

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

Monday, February 6, 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, Director Smith, and Director Ness (present in-person); with Vice President Ferro and Director Holtz teleconferencing.*

Board Members Absent: None.

Staff Members Present: *General Manager Arant, Director of IT Pilve, District Engineer Grabbe, Director of Finance and Administration Pugh, Director of Operations and Facilities Lovelady, Manager of Accounting Velasquez, Executive Assistant/Board Secretary Peraino, Project Manager Carrillo, General Counsel de Sousa, and Federal Consultant Howells (HGR) present in-person.*

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. There was one in-person public comment from San Diego LAFCO Special District Representative Barry Willis up for re-election.

CONSENT CALENDAR

1. **Make Findings Necessary to Continue Teleconferenced Board Meetings Pursuant to Assembly Bill 361 (AB 361);**
2. **Minutes of the Regular Board Meeting Held Tuesday, January 17, 2023;**
3. **Audit Demands for Check Nos. 165174 – 165345 from January 6 – January 26, 2023.**

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

ACTION AGENDA

4. **Adoption of Resolution No. 2023-02, Approving Change Order No. 3 to the Construction Contract with GSE Construction, Inc. and Resolution No. 2023-03, Approving Amendment No. 14 to the Professional Services Agreement with HDR Engineering, Inc. for the Orchard Run Lift Station Project:**

Project Manager Carrillo summarized the Orchard Run Lift Station Project ("Project") history and background. The ORLS Project has been under construction since January 2022, and consists of grading Lot 144, installation of a wet well with a pumping system, two 12-foot

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diameter 25,000-gallon underground emergency storage tanks, a chemical feed system, an emergency generator, an MCC panel, and a SCADA panel. This permanent lift station will serve the Park Circle East/West Developments; comprised of Community Facilities District No. 2020-1 and portions of Assessment District No. 2012-1 (primarily the Bear Peak subdivision and adjacent property). The Permanent Facility will have sufficient capacity for its proposed 762 EDU service area (644 for CFD 2020-1 and 118 for AD 2012-1).

The presentation included a request to approve a Change Order, an Amendment, and a brief report advising the Board of Amendment No. 2 to the existing As-Needed Professional Services Agreement with Atlas for additional Geotechnical Engineering Services.

A brief overview of the GSE Construction Company, Inc. (GSE) construction contract, including a summary of the change orders issued thus far, was given. The District entered into an initial construction contract with GSE (the ORLS contractor) awarded on November 15, 2021, with a total bid of \$3,247,500. Mr. Carrillo provided details on the previous change orders. Change Order No. 3 consists of a four-part request:

1. Wet Well Pump Electrical Panel	\$6,918	0	additional days
2. Additional Paving	\$64,570	26	additional days
3. Miscellaneous T&M Work	\$6,608	4	additional days
4. Inclement Weather Days	\$0	12	additional days

Change Order No. 3 totaled \$78,096, requested an additional 42 days, and brought the new contract amount to \$3,355,268 with 430 contract days. Pursuant to §140.4 (c) of the District's Administrative Code, the change order required Board approval, since the request was greater than \$50,000.

A brief overview of the HDR Engineering Inc. (HDR) professional services agreement (including a summary of the amendments made thus far), for the ORLS Project was given. The District entered into an initial professional services agreement with HDR on September 24, 2007, for Environmental Impact Report preparation. Since that time 13 amendments have been approved for construction services for the collection system projects, with amendments 12 and 13 for services related to ORLS Project. Amendment No. 14 is for additional services that have become necessary as a result of the means and methods utilized by GSE and the resulting difficulties the contractor encountered during construction. Staff noted, the proposal for \$79,559 appeared reasonable and consistent with the hourly rates and time needed for the contractor to complete the project.

The District entered into an As-Needed Professional Services Agreement with Atlas in 2020 for Geotechnical Engineering Services and was subsequently issued Task Order No. 2 to provide geotechnical services in the amount of \$26,403. Amendment No. 1 was for additional services that became necessary due to the means and methods utilized by GSE for construction and the resulting difficulties GSE encountered during construction, stated Mr. Carrillo. The proposal in the amount of \$36,466 appeared reasonable and consistent with the hourly rates and time needed for the contractor to complete the project. The amendment brought the total authorized amount for this Task Order to \$62,869 and was approved by staff pursuant to the District's Administrative Code §135.5 (e) for contract amendments exceeding 10% of the original contract amount; requiring staff to advise the Board of Directors at the next board meeting if an amended total contract amount exceeds \$50,000.

There are sufficient funds in the project contingencies to pay for both Change Order No. 3 and Amendment No. 14., Mr. Carrillo noted that staff will be seeking offsetting compensation from the contractor at the close of the project. Lastly, the ORLS Project schedule was reviewed.

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The Notice to Proceed was issued on January 5, 2022. The original completion date was November 11, 2022, but due to time extensions in the change orders, the revised completion date is March 11, 2023. Staff reported that the Project is approximately 80% complete, with site electrical, finish grading, paving, testing, startup, and demobilization yet to be completed.

Staff recommended the adoption of two resolutions related to the Orchard Run Lift Station Project: Resolution No. 2023-02, approving Change Order No. 3 for an increase of \$78,096; resulting in GSE's revised total contract amount to \$3,355,268. Staff also recommended the adoption of Resolution No. 2023-03, approving Amendment No. 14 to the HDR Professional Services Agreement for additional services that have become necessary as a result of the means and methods utilized by HDR and the resulting difficulties the contractor encountered during construction, in the amount of \$79,559.

Action: Upon motion by Smith, seconded by Ness; the following Resolution was unanimously approved:

RESOLUTION NO. 2023-02

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING
CHANGE ORDER NO. 3 TO THE CONTRACT WITH GSE
CONSTRUCTION, INC. FOR THE ORCHARD RUN LIFT STATION
[PROJECT NO. 15-06-78-55340]**

was adopted by the following vote, to wit:

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

AND

Action: Upon motion by Ferro, seconded by Ness; the following Resolution was unanimously approved:

RESOLUTION NO. 2023-03

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING
AMENDMENT NO. 14 TO THE HDR PROFESSIONAL SERVICES
AGREEMENT FOR ENVIRONMENTAL SERVICES FOR THE
ORCHARD RUN LIFT STATION [PROJECT NO. 15-06-78-55340]**

was adopted by the following vote, to wit:

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

5. Corporate Facility Needs Assessment Update and Preview of New Alternate Concept:

General Manager Arant gave an in-depth overview of the previously completed Corporate Facility Needs Assessment that began in November 2000. Initially, the District considered four alternatives: 1) expanding the current site, 2) purchasing the Miller Road and Valley Center Road property, 3) developing the Lake Turner Site, and 4) purchasing the Lilac Road property. The assessment concluded the following:

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- The projected at-build-out population could be 57,500 and employees projected at 120;
- 6 acres and the lack of access to wastewater disposal requiring the retention of the septic disposal/reserve area was not enough land to accommodate the projected requirements; and
- There was no practical ability to expand the existing site.

In 2005 the District purchased 32 acres located along Lilac Road (from Valley Center Road, northwesterly to Hunza Hill Court) after an analysis of the ultimate Corporate Facility needs and the ability of the current facility to accommodate those needs was completed. The original intent was to construct a new corporate facility to replace the existing facility at 29300 Valley Center Road. Significant factors included in the Lilac Road assessment were:

- Ready access to Lilac and Valley Center Roads;
- Location essentially in the centroid of the District Service Area;
- Potential to sell off any excess property;
- Preservation of culturally sensitive areas to be used as mitigation; and
- The property was for sale by a willing seller.

In the period since its purchase the Lilac Road property has been held, protected, and maintained by the district; however, due to several intervening factors in somewhat rapid succession, the District's focus was drawn to other priorities. Amongst these issues included a decrease in the District's at-build-out projected population from 57,500 to 45,800. This ultimately changed assumptions regarding employee, equipment, and parking needs. In addition to the decrease in projected employees, the District has implemented various labor-saving technologies (AMR meters, SCADA, and GIS) which led to a revision of the ultimate staffing requirements in March 2017 from 120 to 95. Lastly, the District purchased adjacent land from the County of San Diego, increasing the current site acreage to 6.85.

The District began a new approach to the Needs Assessment, and in 2017 Architect Michael Konishita was hired to perform a reassessment of the current site's suitability based on an updated analysis of the District's current corporate needs at service area build-out. Mr. Kinoshita developed a high-level conceptual design for the future development of the current site to meet the needs of the District. The site plan was not intended to be a design, but an exercise to demonstrate that the site is capable of supporting the District's future needs. The analysis revealed, with an additional acre of land, a new single-story, 15,000-square-foot administrative structure could be built along with new public/employee parking areas, and have adequate material storage and lay-down areas. However, this would require the extensive repurposing of the property, including the demolition, and reconstruction of several existing and viable buildings/structures. The reassessment indicated that the current site can accommodate the District's needs through build-out with or without site augmentation. It was also pointed out that securing additional land to augment the site would provide additional development flexibility and eliminate the need for a possible two-story administrative structure.

After revisiting the issue of land acquisition with no positive result, Mr. Kinoshita was asked to again evaluate development on the existing 7-acre site. His analysis revealed that a two-story building could be built, but even more extensive site repurposing with the demolition, relocation and reconstruction of existing structures and facilities would be required. Finally, vehicle parking, material storage, and lay-down areas would be constrained and would require the development and use of additional offsite areas. It was concluded that the study did not identify a clear way forward, resulting in a staff recommendation to defer the issue to a future time.

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In addition to reviewing the previously compared options, Mr. Arant presented a new alternative. In the original Needs Assessment, it was determined that having one campus was preferred over having Administrative/Engineering functions separated from Operations and Facilities. This was deemed the ideal solution for maintaining day-to-day operational coordination and organizational unity; however this solution may never be realized due to the economic realities of financing and then building an entirely new Corporate Facility. Further, significant land use challenges were identified regarding permitting outside vehicle parking and material and chemical storage uses, compared to land use approval for what would essentially be an administrative office complex.

In conceptual terms, the new alternative is to evaluate the cost and feasibility to construct a new administrative complex on the northwest parcel. To fully evaluate this option, an update of the earlier work done on building a new Administrative Complex would be needed as a baseline. A feasibility analysis and high-level cost estimate for developing a stand-alone Administrative Complex at the Lilac Road Property would also be needed. Staff will update employee projections and space requirements for the evaluation. If this alternative is considered feasible and relatively cost-competitive compared to the previous alternatives evaluated, staff would re-examine the positive and negative aspects of having a split operation vs. a single campus and then bring that analysis to the Board of Directors for a policy discussion and direction. After this analysis, the District will be left with three options to evaluate:

1. Develop a new, full Corporate Facility on the Lilac Road property, as originally envisioned;
2. Develop a New Administrative Complex on the Lilac Road Property and then dedicate the current Corporate Facility to the District's operational needs; or
3. Remain at the current Corporate Facility site and evaluate the need and timing of what will have to be done to accommodate the anticipated number of employees, vehicles, vehicle electrification infrastructure, and equipment for an interim period or through to service area build-out. As part of this option, marketing the Lilac Road Property should be evaluated with the proceeds contributing to improvements that might be needed for the current facility.

The Board concurred with staff's analysis that the options for future expansion of corporate facilities should be evaluated and directed staff to proceed with the proposal from Architect Michael Konishita to fully evaluate the Corporate Facility alternative presented.

Action: After review and discussion, Board input on the proposed new alternate was received.

GENERAL MANAGER'S AGENDA

6. San Diego County Water Authority's Board Meeting Summary:

San Diego County Water Authority Board Meeting Summary for January 26, 2023 was reviewed.

Action: Informational item only, no action required.

7. General Information:

General informational items were reported on by General Manager Arant.

Action: Informational item only, no action required.

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DISTRICT GENERAL COUNSEL'S AGENDA

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

BOARD OF DIRECTORS' REPORTS ON MEETINGS ATTENDED

- Director Smith reported his attendance at the ACWA Conference from November 28 – December 1, 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.*

8. A Closed Session was called by President Polito at 3:51 PM pursuant to the following two items:

(a) Government Code §54957 – Public Employee Performance Evaluation:

Unrepresented Employee: *General Manager*

(b) Government Code §54957.6 – Conference with Labor Negotiators:

Agency Designated Representatives: *Board of Directors*

Unrepresented Employee: *General Manager*

RECONVENE

Action: The Board came out of closed session at 4:23 PM with no reportable action.

ADJOURNMENT

Action: Upon motion by Smith, seconded by Ness; motion passes unanimously, the regular meeting of the Board of Directors was adjourned at 4:24 PM.

ATTEST:

ATTEST:

Robert A. Polito, *President*

Kirsten N. Peraino, *Secretary*

Approved at a regularly scheduled Board Meeting on Tuesday, February 21, 2023