- Item 4: Additional to facilitate meter relocates – \$14,042; and
- Item 5: Replacement of Property Corner Monuments – \$27,615.

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Staff recommended the Board adopt Resolution No. 2023-01, approving change order No. 2 with CCL Contracting, Inc. in the amount of \$91,645 for the Gordon Hill Road Pipeline Replacement Project.

Action: Upon motion by Ferro, seconded by Ness; the following Resolution was approved with 4 affirmative votes:

RESOLUTION NO. 2023-01

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING CHANGE ORDER NO. 2 TO THE CONSTRUCTION CONTRACT WITH CCL CONTRACTING, INC. FOR THE GORDON HILL ROAD PIPELINE REPLACEMENT PROJECT [PROJECT NO. 01-06-78-51412]

was adopted by the following vote, to wit:

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

GENERAL MANAGER'S AGENDA

7. General Information:

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

- Water Supply Conditions (*State Water Project and Upper Colorado River Basin*);
- Water Conservation Measurement for FY 2022-23;
- SD Local Agency Formation Commission Elections for Regular and Alternate Representatives to be Held in March 2023; and
- Federal Funding Update:
 - A brief update was given by General Manager Arant before the District's Federal Consultant, Jacqueline Howells with HDR Governmental Relations, provided a more in depth overview.

Action: Informational item only, no action required.

DISTRICT GENERAL COUNSEL'S AGENDA

General Counsel de Sousa gave a brief update on pending legislation.

BOARD OF DIRECTORS' REPORTS ON MEETINGS ATTENDED

None.

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ADJOURNMENT

Action: Upon motion by Holtz, seconded by Ness; motion passes unanimously, the regular meeting of the Board of Directors was adjourned at 3:29 p.m.

ATTEST:

ATTEST:

Robert A. Polito, *President*

Kirsten N. Peraino, *Secretary*

Approved at a regularly scheduled Board Meeting on Tuesday, January 17, 2023