

VALLEY CENTER MUNICIPAL WATER DISTRICT  
MINUTES

**Regular Meeting of the Board of Directors**

Monday, October 16, 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 Holtz and Director Smith.*

**Board Members Absent:** *Director Ness*

**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/Deputy Director of Finance & Administration Velasquez, Safety and Regulatory Compliance Supervisor Olson, Senior Engineer Lyuber, Project Manager Powers, Executive Assistant/Board Secretary Peraino, and General Counsel de Sousa 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.

**SPECIAL PRESENTATION**

**1. Water Awareness Poster Contest – Virtual Recognition & Presentation of Awards:**

This year marked the 32<sup>nd</sup> Annual Water Awareness Fourth-Grade Poster Contest. The Water Awareness Poster Contest's theme this year was "Love Water, Save Water." VCMWD received 100 entries from Valley Center and Lilac Elementary Schools, a 100% increase in submissions compared to the previous year. Winners were virtually welcomed along with their principals.

The top winners are as follows:

1<sup>st</sup> Place: Eulalia Martinez-Ramirez (Lilac Elementary School)  
*I like water "...because you can use it to cook and to help your plants live. So in fact, it saves the whole world."*

2<sup>nd</sup> Place: Eliana Stevens (Lilac Elementary School)  
*I like water "...because everything in our world need it!"*

3<sup>rd</sup> Place: Edward Serna (Valley Center Elementary School)  
*I like water "...because I love the sea creatures thriving in the water."*

Runner Up: Addy Thomas (Lilac Elementary School)  
*I like water "...because it's good for plants and animals."*

The 2024 North County Water Agencies calendar will be released in the next 2 months, and will be available in the lobby and features the artwork of the top 1<sup>st</sup> and 2<sup>nd</sup> place winners.

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

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**CONSENT CALENDAR ITEM(S)**

2. **Minutes of the Regular Board Meeting Held Monday, October 2, 2023;**
3. **Audit Demands for Check Nos. 167265 – 167381 from September 22 – October 5, 2023 and Wire Disbursements for the Month Ending September 30, 2023;**
4. **Board of Director's Request for Per Diem Compensation and Report of Expense Reimbursements per Government Code §53065.5;**
5. **Expense Reimbursement Disclosures (July 1 – September 30, 2023) per Government Code §53065.5; and**
6. **Treasurer's Report for Month Ending August 31, 2023.**

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

**ACTION ITEM(S)**

7. **Adoption of Resolution No. 2023-37, Allocating a Project Budget in the Amount of \$320,000 for Alps Way Pipeline Replacement Project:**

Senior Engineer Lyuber provided history on the Alps Way Pipeline Replacement Project, which was originally included as part of the Oat Hill Discharge Pipeline Replacement Project, and within the SRF-funded 2020 Pipeline Replacement Program. However, the 16-inch portion of Alps Way was eliminated from the Oat Hill contract, and with agreement from the contractor, staff recommended that the Alps Way portion be rebid as a separate project, stated Mr. Lyuber.

The Alps Way Project consists of the abandonment of existing 16-inch diameter buried concrete mortar lined and coated steel potable waterline, and replacing it with installation of 16-inch diameter buried polyvinyl chloride (PVC) potable waterline including valves, water service, fire hydrant, and the abandonment of an existing water service. The existing pipe is located underneath a culvert within a low-lying area that experiences groundwater corroding the pipe and causing failures. The new pipe will be replaced with PVC material and realigned over the culvert for better access where it will be less susceptible to the effects of groundwater. All work will be located within an existing developed County of San Diego public right of way, noted Mr. Lyuber.

As sufficient time and authorization remain in the current Drinking Water SRF loan, staff will submit the new project for reimbursement from the SRF loan. As such, the contract and construction documents for rebidding the project will comply with the terms of the SRF loan. Funding for the project is available in the FY 2023-24 Annual Budget out of the amount allocated for the 2020 Pipeline Replacement Program, stated Senior Engineer Lyuber. The project will be reimbursed through the SRF loan based on actual expenditures and will be paid over a 30-year term at 1.2% interest.

Staff stated that the Bid Documents will be available between October to November 2023, and anticipates the bid and award period between November 2023 to February 2024, with the construction to begin in early-mid 2024.

Staff recommended the Board of Directors adopt Resolution No. 2023-37 authorizing a Mid-Year Budget Adjustment and allocating a project budget in the amount of \$320,000 for the Alps Way Pipeline Replacement Project.

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**Action:** Upon motion by Holtz, seconded by Ferro; the following Resolution was approved with four affirmative votes:

**RESOLUTION NO. 2023-37**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING  
THE FY 2023-24 ANNUAL BUDGET TO AUTHORIZE ADDITIONAL  
FUNDING FOR THE ALPS WAY PIPELINE REPLACEMENT PROJECT**

was adopted by the following vote, to wit:

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

**8. Adoption of Resolution No. 2023-38, Authorizing the Submittal of a Drinking Water State Revolving Fund Program Financial Assistance Application for the 2023 Pipeline Replacement Program and Adoption of Resolution No. 2023-39, Authorizing the Submittal of a Clean Water State Revolving Fund Program Financial Assistance Application for the Lower Moosa Canyon Water Reclamation Facility Headworks Improvements – Phase 1 Program:**

The updated 2019 Water Master Plan, adopted in June 2020, included a strategy to fund projects utilizing the Drinking Water and Clean Water SRF Loans available through the State Water Resources Control Board (SWRCB), reminded District Engineer Grabbe. District staff is preparing two financial assistance applications for the SWRCB for funding the 2023 Water Facility Replacement Program and the Lower Moosa Canyon Water Reclamation Facility Headworks Improvement - Phase 1 project. Both financial assistance applications require a resolution from the governing Board naming the District representative that:

1. Is authorized and directed to sign and file, for and on behalf of the Agency, a Financial Assistance Application for a financing agreement from the SWRCB for the planning, design, and construction of the project;
2. Is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the SWRCB and any amendments or changes thereto; and
3. Is designated to represent the Agency in carrying out the Agency's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Agency and compliance with applicable state and federal laws.

**Drinking Water State Revolving Fund (DWSRF):**

The proposed "2023 Water Facility Replacement Project" consists of Old Castle Pipeline Phase 2 Replacement, Broadway South Pipeline Replacement, and Rodriguez Road Replacement Project, reported Mr. Grabbe. The \$9,300,000 application amount includes costs for preparation of the application, project design, construction, construction management, various supporting services, and contingencies. A portion of the Rodriguez Road Project is funded by the recently allocated EPA community grant, and the loan will satisfy the remainder of the project cost.

If approved, the District would receive a DWSRF loan for the amount with the debt service spread over 30 years. Repayment of the loan would be from General Fund net revenues and appropriated accordingly within the capital improvement annual budgets, with an annual debt service of approximately \$371,000 for a 30-year term loan, based on the current 1.2% DWSRF

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interest rate. Start of construction expenditures for these projects will be coordinated around the receipt of SRF Final Budget Approval and EPA grant award, allowing those expenses to be reimbursed. Timing and construction phasing of the three will depend on the District's available working capital at the time.

Clean Water State Revolving Fund (CWSRF) Loan Application:

The 2023 Master Plan Update for the Lower Moosa Canyon Water Reclamation Facility identified four priority projects needed to replace and upgrade the facility's aging infrastructure. The FY 2023-24 Annual Budget included the Priority 1 projects and leveraged financing totaling just over \$8.5M (2023 estimate) was proposed for the Priority 2, 3, and 4 projects. Timing of the Priority 2, 3, and 4 projects will be based on the availability of funding and would require the establishment of a capital improvement charge added to the monthly sewer service bill for the Lower Moosa Canyon service area and obtaining CWSRF loan for the reimbursement of the project expenses. The first project proposed for CWSRF funding is the Priority 2 project totaling \$2.964M and consists of initial headworks improvements.

Current CWSRF rates are a 20-year term at 1.875% interest and a 30-year term at 2.125% interest. At a principal amount of \$3.3M annual debt service is estimated in the range of \$150K to \$200K depending on the term and interest rate of the loan. The project estimates are based on 2023 dollars and inflation is expected to increase the project costs to \$3.3M by the scheduled FY 2025-26 construction date.

Staff recommended the Board adopt 1) Resolution No. 2023-38 authorizing and directing the General Manager or his designee to submit a DWSRF Financial Assistance Application for funding the 2023 Water Facility Replacement Program and 2) Resolution No. 2023-39 authorizing and directing the General Manager or his designee to submit a CWSRF Financial Assistance Application for funding the Lower Moosa Canyon WRF Headworks Improvement - Phase 1 project.

**Action:** Upon motion by Smith, seconded by Ferro; the following Resolution was approved with four affirmative votes:

**RESOLUTION NO. 2023-38**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLEY CENTER MUNICIPAL WATER DISTRICT AUTHORIZING SUBMITTAL  
OF A DRINKING WATER STATE REVOLVING FUND FINANCIAL ASSISTANCE  
APPLICATION FOR THE 2023 WATER FACILITY REPLACEMENT PROGRAM**

was adopted by the following vote, to wit:

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

**AND**

**Action:** Upon motion by Holtz, seconded by Smith; the following Resolution was approved with four affirmative votes:

**RESOLUTION NO. 2023-39**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLEY CENTER MUNICIPAL WATER DISTRICT AUTHORIZING SUBMITTAL  
OF A CLEAN WATER STATE REVOLVING FUND FINANCIAL ASSISTANCE  
APPLICATION FOR THE LOWER MOOSA CANYON WATER RECLAMATION  
FACILITY HEADWORKS IMPROVEMENT PHASE 1 PROJECT**

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was adopted by the following vote, to wit:

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

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

#### **9. Overview of WaterSmart Features:**

At the Board meeting of September 18, 2023, an appeal was made by a customer due to a water line break and leak on a neighboring property of which the customer was unaware. The customer was signed up with our WaterSmart Application Service ("WaterSmart") with high-use notifications selected as an option for unusual usage. Multiple emails were sent out by WaterSmart with no apparent response from the customer. The leak lasted approximately three weeks and resulted in extremely high usage, and subsequently a large bill. The Board denied the appeal but asked that District staff investigate WaterSmart leak notification capabilities to avoid similar situations in the future, reminded Manager of Accounting/Deputy Director of Finance & Administration Velasquez.

WaterSmart is an online account software that provides customers access to real-time meter data, water consumption trends, and monthly, and yearly consumption with automated electronic leak alerts. Data is received by WaterSmart from the Sensus Analytics platform, which records and stores the real-time usage data from the Advanced Metering Infrastructure (AMI) customer meters. The AMI technology allows for access to real-time usage information which is updated 4 times per day (6:00 AM, 12:00 PM 6:00 PM, and 10:00 PM).

WaterSmart has several key alert and notification capabilities, which can be customized by each customer once enrolled. Customers choose the method they want to receive alerts and notifications, and can select email, text message, and/or a phone call. Alerts and notifications keep customers informed by letting them opt in or out of alerts and notifications.

- Advanced Leak alert algorithm which detects and notifies customers about potential leaks in their homes and helps them identify the source.
- High Use notifications alert customers if their water consumption is higher than normal, helping them avoid unexpected costs.
- Bill Forecast notifications inform customers if they are likely to see high water usage on their upcoming bill before the end of the billing cycle.

On a weekly basis District staff was running leak reports and focused their efforts on contacting customers who received "print leak alerts" (letter by mail) and customers who had not signed up to receive notifications at all. The assumption was that customers that did sign up to receive email/text/phone call alerts were in fact reviewing those notices, and following through on the notice, thus we were not contacting them. However, going forward, staff will now run a weekly report on all customers whose accounts indicate consumption anomalies. The report can be run within a specified date range which shows high usage above average by customer, and can be sorted from highest to lowest. Staff plans to contact customers with higher than normal usage.

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

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

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

San Diego County Water Authority Board Meeting Summary for September 28, 2023 was provided.

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

**11. "Making Conservation a California Way of Life" Water Use Efficiency Regulation Comment Letter:**

At the Regular Meeting of October 2, 2023, staff provided the Board with an overview of the ***"Making Conservation a California Way of Life" Water Use Efficiency Regulations***, adopted with the passage of AB 1668 and SB 606 in 2018, to be implemented by the State Water Resources Control Board ("SWRCB"). At that time staff confirmed they would be involved in the ACWA Work Group on the topic, would make testimony at the October 4, 2023 SWRCB Workshop, and would provide a letter of comment, reminded General Manager Arant. Subsequently, staff developed a draft letter of comment, based on an analysis by District staff, ACWA's letter of comment, and input provided by other water agencies that participated in the October 4, 2023 workshop. In addition to submitting a letter, staff intends to support the ACWA Letter of Comment, which is very similar to the VCMWD letter.

In Summary, VCMWD's letter addressed the following points:

**Exemption from CII BMP Requirements** – The Commercial, Industrial, and Institutional ("CII") best management practices performance measure requirements will impose a heavy burden on the District for minimal water savings.

**Variance Threshold** – VCMWD recommends that variances should be considered when there is a cumulative threshold of 5% or more, as opposed to the requirement that each individual variance must exceed 5% of the agency's total water use objective in order to be considered.

**Variance Frequency** – VCMWD recommends that approved variances should be valid for five years, not reevaluated annually.

**Irrigable Lands** – Water Code §10609.6(a)(2)(B) states, ***"The standard shall apply to irrigable lands"***. The proposed regulation limits the applicability of the outdoor standard only to Irrigated lands, and not Irrigable Not Irrigated (INI) lands after July 1, 2027. VCMWD recommends that the outdoor standard should apply to all irrigable lands as stated in the statute.

**Non-Functional Turf** – VCMWD recommends the removal of the non-functional turf provisions from the proposed regulation.

**Effective Precipitation** – VCMWD recommends that effective precipitation should be removed from the calculation of the outdoor standard.

**Multiple Outdoor Irrigation Efficiency Standards** – VCMWD recommends that the outdoor standards be revised to specify that there will be one standard that uses an evapotranspiration adjustment factor of 0.80, to be applied to irrigable lands.

**Streamlined CII Performance Measures** - VCMWD does not have a large CII customer base, nor do we supply a large amount of water to CII, @8% or 1,342 AF. Despite this, VCMWD will be required to make significant investments in the development and implementation of the CII performance measures for relatively little return on investment in water savings. VCMWD recommends that requirements be streamlined and that agencies be allowed to use regional CII conservation programs to meet compliance.



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**AMI and Water Smart as In-lieu Water Technologies** – VCMWD has recently invested in AMI metering along with providing customers with a Water Smart customer portal which allows customers to access their customer use data and receive high usage and leak alerts. The District recommends that AMI metering which provides water use data and alerts to customers be considered an in-lieu water technology.

An Economic Analysis completed by M. Cubed, an economic and public policy consulting firm, found that the expected costs for implementation of the proposed regulation were 75% greater than the expected benefits, resulting in a benefit-cost ratio of just 0.53. VCMWD's letter requested that the SWRCB carefully consider the provided recommendations in order to achieve the benefits of the regulation in a way that is attainable and cost-effective for the water suppliers who must carry out the regulations on the ground.

The letter concluded by emphasizing VCMWD's objective in this process – which is to arrive at a set of cost-effective regulations that not only improve water use efficiency but also enable our agency to operate within our means and provide water at an affordable rate to our ratepayers.

**Action:** Board direction to develop input to the SWRCB Letter of Comment was received.

**12. General Information:**

A review of General Informational items 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**

None

**CLOSED SESSION ITEM(S)**

None

**ADJOURNMENT**

**Action:** Upon motion by Smith, seconded by Holtz; motion passed with four affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:25 PM.

**ATTEST:**

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Kirsten N. Peraino, *Secretary*

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

**Approved at a regularly scheduled Board Meeting on Monday, November 6, 2023**