

## VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

**Monday, May 1, 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, Vice President Ferro, Director Smith, and Director Holtz.*

*\*Noting Vice President Ferro arrived at 2:10 PM.*

**Board Members Absent:** Director Ness.

**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, General Counsel de Sousa, and Federal Consultant Representative (Ike with 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.

### **CONSENT CALENDAR**

1. **Minutes of the Regular Board Meeting Held Monday, April 3, 2023;**
2. **Audit Demands for Check Nos. 165758 – 166002 from March 24 thru April 20, 2023 and Wire Disbursements for the Month Ending March 31, 2023; and**
3. **Quarterly Expense Reimbursement Disclosures (Oct. 1 – Dec. 31, 2022) per GC \$53065.5.**

**Action:** Upon motion by Holtz, seconded by Smith; motion carried with three (3) affirmative votes, the previously listed consent calendar items were approved.

### **ACTION AGENDA**

4. **Adoption of Resolution No. 2023-15, Supporting VCFPD's Request for Support on Property Tax Allocation Reapportionment:**

At the Regular Meeting of April 6, 2023, Chief Joe Napier addressed the Board seeking support for the VCFPD request to the San Diego County Board of Supervisors for an increase from 2% to 6% of the County's 1% General Property Tax, reminded General Manager Arant. After the presentation, the Board voted unanimously to support the request and directed staff to bring back a resolution of support for consideration to the next regular Board Meeting. Adoption of Resolution No. 2023-15 would express the Board's official support for VCFPD's request. Staff

**Valley Center Municipal Water District  
Board of Directors' Meeting Minutes**

also drafted a transmittal letter to convey the adopted resolution to the San Diego Board of Supervisors.

**Action:** Upon motion by Smith, seconded by Holtz; motion to adopt the following resolution, passed with three (3) affirmative votes:

**RESOLUTION NO. 2023-15**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLEY CENTER MUNICIPAL WATER DISTRICT SUPPORTING  
THE REQUEST OF THE VALLEY CENTER FIRE PROTECTION  
DISTRICT TO RAISE ITS SAN DIEGO COUNTY TAX ALLOTMENT  
FROM 2% TO 6% OF PROPERTY TAX REVENUES**

was adopted by the following vote, to wit:

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

**5. Authorization to Enter into a Master Services Agreement with the Mission Resources Conservation District (MRCD) for Water Conservation Services:**

The Water Use Efficiency Regulations outlined in AB 1606 and SB 606 are moving into the final regulatory process this summer with implementation slated to start as early as January 2024, began General Manager Arant. Though not yet adopted, the final regulatory requirements currently being considered by the State Water Resources Control Board (SWRCB) will require greater levels of water use efficiency by residents and commercial establishments to meet ever-decreasing outside water use allowances, while attempting to maintain healthy landscapes. While it is anticipated that VCMWD will be able to develop its in-house staff and expertise at some point, a cost-effective interim solution would be to contract with the MRCD.

Since the early 1990s, the MRCD has been involved with providing agricultural and landscape efficiency evaluations across San Diego County. Mr. Arant emphasized that *any services requested by the MRCD would not duplicate any of the conservation services provided for and funded through the SDCWA.*

MRCD would be able to provide on-site evaluations and consultations for VCMWD customers (both residential and CII - Commercial, Industrial, and Institutional) while training in-house conservation staff as it develops. In addition to the services provided through the contracts with the SDCWA, other services the MRCD can provide upon request, are:

- Overall Program Administration to assist in the development of in-house District programs;
- Overall Water Use Evaluations for residential and CII customers;
- Indoor Water Use Survey as customers deal with GPD allowances;
- Outdoor Residential Survey;
- GIS Mapping and Landscape Area Measurement;
- Customer "How to" Workshops; and
- Classroom Educational and Awareness Presentations.

MRCD requested a \$10,000 retainer to secure additional staff and other resources needed to provide conservation services. Staff would anticipate budgeting for services in FY 2023-24, FY 2024-25, and FY 2025-26, with a total cost not to exceed the amount of \$12,500 per year, or \$37,500 for the full contract period.

## **Valley Center Municipal Water District Board of Directors' Meeting Minutes**

VCMWD and its agricultural customer base have had a long, productive relationship with the MRCD, and their ability and expertise in delivering critical services have been well established, stated Mr. Arant. As the District moves into FY 2023-24, and with the implementation of AB 1668 and SB 606, there will be a need for greater outreach and interaction with our customers to start moving them toward achieving higher levels of both outdoor and indoor water use efficiency. MRCD can provide the expertise to provide those services initially while assisting VCMWD in developing its in-house staff and programs to meet the more stringent water use efficiency requirements that will have the full regulatory force and effect in 2027.

**Action:** Upon motion by Smith, seconded by Ferro; motion to provide authorization for the General Manager to enter into a Master Services Agreement with MRCD was approved with four (4) affirmative votes.

### **6. Review of the San Diego County Consolidated Redevelopment Oversight Board Election:**

The ballot for the election of San Diego County Consolidated Redevelopment Oversight Board Special District Representative was presented for Board consideration. General Manager Arant gave a brief background on the Consolidated Redevelopment Oversight Board, stating that it oversees and approves certain actions of all the San Diego County area redevelopment successor agencies, and manages the assets of the former redevelopment agencies, the repayment of debts, and the fulfillment of other redevelopment agency obligations. The candidates running for office are Timothy Robles of the Lakeside Fire Protection District and Patrick Sanchez of the Vista Irrigation District.

The Board was provided an opportunity to provide input to the Board President on casting a ballot for the position of Special District Representative for the San Diego County Consolidated Redevelopment Oversight. Mail-in ballots are due Monday, May 1, 2023, and were forwarded immediately after the conclusion of the Board Meeting.

**Action:** Upon motion by Smith, seconded by Holtz; motion to select Director Sanchez (from the VID) for the representative position was approved with four (4) affirmative votes.

### **7. 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 District Engineer Grabbe 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 the actual material, labor, and equipment costs experienced in the current fiscal year, as explained by Mr. Grabbe.

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 a 7-8% increase from last year, setting the District's COLA for salary increases at its maximum allowed of 4.5% which takes effect July 1, 2023. It was also noted that recent inflation has caused above-average material, equipment, and labor cost increases.

The fees shown in the following sections of the District's Administrative Code 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.

## Valley Center Municipal Water District Board of Directors' Meeting Minutes

- Section 160.4(a) – *Meter Installation Fees (Added “Meter Lateral Charges”, updated Tables 2 and 8, leaving no changes to Table 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)*
- Section 160.8(a) – *Meter Relocation (Table 18)*
- Section 160.8(b) – *Meter Reconnection Allowance (Table 19)*
- Sections 160.22 & 171.10 – *Project Facility Availability & Comment Letters (Table 15)*
- Section 160.24(a) – *Construction Meter Service (Table 16)*

As a part of this process, staff also reviewed the minor Administrative Code modifications recommended to clarify code sections related to the meter application process, meter relocation requirements, and manifold alternatives, explained Mr. Grabbe. Proposed updates will align the code with procedures and policies that reflect current needs.

**Action:** Upon motion by Smith, seconded by Holtz; motion carried with four (4) affirmative votes, the public hearing date was set for Monday, May 15<sup>th</sup> at 2:00 p.m.

### **INFORMATIONAL AGENDA**

#### **8. Review of Budget Policies:**

A preview of the District's budget policies was presented by Manager of Accounting Velasquez. The District has seven policies:

##### **1. Reserves –**

- a. **Rate Stabilization Reserves** are used to level water rates and pumping rates;
- b. **Operating Reserve** provides funds for emergencies and natural disasters;
- c. **Restricted Reserves** include Lower Moosa Canyon Replacement, Woods Valley Ranch Water Reclamation Facilities (WRF) Replacement, Grinder Pump, and Debt Service Reserves. Staff introduced the proposal to establish a Low Pressure Sewer Pump Reserve for Lower Moosa Canyon similar to the Grinder Pump Reserve in the Woods Valley Ranch WRF Fund; and
- d. **Capital Reserves** provide funding for continued budgeted capital projects, improvements funded from capacity charges, future capital additions and replacements.

2. **Fees and Charges** – Simply states that each water and wastewater system is self-sufficient and that all fees and charges from wholesale agencies are passed through to our customers.
3. **Debt** – long term debt is not used to fund current operating costs.
4. **One-time & Unpredictable Revenue** – significant one-time revenues are allocated to the source of the receipt and are not relied upon to initiate new programs.
5. **Balanced Budget** – the budget shall be balanced from current revenues and with Board approval during the budget process reserves can be used if needed.
6. **Revenue Diversification** – shall attempt to cover at least 60% of its fixed operating expenses with monthly water service charges.
7. **Contingencies** – provides procedures for use during water emergencies.

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

**Valley Center Municipal Water District  
Board of Directors' Meeting Minutes**

**9. Review of Revenue and Expense Projections in the Proposed Fiscal Year 2023-24 Budget:**

To keep the Board apprised of what to anticipate in the proposed Fiscal Year (FY) 2023-24 Budget, Manager of Accounting Velasquez gave an overview of major assumptions, capital projects, and changes expected in the new budget.

**Water Sales:**

For the current FY ending June 30, 2023, it is projected that the District will sell 14,400-acre feet of water; 12.7% under the budgeted 16,500-acre feet. The significant shortfall in water sales compared to budget is due to the unforeseen onslaught of powerful atmospheric river storms that California faced during the winter, leading to record-breaking snowpack, nearly full reservoirs and overflowing watersheds. Additionally, agricultural sales continue to decline due to rapid increases in the wholesale water costs, regulatory restrictions, labor costs and shortages and market competition. For FY 2023-24, staff feels reducing the estimated sales to 16,000-acre feet would be more reasonable and reflective of the overall decline in agricultural sales.

**Water Rates:**

Ms. Velasquez stated that on January 1, 2024, aggregate wholesale costs from San Diego County Water Authority (SDCWA) and Metropolitan Water District (MWD) will increase. Included in the preliminary rate estimates is the most recent information that the District has received. SDCWA staff continues to seek Board input and refine multiple series of key inputs and assumptions that are expected to have significant influence on the ultimate Calendar Year 2024 rate recommendation come May. A News Release issued on March 10<sup>th</sup> announced that SDCWA's average rates are projected to rise approximately 14%.

Also included in the water charges from SDCWA and Metropolitan Water District (MWD) are fixed charges for capacity, readiness to serve, customer service, emergency storage, and supply reliability. It was recommended that all SDCWA wholesale rate changes be passed through to the District's customers in accordance with the District's Rate and Budgeting Policies contained in Section 160.3 (g) of the Admin Code. *Note: Final rate recommendations will be based upon actual rate increases from SDCWA and MWD. Actual rates to be adopted effective February 1, 2024, may be different.*

The District's local cost component of the water rate is budgeted at \$278.57 per acre foot, representing an increase of 1.8%, or \$4.93 over the current rate of \$273.64. This increase is necessary to cover a portion of the local fixed costs, with the 1.8% increase generating additional service charges of approximately \$78,000 over 12 months to further free property taxes for capital improvements.

**Agricultural Water Rates (PSAWR Program):**

Based on the current rate information from the SDCWA for FY 2023-24, VCMWD Permanent Special Agricultural Water Rate (PSAWR) customers will pay a retail rate that is \$698, or 25% lower than their domestic counterparts.

**Local Revenues:**

**Monthly Water Service Charge:**

Current Board policy states that the District's local water rates and charges, which include but are not limited to the District's Local Commodity Charges and Monthly Meter Service Charge, be set so that revenue from these sources would fully cover the District's local operating costs

## **Valley Center Municipal Water District Board of Directors' Meeting Minutes**

(excluding wholesale water and power costs). Presently, the combination of the two revenues is not sufficient to fully cover the District's local operating costs; as a result, other non-operating revenues including investment income, lease revenues, and delinquent penalties make up the difference. It is the District's goal to close that gap over the next two years, and meet that goal by FY 2024-25.

Staff asks that the Board consider increasing the monthly service charge \$0.85 and \$1.16 for a ¾-inch and 1-inch meter, respectively. This 1.8% increase would generate additional service charges of approximately \$147,000 over 12 months to further free property taxes for capital improvements. Doing so will bring the local fixed cost coverage from monthly service charges up to 59.85%. The District is on target to reach its goal of covering 60% of all local fixed costs with the monthly service charge by FY 2024-25. Staff proposes that the increase be implemented on January 1, 2024, concurrent with the wholesale increases.

### ***Pumping Rates:***

Total energy costs including electricity, natural gas, and pump and motor maintenance are estimated to increase 12.8% over the prior year budget. Included in the preliminary budget and in the pumping revenues stated above is a 10% increase to the pumping rates. In order to cover all of the pumping costs that include electricity, natural gas, pump maintenance, and motor maintenance the District would need to increase the pumping rates by 42%. The Pumping Rate Reserve was depleted in FY 2016-17; every year since then, energy costs have exceeded pumping revenues at a rate higher than the District could raise rates. The current FY is the first year since FY 2000-01 that the revenues generated from the pumping charge were insufficient to cover the cost of electricity and natural gas. A shortfall of \$232,500 is anticipated which will be covered by other non-operating revenues, further reducing the contribution to capital replacement reserves. The total expected shortfall including pump and motor maintenance is approximately \$1.2M.

With the 10% proposed rate increase, it's anticipated that revenue from the pumping charge will be sufficient to cover the cost of electricity and natural gas with a small excess of approximately \$165,000 going towards the coverage of the pump and motor maintenance costs that are estimated at \$998,800; leaving an estimated total shortfall of approximately \$834K. Instead of attempting to recover the loss in one year, staff recommends working towards recovering all pumping costs over the next 3-5 years. In the meantime, the deficit will continue to be recovered with other non-operating revenue.

Staff will return at the next Board Meeting to provide an analysis and comparison of the proposed Pumping Charge increase options in the FY 2023-24 Proposed Budget. Each of the four options to be presented will, at minimum, cover the wholesale Utility Costs of electricity and natural gas.

### **Other Revenue:**

#### ***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. Based on the latest information from the SDCWA, the proposed IAC to go into effect on January 1, 2024 for a ¾-inch meter is \$4.32, representing an increase of 1.9% or \$0.08 from the current rate of \$4.24.

## Valley Center Municipal Water District Board of Directors' Meeting Minutes

### ***Property Taxes:***

Secured property taxes are budgeted at \$3,151,000 for 2023-24, 2% more than the estimated actual for the current year. The District will also receive \$573,000 in water availability charges. The revenues collected entirely from both sources will fund the proposed new Capital Improvement appropriations.

### ***Investment Income:***

Investment Income is budgeted at \$864,900 for Fiscal Year 2023-24, 27.5% higher than budgeted in the current year, with an estimated rate of return at 3.00%. The current year estimated average rate of return is 2.00%. The Federal Reserve increased the Federal Funds Rate multiple times in the current year in an effort to offset the upward pressures on inflation, with no indication that the Federal Reserve plans to stop the increases as inflation remains elevated. Staff anticipates that because of the conservative holdings it currently has it will take the entire FY before the District's portfolio sees the full effects of the most recent increases to interest rates.

### **Personnel:**

Staffing necessary to maintain operating, maintenance and administrative service levels for FY 2023-24 is proposed at 72 full-time equivalent positions; that is the same as was authorized in the Fiscal Year 2022-23 Budget. A cost of living salary adjustment is included in the calculations at 4.5%, in accordance with the current Memorandum of Understanding as well as average overall merit increases totaling 2.5% have also been included in the budgeting considerations for FY 2023-24.

There are two employees scheduled to retire in the coming year: John Martineau, Senior Construction Maintenance Technician, will be retiring in December; and Wally Grabbe, District Engineer, retiring in March. Overlap for training purposes is included in the FY 2023-24 Budget.

### **Operating Expenses:**

Total operating expenses shown below, excluding Source of Supply, are budgeted at a total of \$14.9M compared to \$14.7M for the current Fiscal Year, a net increase of \$159,000 or 1% year-over-year. The following items are included in the increase.

- **General Administration Dept.** are budgeted to increase 0.6% largely due to increases in legal services, the water conservation program and LAFCO budget assessment that were partially offset by decreases to both labor and benefits and the unclassified contingency fund.
- **Finance Dept.** expenses, including debt service of \$44,873, are budgeted to decrease by 3.1% compared to the current year. The decrease is largely due to lower write off of uncollectible accounts and the elimination of the Emergency Paid Sick Leave both related to the COVID-19 Pandemic. Those decreases were partially offset by increases to outside professional services, labor and benefits, training and education, and transportation, meals and travel.
- **I.T. Dept.** budget amount is expected to increase 6.7% due to an increase in labor and benefits and the cost of maintaining equipment partially offset by a decrease to the cost of maintenance agreements & contracts.
- **Engineering Dept.** budget is estimated to be 6.7% greater than last year. The increase represents higher labor and benefits that includes overlap for a new District Engineer and higher software technical support costs that are partially offset by decreases in outside professional services, maintenance of equipment, special department expenses, transportation, meals & travel, and membership fees/dues.

## Valley Center Municipal Water District Board of Directors' Meeting Minutes

- **Operations and Facilities Dept.** water expenses for FY 2023-24 are expected to have a net change of nearly zero. The major changes comprise of decreased labor and benefits, outside professional services, gas, oil and grease, and maintenance of engines. Decreases were almost entirely offset by increased temporary labor, chlorine, maintenance of valves, meter installation costs, maintenance of facilities and installation of backflow devices.

### Debt:

#### ***State Revolving Fund (SRF):***

- The District currently has three Clean Water State Revolving Fund (CWSRF) Loans with an outstanding balance in the amount of \$18,408,960 at 2.2% interest. The funds were used solely for the Woods Valley Ranch Wastewater Expansion Project. In FY 2023-24, Debt Service payments against this loan amount to \$1,542,388.
- In addition, a Safe Drinking Water State Revolving Fund loan for the Cool Valley Reservoir Cover/Liner replacement was obtained by the District. At June 30, 2023, the outstanding amount of the loan will be \$2,754,885 at 1.6% interest, with a Debt Service payment is \$220,421 for FY 2023-24.
- On March 21, 2022, the Board authorized an SRF Financing Agreement totaling \$8,500,000 to fund the following three projects: Oat Hill Pump Station Discharge, Gordon Hill Rd Pipeline and Lilac Road Pipeline. The term of the loan will be 30 years at an interest rate of 1.2%. Construction periods vary for the three projects with the first beginning in March 2022 and the final completing in November 2023.

### Wastewater:

Staff projected that the Moosa operating revenues will be sufficient to meet the anticipated operating costs for FY 2023-24. However, the new proposed capital appropriations will require additional funding generated from a new proposed Capital Improvement Charge as well as a loan of \$1.1M from the general fund. It's anticipated that Woods Valley Ranch WRF will have sufficient revenues to meet the anticipated operating and capital costs.

- **Lower Moosa Canyon:** The preliminary budget indicates that no change to the wastewater service charges nor the low-pressure wastewater collection system maintenance fee will be required and that the current charges will be sufficient to cover the operating expenses as well as ensure funding of the Replacement Reserve at the historical average of about \$340,000 per year. Currently the monthly Moosa wastewater service charge is \$61.72 EDU and the monthly low-pressure wastewater collection system maintenance fee is \$50.93 per EDU.

On February 21, 2023 the Board approved the Moosa Master Plan which outlined the capital improvement requirements over the next 20 years. Included in the Master Plan was a discussion about leveraging the net sewer service charge revenues through short-term funding from the District's General Fund and long-term Clean Water State Revolving Fund (CWSRF) Loans. For those CWSRF Loans, the State Water Resources Control Board has debt coverage requirements that would require increasing the total net revenues from \$340,000 to \$690,000. The new Capital Improvement Charge is proposed at \$12/month per EDU for that reason. There are approximately 2,490 active connections that would generate the additional \$350,000 annually as required by the State. It is estimated that a loan of \$1.1M will be required from the General Fund with a 5-year term at 2.5% interest.

- **Woods Valley Ranch:** The sewer service charges of \$98.60 per month, or \$1,183.20 per year will remain the same as no increase is required. Sewer standby fees for properties not



## Valley Center Municipal Water District Board of Directors' Meeting Minutes

yet connected to the sewer system will remain unchanged at \$550.32 per EDU and will be utilized to fund the replacement reserve. The grinder pump maintenance charge for those properties requiring a grinder pump unit will also remain unchanged at the current rate of \$50.93 per month or \$611.16 per year. It is important to note that FY 2023-24 is expected to be the first year that the Wastewater Services Charges will be sufficient to cover the Operating Expenses. All fees and charges related to the Woods Valley Ranch Wastewater service area will be collected as fixed charge special assessments on the annual property tax roll.

- Woods Valley Ranch Wastewater Expansion Project:

The property owners that benefit from the Expansion are assessed via the property tax roll a fixed charge special assessment called Assessment District 2012-1 (AD 2012-1). The Debt Service related to all three SRF loans discussed above, are paid for completely with funds collected from AD 2012-1.

Development of the Park Circle Development required the construction of the Orchard Run Lift Station. A Series 1 Special Tax Bond will need to be sold to reimburse funds provided for design and construction of the Orchard Run Lift Station facility. The bonds will be issued by Community Facilities District No. 2020-1 (Park Circle East/West) ("CFD") and represent the first of two bond issuance series anticipated for the CFD. The Series 1 Bonds will be secured by and payable from the Special Tax Revenue levied on property within the CFD.

Staff is in the process of determining the required amounts for the AD 2012-1 assessment and the CFD 2020-1 special tax. That information will be presented in detail at the Board meeting on June 19, 2023.

### Water Capital Projects:

New water capital improvement projects and expenditures total \$4,707,750 of which an estimated \$3.7M will be funded with revenues collected from general property tax and water availability charges. The remaining \$1.0M will be funded through non-operating revenues. The four largest project requests include McNally and Mizpah Reservoirs Paint and Recoat, Ridge Ranch Reservoir & Pump Station Replacement, Vehicle Replacements, and the Gordon Hill Upper Pipeline Relocation Project for a subtotal of \$3.9M. There are eleven other capital projects that make up the remaining difference of \$751K in new requests. Details for each new requested project will be presented at the June 19th Board Meeting. There are \$767,000 dollars in un-appropriated budgeted funds from prior year projects that will not be used and will not be carried forward.

### Wastewater Capital Projects:

#### **Moosa:**

New appropriations for Moosa are proposed at \$1,468,700 and will require the use of funds from the Replacement Reserve as well as a loan from the general fund to complete. The three largest project requests include Upgrades to Clarifier Number 1 and 2, and the Server Room Relocation for a subtotal of \$1.1M. There are four other capital projects that make up the remaining difference of \$368,700 in new requests. Details for each new requested project will be presented at the June 19th Board Meeting. Additionally, there are \$304,744 in un-appropriated budgeted funds from prior year projects that will not be used and will not be carried forward.

#### **Woods Valley Ranch:**

## Valley Center Municipal Water District Board of Directors' Meeting Minutes

New appropriations for Woods Valley Ranch are proposed at \$824,300 for 4 different projects. The one major project being the purchase and installation of Rapid Thickener Equipment for an estimated cost of \$750,000. There are no new capital appropriations proposed for the Woods Valley Ranch Expansion in FY 2023-24.

### Next Steps:

Ms. Velasquez concluded her presentation by reviewing the next steps in the budget process. At the May 15, 2023 Board Meeting, staff will return to provide the Board an analysis and comparison of the proposed Pumping Charge increase options in the FY 2023-24 Proposed Budget, and ask for input and direction. On May 25, 2023 SDCWA Staff will present recommended rates and charges to its Board, with final adoption scheduled for June 22, 2023. The VCMWD Board will receive the first review of the proposed budget at the June 19, 2023 Board Meeting, with adoption scheduled for the July 3, 2023 Board Meeting.

**Action:** No action required, informational item only. The completed budget will be presented for Board approval at a later date.

## **GENERAL MANAGER'S AGENDA**

### **10. General Information:**

General informational items were reported on by General Manager Arant.

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

## **DISTRICT GENERAL COUNSEL'S AGENDA**

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

## **BOARD OF DIRECTORS' AGENDA and REPORTS ON MEETINGS ATTENDED**

### **11. Biennial Review of Board of Directors' Per Diem and Consideration of Modification:**

At the April 5, 2021 Regular Board Meeting, the Board directed staff to adjust the frequency of the Per Diem Review *from* annually *to* biennially (every odd year), began Board Secretary Peraino. Current law provides that the Board may increase its per diem amount by 5% for each calendar year since the date of the last adjustment, which was February 16, 1993. Under the aforementioned formula, the Board could increase the current \$100.00 per diem to a maximum of \$432.24 per day of Board business.

An analysis of the current survey of 24 local water agencies was provided, indicating the following:

- Range: \$100 - \$245
- Average: \$160.98
- Median: \$155

Staff asked for direction on whether the Board wanted to schedule a public hearing to consider increasing the amount.

**Action:** The Board of Directors declined to initiate action to increase the amount at this time.

**Valley Center Municipal Water District  
Board of Directors' Meeting Minutes**

**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.*

**ADJOURNMENT**

**Action:** Upon motion by Smith, seconded by Holtz; motion passed with four (4) affirmative votes, 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 Monday, May 15, 2023**