

# **VALLEY CENTER MUNICIPAL WATER DISTRICT**

## **MINUTES**

### **Regular Meeting of the Board of Directors**

TUESDAY, September 5, 2023 – 2:00 P.M.

**The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:00 PM.** In the Board Room at 29300 Valley Center Rd.; Valley Center, CA 92082. Additionally, the Board Meeting was livestreamed for those who wish to observe remotely.

#### **ROLL CALL**

**Board Members Present:** *President Polito, Vice President Ferro, Director Smith, and Director Ness.*

**Board Members Absent:** *Director Holtz*

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

#### **PUBLIC COMMENT(S)**

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 ITEM(S)**

1. **Minutes of the Regular Board Meeting Held Monday, August 21, 2023;**
2. **Bid Results & Approval of PO #114914 for Purchase of 1 New 2023 Vehicle; and**
3. **Bid Results & Approval of PO #114915 for Purchase of 1 New 2023 Vehicle.**

**Action:** Upon motion by Smith, seconded by Ness; and carried with four (4) affirmative votes, the previously listed consent calendar items were approved.

#### **INFORMATIONAL/POSSIBLE ACTION ITEM(S):**

4. **Review Request from Wayne Hilbig Regarding the Assessment Lien on the Butterfield Trails Property and the Proposed Options to Fulfill the Request:**

District Engineer Grabbe reviewed the request from Wayne Hilbig (owner of the Butterfield Trails Subdivision) to release, or significantly reduce, the Assessment Lien on the Butterfield Trails property ("property") and the proposed options to fulfill the request.

Wayne Hilbig and the County of San Diego ("County") are in negotiations to transfer ownership of the property to the County for use as a park. In question are the 71 EDUs of wastewater capacity currently allocated to the property as part of the Woods Valley Ranch Wastewater Expansion Project. The 71 EDUS represents an annual assessment of \$121,500 and a total

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funding requirement of \$1.67M over the remaining term of the loan (noting that the annual sewer standby fees, \$39,000 per year, would continue once the term of the loan is completed). Mr. Hilbig indicated to staff that it is unlikely the County would want to retain the wastewater capacity currently allocated to the property and recently asked staff how the assessment lien could be removed. A summary of the options available to Mr. Hilbig was presented, explaining that Mr. Hilbig may:

- 1) Orchestrate the release of the assessment lien before the sale, or
- 2) Convince the County to retain the sewer capacity on the property, or
- 3) Transfer capacity allocation to the District and relinquish all equity rights.

With the first two options, Mr. Hilbig would be required to provide a financial commitment as well as continue paying the annual assessments and sewer standby fees. The third option would require Mr. Hilbig to relinquish all equity rights in the capacity allocation (roughly \$1M). Lastly, Mr. Grabbe noted that the first and third options require the SWRCB to be notified of the change of financial security. The release of the assessment lien would be delayed until any comments or requirements received from the SWRCB could be addressed.

The Board heard public comments from Mr. Nathan Hilbig and Mr. Wayne Hilbig, both spoke in support of Option 3 and expressed their gratitude to District staff for their efforts. A representative from the Friends of Hellhole Canyon Open Space Preserve offered their overall support to help make Butterfield Trail County Park a reality.

Staff requested Board consensus to continue discussions with Mr. Hilbig and potentially the County. Staff will prepare detailed and complete Terms and Conditions for the options, incorporating comments from the SWRCB regarding any change in financial security. Staff will return at a future meeting to present a proposal for conceptual approval, as well as authorization to execute the required agreements.

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

### **5. Five-Year Strategic Plan – Summary of Accomplishments and Next Steps:**

General Manager Arant provided the Board with a summary report on what has been accomplished under the District's current Five-Year Strategic Plan, Fiscal Years (FYs) 2018-19 through 2022-23. As part of the Five-Year Strategic Plan adopted on June 4, 2018, the District Board of Directors set goals and objectives in six focus areas: Water Supply, Infrastructure, Finance, Technology, Energy, and Compensation. In each of the six focus areas, goals and objectives were defined and specific programs/projects were pursued and implemented through the annual budgeting and funding programs available to the District.

The following is a summary report of what the District has accomplished over the last five fiscal years in pursuit of the adopted Strategic Plan Goals and Objectives:

#### **I. Water Supply**

Support water development policies at the federal, state, regional, and local levels that sustain and enhance VCMWD's overall water supply availability and reliability. A summary of the specific implementation goals regarding water supply was reviewed on the following topics:

- Water Stewardship – Support regional efforts and implement local programs that advocate, educate, and assist customers in the responsible use of water resources (ongoing effort).

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- Imported Water Sources – Support and assist in statewide efforts to secure and protect our regions' Imported Water Supplies by securing:
  - An enhanced State Water Project conveyance system to move water through the Sacramento–San Joaquin Delta (ongoing effort);
  - Approval of Proposition 1 funded major in-state surface storage facilities (ongoing effort); and
  - California's water rights on the Colorado River to ensure ample and reliable supplies for all uses, including agricultural (ongoing effort).
- Water Recycling – Pursue and maximize the opportunities for continued development of wastewater recycling to offset VCMWD's imported water demand (ongoing effort).

### **II. Infrastructure**

Pursue the master planning for publicly and privately financed water and wastewater infrastructure to reliably meet long-term community development needs based on the County approved General Plan. Pursue federal and state funding sources to support the ongoing and orderly replacement of existing water and wastewater infrastructure. A summary of the specific implementation goals regarding infrastructure was reviewed:

- Water System Master Plan (adopted by the Board in 2019).
- Integrated Resource Master Plan – the effort was split into two plans:
  - the Woods Valley Ranch Service Area (adopted by the Board in 2018), and
  - the Lower Moosa Canyon WRF (adopted by the Board in 2022).
- Infrastructure completed and/or underway Grant Total ≈ \$34M.
  - Pipeline Replacement Projects 5-Year Subtotal ≈ \$1.43M.
    - ♦ *The Budgeted Subtotal for Pipeline Replacement Projects under construction/ to be completed in 2023 ≈ \$21M.*
  - Reservoir Paint and Recoat Projects 5-Year Subtotal ≈ \$7.3M.
    - ♦ *The Budgeted Subtotal for Reservoir Pain & Recoat Projects under construction/ to be completed in 2023 ≈ \$4.3M.*
  - Wastewater Projects 5-Year Subtotal ≈ \$4.2M.

### **III. Finance**

Support financial policies at the federal, state, regional, sub-regional, and local levels that result in the affordability of water and wastewater services to help sustain the rural and agricultural character of VCMWD's service area. A summary of the specific implementation goals regarding Finance were reviewed on the following topics:

- Operational Cost Control – Pursue policies, programs, alternative service sourcing, and technology implementation, that reduce and control local operational costs wherever possible without negatively impacting the operational effectiveness, safety, and service levels to our customers (ongoing effort).
- MWD & SDCWA Wholesale Pricing – Advocate for cost and rate control at the wholesale level and seek to maintain appropriate pricing and support programs for agriculture within the MWD and SDCWA service areas by securing:

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- Pricing considerations from MWD to mitigate the rate impacts of WaterFix on commercial agricultural customers (ongoing effort), and
- Extension of the SDCWA Transitional Special Agricultural Water Rate (TSAWR) which expired at the end of CY 2020 (TSAWR Permanent in 2020).
- Local Property Tax & Reserves – Protect local property taxes and VCMWD reserves from appropriation by the State or County Government (ongoing effort).
- Cost of Service Study – Complete a cost of service study to support the next Proposition 218 cycle in CY 2019 for water rates and charges (adopted by the Board in 2019).
- Long-Range Financial Plan – Incorporating the results of the Integrated Resource Plan and the Cost of Service analysis, complete a Long-Range Financial Plan by the end of FY 2019-20 (adopted by the Board in 2019).

### **IV. Technology and Innovation**

Evaluate and incorporate new technologies which increase organizational efficiency, reduce costs, and wherever possible enhance customer satisfaction. A summary of the specific implementation goals regarding Technology & Innovation were reviewed on the following topics:

- GIS – Continue expansion, enhancement, and utility (ongoing effort).
- SCADA – Continue toward full implementation in the water & wastewater systems, including:
  - Upgrade WVR & Moosa WRF SCADA to Ignition Software by FY 2018-19 (completed),
  - An extension of SCADA to other water facilities like reservoir altitude valves, pump station bypass valves, or natural gas motors (extension in process), and
  - Phase 1 Wonderware to Ignition HMI Migration for the Water System (in process).
- Automatic Meter Reading and Information Technology – Pursue implementation of advanced automated meter reading, information technologies and integration of automated meter reading & monitoring capabilities through the SCADA radio network, by Segmented installation of selected AMI technology beginning by the end of CY 2018 in the North & South Villages, other large developments, and other appropriate portions of the District Service Area (fully installed and operational District-wide).
- Data/Asset Management Software System – Complete implementation and full integration of Cityworks Asset Management System by the end of CY 2023 (ongoing effort).
- E-business – Expanded and enhanced online customer accounts and real-time water usage data access through the WaterSmart Online Portal. Online Direct Bill Pay is the primary option offered for new customers establishing service (completed).
- Water Quality – Automated reservoir mixing and chloramine boosting system maintains water quality throughout the Distribution System by:
  - Installing a mixer, combined with the chloramine boosting system, to inject sodium hypochlorite and liquid ammonium sulfate automatically into the reservoir based on total chlorine and oxidation-reduction potential analyzer readings to maintain water quality (analysis and testing completed FY 2022-23), and
  - Identifying Kornblum Reservoir (in process/to be completed by November 2023), *and* Paradise Reservoir /to be completed during FY 2023-24) to install mixing systems.

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**V. Energy**

Enhance efficient use of energy and pursue (as appropriate) the development of renewable and alternative energy resources. A summary of the specific implementation goals regarding Energy were reviewed on the following topics:

- Efficiency – Maximize the operating efficiency of pumps, pump motors, motorized equipment, and VCMWD's service fleet practices and procedures, as well as implement more energy-efficient methods and technologies of wastewater and biosolids processing and disposal (ongoing effort).
- Renewable and Alternative Energy Resources – When economically feasible expand renewable energy resources, such as solar power, within VCMWD's operations and facilities, based on completion of the:
  - Alternative Energy Resource Analysis (completed in 2019),
  - Lower Moosa Canyon WRF Solar Array (completed in 2023), and
  - Corporate Facility Solar Array (near completion/expected online by end of CY 2023).
- Utility Rates and Charges – Monitor and when appropriate participate in regional energy utility rate-making activity and advocate for rate tariffs that are fair and equitable to VCMWD (ongoing effort).

**VI. Compensation and Benefits**

Provide competitive but responsible and sustainable employee compensation and benefits programs to attract and retain committed and outstanding personnel (ongoing effort).

General Manager Arant emphasized that much of what was completed over the five-year period was accomplished despite various impacts like supply chain issues and challenges associated with the COVID Pandemic. With the end of the five-year term, it would be customary to initiate a planning process for the next 5-Year Strategic Plan. However, with an impending change in organizational leadership in the next 2 to 3 years, staff suggested that the current plan be extended through FY 2025-26 to provide new staff leadership the opportunity to develop the 5-Year Strategic Plan with the Board.

**Action:** After review and discussion, accept the Five-Year Strategic Plan Report and provide staff direction on the development of the next Strategic Plan.

**GENERAL MANAGER'S ITEM(S)**

**6. General Information:**

**Action:** None

**DISTRICT GENERAL COUNSEL'S ITEM(S)**

General Counsel de Sousa presented information on a potential balloted item regarding the Government Transparency Act.

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**BOARD OF DIRECTORS' AB1234 REPORTS ON MEETINGS ATTENDED**

Director Smith requested an item be put on the next regular Board Meeting agenda regarding his request to speak in public on behalf of the Board.

**CLOSED SESSION ITEM(S)**

*None*

**ADJOURNMENT**

**Action:** Upon motion by Smith, seconded by Ness; motion passes unanimously, the regular meeting of the Board of Directors was adjourned at 3:17 PM.

**ATTEST:**

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**Robert A. Polito, *President***

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**Kirsten N. Peraino, *Secretary***

**Approved at a regularly scheduled Board Meeting on Monday, September 18, 2023**