

VALLEY CENTER MUNICIPAL WATER DISTRICT  
**AGENDA**

Regular Meeting of the Board of Directors  
Monday, October 2, 2023 — 2:00 P.M.

**The VCMWD Board of Directors welcomes the public to its Board Room while accommodating virtual observation options as a convenience to the public. Additionally, Board Meetings continue to be livestreamed for those who wish to observe remotely. *Please note that in the event of technical issues that disrupt the meeting livestream or receipt of public comments by phone or email, the meeting will continue.***

Instructions for members of the public who wish to address the Board of Directors:

Members of the public who wish to address the Board of Directors under “Audience Comments/ Questions” or on specific agenda items, may do so as instructed below. All comments will be subject to a limit of three (3) minutes.

- Making Public Comment for Those Attending In-Person: Members of the public who wish to observe or to address the Board may join the Board Members at the noticed, physical location. A Request to Speak slip is required to be submitted to the Board Secretary prior to start of the meeting *(if possible)*.
- Phone Comments During the Meeting: Before the meeting, or before public comment period for the item closes during the meeting, submit a telephone number by email to the Board Secretary at [publiccomments@vcmwd.org](mailto:publiccomments@vcmwd.org), together with the agenda item number, and the Board Secretary will call when the board is ready to hear public comments; *or*
- Emailed Comments: Before the meeting, or before public comment period for that item closes at the meeting, email your comments to the Board Secretary at [publiccomments@vcmwd.org](mailto:publiccomments@vcmwd.org) and the Board Secretary and it will be read aloud at the public comment period; *or*
- Written Comments: Written comments can be also be physically dropped off in advance of the meeting at the District’s Administrative Office or mailed in advance of the meeting to 29300 Valley Center Rd., Valley Center, CA 92082, for receipt no later than 1:00 pm on meeting day.

These public comment procedures supersede the District’s standard public comment policies and procedures to the contrary. If modifications or accommodations from individuals with disabilities are required, such persons should provide a request at least 24 hours in advance of the meeting by email to the Board Secretary at [boardsecretary@vcmwd.org](mailto:boardsecretary@vcmwd.org).

Meeting Broadcast: Members of the public may watch the meeting electronically by visiting the District’s website at [vcmwd.org/Board/Board-Documents](http://vcmwd.org/Board/Board-Documents) and then clicking the link listed below “live stream” on the page.

Meeting Documents: Board Meeting Packets *(except for closed session materials)* will be made available to the public once distributed to the Board. Please visit the District’s website at [vcmwd.org/Board/Board-Documents](http://vcmwd.org/Board/Board-Documents) for Agenda and related Board Meeting Documents.

## **ROLL CALL**

## **APPROVAL OF AGENDA**

At its option, the Board may approve the agenda, delete an item, reorder items and add an item to the agenda per the provisions of Government Code Section 54954.2.

## **PUBLIC COMMENT(S)**

*Comments and inquiries from the audience will be received on any matter not on the agenda, but within the jurisdiction of the Board. Comments and inquiries pertaining to an item on the agenda will be received during the deliberation of the agenda item (Government Code §54954.3).*

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

**CONSENT CALENDAR ITEM(S)**

*Consent calendar items will be voted on together by a single motion unless separate action is requested by a Board member, staff, or member of the audience.*

1. **Minutes of the Regular Board Meeting Held Monday, September 19, 2023;**
2. **Audit Demands;**
3. **Board of Director's Request for Per Diem Compensation and Report of Expense Reimbursements per Government Code §53065.5; and**
4. **Bid Results & Request to Approve PO #115907 for Purchase of One New 2023 Vehicle.**

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

5. **LAFCO Municipal Service Review for Wholesale Water Agencies Serving San Diego County:**

Request Board input to the San Diego Local Agency Formation Commission (LAFCO) for the upcoming Municipal Service Review for wholesale water agencies serving San Diego County.

- a. Report by General Manager
- b. Discussion
- c. Audience comments/questions
- d. After discussion, if so desired, provide Board input regarding the LAFCO Municipal Service Review on the wholesale water agencies serving San Diego County

6. **State Water Resources Control Board's Making Conservation a California Way of Life:**

A review of the State Water Resources Control Board's (SWRCB) Making Conservation a California Way of Life, will be provided.

- a. Report by General Manager
- b. Discussion
- c. Audience comments/questions
- d. After discussion, if so desired, approve comments to the SWRCB

7. **General Information:**

General Informational items will be reviewed.

- a. Report by General Manager
- b. Discussion
- c. Audience comments/questions
- d. Information item only, no action required

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

**BOARD OF DIRECTORS' ITEM(S) and AB1234 REPORTING**

**CLOSED SESSION ITEM(S)**

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 will be held pursuant to:**

**Government Code §54956.9(d)(2)** – Conference with Legal Counsel, Anticipated Litigation  
**Significant Exposure to Litigation:** *One potential case*

**ADJOURNMENT**

**NOTICE TO THE PUBLIC:**

This agenda was posted at least 72 hours before the meeting in a location freely accessible to the public. No action may be taken on any item not appearing on the posted agenda, except as provided by Government Code Section 54954.2. Any written materials provided to a majority of the Board of Directors within 72 hours prior to the meeting regarding any item on this agenda will be available for public inspection on the District's website. The agenda is available for public review on the District's website, <http://www.vcmwd.org>.

For questions or request for information related to this agenda contact Kirsten Peraino, *Board Secretary*, at (760) 735-4517 or [publiccomments@vcmwd.org](mailto:publiccomments@vcmwd.org). Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the American with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at least 48 hours before the meeting, if possible.

**— End of Agenda —**

VALLEY CENTER MUNICIPAL WATER DISTRICT  
MINUTES

Regular Meeting of the Board of Directors  
Monday, September 18, 2023 – 2:00 P.M.

**The Valley Center Municipal Water District Board of Directors’ meeting was called to order by President Polito at 2:01 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, Manager of Accounting Velasquez, Senior Engineer Lyuber, Project Manager Carrillo, 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 Tuesday, September 5, 2023;**
2. **Bid Results and Approval of PO #115791 for Purchase of One New Service Truck Body;**
3. **Bid Results and Approval of PO #115792 for Purchase of One New Service Truck Body;**
4. **Resolution No. 2023-33 Approving the First Amendment to the Communication Site License Agreement with New Cingular Wireless PCS, LLC for Use of Rincon Reservoir;**
5. **Audit Demands for Check Nos. 166923 – 167141 from August 11 – September 7, 2023 and Wire Disbursements for the Month Ending August 31, 2023; and**
6. **Treasurer’s Report for Month Ending July 31, 2023.**

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

**CUSTOMER APPEALS:**

7. **Consider Customer Appeal Requiring Owner to Pay Tenant’s Bill:**

The Director of Finance and Administration Mr. Pugh, explained that the District received a letter dated July 20, 2023, from Ms. Enciso, stating that she has made District staff aware that the tenants on the property are going through an eviction process and that they are not paying their bills. Mr. Pugh reviewed the billing protest by the customer questioning why payment for past due account balance on her tenant’s account is her responsibility when the tenant moves out of the premises and leaves an outstanding balance due.

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

Upon receiving Ms. Enciso's refund request, staff sent a denial letter detailing the responsibility for the outstanding balance, reminding the customer that authorization was given to the District to open an account in the tenant's name when Ms. Enciso signed the "Owner Authorization for Billing" on June 8, 2021. The authorization clearly states that the owner is liable for any billing uncollected from the renter/tenant/lessee according to California State Water Code Sections 71618, 72100, and 72101.

The unpaid account balance left by the tenant was \$552.34. However, the District offered a credit for the penalty and delinquency charges of \$70.45, as well as a credit for the local commodity charge of \$33.92. This left an unpaid balance of \$447.97.

Staff received an email from Ms. Enciso dated August 7, 2023, requesting to be heard by the Board to appeal the charges in question (noting that Ms. Enciso was not present to address the Board). Staff recommended the Board deny Ms. Enciso's appeal to not be responsible for the unpaid outstanding balance left by her tenant after moving out of the premises.

**Action:** Upon motion by Ferro, seconded by Ness; motion to approve staff's recommendation to deny the customer appeal was approved with four (4) affirmative votes.

### **8. Consider Customer Appeal of Billing Adjustment Due to a Leak on the Property:**

The Director of Finance and Administration Mr. Pugh, explained that the District received a letter dated August 4, 2023, from Mr. Gallivan, appealing to the District due to a water line break and leak. Mr. Gallivan is asking that the charges be eliminated or reduced for the period of from June 16 through July 17, 2023, which totaled \$42,992.37 for 7,057 units of water. In summary, Mr. Gallivan's appeal stated that "The leaking pipe was on a neighbor's property, buried deep underground. The water was gushing straight downhill through the soil and draining into a creek. The leak was totally undetectable to us or our neighbor. We had no idea". It also stated that "we just did not understand or comprehend the magnitude of the notices being sent to us".

In the District's review of the account in question, it was noted that the Gallivan account signed up with our WaterSmart service in September of 2022 and that the account was set up with "High Use Notifications". The High Use Notifications are emails that are sent out when usage is 2 times the typical seasonal use or 114 gallons per day. Mr. Pugh reminded the Board that the purpose of the WaterSmart application is to notify users that there is a possible problem on their property. On June 29, 2023, during the billing period in question, email notifications began being sent out to the email account of record on Mr. Gallivan's account. The first email indicated that the water usage on June 29, 2023 was 8,564 gallons (or 59.1 times higher than normal). Ten additional emails were also sent during the billing timeframe, all indicating usage higher than normal. The WaterSmart application also indicated that on July 12, 2023, someone logged into the application and shows that multiple High Use Notifications were sent out to the Gallivan's email with no apparent response.

Staff denied the Gallivan's appeal, but stated that no penalty or delinquency charge are being charged to the Gallivan's account. In addition, the District offered to remove the local VCMWD Commodity Charge of \$4,433.23. Staff recommended crediting the \$4,433.23 VCMWD Commodity Charge and setting up the remainder of the outstanding balance, \$38,559.14, on a three-year payment plan.

**Action:** Upon motion by Smith, seconded by Ferro; motion to approve the staff's recommendation to deny the customer appeal, with an added request for staff to arrange a five (5) year payment plan and investigate WaterSmart leak notification capabilities was approved with four (4) affirmative votes.

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Board of Directors' Meeting Minutes**

**ACTION ITEM(S):**

**9. Status Update on the Transfer of Wastewater Capacity for the Butterfield Trails Subdivision:**

District Engineer Grabbe presented the results of the follow-up discussions with District's General Counsel and the County of San Diego regarding the transfer of Butterfield Trails Wastewater Capacity. At the September 5<sup>th</sup> Board Meeting, Mr. Hilbig stated his preference for Option 3, which consisted of the Transfer of the Butterfield Trails Capacity to the District in exchange for the Accrued Equity in the Capacity (roughly \$1M). Butterfield Trails has a Sewer Capacity Allocation of 71 EDUs, reminded Mr. Grabbe. This represents an Annual Assessment of \$121,500 for AD 2012-1 debt service and administration expenses (\$82,500) and sewer standby fee (\$39,000), bringing the total funding requirement to \$1.67M over the remaining term of the loan.

Since the September 5<sup>th</sup> Board Meeting, staff met with the County of San Diego and Mr. Hilbig, in which the County indicated they were interested in retaining some, or possibly all of the capacity, and were agreeable to leaving the assessment lien in place, financially securing the retained capacity.

Mr. Grabbe reviewed the next steps, stating that once the County determines the level of capacity to retain, staff and general counsel can draft an agreement with Butterfield Trails, LLC for the transfer of the balance of the capacity, in exchange for relinquishing of the accrued equity in the capacity to the District. The capacity transfer facilitates the development of a public community park for the benefit of the Valley Center residents and the accrued equity will ultimately offset the additional interest and standby fee expense the District takes on in this transaction.

The Board heard public comment from Mr. Wayne Hilbig who thanked the District and was available for Board questions. Mr. Grabbe concluded his presentation with a request for the Board's authorization to complete and execute an agreement with Butterfield Trails, LLC. for the transfer of up to 70 EDUs to the District's Lilac Road Property (subject to oversight and final approval by the District's General Counsel).

**Action:** Upon motion by Ferro, seconded by Smith; motion to approve staff's recommendation to provide authorization to the G.M. to proceed with negotiations to complete and execute an agreement with Butterfield Trails, LLC. for the transfer of up to 70 EDUs of wastewater capacity to the District's Lilac Road property, subject to oversight and final approval by the District's General Counsel, was approved with four (4) affirmative votes.

**10. Resolution No. 2023-34, Approving Change Order #5 to the Construction Contract with Cass Arrietta for the Lilac Road Pipeline Upsizing Project and to Inform the Board of Amendment No. 1 to Task Order No. 4 to the As-Needed Professional Services Agreement:**

Project Manager Carrillo provided an overview of the project, consisting of the replacement of approximately 6,000 linear feet of 6-inch Asbestos Concrete "AC" with 4,200 linear feet of 8-inch PVC and 1,800 linear feet of 12-inch PVC. Background on the initial contract and the previous change orders issued thus far was given. Cass-Arrieta ("Cass") was awarded the construction contract on Oct. 4, 2022, with a bid of \$2,364,994.50. The District previously approved 4 change orders totaling approximately \$70,850.61, and a total time extension of 48 calendar days.

Mr. Carrillo reviewed for the Board the previous Changes Orders that were issued for the project. Change Order No. 5 consisted of the following three Change Order Requests (COR):

COR 1: Stabilize the trench subgrade due to excessive unanticipated groundwater;

COR 2: Rock allowance overage; and

COR 3: Design clarification and changes with a total cost of \$60,339.10 and an additional seventeen (17) calendars days.

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The total cost of Change Order No. 5 was \$60,399.10, and included an additional seventeen (17) calendar days of contract time. The additional cost of this change order resulted in the cumulative change order cost exceeding \$50,000, which requires Board approval.

The second part of Mr. Carrillo's presentation was informational in nature. The District entered an As-Needed Professional Services Agreement with Nova Services ("Nova") in 2020 for Geotechnical Engineering Services. Nova was subsequently issued Task Order No. 4 to provide geotechnical services in the amount of \$43,320. Staff requested Nova submit a proposal for the additional geotechnical services needed to complete the project based on the contractor's progress and proposed completion schedule. Nova's proposal in the amount of \$19,962 appears 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 \$63,282.

Mr. Carrillo stated that there are sufficient funds in the project contingencies to pay for Cass's Change Order No. 5 and Amendment 1 to Nova Services. Staff recommended the Board Adopt Resolution No. 2023-34 approving Change Order No. 5 in the amount of \$60,339, bringing the new contract total to \$2,496,184.21 and adding 17 calendar days to the contract time moving the completion date to February 11, 2024.

**Action:** Upon motion by Smith, seconded by Ness; motion to approve the following Resolution passed with four (4) affirmative votes:

**RESOLUTION NO. 2023-34**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER  
MUNICIPAL WATER DISTRICT APPROVING CHANGE ORDER NO. 5 TO THE CONTRACT  
WITH CASS ARRIETA FOR THE LILAC ROAD PIPELINE UPSIZING PROJECT  
[PROJECT NO. 01-06-78-51417]**

Was adopted by the following vote, to wit:

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

**11. Resolution No. 2023-35, Approving Change Order No. 1 to the Construction Contract with Orion Construction Corporation for the North County Emergency Storage Project – Valley Center Improvements & 14-inch Replacement and Relocation:**

Senior Engineer Lyuber provided background information on the North County Emergency Storage Project (NCESP) – Valley Center Improvements & 14-inch Replacement and Relocation scope, stating the construction contract consisted of two bid schedules: Schedule A: NCESP Improvements (funded by the SDCWA) and Schedule B: 14-inch Replacement and Relocation (funded through the District's CIP budget). The contractor mobilized in July 2023 and has completed the potholing and surveying. The equipment and material submittals are ongoing, with the meter relocations in progress and the 14-inch pipe support pile installation is in progress.

Staff summarized the six-part change order request, stating that Change Order No. 1 affects the scope of the NCESP Improvements only with an addition of \$77,743 and no time impact. The change order is comprised of the Lilac Pala Pump Station discharge flange pressure class change in the amount of \$28,204 and the upgrade of two generators to CK Power for \$43,741. and four other minor items totaling \$5,798. SDCWA staff had previously reviewed and approved the change order for funding.

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Staff recommended the Board adopt Resolution No. 2023-35 approving Change Order No. 1 with Orion Construction Corp. in the amount of \$77,743 for the North County Emergency Storage Project – Valley Center Improvements & 14-inch Replacement and Relocation Project, for a new contract amount of \$8,873M. The contract completion date is scheduled for December 29, 2024.

**Action:** Upon motion by Smith, seconded by Ness; motion to approve the following Resolution passed with four (4) affirmative votes:

**RESOLUTION NO. 2023-35**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER  
MUNICIPAL WATER DISTRICT APPROVING CHANGE ORDER NO. 1 TO THE  
CONSTRUCTION CONTRACT WITH ORION CONSTRUCTION CORP., INC. FOR  
THE NORTH COUNTY EMERGENCY STORAGE PROJECT VALLEY CENTER  
IMPROVEMENTS AND 14-INCH REPLACEMENT & RELOCATION  
[ACCOUNT NOS. 01-00-00-18045 & 01-06-78-51200]**

Was adopted by the following vote, to wit:

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

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

**12. San Diego County Water Authority Board Meeting Summary:**

San Diego County Water Authority Board Meeting Summary for August 24, 2023 was provided.

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

**13. General Information:**

A review of General Informational items was reported on by General Manager Arant.

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

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

None

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

Director Smith attended the LAFCO Special District's Advisory Committee Meeting on Sept. 15, 2023.

**BOARD OF DIRECTORS' AGENDA:**

**14. Water and Wastewater Professionals Appreciation Week, October 7 – 15, 2023:**

General Manager Arant started his presentation with a "thank you" to staff, proposing the adoption of Resolution No. 2023-36, recognizing the week of October 7 through 15, 2023 as



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Water and Wastewater Professionals Week. This resolution officially recognizes the commitment, dedication, and contribution of water and wastewater professionals statewide and here in Valley Center.

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

**RESOLUTION NO. 2023-36**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER  
MUNICIPAL WATER DISTRICT PROCLAIMING OCTOBER 7 – 15, 2023  
AS WATER AND WASTEWATER PROFESSIONALS APPRECIATION WEEK**

Was adopted by the following vote, to wit:

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

**15. Director Smith's Request to Speak in Public on Behalf of the Board:**

At the previous Board Meeting, Director Smith requested to have an item placed on the agenda regarding speaking in the community on issues the Board has acted on. General Counsel de Sousa noted that members of the Board may state on record what the position of the Board was, but suggested it be made clear that they are attending of their own volition and in their private capacity (not on behalf of the Board), and that they just communicate what the Board's position was.

**Action:** After brief discussion, Director Smith requested no action be taken.

**CLOSED SESSION ITEM(S):**

None

**ADJOURNMENT:**

**Action:** Upon motion by Ferro, seconded by Ness; motion to adjourn passed with four (4) affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:57 PM.

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
**Robert A. Polito, President**

\_\_\_\_\_  
**Kirsten N. Peraino, Secretary**

VALLEY CENTER M.W.D.  
DISBURSEMENTS  
FOR PERIOD SEPTEMBER 08, 2023 THROUGH SEPTEMBER 14, 2023

**SEPTEMBER**

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167142	A-1 Irrigation, Inc	Materials - Field	3,909.74
167143	Advanced Chemical Transport Inc	Hazardous Waste Removal	1,575.87
167144	Alpha Analytical Laboratories, Inc.	Testing	255.00
167145	Amazon Capital Services	Materials - Finance, Field, and IT	1,983.83
167146	Richard C. Ambler, Jr.	Materials - Field	2,631.75
167147	Armstrong Feed & Supply	Materials - Field	339.41
167148	Babcock Laboratories, Inc	Testing	117.97
167149	Bavco	Materials - Field	3,450.50
167150	Brax Company, Inc.	Services	300.00
167151	Complete Office of California, Inc	Office Supplies	637.96
167152	Core & Main LP	Materials - Field	1,508.50
167153	Corodata Media Storage, Inc.	Record Storage - August 2023	254.19
167154	Corodata Records Management	Record Storage - August 2023	116.74
167155	County of San Diego	Repeater Site Rent - Palomar Mountain August 2023	902.00
167156	CWSRF Accounting Office	Seasonal Storage 130 - Contract No.:12826-550-001	294,679.09
167157	Deer Springs Fire Protection District	Assessment/Special Tax 2023-2024 Parcel 187-30	392.20
167158	Delta Pest Management	Pest Control	115.00
167159	Diamond Environmental Services, LP	Services	3,774.00
167160	Ferguson Waterworks #1083	Materials - Field	9,778.68
167161	Fidelity Security Life Insurance Company	Vision Plan Premium - Aug & Sept '23 Group ID:101	2,476.90
167162	Frontier Fence Company, Inc	Materials - Field	211.17
167163	FRS Environmental	Services	365.40
167164	Glennie's Office Products, Inc	Office Supplies	124.39
167165	Gosch Ford Escondido	Vehicle Maintenance	781.51
167166	Matt Goswick	Safety Boot Reimbursement	150.41
167167	Grainger, Inc	Materials - Field	1,316.81
167168	Hawthorne Machinery Co	Services	1,163.30
167169	HealthEquity Inc.	Employee Contributions 08/25/23-09/08/23, Month of Sept	748.77
167170	IntelPeer Holdings Inc.	Services	791.16
167171	International City Mgmt Association Residents	MissionSquare Remittance 08/25/23-09/08/23	6,186.86
167172	Kaiser Foundation Health Plan Inc	Medical Premiums/Purchaser ID 104350 - September	68,263.51
167173	KB Home Coastal Inc	Refund Check 015914-001, 63967433 FH@ 33.2	941.86
167174	Martin Marietta Materials, Inc	Materials - Field	2,395.29
167175	McMaster-Carr Supply Company	Materials - Field	35.92
167176	National Safety Compliance, Inc	DQF Monthly Fees/DOT Testing	427.26
167177	Ismael Navarro	Educational Reimbursement	215.00
167178	Nestle Waters North America	Deliveries - August 2023	159.15
167179	OneSource Distributors, LLC	Materials - Field	3,759.56
167180	O'Reilly Automotive, Inc.	Vehicle Maintenance	982.79
167181	Palomar Termite & Pest Control	Pest Control - August 2023	80.00
167182	PEBSCO/Nationwide Retirement	Deferred Compensation 08/25/23-09/08/23	11,794.28
167183	Pine Tree Lumber	Materials - Field	75.13
167184	Prudential Overall Supply	Uniform Rentals - August 2023	3,801.72
167185	Runts Trucking Inc	Materials - Field	922.35

VALLEY CENTER M.W.D.  
DISBURSEMENTS  
FOR PERIOD SEPTEMBER 08, 2023 THROUGH SEPTEMBER 14, 2023

**SEPTEMBER**

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167186	SANDAG	Express Lane Fee	45.01
167187	Sierra Analytical Labs, Inc	Testing	200.00
167188	Southwest Answering Service, Inc	Answering Service 08/10/23-09/06/23	541.64
167189	Stehly Brothers Drilling Inc	Materials - Field	564.48
167190	Superior Ready Mix Concrete LP	Materials - Field	649.52
167191	SWRCB	Appl for D3 Exam - Garrett Brandenburg	100.00
167192	T.S. Industrial Supply	Materials - Field	191.67
167193	Uline	Materials - Field	36.32
167194	United Way of San Diego County	Employee Contributions 08/25/23-09/08/23	20.00
167195	UPS	Shipping Services	56.94
167196	VCMWD Employees Assoc.	Employee Contributions 08/25/23-09/08/23	697.50
167197	Walter's Wholesale Electric Co	Materials - Field	314.46
167198	Mike Young	Educational Reimbursement	138.00
167202	GSE Construction Company Inc.	Orchard Run Lift Station Project	11,425.46
TOTAL			<u>449,873.93</u>

Approved By: \_\_\_\_\_

General Manager

  
\_\_\_\_\_  
Director of Finance & Administration


VALLEY CENTER M.W.D.  
DISBURSEMENTS  
FOR PERIOD SEPTEMBER 08, 2023 THROUGH SEPTEMBER 14, 2023

**JUNE**

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167199	Core & Main LP	Materials - Field	3,930.72
167200	Kennedy/Jenks Consultants	Services - Orchard Run Lift Station	2,192.50
167201	GSE Construction Company Inc.	Orchard Run Lift Station Project	33,188.44
167203	Ardurra Group, Inc.	Services-Oat Hill Discharge Pipeline Replacement	2340
TOTAL			<u>41,651.66</u>

Approved By: \_\_\_\_\_

General Manager

  
Director of Finance & Administration

VALLEY CENTER M.W.D.  
DISBURSEMENTS  
FOR PERIOD SEPTEMBER 15, 2023 THROUGH SEPTEMBER 21, 2023

**SEPTEMBER**

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167204	- 167205 Payroll	Payroll 09/08/23-09/21/23	8,861.47
167206	Ababa Bolt	Materials - Field	33.47
167207	Abatix Corp	Materials - Field	11,230.72
167208	ACWA/JPIA	Blue Cross Medical Premiums - September & Oct	152,065.22
167209	Alpha Analytical Laboratories, Inc.	Testing	2,052.50
167210	Amazon Capital Services	Materials - IT	5,174.65
167211	APCD - County of San Diego	Permits	1,240.00
167212	Asbury Environmental Services	Hazardous Waste Removal	85.00
167213	AT&T	Services	1,404.68
167214	AT&T	Services	31.43
167215	Babcock Laboratories, Inc	Testing	374.72
167216	Busy Bees Locks & Keys, Inc.	Services	230.00
167217	Complete Office of California, Inc	Office Supplies	73.72
167218	County of San Diego	Permits	740.00
167219	County of San Diego	Permits	1,095.00
167220	Culligan of Escondido	Washrack Service	59.86
167221	Diamond Environmental Services, LP	Services	53.00
167222	DIRECTV	Moosa Dish Services 09/11/23-10/10/23	45.99
167223	Ed Stivers Ford Inc	CIP - Service Truck	64,390.00
167224	Electro Powder Coating Tech	CIP-Vehicles	600.00
167225	Farmer Brothers Co.	Breakroom Supplies	235.62
167226	FedEx	Shipping Services	25.26
167227	Frontier Fence Company, Inc	Materials - Field	211.17
167228	Gannett Fleming Inc	Services	58,199.68
167229	Gosch Ford Escondido	Vehicle Maintenance	437.26
167230	Grainger, Inc	Materials - Field	3,283.11
167231	Hasa, Inc.	Chemicals	1,661.12
167232	Hawthorne Machinery Co	Materials - Field	523.71
167233	HD Supply Facilities Maintenance Ltd.	Materials - Field Customer #19969	152.61
167234	Infosend	A/R Processing, Mail & Postage	14,002.84
167235	International City Mgmt Association Re	MissionSquare Remittance 09/08/23-09/21/23	6,786.23
167236	Kaiser Foundation Health Plan Inc	Medical Premiums/Purchaser ID 104350 - October	64,755.15
167237	Liquid Environmental Solutions of Calif	Services	4,130.00
167238	Napa Auto Parts	Vehicle Maintenance	456.40
167239	Nova Services	Services-Lilac Rd Pipeline Upsize	4,882.00
167240	Occupational Health Centers of Californ	Medical Services	104.00
167241	OneSource Distributors, LLC	Materials - Field	4,090.41
167242	Pacific Pipeline Supply	Materials - Field	2,450.12
167243	Palomar Broadband Inc.	Services	69.95
167244	Patriot General Engineering	Refund Check 014510-004, 26552859 FH@Station	1,434.02
167245	Paymentus Corporation	Transaction Fees - August 2023	10,797.17
167246	PEBSO/Nationwide Retirement	Deferred Compensation 09/08/23-09/21/23	125.00
167247	Pinpoint Pest Control	Bee/Wasp Control	310.00
167248	Pitney Bowes Inc	Postage Meter Rental 06/06/23-09/05/23	145.46

VALLEY CENTER M.W.D.  
DISBURSEMENTS  
FOR PERIOD SEPTEMBER 15, 2023 THROUGH SEPTEMBER 21, 2023

**SEPTEMBER**

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167249	Powerland Equipment Inc.	Materials - Field	46.73
167250	Prographics Screenprinting Inc	Hats	1,115.74
167251	Quality Chevrolet	Vehicle Maintenance	45.32
167252	Ralph James Reser	Services	300.00
167253	Roadrunner Publications, Inc	Ads	577.00
167254	San Diego Friction Products, Inc.	Vehicle Maintenance	1,697.69
167255	Self Insured Services Company	Reimbursement Request for Dental Funding Date	4,006.40
167256	Sierra Analytical Labs, Inc	Testing	200.00
167257	Source Graphics	Materials - Engineering	174.04
167258	Sukut Construction, LLC	COE Underground Project	2,876.10
167259	Superior Ready Mix Concrete LP	Materials - Field	2,924.37
167260	Supreme Oil Company	Gasoline and Oil	11,905.96
167261	UPS	Shipping	1.82
167262	Wilson Bohannon Company	Materials - Field	698.30
167263	Yardley Orgill Co. Inc.	Materials - Field	31,935.01
TOTAL			<u>487,614.20</u>

Approved By: \_\_\_\_\_

General Manager

J.V. B  
Director of Finance & Administration

VALLEY CENTER M.W.D.  
DISBURSEMENTS  
FOR PERIOD SEPTEMBER 15, 2023 THROUGH SEPTEMBER 21, 2023

**JUNE**

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167264	Self Insured Services Company	Reimbursement Request for Dental Funding Date	3,167.20
	TOTAL		<u>3,167.20</u>

Approved By: \_\_\_\_\_

General Manager

J.V. Pyl  
Director of Finance & Administration

October 2, 2023

**TO: Honorable President and Board of Directors**

**FROM: Gary Arant, General Manager**

**SUBJECT: BOARD OF DIRECTOR'S REQUEST FOR REIMBURSEMENT  
OF EXPENSES AND REPORT OF EXPENSE REIMBURSEMENTS PER  
GOVERNMENT CODE §53065.5**

**PURPOSE:**

Report and request Board approval for reimbursement of expenses for member(s) of the Board.

**SUMMARY:**

In accordance with Administrative Code Article 110, attached are requests from members of the Board for per diem and reimbursements of expenses which require Board approval before funds are distributed.

This report also serves as the disclosure for Government Code §53065.5 which requires the District to "...disclose any reimbursement paid by the district... of at least \$100.00 for each individual charge for services or product received. 'Individual charge' includes, but is not limited to, one meal, lodging for one day, transportation or a registration fee paid to any employee or member of the governing body of the district...".

Backup documentation is available upon request.

**RECOMMENDATION:**

Staff recommends approval for reimbursement of expenses.

**PREPARED BY:**

  
\_\_\_\_\_  
**James V. Pugh**  
**Director of Finance & Administration**

**SUBMITTED BY:**

  
\_\_\_\_\_  
**Gary T. Arant**  
**General Manager**

Attachments



**VALLEY CENTER MUNICIPAL WATER DISTRICT  
EXPENSE REIMBURSEMENT FORM**

(Please Print)

CLAIMANT'S NAME: Oliver Smith

DATE(S): 9/15/2023

PURPOSE: Attend San Diego LAFCO Special Districts Advisory Committee 15Sep2023

Date	Description of Expense (meeting, lodging, car rental, meals)	Account No. 01-01-01-XXXXX	Employee Paid Expenses	District Paid Expenses	Total for GC53065.5 Reporting
					n/a
					n/a
					n/a
					n/a
					n/a
					n/a
					n/a
					n/a
					n/a
					n/a
					n/a
					n/a
	Mileage : 87 miles @ \$ 0.625 /mile		\$ 54.38		\$ 54.38
Comments:		Total	\$ 54.38		\$ 54.38
Google mileage VC to county admin ctr		Less Advance	\$ -		
		Less Personal Expenses	0.00		
Vendor#	Acct#	Net Expense Reimbursement	\$ 54.38		
Vendor#		Board of Directors Only:			
		Per Diem: 0.5 Days @\$100/day	\$ 50.00		\$ 50.00
Total Request			\$ 104.38		\$ 104.38

VCMWD does not reimburse for spouse/guest expenses or alcoholic beverages. Receipts for hotel, transportation, parking, taxi, meals and any additional claim for reimbursement must be attached.

GC53065.5  
Reporting Amount

The undersigned makes the foregoing claim against VCMWD and states the expenses/per diem requested is correct and said claim is presented in good faith and heretofore not been paid by VCMWD.


19 Sep 2023

9/20/2023  
 Claimant's Signature Date Approved for Payment Date

**ACCOUNTING USE ONLY:**

Audited By: \_\_\_\_\_

If reimbursed from Petty Cash:

Date Paid: \_\_\_\_\_

Recipient Signature: \_\_\_\_\_

Amount Paid: \_\_\_\_\_

Custodian: \_\_\_\_\_

Account #: \_\_\_\_\_

**San Diego LAFCO SDAC (Special Districts Advisory Committee) meeting**

**9:30am-11:30am Friday 15Sep2023 (Agenda attached)**

- 1) Agenda Item 5 a) Final report of LAFCO Planning Grant Sustainable Agricultural Lands Conservation (SALC 1.0) Grant with co-applicant Resource Conservation District of Greater San Diego County
  - a. Purpose was to protect at-risk agricultural lands from sprawl developments and further AB32 to avoid increasing greenhouse gas emissions associated with conversion of agricultural land to more greenhouse gas-intensive nonagricultural uses.
  - b. Key recommendations:
    - i. Create a regional land use plan to prioritize agriculture
    - ii. Fund growers to transition to low water-use crops and more efficient irrigation
    - iii. Streamline construction of farmworker housing (prequalified building plans)
    - iv. Develop advanced water treatment facilities with priority for agricultural use
    - v. Inform small farming opportunities through analysis of costs and benefits of small farms
    - vi. Expand technical assistance by providing more vocational training
    - vii. Build capacity of farmers and farmworkers with training and services
  - c. I heard a comment about an ongoing grant with Rainbow, Fallbrook, Rancho, and Valley Center, but I did not get any additional comments on it.
- 2) Preview of SALC 2.0 Greening Agriculture: Market Analysis to Inform and Support Economically Sustainable Small Farming in San Diego County.
  - a. Since July working on market analysis for existing and emerging crops
  - b. Focus on new farmers and ADUs.
  - c. Identifying government opportunities to help bridge economic gaps.
- 3) Agenda Item 5 c) Draft Policy Establishment on Out-of-Agency Services (*long discussion*)
  - a. Does not apply to Police or Fire Districts or Public Health or Safety Threats
  - b. Keene stressed that it does not deal with temporary or Auto Aid agreements
  - c. Keene said the turnaround for requests would be quick. One other SDAC member said he waited for 2 yrs.
  - d. Want special districts to check in with LAFCO to see if the agreements they are making have an exemption to 56133 instead of self certifying.
  - e. General group responses ranged from do not want any additional oversight period to LAFCO failing due to a thousand paper cuts (increased questions needing significant resources) to having some sort of lower limit on agreements below which LAFCO stays out.
  - f. Key agreement was that agreements between districts should not require LAFCO unless a concern is raised. LAFCO would then be the arbitrator. LAFCO could review the agreements in total during MSR (5 year Municipal Service Review)
  - g. Final SDAC vote was to remove Section 3 a) from the policy:

3. Applicability and Exemptions:

    - a) The Commission determines eligibility of all statutory exemptions under 56133(e) as well as local exemptions provided under this policy.
- 4) Other agenda items not reviewed except consent items approved.
- 5) Rainbow General Manager Tom Kennedy announced his retirement to be at the end of September.



09-15-23\_SDAC\_Final\_Agenda.pdf



**October 02, 2023**

**TO: Honorable President and Board of Directors**

**FROM: Gary T. Arant, General Manager**

**SUBJECT: BID RESULTS AND REQUEST TO APPROVE PURCHASE ORDER #115907  
FOR THE PURCHASE OF ONE (1) NEW 2023 VEHICLE**

**PURPOSE:**

Provide bid results and request approval of purchase order #115907 for the purchase of one (1) new 2023 vehicle, as approved in the Fiscal Year 2023 – 2024 budget, to replace one (1) older existing vehicle.

**SUMMARY:**

In September the District solicited bids to purchase one (1) new 2023 1-ton cab and chassis truck. Bid requests were sent out to a total of five (5) truck dealerships.

The District received five (5) bids for the purchase of one (1) new 2023 1-ton cab and chassis truck to replace one older cab and chassis truck outfitted with a service body, truck #12. A new service body will be separately purchased and installed on the new cab and chassis.

The District received the following bid quotes:

Stivers Ford, Iowa	\$66,359.00 - (recommended, meets spec.)
Ken Grody Ford, California	\$67,555.00 - (unable to guarantee delivery)
Fred Beans Ford, Pennsylvania	\$69,442.05
Malloy Ford, Virginia	\$69,999.00
Groove Ford, Colorado	\$70,494.00

Due to the lack of available vehicles in the country, 1-ton trucks are not readily available for purchase or order. Staff performed an extensive nationwide search for a dealership with an available truck for purchase similar to the District's specifications or a dealership able to guarantee delivery of the truck. Staff found four (4) dealerships with a truck in stock similar to the District's specifications. Due to the various geographical locations of the trucks, the above bid amounts include the estimated shipping cost from a 3<sup>rd</sup> party vendor to deliver the truck. The shipping will be purchased separately from a 3<sup>rd</sup> party vendor and is not included in purchase order # 115907.

Funds are available within the approved Fiscal Year 2023-2024 budget, for the approval of Purchase Order #115907 to Stivers Ford for their bid of \$64,390.00.

**RECOMMENDATION:**

Staff requests approval of Purchase Order #115907 to Stivers Ford for the purchase of one (1) new 2023 1-ton cab and chassis truck, for their bid of \$64,390.00.

**PREPARED BY:**

  
\_\_\_\_\_  
**Brian Lovelady**  
**Director of Operations/Facilities**

**APPROVED BY:**

  
\_\_\_\_\_  
**Gary T. Arant**  
**General Manager**



# Valley Center Municipal Water District

A Public Agency

Purchase Order No:

**115907**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

Vendor Name: **Ed Stivers Ford Inc**

Stivers Ford, Lincoln

Ship To: **Valley Center Municipal Water District**

Address: 1450 E Hickman Rd

Waukee, IA 50263

Address: 29300 Valley Center Road

Valley Center, CA 92082

Telephone:

Fax:

Attn: Roy Rutherford

Contact Name:

Delivery

E-mail:

Instructions:

Quote No:

Purchased For: Replacement for #12

Job No:

Ordered By: Roy Rutherford

Account No: 01067851375

Date Ordered: 9/14/2023

Required: 9/21/2023

Line	Item Number	Description	Qty	U/M	Unit Price	Ext Price	Tax
1		2023 Ford F350	1	EA	\$64,390.00	\$64,390.00	<input type="checkbox"/>

Subtotal: \$64,390.00

Shipping: \$0.00

7.75% Tax: \$0.00

**Order Total: \$64,390.00**

Approved By:

Date:

9/15/2023

Received By:

Date:

Page 1 of 1

**October 2, 2023**

**TO: Honorable President and Board of Directors**

**FROM: Gary Arant, General Manager**

**SUBJECT: SAN DIEGO LAFCO MUNICIPAL SERVICE REVIEW FOR WHOLESALE WATER AGENCIES SERVING SAN DIEGO COUNTY**

**PURPOSE:**

To provide input to the San Diego Local Agency Formation Commission (LAFCO) for the upcoming Municipal Service Review (MSR) for the wholesale water agencies serving San Diego County, the Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority (SDCWA).

**SUMMARY:**

Staff recently received a letter (see "Attachment 1") from 3MC Strategies, a San Diego firm specializing in public policy, public affairs, and business development. This letter officially informed us that the San Diego LAFCO intends to perform an MSR for the wholesale water agencies serving San Diego County, MWD and the SDCWA. The founder of 3MC Strategies and former San Diego City Council Member/Member of the SDCWA Board of Directors, Chris Cate, will address the Board at today's meeting. Mr. Cate wishes to advise the Board about the impending MSR and seek input from the Board on what should be considered in the MSR.

**Background**

The MSR requirement was included in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and requires that all public agencies go through the MSR process once every five years. You will recall that the MSR for the District was completed in early 2020.

***According to the SD LAFCO:***

*Municipal service reviews serve as a centerpiece to the comprehensive rewrite to LAFCO law in 2001 and represent comprehensive studies of the level, range, and performance of governmental services provided within defined geographic areas. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under Government Code Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing."*

**MWD/SDCWA MSR**

As stated above, San Diego LAFCO is seeking input from various agencies, including the SDCWA member agencies, as to what should be explored or addressed in the upcoming MSR. While there are many issues which could be explored, staff feels that there are two central issues

for both MWD and the SDCWA which should be addressed by the MSR: Long-Term Financial Stability and the Governance/Voting Structure.

## **I. Long-Term Financial Stability of MWD and the SDCWA**

MWD, founded in 1929, and the SDCWA, founded in 1944, have been very successful in securing water supplies and developing water importation, treatment and storage infrastructure over the last 90 plus years. Today, these two agencies serve a combined population of 20-million people. MWD serves six southern California counties - Los Angeles, Orange, San Bernardino, Riverside, Ventura and San Diego. The SDCWA is MWD's largest member agency, serving most of San Diego County and a small portion of southern Orange County by exchange.

Since their inception and throughout the 1980s, 1990s, and early 2000s, these two wholesale agencies have responded promptly and effectively to the water needs of a surging population and expanding economies in their respective service areas. As a result, billions of dollars have been invested in water importation, storage, treatment systems, as well as alternative supplies and conservation in an effort to keep pace with the seemingly unending growth in water demand.

However, of late, there has been a sea-change for both wholesale agencies. The efforts to develop alternative local sources, such as reclaimed water, potable reuse, and ocean desalination, have reduced the demand for imported water supplied by MWD and the SDCWA. This, along with a dramatic conservation-driven drop in water use, has contributed to the overall decline in demand for imported water since 2012. Today, both MWD and the SDCWA find themselves in the unenviable position of operating and maintaining massive wholesale water systems, obligated to take or pay contracts (SDCWA), despite overall water demands essentially dropping by roughly 50% over the last 10-15 years.

This dynamic is leading to upward pressure on water commodity costs at the wholesale level, trickling down to the retail agency level, and then down to the consumers. Ultimately, this will result in increasing revenue instability and a reduction in MWD's and the SDCWA's ability to sustain the massive legacy wholesale water systems, which remain critical to the populations and economies of their respective and overlapping service areas.

This mis-alignment between fixed cost and fixed revenues for both MWD and the SDCWA was clearly identified in the recent Hanneman Report, "Fallbrook and Rainbow MWD Wholesaler Reorganization" December 2021, done in conjunction with the then proposed Fallbrook – Rainbow Detachment from the SDCWA. On page 16 and 17 of the report, Hanneman concluded:

***"There is a severe structural imbalance in SDCWA's finances, arising from a mismatch between the share of its revenues that are variable versus fixed and the share of its expenditures that are variable versus fixed. That creates significant financial vulnerability when the volume of water delivered to member agencies declines. When it delivers less water, while it saves on some expenditure, its revenue declines even more, causing a net loss. This vulnerability is not unique to SDCWA – it is shared with MWD and many other water agencies."***

To support this conclusion, Hanneman followed with Table ES6 (page 17), "Financial Exposure to Variation in Water Sales," pointing out that MWD and the SDCWA have revenue structures heavily dependent on variable water commodity sales representing 72% (SDCWA) to 88% (MWD) of total revenue needs against fixed operating, asset replacement, and debt service representing as much as 90% of the respective overall cost structure.



## **MWD**

While not intimately familiar with the MWD processes, we do know that the issue of revenue restructuring has been discussed by the MWD Board. Staff is also aware MWD has now committed to conducting a long-range water supply and infrastructure planning process and a 10-year Long Range Financial Plan.

## **SDCWA**

Since 2010, there have been rate modification efforts focused on increasing the percentage of fixed revenue versus fixed costs, but with only modest success. A recent two-year process concluded in a consensus among member agencies to adjust fixed revenues to the SDCWA from 24% to 32%, and even as high as 36%. However, the Board has not clearly defined or adopted these changes.

While this is progress, looming head is the water demand roll-off associated with the Pure Water Potable Reuse Projects in the City of San Diego, East County, and Oceanside. This reduction could potentially decrease water demand on the SDCWA by as much as 100,000 AF per year by 2035. Without additional major changes to the SDCWA's revenue structure, the anticipated water demand roll-off, combined with future conservation-related reductions in demand, could result in cost redistribution among member agencies and increased overall financial instability for the SDCWA.

- **Input for LAFCO – Long-term Financial Stability for MWD and the SDCWA**

In the upcoming MSR for MWD and the SDCWA, SD LAFCO should further explore the issue of how the revenue structures for MWD and the SDCWA can be modified to deal with the changing reality of dropping water demand, high percentages of fixed costs in terms of operating expense, asset maintenance, debt service cost, and the existence of take or pay water contracts. Options to be explored should be the development of cost allocation metrics which identify how to support the legacy value of MWD's and the SDCWA's wholesale water systems, the development of truly "fixed" revenue sources which are insulated from the year to year vagaries, and declining trend of water commodity revenues.

## **II. Governance and Voting Structure of MWD and the SDCWA**

In many ways, MWD and the SDCWA are very similar, including their governance and voting structure, in which both agencies use a weighted voting structure. At MWD, a member agency voting strength is determined by assessed valuation relative to the other member agencies (see "Attachment 2"). The SDCWA allocates votes based on all in historical financial contributions (see "Attachment 3"). Within the MWD Board structure, the City of Los Angeles and the SDCWA each carry 20% and 17% of the weighted vote, respectively. At the SDCWA, the city of San Diego holds 39.7% of the weighted vote. In both cases, a handful of agencies can control the votes at MWD and the SDCWA.

There have been some emerging issues associated with the weighted voting structures. One of the issues raised by the SDCWA during the Fallbrook–Rainbow Detachment Proceeding, was the fact the shifting of these two relatively small agencies (representing a very small portion of MWD's overall assessed valuation) from the SDCWA to the Eastern MWD, could shift the balance of power at the MWD Board to the disadvantage of the SDCWA.

In November 2020, during a SDCWA Board vote over funding the second phase of the controversial, now dormant Region Conveyance Project, the funding measure passed by a very thin margin ( $\leq 1\%$ ) of the weighted vote. However, 19 of the SDCWA member agencies

voted to oppose the funding, versus only 14 in support of the measure (including the SDCWA's largest member agency - the City of San Diego). There have been other SDCWA votes with similar outcomes. In addition, there was a similar issue recently associated with San Diego Association of Governments (SANDAG) over the dominance of the large urban mid/south county cities over how transportation funds are spent, to the detriment of transportation needs in North San Diego County.

- **Input for SD LAFCO - Voting Structure of MWD and the SDCWA**

SD LAFCO should evaluate the voting structure of MWD and the SDCWA, starting with evaluating the applicability of the former SANDAG voting method. Up until 2016, SANDAG's voting structure required an item to be passed by a majority of the weighted vote (which was population in SANDAG's case), plus a majority of the cities voting. In essence, there was a bicameral legislature within one voting body. In 2017 (AB 805 Gonzalez-Fletcher), the SANDAG voting method changed to a simple weighted vote with two or three of the large population cities dominating the vote. A model similar to the previous SANDAG model has been proposed by several SDCWA member agencies. What impact would this have on the governance of MWD and the SDCWA? It would:

- Reduce the dominance of a handful of agencies with large weighted votes;
- Encourage more effort at consultation, collaboration, and compromise within the MWD/SDCWA Board process to achieve consensus.
- Give the smaller member agencies a voice that does not currently exist, and
- Most critically, it would give all rate payers an equal voice in actions at MWD and the SDCWA which ultimately impact the availability, reliability and cost of their water service.

### **III. Other Issues**

Staff has identified several other operational and financial issues that could be explored with the MSR regarding the large and complex water agencies MWD and SDCWA:

#### **MWD**

- **Inability** to deliver adequate imported water supplies to six of its member agencies during the last drought event, causing severe economic and social disruption in those areas due water distribution system limitations. These limitations still exist today and may cause further issues should State Water Project deliveries be sharply reduced again;
- **Local Projects Program** (LRP) which continues to subsidize the development of local supplies which take revenue away from MWD, even as water demand on MWD continues to drop, and the program has no identified funding source;
- **Southern California Regional Water Supply Project** which is to be built by the MWD and is being pursued without a full cost estimate or identification of potential water customers; and
- **MWD's Future Financial Role in Statewide Water Supply Infrastructure Projects**, including the Delta Conveyance and Sites Reservoir; and
- **Lack** of long-range financial planning.

#### **SDCWA**

- **Water Supply Portfolio** (200,000 AF of QSA, 50,000 AF of Seawater Desalination, "Take or Pay Supply", and 80,000 AF of IID/Coachella Canal Lining Supply) which may at some point exceed annual water demands;

- **Twin Oaks Valley Treatment Plant** operational issues, given very low winter demands versus 100 MGD plant capacity and minimum treatment level requirements;
- **Aqueduct Operational and Water Quality Issues** associated with diminished winter-time water demands and flows;
- **Water Storage and Other Operational Issues** associated with a QSA Exchange Agreement with MWD requiring the SDCWA to take equal monthly deliveries, irrespective of relative seasonal demands.

The Board may have other perspectives and input on the issues that the SD LAFCO can explore in the upcoming MSR.

### **Conclusion**

As can be seen, there are many issues facing MWD and the SDCWA going forward which must be dealt with effectively. *All that is at stake here is **just** the future economic and social fabric of Southern California.* Many of the issues mentioned are specific to either agency and must be dealt with in their respective agencies and boardrooms.

However, many of the issues having to do with long-term regional water supply reliability and cost can best be dealt with through cooperation between MWD and the SDCWA to utilize combined agency policy and governance capacity, financial resources and water supply, and infrastructure assets to secure a stable and affordable long-term water supply for all of Southern California. It is in this area that the proposed MSR and its outcome might be most effective and valuable for the public served by MWD and the SDCWA.

### **RECOMMENDATION:**

After review and discussion, if so desired, direct staff to develop input to SD LAFCO for the proposed Municipal Service Review for Wholesale Water Agencies Serving San Diego County.

**SUBMITTED BY:**



**Gary Arant**  
General Manager

### ***Attachments:***

1. September 2023 Letter from 3MC Strategies - Solicitation of Input Regarding Municipal Service Review;
2. MWD Assessed Valuations, Percentage of Participation, and Vote and Director Entitlement of Member Public Agencies, As of August 15, 2023; *and*
3. SDCWA Vote Entitlement, Effective January 1, 2023



## STRATEGIES

September 7, 2023

Gary Arant  
Valley Center Municipal Water District  
PO Box 67  
Valley Center, CA 92082

DELIVERED VIA ELECTRONIC COMMUNICATION

Re: Solicitation of Input Regarding Municipal Service Review

Dear Gary,

On behalf of the San Diego Local Agency Formation Commission (LAFCO), I am writing to inform you that San Diego LAFCO is beginning the process of conducting a Municipal Service Review of wholesale water agencies, which includes the Metropolitan Water District and the San Diego County Water Authority.

As part of our planning duties, LAFCOs prepare studies formally known in law as a Municipal Service Review, or MSRs. The preparation of MSRs were the centerpiece of legislation which requires all LAFCOs in California to regularly prepare independent check ins on the level, range, and adequacy of local government and their services, with three outcomes in mind:

1. Serve as an informational resource to the general public;
2. Inform LAFCOs' associated tasks to update all cities and special districts' spheres of influence every five years; and
3. Produce – directly or indirectly – boundary changes and/or other local government changes – like creating and/or consolidating special districts.

MSRs are also a helpful planning and informational tool as they capture and provide analysis about an agencies' governance structure, efficiencies of service providers, and identify opportunities for greater coordination and cooperation between providers.

As part of the effort to complete this review, LAFCO is conducting outreach to interested stakeholders to hear feedback regarding what topics and metrics should be evaluated during the research and production of the MSR.

If your district's staff and/or governing board would be interested in meeting to provide additional input, please feel free to contact me via email at [chris@3mcstrategies.com](mailto:chris@3mcstrategies.com) or by phone at (858) 900-6910.

Thank you,

A handwritten signature in black ink, appearing to read 'Chris Cate'.

Chris Cate

# ATTACHMENT 2

8/15/2023 Board Meeting

6G

Attachment 1, Page 1 of 1

## The Metropolitan Water District of Southern California Assessed Valuations, Percentage Participation, and Vote and Director Entitlement of Member Public Agencies As of August 15, 2023

<u>Member Agency</u>	<u>*Assessed Valuation Amount Certified</u>	<u>Percent of Total</u>	<u>** Vote Entitlement</u>	<u>*** Director Entitlement</u>
Anaheim	\$ 60,384,239,089	1.56%	6,038	1
Beverly Hills	44,925,471,380	1.16%	4,493	1
Burbank	31,747,985,559	0.82%	3,175	1
Calleguas MWD	130,730,622,244	3.39%	13,073	1
Central Basin MWD	193,242,928,112	5.00%	19,324	2
Compton	6,413,398,218	0.17%	641	1
Eastern MWD	115,592,411,711	2.99%	11,559	1
Foothill MWD	24,094,186,106	0.62%	2,409	1
Fullerton	25,613,995,600	0.66%	2,561	1
Glendale	39,846,531,370	1.03%	3,985	1
Inland Empire Utilities Agency	160,301,386,680	4.15%	16,030	1
Las Virgenes MWD	30,903,464,678	0.80%	3,090	1
Long Beach	65,577,549,323	1.70%	6,558	1
Los Angeles	801,720,255,259	20.76%	80,172	5
MWD of Orange County	646,336,513,093	16.74%	64,634	4
Pasadena	38,640,474,384	1.00%	3,864	1
San Diego County Water Authority	677,016,967,276	17.53%	67,702	4
San Fernando	2,596,234,164	0.07%	260	1
San Marino	8,004,717,057	0.21%	800	1
Santa Ana	34,312,996,241	0.89%	3,431	1
Santa Monica	48,607,667,263	1.26%	4,861	1
Three Valleys MWD	86,341,467,819	2.24%	8,634	1
Torrance	35,904,604,824	0.93%	3,590	1
Upper San Gabriel Valley MWD	134,179,397,217	3.47%	13,418	1
West Basin MWD	270,636,770,769	7.01%	27,064	2
Western MWD	147,747,843,154	3.83%	14,775	1
TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN	\$ 3,861,420,078,590	100%	386,141	38

Percentage may not foot due to rounding.

# ATTACHMENT 3

## ATTACHMENT A Vote Entitlement Effective January 1, 2023

Member Agency	Total Cumulative Financial Contribution <sup>1</sup>	Vote Entitlement <sup>2</sup>	Calculated Percentage
Carlsbad Municipal Water District	\$ 608,156,967	121.631	3.762%
City of Del Mar	49,068,923	9.814	0.303%
City of Escondido	560,675,994	112.135	3.468%
Fallbrook Public Utility District	356,419,324	71.284	2.205%
Helix Water District	1,073,753,478	214.751	6.642%
Lakeside Water District	119,957,911	23.992	0.742%
City of National City	113,146,443	22.629	0.700%
City of Oceanside	842,872,486	168.574	5.214%
Olivenhain Municipal Water District	552,849,948	110.570	3.420%
Otay Water District	986,519,889	197.304	6.102%
Padre Dam Municipal Water District	435,365,909	87.073	2.693%
Pendleton Military Reservation	12,607,898	2.522	0.078%
City of Poway	345,308,927	69.062	2.136%
Rainbow Municipal Water District	629,152,426	125.830	3.892%
Ramona Municipal Water District	232,640,732	46.528	1.439%
Rincon del Diablo Municipal Water District	229,247,188	45.849	1.418%
City of San Diego	6,420,357,508	1,284.072	39.713%
San Dieguito Water District	174,480,532	34.896	1.079%
Santa Fe Irrigation District	263,656,384	52.731	1.631%
South Bay Irrigation District	305,418,869	61.084	1.889%
Vallecitos Water District	495,920,686	99.184	3.067%
Valley Center Municipal Water District	799,485,994	159.897	4.945%
Vista Irrigation District	477,690,919	95.538	2.955%
Yuima Municipal Water District	81,938,327	16.388	0.507%
<b>Total</b>	<b>\$ 16,166,693,662</b>	<b>3,233.338</b>	<b>100.000%</b>

<sup>1</sup> Total Cumulative Financial Contribution equals Total Cumulative Financial Contribution as of June 30, 2021 plus total Member Agency Financial Contribution for fiscal year ended June 30, 2022.

<sup>2</sup> Vote Entitlement amount is calculated as a Member Agency's Total Cumulative Financial Contribution divided by \$5,000,000.

Source:  
San Diego County Water Authority

**October 2, 2023**

**TO: Honorable President and Board of Directors**

**FROM: Gary T. Arant, *General Manager***

**SUBJECT: STATE WATER RESOURCES CONTROL BOARD MAKING  
CONSERVATION A CALIFORNIA WAY OF LIFE REGULATION**

**PURPOSE:**

To provide the Board an overview of the Urban Water Use Objective as outlined in the State Water Resources Control Board's Making Conservation a California Way of Life Regulation

**SUMMARY:**

**Background**

In May 2016, Governor Brown signed Executive Order B-37-16 that directed the Department of Water Resources and the State Water Resources Control Board to develop new water use targets as part of a permanent framework for urban water agencies. On April 2017, the framework for implementing Executive Order B-37-16, Making Water Conservation a California Way of Life, was released. In 2018, the California State Legislature enacted two policy bills, Senate Bill 606 (Hertzberg) and Assembly Bill 1668 (Friedman), to develop the regulatory framework to achieve long-term water use efficiency.


**Making Conservation a California Way of Life - Urban Water Use Objective**

State Water Resources Control Board Staff initiated the formal rulemaking on August 18, 2023, for Making Conservation a California Way of Life Regulation. District staff will present an overview of the proposed Urban Water Use Objective as outlined in the Making Conservation a California Way of Life Regulation.

**RECOMMENDATION:**

No action required, informational item only.

**PREPARED BY:**

  
\_\_\_\_\_  
**Gaby Olson**  
*Special Projects and Compliance Manager*

**APPROVED BY:**

  
\_\_\_\_\_  
**Gary T. Arant**  
*General Manager*





# Making Conservation A California Way of Life

On Aug. 18, the State Water Resources Control Board initiated the formal rulemaking for Making Conservation a California Way of Life (Regulation) and released draft regulatory text intended to implement AB 1668 and SB 606. These bills were passed by the Legislature in 2018 to develop a regulatory framework to achieve long-term water use efficiency.



## ACWA PRIORITIES

ACWA supports California's advancement of long-term efficient and wise use of water in a manner that is feasible, cost-effective and minimizes unintended impacts to Californians communities. ACWA's advocacy priorities on behalf of its member agencies are to:

- Ensure the development of feasible, cost-effective statewide efficiency standards that advance water savings, long-term climate resiliency and water affordability; and
- Create a framework that supports flexible solutions to implement locally appropriate water use efficiency programs that empower water suppliers to achieve their water use objectives and avoid burdensome requirements.

## THE PROPOSED REGULATION

### 1. Would Require Urban Retail Water Suppliers to Meet an Agency-Specific Urban Water Use Objective Starting in 2025.

The **Urban Water Use Objective** is a total water budget, in gallons per capita per day (GPCD), that is the sum of efficiency budgets for a subset of urban water uses that include:



**Residential Indoor**  
(Rindoor)

+



**Residential Outdoor**  
(Routdoor)

+



**CII-DIM Outdoor**  
(CIIDIM)

+



**Water Loss**  
(L)

+



*If applicable:*  
**Variances (V) and/or  
Bonus Incentive (BPR)**

Each suppliers' **Urban Water Use Objective** will be calculated using statewide efficiency standards for the above urban water uses along with unique local service area characteristics such as population, climate, and landscape area. The State Water Board's rulemaking will consider adoption of the statewide efficiency standards for outdoor residential water use, CII landscapes with dedicated irrigation meters (DIMs), variances, and bonuses. Statewide efficiency standards for indoor residential water use and water loss are already adopted.



## 2. Would Require Urban Retail Water Suppliers to Implement Commercial, Industrial and Institutional (CII) Performance Measures.

Jan. 1, 2025	July 1, 2025	20% by 2026 + 60% by 2028 + 100% by 2030
Identify all disclosable buildings in in suppliers' service areas (>50,000 sq. ft.).	Ban the irrigation of non-functional turf on CII landscapes.	<ul style="list-style-type: none"><li>Classify all CII customers in accordance with ENERGY STAR Portfolio Manager's categories.</li><li>Identify all CII large landscapes that have mixed-use meters and either install DIM or employ in-lieu technologies for large landscapes.</li><li>Design and implement a conservation program for customers at or above the 80th percentile for water use in each classification category that includes a best management practice for five categories: outreach, technical assistance and education; incentive; landscape; collaboration and coordination; operational.</li></ul>

## 3. Would Require Urban Retail Water Suppliers to Comply with Annual Reporting Requirements.

Starting Jan. 1, 2024 and by Jan. 1 every year thereafter, each urban retail water supplier is required to comply with **Annual Reporting Requirements** to the State Water Board that include their urban water use objective, the actual urban water use, documentation of the implementation of CII performance measures, and a description of progress made towards meeting the urban water use objective (§Water Code 10609.24).

## HOW TO ENGAGE

ACWA and its membership have been extensively engaging with the state on its implementation of Making Conservation a California Way of Life. If you would like to participate in ACWA's Water Use Efficiency (WUE) working groups or receive email updates of the rulemaking, please email ACWA State Relations Assistant Sonja Eschenburg at [sonjae@acwa.com](mailto:sonjae@acwa.com).

- ACWA WUE Working Groups:** WUE Overarching, WUE Indoor, WUE CII Performance Measures, WUE Methodologies and Variances.
- ACWA Bi-Monthly WUE Meetings:** Meetings are held on the second Wednesday of every other month from 10 a.m. to noon. To attend, visit [www.acwa.com/events](http://www.acwa.com/events). Meeting dates: Sept. 13, 2023, Nov. 8, 2023, Jan. 10, 2024, March 13, 2024, May 8, 2024, July 17, 2024.

This Regulation is subject to the [Regular Rulemaking Process](#) pursuant to the Administrative Procedures Act (APA) and must include comprehensive public notice and comment requirements. More information can be found at [www.acwa.com/water-use-efficiency](http://www.acwa.com/water-use-efficiency).

### Key Dates

ACWA is urging urban retail water suppliers to engage with the State Water Board on the development of the regulation. Two opportunities for engagement include:

- Oct. 4 State Water Board Workshop (hybrid):** ACWA encourages water suppliers to provide oral comments.
- Oct. 17 Written comments due:** ACWA encourages water suppliers to submit written comments to the State Water Board.

More information is available at [www.waterboards.ca.gov](http://www.waterboards.ca.gov).

### CONTACT

Chelsea Haines  
ACWA Regulatory Relations Manager  
(916) 669-2431  
[chelseah@acwa.com](mailto:chelseah@acwa.com)



**October 2, 2023**

**TO: Honorable President and Board of Directors**

**FROM: Gary Arant, *General Manager***

**RE: Item 7. General Information**

Please note, there is no Board Report for this item.