

VALLEY CENTER MUNICIPAL WATER DISTRICT

REVISED AGENDA

Regular Meeting of the Board of Directors

Monday, November 6, 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, 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 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.

Meeting Broadcast: Members of the public may watch the meeting electronically by visiting the District’s website at 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 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).

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, October 16, 2023; and**
2. **Audit Demands.**

ACTION ITEM(S)

3. **Consider Authorization to Proceed with the Proposition 218 Process, Approve the Notice of Public Hearing, and Set Public Hearing Date for Proposed Changes to Water and Wastewater Rates and Charges (to be Effective February 1, 2024):**

Proposed water and wastewater rates for 2024, which reflect pass-through increases in wholesale costs from SDCWA and MWD as well as the local commodity rate, will be reviewed. Authorization to proceed with the Proposition 218 process and approval of a Notice of Public Hearing tentatively scheduled for the January 3, 2024 Board Meeting or a date selected by staff that is at least 45 days after mailing the Proposition 218 notice, in accordance with Proposition 218, will be considered.

- a. Report by Director of Finance
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to approve or deny setting a public hearing date of January 3, 2024, or a different date selected by staff that is at least 45 days after mailing the Proposition 218 notice

4. **Consider Approval of Budget Amendment, Rejection of Bid Protest, and Award of the Construction Contract to Capital Industrial Coatings, LLC for the McNally & Mizpah Reservoir Paint and Recoat Project:**

Adoption of Resolution No. 2023-40, amending the FY 2023-24 Annual Budget authorizing additional funding, rejecting a bid protest, and awarding a standard construction contract to Capital Industrial Coatings, LLC for the McNally and Mizpah Reservoirs Painting and Recoating Project, will be considered.

- a. Report by District Engineer
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to approve or deny Resolution No. 2023-40

5. **Consider Approval of Change Order No. 6 to the Construction Contract with Cass Arrietta for the Lilac Road Pipeline Upsizing Project:**

Adoption of Resolution No. 2023-41, approving Change Order No. 6 to the construction contract with Cass-Arrieta for the Lilac Road Pipeline Upsizing Project, will be considered.

- a. Report by District Engineer
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to approve or deny Resolution No. 2023-41

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Board of Directors' Meeting Agenda

INFORMATIONAL/POSSIBLE ACTION ITEM(S)

6. 2023 Water Rate Survey:

The District's 2023 Water Rate Survey will be provided.

- a. Report by Director of Finance
- b. Discussion
- c. Audience comments/questions
- d. Informational item only

7. Update on the Kornbloom Reservoir Monitoring and Mixing System:

An update on the Kornbloom Reservoir Monitoring and Mixing System will be provided.

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

8. Lake Wohlford Resort Annexation Status – Involvement of the San Pasqual Band of Mission Indians:

A status update on the Lake Wohlford Resort Annexation – involvement of the San Pasqual Band of Mission Indians will be provided.

- a. Report by General Manager
- b. Discussion
- c. Audience comments/questions
- d. Informational item only

GENERAL MANAGER'S ITEM(S)

9. San Diego County Water Authority Board Meeting Summary:

A report on the San Diego County Water Authority's Board of Directors Regular Meeting of October 26, 2023 will be provided.

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

10. 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.*

11. A Closed Session will be held on the following item:

Government Code §54956.9(d)(4) – Conference with Legal Counsel, Initiation of Litigation
Two potential cases

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. 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, 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 32nd 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:

1st 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."

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

3rd 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 1st and 2nd place winners.

Action: Informational item only, no action required.

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Board of Directors' Meeting Minutes

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:

ATTEST:

Kirsten N. Peraino, Secretary

Robert A. Polito, President

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 06, 2023 THROUGH OCTOBER 12, 2023

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167382	Payroll	Payroll 09/22/23-10/06/23	46.17
167383	A-1 Irrigation, Inc	Materials - Field	2,388.77
167384	Abatix Corp	Materials - Field	591.69
167385	ACWA-JPIA	Worker's Comp Premium 1st Qtr 2023-2024	34,353.12
167386	Adobe Inc.	License Renewal - 09/24/23-09/23/24	3,226.80
167387	Alpha Analytical Laboratories, Inc.	Testing	2,057.50
167388	Amazon Capital Services	Materials - Accounting, Field and IT	11,033.17
167389	Ofelia Anaya	Refund Check 017019-000, 27350 Oakmont Rd	20.49
167390	APCD - County of San Diego	Permits	35.00
167391	Asbury Environmental Services	Hazardous Waste Removal	243.57
167392	Ascensus Holdings, Inc.	FYE 2023-2024 GASB 75 Interim Report	2,300.00
167393	Babcock Laboratories, Inc	Testing	457.97
167394	Chris Banner	Services	1,625.00
167395	Barbara Barnett	Medicare Reimbursement - 3rd Qtr 2023	494.70
167396	Gerald Barnett	Medicare Reimbursement - 3rd Qtr 2023	494.70
167397	Daniel and Linda Brothers	Refund Check 013602-000, 8773 Verna Dr.	56.41
167398	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	903.78
167399	Carrillo Property Investments LLC	Refund Check 018449-000, 28065 Lake Wohlfor	23.37
167400	CDW Government	Materials - IT	1,026.77
167401	Complete Office of California, Inc	Office Supplies	179.77
167402	Corodata Media Storage, Inc.	Record Storage - September 2023	254.19
167403	Corodata Records Management	Record Storage - September 2023	113.14
167404	County Recorder of San Diego	Lien Release - Burnwoth Todd S & Sherry A	20.00
167405	CUES, Inc.	Annual Software Support 08/25/23-08/24/24	2,525.67
167406	Culligan of Escondido	Washrack Service	59.86
167407	Dell Marketing L.P.	Materials - IT	1,543.90
167408	Dan Dentino	Medicare Reimbursement - 3rd Qtr 2023	494.70
167409	Linda Westler Dentino	Medicare Reimbursement - 3rd Qtr 2023	494.70
167410	Diamond Environmental Services, LP	Services	1,671.97
167411	DME, Inc	Materials - Field	2,002.39
167412	Double Radius Inc	Materials - IT	1,129.12
167413	Shawn Eichelberger	Refund Check 007614-000, 10551 W Lilac	155.01
167414	Escondido Metal Supply	Materials - Field	279.07
167415	Ferguson Waterworks #1083	Materials - Field	5,138.39
167416	Finishmaster Inc	Materials - Field	82.60
167417	Grainger, Inc	Materials - Field	3,657.69
167418	Hasa, Inc.	Chemicals	1,470.02
167419	HD Supply Facilities Maintenance Ltd.	Materials - Field Customer #19969	5,179.88
167420	HealthEquity Inc.	Employee Contributions 09/22/23-10/06/23, Month	748.77
167421	iDrains LLC	Services	3,325.00
167422	Infosend	A/R Processing, Mail & Postage	7,005.37
167423	Ingersoll-Rand Company	Materials - Field	589.12
167424	IntelePeer Holdings Inc.	Services	791.16
167425	International City Mgmt Association R	MissionSquare-Remittance 09/22/23-10/06/23	6,017.91

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 06, 2023 THROUGH OCTOBER 12, 2023

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167426	Jennette Company, Inc	Moosa Clarifier No. 1 Upgrade Project	90,226.25
167427	Sarah Johnson	Medicare Reimbursement - 3rd Qtr 2023	329.80
167428	Liquid Environmental Solutions of Cali	Services	5,236.84
167429	LT Environmental LLC	Services	3,001.00
167430	National Safety Compliance, Inc	DQF Online Monthly Fee - September 2023	54.75
167431	Nestle Waters North America	Deliveries - September 2023	274.18
167432	Thao Nguyen	Refund Check 014442-000, 26704 Saint Andrew	1,189.41
167433	North County Lawnmower, Inc.	Materials - Field	6,620.04
167434	Pacific Pipeline Supply	Materials - Field	4,318.62
167435	Palomar Termite & Pest Control	Pest Control - September 2023	80.00
167436	Parkson Corporation	CIP-Spiral Screening Screw	22,942.02
167437	PEBSO/Nationwide Retirement	Deferred Compensation 09/22/23-10/06/23	11,811.78
167438	Pine Tree Lumber	CIP-Kornblum Mix & Chlorination	2,391.87
167439	Pinpoint Pest Control	Bee/Wasp Hive Removal	250.00
167440	Prudential Overall Supply	Uniform Rentals - September 2023	4,561.90
167441	Betty Randolph	Medicare Reimbursement - 3rd Qtr 2023	395.76
167442	Franchot Randolph	Medicare Reimbursement - 3rd Qtr 2023	395.76
167443	Juana Recinos	Refund Check 011619-000, Keys Creek Rd	28.72
167444	Roadrunner Publications, Inc	Ads	577.00
167445	San Diego County Assessor/Recorder	MPR Extract - Current for 218 Notice, Number of I	125.00
167446	San Diego Gas & Electric	Gas Services - September 2023	10.00
167447	Sealing Systems, Inc.	Materials - Field	4,868.76
167448	Sierra Analytical Labs, Inc	Testing	1,545.00
167449	Southwest Answering Service, Inc	Answering Service 09/07/23-10/04/23	440.40
167450	Support Product Services, Inc	Services	496.74
167451	Steven R Swanson	SCADA Repairs	679.14
167452	U.S. Postal Service	Postage Meter Refill - Meter Acct #16729204	3,000.00
167453	United Water Works, Inc.	Materials - Field	9,460.52
167454	United Way of San Diego County	Employee Contributions 09/22/23-10/06/23	20.00
167455	VCMWD Employees Assoc.	Employee Contributions 09/22/23-10/06/23	692.00
167456	Walter's Wholesale Electric Co	Materials - Field	1,759.19
167457	Yardley Orgill Co. Inc.	Materials - Field	2,142.54
TOTAL			<u>286,233.37</u>

Approved By: _____

General Manager


Director of Finance & Administration

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 13, 2023 THROUGH OCTOBER 19, 2023

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167458	ACWA/JPIA	Blue Cross Medical Premiums - November 2023	76,032.61
167459	AllData LLC	Annual Subscription 09/21/23-09/20/24	3,896.17
167460	Alpha Analytical Laboratories, Inc.	Testing	1,005.00
167461	APCD - County of San Diego	Permits	620.00
167462	Ardurra Group, Inc.	Services	34,357.50
167463	Kaream Assi	Reimbursement - Mega Mart	1,052.76
167464	AT&T	Services	1,418.67
167465	AT&T	Services	31.43
167466	AT&T Mobility	Services - Account No. 287290784385	5,224.47
167467	Atlas Technical Consultants LLC	Services - San Gabriel Way	1,808.75
167468	Automationdirect.com Inc.	Materials - Field	426.69
167469	Babcock Laboratories, Inc	Testing	60.00
167470	Bavco	Materials - Field	2,488.06
167471	Bay City Equipment Industries, Inc.	Materials - Field	1,237.52
167472	Best Best & Krieger LLP	Legal Services - September 2023	13,664.07
167473	Birdseye Planning Group	Services	1,700.00
167474	California Boring Inc	Refund Check 019220-000, 190473404 FH@Lila	2,310.77
167475	CA-NV Section AWWA	Cross Connection Specialist Renewal-R. Hughes	100.00
167476	Cavanaugh & Associates, P.A.	Consulting Services	4,000.00
167477	County of San Diego	Permits	1,222.00
167478	County of San Diego	Permits	328.50
167479	County of San Diego	Repeater Site Rent Acct#7019-Palomar Mountain	902.00
167480	Diamond Environmental Services, LP	Services	1,620.00
167481	DIRECTV	Moosa Dish Services 10/11/23-11/10/23	45.99
167482	Doane and Hartwig Water Systems, Inc	Materials - Field	4,773.76
167483	Double Radius Inc	Materials - Field	2,130.60
167484	Farmer Brothers Co.	Breakroom Supplies	472.00
167485	FedEx	Shipping Services	70.54
167486	Gannett Fleming Inc	Services	78,674.30
167487	Genworth Life & Annuity Ins. Co.	Employee Paid Life Insurance Premium - October	12.69
167488	Grainger, Inc	Materials - Field	1,712.04
167489	Kaiser Foundation Health Plan, Inc	Medical Premiums/Purchaser ID 104350 - November	66,933.34
167490	Rami Kanj	Tort Claim - Reimbursement	1,500.00
167491	Koppel & Gruber Public Finance	Services	3,004.32
167492	Richard Learue	Medicare Reimbursement - 3rd Qtr 2023	494.70
167493	Jon Mehnert	Services -Server Room Relocation	6,000.00
167494	Nantmedia Holdings, LLC	Ads - September 2023	2,151.74
167495	Napa Auto Parts	Vehicle Maintenance	267.09
167496	North County Ford	Vehicle Maintenance	168.09
167497	North County Lawnmower, Inc.	Vehicle Maintenance	5,378.78
167498	OneSource Distributors, LLC	Materials -CIP Projects	2,672.50
167499	O'Reilly Automotive, Inc.	Vehicle Maintenance	1,092.82
167500	Palomar Broadband Inc.	Services	69.95
167501	Polydyne Inc.	Chemicals	1,907.01

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 13, 2023 THROUGH OCTOBER 19, 2023

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167502	Michael Powers	Educational Reimbursement	115.00
167503	PSC	Confined Space Training	550.00
167504	Rincon Band of Luiseno Indians	Monitoring Services - September 2023	2,112.67
167505	Rockwell Construction Services, LLC	Services	5,775.00
167506	San Diego Gas & Electric	Electric Services - #10212819358	125,451.97
167507	San Diego Gas & Electric	Electric Services - #07242272582	297,682.13
167508	Self Insured Services Company	Reimbursement Request for Dental Funding Date	2,600.10
167509	Self Insured Services Company	Medical & Dental Insurance Premiums - Novembe	691.60
167510	Signa Mechanical	Materials - Field	3,234.80
167511	SRM Contracting and Paving	Refund Check 017054-001, 4958879 FH@28135	2,129.72
167512	SWRCB	Renewal Distribution Grade 3-Chris Kratz Cert #27	120.00
167513	Underground Service Alert/SC	Services - September 2023	401.03
167514	UPS	Shipping Services	30.90
167515	VCMWD Employees Assoc.	District Contribution to VCEA Events	3,000.00
167516	VCVP LP	Refund Check 014513-000, 190473304 Miller RD	1,032.30
167517	Larry Watson	Medicare Reimbursement - 3rd Qtr 2023	692.40
167518	Waxie Sanitary Supply	Janitorial Supplies	1,003.09
167519	David Weiland	Refund Check 018291-000, 67801235 FH - 1333	472.04
167520	Western Water Works Supply Company	Materials - CIP Lilac Rd Pipeline Upsizing	857.15
167521	Mike Young	Educational Reimbursement	285.00
167522	YourMembership.com, Inc	Services - Job Posting	299.00
TOTAL			<u><u>783,575.13</u></u>

Approved By: _____

General Manager

J.V. Rye
Director of Finance & Administration

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 20, 2023 THROUGH OCTOBER 26, 2023

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
167523	-167525 Payroll	Payroll 10/06/23-10/20/23	554.10
167526	HealthEquity Inc.	Employees Contributions 10/06/23-10/20/23	731.07
167527	International City Mgmt Association R	MissionSquare Remittance - 10/06/23-10/20/23	6,022.77
167528	Mark Norman	Refund Check 011573-000, 32624 Lilac Rd.	9,805.74
167529	Mark Norman	Refund Check 011571-000, 32628 Lilac Road	2,166.93
167530	PEBSO/Nationwide Retirement	Deferred Compensation 10/06/23-10/20/23	12,006.69
167531	State Water Resources Control Board	2020 Pipelines - Contract D2102015	5,438.84
167532	United Way of San Diego County	Employee Contributions 10/06/23-10/20/23	20.00
167533	VCMWD Employees Assoc.	Employees Contributions 10/06/23-10/20/23	692.00
TOTAL			<u>37,438.14</u>

Approved By: _____

General Manager


Director of Finance & Administration

November 6, 2023

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: REVIEW AND APPROVAL OF NOTICE OF PUBLIC HEARING FOR PROPOSED CHANGES TO WATER AND WASTEWATER RATES EFFECTIVE JANUARY 3, 2024

PURPOSE:

To present proposed increases which reflect a pass through of the wholesale price of water from the San Diego County Water Authority (CWA) and Metropolitan Water District (MWD) as well as an adjustment to the local commodity portion to offset increases in operational costs. The rates proposed here and a draft Notice of Public Hearing ("Notice"), attached, to be held on January 2, 2024, will, subject to Board approval, be mailed to all property owners of record and any tenant directly responsible for the payment of water/wastewater service fees in the District in accordance with Proposition 218.

SUMMARY:

1. Water Rates

In January 2024, aggregate wholesale costs from CWA and MWD will increase \$221.94 per acre foot (\$0.5095/hcf^a), or 10.1%, for domestic water sales and \$138.48 per acre foot (0.31792/hcf), or 8.6%, for Permanent Special Agricultural Water Rate (PSAWR) sales.

The District's local cost component of the water rate is proposed to be \$278.57 per acre foot. This represents an increase of 1.8% over the current rate of \$273.64. These increases, which are based upon final action by the SDCWA, are the same that had been anticipated in the fiscal year 2023-2024 Budget.

These increases are shown in table form below and on the attached draft Notice of Public Hearing. Total net revenue increases, including the District's component, are 9.2% for domestic and 7.6% for PSAWR.

Included in water charges the District is required to pay CWA and MWD in 2024 are fixed charges for readiness to serve, capacity, customer service, emergency storage, and supply reliability. The District calculates the per-acre-foot equivalent of these charges by dividing the total charges by projected water sales, less a 10% reserve for declining sales. For the fiscal year ending 2024 budgeted sales total 16,000 acre-feet. The 2024 fixed charges of \$4.2 million are allocated over 14,400 acre-feet.

^a One "hcf," or hundred cubic feet, is equal to 748 gallons of water.

Current and Proposed Water Wholesale/Commodity Charge Rates (\$/HCF)

Customer Class	Costs	Current	Proposed Change	Effective Jan. 3, 2024
Municipal/Industrial:	MWD/SDCWA Wholesale	\$5.0474	\$0.5095	\$5.5569
	VCMWD Commodity	\$0.6282	\$0.0113	\$0.6395
	Total	\$5.6756	\$0.5208	\$6.1964
PSAWR:	MWD/SDCWA Wholesale	\$3.6866	\$0.3179	\$4.0045
	VCMWD Commodity	\$0.6282	\$0.0113	\$0.6395
	Total	\$4.3148	\$0.3292	\$4.6440

Current and Proposed Water Wholesale/Commodity Charge Rates (\$/Acre Feet)

Customer Class	Costs	Current	Proposed Change	Effective Jan. 3, 2024
Municipal/Industrial:	MWD/SDCWA Wholesale	\$2,198.65	\$221.94	\$2,420.59
	VCMWD Commodity	\$273.64	\$4.93	\$278.57
	Total	\$2,472.29	\$226.87	\$2,699.16
PSAWR:	MWD/SDCWA Wholesale	\$1,605.88	\$138.48	\$1,744.36
	VCMWD Commodity	\$273.64	\$4.93	\$278.57
	Total	\$1,879.52	\$143.41	\$2,022.93

Construction Water: construction water is billed at the Domestic/Commercial rate of \$6.1964 per HCF.

2. Water Meter Service Charge

The monthly water service charge collects fixed costs of the District that are incurred regardless of whether any water is delivered. Staff proposes increasing the monthly water service charge to offset local inflation of its operating costs by 1.8%. This would increase the charge for a ¾-inch meter from \$47.46 to \$48.31 and a 1-inch meter from \$64.84 to \$66.00 per month.

The proposed Water Service Charges are:

Current and Proposed Water Service Charge Rates (\$/Meter Size)

Meter Size	Current	Change	Effective Jan. 3, 2024
¾ inch	\$47.46	\$0.85	\$48.31
1 inch	\$64.84	\$1.16	\$66.00
1-1/2 inch	\$97.26	\$1.74	\$99.00
2 inch	\$129.69	\$2.31	\$132.00
3 inch	\$194.53	\$3.47	\$198.00
4 inch	\$259.38	\$4.62	\$264.00
6 inch	\$389.07	\$6.93	\$396.00
8 inch	\$518.76	\$9.24	\$528.00

The same, 1.8% increase is proposed for the service charge for fire protection meters. This would increase the charge for a ¾-inch fire service from \$9.94 to \$10.11 per month and a 1-inch service from \$13.91 to \$14.16 per month.

The proposed Fire Service Charges are:

Current and Proposed Fire Service Charge Rates (\$/Meter Size)

<u>Meter Size</u>	<u>Current</u>	<u>Change</u>	<u>Effective Jan. 3, 2024</u>
¾ inch	\$9.94	\$0.17	\$10.11
1 inch	\$13.91	\$0.25	\$14.16
1-1/2 inch	\$20.74	\$0.50	\$21.24
2 inch	\$27.56	\$0.76	\$28.32
3 inch	\$41.49	\$0.99	\$42.48

3. Pumping Rates

Total Pumping Costs including electricity, natural gas, and pump and motor maintenance are estimated to increase 12.8% over the current year estimated actual expenses. The Pumping Rate Reserve was depleted in Fiscal Year 2016-17. Every year since then, Total Pumping Costs have exceeded pumping revenues at a rate higher than the District was willing or able to raise rates. This decision was made in an effort to moderate rate increases. Utility costs alone have increased at such a rapid pace over the past three years, that now, the District is significantly behind in its ability to cover Total Pumping Costs with the pumping charge revenues alone. The pumping rates are proposed to increase 17.3% in calendar 2024, as authorized by the Board at the Board meeting of May 15, 2023.

Current and Proposed Pumping Zone Rates

<u>Zone</u>	<u>Current \$/Unit</u>	<u>Change</u>	<u>Effective Jan. 3, 2024</u>
1	\$0.12104	\$0.02094	\$0.14198
2	\$0.24202	\$0.04187	\$0.28389
3	\$0.26850	\$0.04645	\$0.31495
4	\$0.40097	\$0.06937	\$0.47034
5	\$0.58812	\$0.10174	\$0.68986
6	\$0.65604	\$0.11349	\$0.76953
7	\$0.69572	\$0.12036	\$0.81608
8	\$0.78852	\$0.13641	\$0.92493
9	\$0.81672	\$0.14129	\$0.95801
10	\$1.08174	\$0.18714	\$1.26888

4. SDCWA Infrastructure Access Charge

Annually the SDCWA assesses the District a fixed charge based on the number and size of the active meters within the District. The annual charge to the District is divided into monthly charges passed through and collected each month from active customers.

The new charge for a ¾-inch meter will be \$4.41, up \$0.17 or 4.0% from last year's charge of \$4.24. New charges by meter size for calendar year 2024 are as follows and would be passed through on our water bills:

Current and Proposed SDCWA IAC Rates

Meter Size	Current	Change	Effective Jan. 3, 2024
¾ inch	\$4.24	\$0.17	\$4.41
1 inch	\$6.78	\$0.28	\$7.06
1-1/2 inch	\$12.72	\$0.51	\$13.23
2 inch	\$22.05	\$0.88	\$22.93
3 inch	\$40.70	\$1.64	\$42.34
4 inch	\$69.54	\$2.78	\$72.32
6 inch	\$127.20	\$5.10	\$132.30
8 inch	\$220.48	\$8.84	\$229.32

5. Construction Water Permit Fee

With the proposed water rate increases, the construction water permit fees will change accordingly. The new fees will range from \$375 dollars for the smallest trucks to \$750 for a truck with a capacity of 5,000 gallons or more, compared to current fees of \$340 and \$680.

Used Via a Water Truck with a Capacity of:	Fees	
	Current	New
2,500 gallons or less	\$340.00	\$375.00
3,000 gallons	\$410.00	\$450.00
3,500 gallons	\$475.00	\$525.00
4,000 gallons	\$545.00	\$600.00
5,000 gallons or more	\$680.00	\$750.00

6. Wastewater Monthly Service Charges

Moosa Wastewater

The current wastewater service charge is \$61.72 per equivalent dwelling unit (EDU) and the low pressure wastewater collection system maintenance fee is \$50.93 per EDU. Staff recommends that the service charge and maintenance fee remain unchanged for calendar 2024 due to operational efficiencies and cost saving improvements that have been implemented over the last several years.

<u>Lower Moosa Canyon Service Area</u>	<u>Current</u>
Monthly Moosa - Gravity	\$61.72
Monthly Moosa - LPCS ¹	\$50.93
	\$112.65

¹ Not all Wastewater Accounts are Pressure Accounts.

Facility Capital Improvement Charge

The Lower Moosa Canyon Water Reclamation Facility 2023 Master Plan Update encompasses a 20-year capital improvement planning horizon. A proposed \$10.7M, five to ten-year, multi-phased capital improvement program was recommended that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies to accommodate changes in the waste stream characteristics and flow. Funding for these projects would be from capital replacement reserves and short and long term low interest rate loans with repayment from a combination of the current net wastewater revenues and a proposed Capital Improvement Charge intended to be added to the monthly wastewater bill. The new Capital Improvement Charge is proposed at \$12 per month per EDU. An EDU is the flow equivalent of a single-family residential unit. Commercial properties are assigned multiple EDUs depending on the size and type of business. This charge would go into effect on January 3, 2024, and would be in addition to the current and any future increases in the monthly Wastewater Service Fee.

Woods Valley Ranch Wastewater

Sewer service charges and sewer standby fees for properties not yet connected to the sewer system are collected as a fixed charge on the property tax roll. No change is proposed at this time. The current fee is \$98.60 per month, or \$1,183.20 per year. The Standby Fee is \$45.86 per month, or \$550.32 per year.

The grinder pump maintenance charge is normally collected as a fixed charge on the property tax roll. However, mid-year connections may occur which will result in the collection of the charge on the monthly water bill until the end of the fiscal year. No change is proposed at this time. The current fee is \$50.93 per month, or \$611.16 per year.

<u>Woods Valley Ranch Service Area</u>	<u>Current</u>
Monthly Service Charge ²	\$98.60
Mid-Year Sewer Service Charge ³	\$50.93
Grinder Pump Maintenance ^{3, 4}	\$50.93

² The Monthly Service Charge in the Woods Valley Ranch service area is collected on each property owner's property tax bill on an annual basis.

³ Mid-Year Service Connection collected on the water meter bill until the end of the fiscal year, after which time the charges shall be levied on the property tax roll.

⁴ Grinder Pump Maintenance Charge effective July 1, 2024.

Wastewater and Grinder Pump Excess Usage Charges Woods Valley Ranch Service Area

When wastewater usage exceeds the wastewater EDU capacity allocation, a Wastewater and Grinder Pump Excess Usage Charges are added to the property's water bill based on the amount of excess wastewater discharged.

The Wastewater and Grinder Pump Excess Usage Charges, on commercial properties, provides a means to recover capital, service and administration costs associated with wastewater usage in excess of a property's wastewater capacity allocation. The charge is billed to the commercial customer on their monthly water bill and should be sufficient to recover all costs associated with providing wastewater service. The allotted wastewater flow is calculated at 175 gallons per day per EDU, or 5,250 gallons per month per EDU, which equates to a wastewater flow per EDU of 7.0 hundred cubic feet per month. Any wastewater discharged greater than 7.0 HCF times the number of EDU's allocated to the property would be charged at the Wastewater Excess Usage Charges as shown in the table below. No change is proposed to the current rates at this time.

	<u>Current</u>
Wastewater Excess Usage Charge (discharge amount greater than 7.0 HCF times the EDU allocation)	\$39.66
Grinder Pump Excess Usage Charge (discharge amount greater than 7.0 HCF times the EDU allocation)	\$9.92

RECOMMENDATION:

Approve and direct staff to mail the attached Notice of Public Hearing which will provide for amendments to the Administrative Code to increase rates and charges as provided in the Notice.

PREPARED BY:



James V. Pugh
Director of Finance

APPROVED BY:



Gary T. Arant
General Manager

NOTICE OF PUBLIC HEARING

Water and Wastewater Service Fees

Concerning Proposed Rate Increases for Valley Center Municipal Water District

NOTICE IS HERBY GIVEN THAT the Board of Directors of the Valley Center Municipal Water District (“District”) will conduct a **Public Hearing** on January 2, 2024, at 2:00 p.m., in the Board Room of the District Headquarters located at 29300 Valley Center Road, Valley Center, California 92082, to consider adopting increases in the rates for its water and wastewater service fees to account for increased costs of providing water and wastewater service, effective January 3, 2024.

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, 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 and the Board Secretary will read aloud the comment during 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.

Meeting Broadcast: Members of the public may watch the meeting broadcast on the District’s website at vcmwd.org/Board/Board-Documents, and select the link below “live stream” on the page.

For further information, please visit the District’s website at <http://www.vcmwd.org/>, and review the agenda for the Public Hearing, which will be published at least 72 hours before the time and date of the Public Hearing on the District’s website.

REASONS FOR THE PROPOSED RATE AND CHARGE INCREASES

The District is dedicated to providing exceptional water and wastewater services at the lowest possible cost while protecting the water resources and public health of our unique community. While the District continually strives for cost reductions and better utilization of the assets it holds, it also needs to keep pace with inflation and other cost increases, including, among others, the cost to operate, maintain and upgrade its water and wastewater systems, to purchase power and water and to comply with regulations governing the distribution of water and treatment and disposal of wastewater. More details supporting the reasons for the increased water service fees is included in the District’s Fiscal Year 2023-2024 Annual Budget, adopted by the Board on June 19, 2023.

In addition to increases in the costs of wholesale water and power, the District anticipates that there will be future increases in the costs of operating, maintaining, upgrading, and replacing the water system and wastewater systems, other charges imposed on the District by the Metropolitan Water District (“MWD”)/ San Diego County Water Authority (“SDCWA”) for wholesale water and by the San Diego Gas & Electric company (“SDG&E”) for purchase of energy.

With respect to wastewater service fees, wastewater treatment and disposal activities and systems are impacted by cost increases to chemicals, purchased power, labor, maintenance and upgrades which will impact wastewater service fees.

CURRENT PROPOSED WATER RATE AND CHARGE INCREASES

The District indirectly purchases imported water from MWD through the SDCWA system and water directly from the SDCWA through the same system. Purchased water comes from three sources: the Colorado River via the Colorado River Aqueduct, Northern California via the California Aqueduct, and the Carlsbad Seawater Desalination Facility, via the SDCWA. Beginning January 1, 2024, MWD and SDCWA will be increasing the cost of wholesale water that it delivers to the District.

The District’s rate structure for water service fees has two customer classes: Domestic/Commercial and Permanent Special Agricultural Water Rate (PSAWR) customers. The rates for the District’s water service fees are comprised of four components: (1) a fixed monthly charge (the “Water Service Charge” and/or “Fire Service Charge”) for Active Meters; (2) a volumetric water consumption charge (the “Wholesale” or “Commodity Charge”); (3) a pumping charge (the “Pumping Charge”); and (4) a SDCWA Infrastructure Access Charge (“IAC”), which is a direct pass-through of rates adopted by the SDCWA. The rates for the fixed monthly Water Service Charge are established on the basis of the meter size for the property receiving water service and are calculated to recover a significant portion of the District’s fixed costs, such as water facilities repairs and replacements, meter reading, billing, and customer service. The rates for the variable Wholesale or Commodity Charge are based on the number of units of water delivered to a property, and are designed to recover the District’s wholesale water purchase costs (“MWD/SDCWA Costs”), as well as the balance of costs of the District such as labor and benefits, materials, vehicle and equipment maintenance, etc. (“VCMWD Commodity Costs”). One unit of water equals one hundred cubic feet (“HCF”), or 748 gallons. These rates are calculated on the basis of the cost of providing water, purchasing water from SDCWA, and managing the District’s water resources. Certain properties are located at higher elevations and are subject to a Pumping Charge. The Pumping Charge is determined on the basis of the amount of energy needed to pump water (based on feet of lift to pump the water) within certain identified pump zones within the District’s water service area. (Please refer to your water bill for your identified pump zone, if any.) The charges are determined on a per unit basis. The IAC is a fixed charge that is established on the basis of the size of the customer’s meter and is imposed on the District by SDCWA and passed through to our customers.

Together, the four components are calculated to recover the proportionate cost of providing water service attributable to parcels within each customer class. The current and proposed rate increases are described in the tables below. The District is proposing to increase the rates for the Water Service Charge, Wholesale or Commodity Charge, Pumping Charge, and the SDCWA IAC at this time. If approved, the proposed rate increases will be effective for services provided on and after January 3, 2024.

Current and Proposed Water Service Charge Rates (\$/Meter Size)

Meter Size	Current	Proposed Change	Effective Jan. 3, 2024
3/4 inch	\$47.46	\$0.85	\$48.31
1 inch	\$64.84	\$1.16	\$66.00
1-1/2 inch	\$97.26	\$1.74	\$99.00
2 inch	\$129.69	\$2.31	\$132.00
3 inch	\$194.53	\$3.47	\$198.00
4 inch	\$259.38	\$4.62	\$264.00
6 inch	\$389.07	\$6.93	\$396.00
8 inch	\$518.76	\$9.24	\$528.00

Current and Proposed Water Wholesale/Commodity Charge Rates (\$/HCF)

Customer Class	Costs	Current	Proposed Change	Effective Jan. 3, 2024
Municipal/Industrial:	MWD/SDCWA Wholesale	\$5.0474	\$0.5095	\$5.5569
	VCMWD Commodity	\$0.6282	\$0.0113	\$0.6395
	Total	\$5.6756	\$0.5208	\$6.1964
PSAWR:	MWD/SDCWA Wholesale	\$3.6866	\$0.3179	\$4.0045
	VCMWD Commodity	\$0.6282	\$0.0113	\$0.6395
	Total	\$4.3148	\$0.3292	\$4.6440

Construction Water: Potable construction water is billed at the proposed Domestic/Commercial rate of \$6.1964 per HCF.

Current and Proposed SDCWA IAC Rates

Meter Size	Current	Proposed Change	Effective Jan. 3, 2024
3/4 inch	\$4.24	\$0.17	\$4.41
1 inch	\$6.78	\$0.28	\$7.06
1-1/2 inch	\$12.72	\$0.51	\$13.23
2 inch	\$22.05	\$0.88	\$22.93
3 inch	\$40.70	\$1.64	\$42.34
4 inch	\$69.54	\$2.78	\$72.32
6 inch	\$127.20	\$5.10	\$132.30
8 inch	\$220.48	\$8.84	\$229.32

Current and Proposed Pumping Zone Rates

Zone	Current \$/Unit	Proposed Change	Effective Jan. 3, 2024
1	\$0.12104	\$0.02094	\$0.14198
2	\$0.24202	\$0.04187	\$0.28389
3	\$0.26850	\$0.04645	\$0.31495
4	\$0.40097	\$0.06937	\$0.47034
5	\$0.58812	\$0.10174	\$0.68986
6	\$0.65604	\$0.11349	\$0.76953
7	\$0.69572	\$0.12036	\$0.81608
8	\$0.78852	\$0.13641	\$0.92493
9	\$0.81672	\$0.14129	\$0.95801
10	\$1.08174	\$0.18714	\$1.26888

In addition to the water service charges described above, the District also imposes a fixed monthly Fire Service Charge on certain properties as a condition of extending or initiating water service by (1) the installation of a private fire suppression system, and (2) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of fire service protection. The rates for the monthly fire service charge are established on the basis of the size of the meter through which water is delivered and is calculated to recover the cost of providing water to such properties for private fire service protection. The current and proposed rates are set forth in the table below.

Current and Proposed Fire Service Charge Rates (\$/Meter Size)

Meter Size	Current	Proposed Change	Effective Jan. 3, 2024
3/4 inch	\$9.94	\$0.17	\$10.11
1 inch	\$13.91	\$0.25	\$14.16
1-1/2 inch	\$20.74	\$0.50	\$21.24
2 inch	\$27.56	\$0.76	\$28.32
3 inch	\$41.49	\$0.99	\$42.48

CURRENT PROPOSED WASTEWATER SERVICE RATE INCREASES

The rates for the District’s monthly wastewater service charges are structured to recover the cost to collect, treat, and dispose of sanitary sewage. Because of differences in the cost of providing wastewater service, the District has two different wastewater service areas—Lower Moosa Canyon and Woods Valley Ranch. The rates within each service area for the monthly wastewater service charge (the “Monthly Service Charge”) are determined on an equivalent dwelling unit (“EDU”) basis. EDU is a term used to compare the flows from non-residential and multi-family units in terms of flows generated by a single-family residential unit. A single-family residential unit is assigned one EDU. The number of EDU’s assigned to an account is therefore based on the estimated sewer flow generated by that account. A monthly fee is also imposed on certain areas of the District that have been identified to be served by Low Pressure Wastewater Collection Systems (“LPCS Charge”) or a Grinder Pump Maintenance Charge (“GPMC”). The LPCS Wastewater Service Charge and GPMC are structured to recover the cost to maintain, repair, and ultimately replace the Septic Tank Effluent Pump Systems (STEP) system and pumps. (Please refer to your most recent wastewater bill to determine your service area and whether you are subject to the LPCS Wastewater Service Charge). There are no proposed rate increases to the wastewater service charges at this time. The current rates for wastewater service charges are set forth in the table below.

Current Monthly Wastewater Service Charge Rates (\$/EDU)

<u>Lower Moosa Canyon Service Area</u>	<u>Current</u>	<u>Woods Valley Ranch Service Area</u>	<u>Current</u>
Monthly Moosa - Gravity	\$61.72	Monthly Service Charge ²	\$98.60
Monthly Moosa - LPCS ¹	\$50.93	Mid-Year Sewer Service Charge ³	\$50.93
	\$112.65	Grinder Pump Maintenance ^{3, 4}	\$50.93

LOWER MOOSA CANYON WATER RECLAMATION FACILITY CAPITAL IMPROVEMENT CHARGE

The Lower Moosa Canyon Water Reclamation Facility 2023 Master Plan Update encompasses a 20-year capital improvement planning horizon. A proposed \$10.7M, five to ten-year, multi-phased capital improvement program was recommended that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies to accommodate changes in the waste stream characteristics and flow. Funding for these projects would be from capital replacement reserves and short and long term low interest rate loans with repayment from a combination of the current net wastewater revenues and a proposed Capital Improvement Charge intended to be added to the monthly wastewater bill. The new Capital Improvement Charge is proposed at \$12 per month per EDU. An EDU is the flow equivalent of a single-family residential unit. Commercial properties are assigned multiple EDUs depending on the size and type of business. This charge would go into effect on January 3, 2024, and would be in addition to the current and any future increases in the monthly Wastewater Service Fee.

¹ Not all Wastewater Accounts are PLCS Accounts.

² The Monthly Service Charge in the Woods Valley Ranch service area is collected on each property owner’s property tax bill on an annual basis.

³ Mid-Year Service Connection Charges are collected on the water meter bill until the end of the fiscal year, after which time the charges shall be levied on the property owner’s property tax bill on an annual basis.

⁴ The Woods Valley Ranch Grinder Pump Maintenance Charge effective July 1, 2023, is collected on each property owner’s tax bill on an annual basis.

WASTEWATER AND GRINDER PUMP EXCESS USAGE CHARGES – WOODS VALLEY RANCH SERVICE AREA

When wastewater usage exceeds the wastewater EDU capacity allocation, a Wastewater and Grinder Pump Excess Usage Charge is added to the property’s water bill based on the amount of excess wastewater discharged. The rates are not proposed to increase.

The Wastewater and Grinder Pump Excess Usage Charge, on commercial properties, provides a means to recover capital, service and administration costs associated with wastewater usage in excess of a property’s wastewater capacity allocation. The charge is to be billed to the commercial customer on their monthly water bill and should be sufficient to recover all costs associated with providing wastewater service. The allotted wastewater flow is calculated at 175 gallons per day per EDU, or 5,250 gallons per month per EDU, which equates to a wastewater flow per EDU of 7.0 hundred cubic feet per month. Any wastewater discharged greater than 7.0 HCF times the number of EDU’s allocated to the property would be charged at the Wastewater Excess Usage Charges as follows:

	<u>Current</u>
Wastewater Excess Usage Charge (discharge amount greater than 7.0 HCF times the EDU allocation)	\$39.66
Grinder Pump Excess Usage Charge (discharge amount greater than 7.0 HCF times the EDU allocation)	\$9.92

PUBLIC HEARING

Any property owner or any tenant directly responsible for the payment of water or wastewater service fees (i.e., a customer of record) may submit a written protest to the proposed rate increases; provided, however, only one protest will be counted per identified parcel. Each protest must: (1) be in writing; (2) state whether the protest is submitted in opposition to the water rate increases or wastewater rate increases; (3) provide the location of the identified parcel (by assessor’s parcel number or service address); and (4) include the name and signature of the person submitting the written protest. All written protested must be received prior to the close of the public comment portion of the public hearing. Written protests may be submitted:

- by mail to: Valley Center Municipal Water District, P.O. Box 67, Valley Center, CA 92082, provided such protest is received by the District prior to the close of the Public Hearing on January 2, 2024; or
- in person at the District’s office at 29300 Valley Center Road, Valley Center, CA 92082, prior to the close of the public comment portion of the Public Hearing on January 2, 2024.

Any protest submitted via e-mail or other electronic means will not be accepted as a formal written protest. Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on the Proposed Rate Increases.

The Board of Directors will consider all written protests timely submitted and will hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed water and/or wastewater rate increases described in this notice. If, after the close of the Public Hearing, written protests against the proposed rate increases to water or wastewater fees as outlined above are not presented by a majority of the record owners and customers of record of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to adopt the adjusted rates as described herein.

If adopted, please also be aware that there is a 120-day statute of limitations for challenging the water and wastewater rates proposed herein, which will begin from the date the rates are adopted or the date the resolution adopting the rates goes into effect, whichever is later.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact the Valley Center Municipal Water District, 760-735-4500.

November 6, 2023

TO: Honorable President & Board of Directors

FROM: Gary T. Arant, General Manager

**SUBJECT: FY 2023-2024 ANNUAL BUDGET AMENDMENT AND
CONSTRUCTION CONTRACT AWARD FOR THE McNALLY AND
MIZPAH RESERVOIRS PAINTING AND RECOATING PROJECT -
[PROJECT NO. 01-06-78-51405]**

PURPOSE:

Request the Board of Directors adopt Resolution No. 2023-40 amending the FY 2023-2024 Annual Budget authorizing additional funding for the McNally and Mizpah Reservoirs Painting and Recoating Project and awarding a standard construction contract to Capital Industrial Coatings, LLC ("CIC").

SUMMARY:

The McNally and Mizpah Reservoirs Painting and Recoating Project ("Project") consists of the surface preparation, structural work, interior coating, and exterior painting of each reservoir. Structural work for each reservoir includes removal of the interior ladders, removal and replacement of existing earthquake rods, removal and replacement of rafters, replacement of associated hardware, additional auxiliary vents, addition of second access manways as well as the installation of exterior staircase and safety railing for Mizpah.

The reservoirs were combined into one construction contract and bid together to realize savings from managing one contract with one contractor. Costs will be tracked separately for both reservoirs.

The McNally Reservoir is a 90-foot diameter by 43-foot tall 2 million gallon above ground welded steel potable water reservoir, constructed in 1956. The reservoir was last coated in 2007.

The Mizpah Reservoir is a 71-foot diameter by 35-foot tall 1-million-gallon welded steel potable water reservoir, constructed in 1967. The reservoir was last recoated and painted in 2007.

McNally Reservoir is a high use, high priority reservoir that serves the Cool Valley Zone. To ensure McNally reservoir is back online as soon as possible, the contract requires the contractor to begin with that reservoir first, finishing with structural work before moving on to the Mizpah Reservoir.

Project Bid Award

In accordance with the formal procurement procedures set forth in Article 140.2(b) of the District's Administrative Code, the District advertised the project in a regularly circulated newspaper publication on September 26, 2023 and October 3, 2023. A bid duration of 30 days was allotted with a public bid opening held on October 17, 2023.

Four contractors attended at least one of the two mandatory pre-bid meetings, with all four contractors submitting bids, tabulated below:

The following four (4) bids were received:

CONTRACTOR	BID AMOUNT
Capital Industrial Coatings, LLC	\$2,066,445
Paso Robles Tank, Inc.	\$2,342,227
Allied Painting, Inc.	\$2,461,321
Amp United, LLC	\$3,069,717

The engineer's estimate at the time of bid was \$2,300,000.

The apparent low bidder was Capital Industrial Coatings, LLC with a total bid of \$2,044,245 (Corrected), which is approximately 12% less than the second bid and 11% lower than the engineer's estimate.

Bid Item Irregularity:

Upon review of the bid documents submitted, staff identified a minor computational error in the Item Cost column for Item 12 – Replace Top Girder Clip. The following table is an excerpt from CIC's bid for Item 12. The Item Cost does not equate based on the Quantity and Unit Price stated.

NO.	ITEM DESCRIPTION	UNIT OF MEASURE	EST. QTY.	UNIT PRICE	ITEM COST
12	Replace Top Girder Clip	EA	6	\$412.50	\$24,675.00

Contract documents state that the Unit Price prevails in a situation such as this to correct a clear computational error, therefore the corrected Item Cost shall be **\$2,475**, amending the Total Bid Amount to **\$2,044,245**. Given this irregularity is immaterial and does not change CIC's position of low bidder and CIC agrees with the change to their Total Bid Price, staff is recommending the Board of Directors waive this irregularity as allowed by Section 00200 of the Bid Documents.

Bid Protest:

Staff received the attached bid protest from the second lowest bidder, Paso Robles Tank, Inc., ("PRT") transmitted via email on October 23, 2023. Section 00200 requires a protest to meet the following conditions in order to be valid:

- A. *Be filed in writing within five (5) calendar days after the bid opening date;*
- B. *Clearly identify the specific irregularity or other basis for protest;*
- C. *Specify, in detail, the factual and legal grounds for the protest; and*
- D. *Include all relevant, supporting documentation with the protest at the time of filing.*

If the protest is valid, the District Engineer, or other designated District staff member, shall review the basis of the protest and all relevant information. The District Engineer will provide a written decision to the protestor.

Staff engaged the services of special counsel, the Law Office of Clare M. Gibson, to review the protest. Ms. Gibson prepared the attached legal opinion indicating that PRT's protest is without merit and recommending the Board reject the protest and award the contract to CIC as the lowest responsive bidder for the Project.

Summary of the Bid Protest Items and Response:

The protest was submitted six (6) calendar days from the bid opening date, violating condition A and consisted of the following claims by PRT. Staff's response follows each claim:

1. **PRT: CIC submitted their bid electronically, rather than through a sealed envelope delivered to the District.**

Staff: CIC's bid was in fact delivered in a sealed envelope as required. It was received via FedEx at 8:25 am on October 17, 2023. Staff followed typical procedures of publicly opening their bid along with the others received

2. **PRT: CIC Bid Bond was not original.**

Staff: The Bid Bond was delivered in a sealed envelope as required. It was received via FedEx at 1:45 pm on October 17, 2023. The bond meets all requirements, including original seals.

3. **PRT: Bid Bond was signed by the CFO/Secretary of CIC, whereas the rest of the documents were signed by the Vice President of CIC, claiming perceived illegitimacy of the Bid Bond as a result.**

Staff: This has no bearing, both are officers of the Company, and the Bid Bond was signed and submitted as required.

4. **PRT: Identified the Department of Industrial Relations (“DIR”) number does not match the listed subcontractor Premier Tank in section 00440.**

Staff: CIC made a clerical mistake and inputted the wrong DIR number for Premier Tank. Staff confirmed Premier Tank maintained a current DIR registration at bid time as required by Labor Code sections 1725.5 and 1771.1.

5. **PRT: Capital Industrial Non-Collusion Declaration (Section 00420) was not notarized.**

Staff: There is no requirement to have this form notarized.

Project Funding

Funding for the project was established with the FY 2023-2024 annual budget. Given the higher actual construction amount than projected at that time, an amendment to the FY 2023-2024 Annual Budget in the amount of \$150,000 is requested to maintain a minimum 10% contingency in the project budget. The additional funding for the project is available from the Capital Improvements Reserve. The reserve is being replenished by the disbursements from the SRF loan, which are currently being processed by the State Water Resources Control Board with receipt anticipated in the next couple months.

Project Budget	Current Project Budget	Mid-Year Budget Amendment	Total Proposed Budget
Staff	30,000		30,000
Inspection	100,000		100,000
Construction Contract	1,800,000	244,245	2,044,245
Miscellaneous	20,000	(15,000)	5,000
Contingency	300,000	(79,245)	220,755
Total	2,250,000	150,000	2,400,000

The requested budget amendment provides increased funding for the additional cost of the paint and recoat contract and a decrease in the contingency allowance from 15% to 10%. The proposed \$150,000 amendment increases the overall project budget by 6.7% to a new total of **\$2,400,000**.

Project Schedule

The following table summarizes the Project schedule. The contract allows for one hundred sixty (160) calendar days for the painting and recoating of both reservoirs.

Notice of Award	November 06, 2023
Process Construction Contract	December 2023
Notice to Proceed	January 2024
Contract Completion	May 2024

RECOMMENDATION:

Staff recommends the Board of Directors adopt Resolution No. 2023-40 amending the FY 2023-2024 Annual Budget authorizing an additional \$150,000 in funding for the McNally and Mizpah Reservoirs Painting and Recoating Project, waiving the corrected computational error in CIC's bid, rejecting PRT's bid protest and awarding the construction contract to Capital Industrial Coatings, LLC for their corrected low bid amount of \$2,044,245.

SUBMITTED BY:



Wally Grabbe, P.E.
District Engineer

APPROVED BY:



Gary T. Arant
General Manager

Attachments:

Bid Protest, Paso Robles Tank, Inc.
Response to Bid Protest, Law Office of Clare M. Gibson
Resolution No. 2023-40
Mid-Year Capital Project Request



PASO ROBLES TANK, INC.

"A wholly-owned subsidiary of Associated Construction and Engineering, Inc."

Date: 10-23-2023

**Valley Center Municipal Water District
Engineering Department
Attn: Nick Lyuber
29300 Valley Center Road**

**Subject: Valley Center MWD- McNally & Mizpah Reservoirs Painting and Recoating
Project No.: 01-06-78-51405**

BID PROTEST

Dear Mr. Lyuber:

By and through this letter, Paso Robles Tank, Inc. ("PRT") is protesting the bid of Capital Industrial Coatings ("Capital Industrial") and the awarding of any contract to Capital Industrial based upon its bid for the above-referenced project, as Capital Industrial's bid should be found to be non-responsive and therefore should be rejected.

Capital Industrial's bid should be determined to be non-responsive for the following reasons:

1. The Notice Inviting Bids for this project expressly called for the receipt of sealed bids at the Water District's office. In other words, this was not an electronic bid. Nevertheless, every document submitted by Capital Industrial in connection with its bid was digitally signed, despite the requirement in the bid documents, that hard copies be submitted.

Section 00200-13 of the Instructions to Bidders states that "Only where expressly permitted in the Notice Inviting Bids, may Bidders submit their bids via electronic transmission The acceptable method(s) of electronic transmission shall be stated in the Notice Inviting Bids."

Here, the Notice Inviting Bids does not state any acceptable method for the electronic transmission of bids, and thus, Capital Industrial's bid should be rejected.

Further, according to the Instructions to Bidders (Section 00200-8), "Oral, Telephonic, and electronic modifications will not be considered".

8. MODIFICATIONS OF BIDS

Each Bidder shall submit its Bid in strict conformity with the requirements of the Contract Documents. Unauthorized additions, modifications, revisions, conditions, limitations, exclusions or provisions attached to a Bid may render it non-responsive and may cause its rejection. Bidders shall neither delete, modify, nor supplement the printed matter on the Bid Forms, nor make substitutions thereon. **Oral, telephonic and electronic modifications will not be considered** unless the Notice Inviting Bids authorizes the submission of electronic bids and modifications thereto and such modifications are made in accordance with the Notice Inviting Bids.

2. The Bid Bond was signed by G. Michael Uhles, however, no corporate resolution was provided. All other bid documents were signed by Spiro Poulos.
 - o With no Corporate resolution indicating authority to represent and bind Capital Industrial, there are legitimate questions and concerns as to the qualifications and ability to sign on behalf of the the company.

7. COMPLETION OF BID FORMS

Bids shall only be prepared using copies of the Bid Forms which are included in the Contract Documents. The use of substitute bid forms other than clear and correct photocopies of those provided by the District will not be permitted. **Bids shall be executed by an authorized signatory as described in these Instructions to Bidders.** In addition, Bidders shall fill in all blank spaces (including inserting "N/A" where applicable) and initial all interlineations, alterations, or erasures

3. The Bid Bond is NOT a true original. The Bid Bond was issued and notarized by a Surety in Illinois on 10-17, the Bond was then notarized by Capital's Secretary G. Michael Uhles in Indiana on 10-17, and then submitted with Capital's bid on the same day, 10-17. The Bond submitted with Capital Industrial's bid is unquestionably an electronic copy; not an original, and thus, it does not conform to the bid requirements.

In Section 00200-12 of the Instructions to Bidders, it clearly states that a bid bond shall be turned in with each bid. Nowhere in this Section, the bid documents, or any other of the project documents does it allow for the submission of an electronic copy of the bid bond itself.

- While the bid documents allow 10 calendar days to submit the payment and performance bonds, they do not allow a grace period for the hard copy BID BOND

12. BID GUARANTEE (BOND)

Each bid shall be accompanied by: (a) cash; (b) a certified check made payable to the District; (c) a cashier's check made payable to the District; or (d) a bid bond payable to the District executed by the bidder as principal and surety as obligor in an amount not less than 10% of the maximum amount of the bid. Personal sureties and unregistered surety companies are unacceptable. The surety insurer shall be California admitted surety insurer, as defined in Code of Civil Procedure Section 995.120. The cash, check or bid bond shall be given as a guarantee that the bidder shall execute the Contract if it be awarded to the bidder, shall provide the payment and performance bonds and insurance certificates and endorsements as required herein within ten (10) calendar days after notification of the award of the Contract to the bidder. Failure to provide the required documents may result in forfeiture of the bidder's bid deposit or bond to the District and the District may award the Contract to the next lowest responsible bidder, or may call for new bids.

4. The DIR provided for Premier Tank is incorrect. The DIR number provided belongs to Commercial Scaffolding (See attached).

00100 Notice Inviting Bids states that no bid will be accepted without proof of current registration of contractor and subcontract. T

Pursuant to Labor Code sections 1725.5 and 1771.1, all contractors and subcontractors that wish to bid on, be listed in a bid proposal, or enter into a contract to perform public work must be registered with the Department of Industrial Relations. No bid will be accepted nor any contract entered into without proof of the contractor's and subcontractors' current registration with the Department of Industrial Relations to perform public work. If awarded a Contract, the Bidder and its subcontractors, of any tier, shall maintain active registration with the Department of Industrial Relations for the duration of the Project. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

5. Capital Industrial's Non-Collusion Declaration (Section 00420) was NOT notarized.

7. COMPLETION OF BID FORMS

Bids shall only be prepared using copies of the Bid Forms which are included in the Contract Documents. The use of substitute bid forms other than clear and correct photocopies of those provided by the District will not be permitted. Bids shall be executed by an authorized signatory as described in these Instructions to Bidders. In addition, Bidders shall fill in all blank spaces (including inserting "N/A" where applicable) and initial all interlineations, alterations, or erasures

"A basic rule of competitive bidding is that bids must conform to specifications, and that if a bid does not so conform, it may not be accepted." See, 47 Ops.Cal.Atty.Gen. 129, 130-131 (1996).

Here, Capital Industrial's bid fails to conform to the bid requirements and specifications in no less than three ways: (1) it was submitted through an unacceptable/unapproved transmission method – via electronic transmission; (2) it lacks a properly authorized Bid Bond; and (3) the Original Bid Bond was not submitted in

connection with the bid. Accordingly, PRT submits and requests that Capital Industrial's bid be rejected as non-responsive and that the contract be awarded to the second responsive, responsible bidder.

Thank you in advance for your time and consideration of the above, and please call with any questions.

Respectfully submitted,

Shane P. Wombles

Shane Wombles
Paso Robles Tank Inc.
Sales and Estimating
951-550-9612

Shane P.
Wombles

Digitally signed by Shane P. Wombles
DN: OU=President, O="Paso Robles
Tank, Inc.", CN=Shane P. Wombles,
E=swombles@pasoroblestank.com
Reason: I am the author of this
document
Location: your signing location here
Date: 2023.10.23 12:09:06-07'00'
Foxit PDF Editor Version: 11.2.6

3883 Wentworth Drive, Hemet CA 92545 Cell: 951-550-9612 Office: 951-925-5022 Fax: 951-925-6822

PRT SIQ#:001XXXX

Page 4 of 4

Sent via email to swombles@pasoroblestank.com

October 31, 2023

Shane P. Wombles
Paso Robles Tank, Inc.
3883 Wentworth Drive
Hemet, CA 92545

Re: Valley Center Municipal Water District Project No. 01-06-78-51405
McNally & Mizpah Reservoirs Painting and Recoating Project
Response to Bid Protest

Dear Mr. Wombles:

I write on behalf of my client, the Valley Center Municipal Water District ("District"), in my capacity as special counsel to the District. This letter constitutes the District's response to the bid protest dated October 23, 2023, that you submitted to the District on behalf of your company, Paso Robles Tank, Inc. ("PRT"), with regard to bidding for the above-referenced project ("Project").

The bid protest asserts that the low bid received by the District from Capital Industrial Coatings, LLC ("CIC") should be rejected as non-responsive based on five separate theories. I have reviewed the protest, the subject bid documents, and the relevant facts and law. On that basis, I have concluded that the protest lacks merit on all counts and that the protest must also be rejected as invalid because it was not timely submitted.

A. BACKGROUND

Bids for the Project were publicly opened by the District on October 17, 2023. CIC was identified as the apparent low bidder. District staff reviewed all of CIC's bid submittals and confirmed timely compliance with applicable bid procedures including the time-stamped record of receiving the sealed bid envelope via overnight delivery prior to the bid opening.

After the bid opening, because some of the documents included in CIC's timely sealed bid did not scan well, the District requested that CIC provide digital copies of its bid documents for the District's electronic files. The District confirmed that the digital copies provided by CIC upon request after the bid were identical to the originals that were timely submitted by CIC before the bid opening.

PRT, the apparent second low bidder, requested copies of CIC's bid documents on October 17, 2023. The District responded the following day by providing PRT the digital copies provided by CIC. The District did not release to PRT the original versions which were received prior to the bid deadline, but appropriately retained those originals for the District's records.

B. ANALYSIS

1. CIC's bid documents were timely submitted in compliance with the bid requirements.

PRT has erroneously assumed that the CIC bid was not submitted in compliance with the bidding requirements. Presumably this assumption is predicated on unsupported inferences PRT drew from the metadata associated with the digital copies of the CIC bid documents that were provided by the District to PRT. Regardless of the genesis for PRT's theory, the District possesses incontrovertible evidence, including time-stamped originals, that CIC's bid was timely submitted in compliance with the requirements of the bid documents. Accordingly, this basis for the bid protest lacks merit.

2. CIC's bid bond was submitted in compliance with the bid requirements.

The protest alleges vague "questions and concerns" about CIC's bid bond because it was signed by a different corporate officer than the CIC officer who signed the other bid documents submitted by CIC. However, there is no requirement that the bid bond be signed by the same person who signed the other bid forms. Likewise, there is no requirement that the bid bond be accompanied by a corporate resolution. The District is satisfied that the bid bond is valid and enforceable on its face and that it was submitted in compliance with the bid requirements. Accordingly, this basis for the bid protest lacks merit.

3. The District received an original bid bond from CIC in compliance with the bid requirements.

As a related matter the protest alleges that the bid bond received by the District was not a "true original." This allegation is based on an erroneous assumption rather than the actual documented facts. The District received a "true original" bid bond from CIC in full compliance with the bid requirements. The *digital* copy of the bid bond that the District forwarded to PRT

in response to PRT's post-bid request was necessarily a copy of the *original* version that was timely received and properly retained by the District. Accordingly, this basis for the bid protest lacks merit.

4. CIC's bid was not invalidated by a clerical error in the Department of Industrial Relations registration number for one of CIC's listed subcontractors.

Pursuant to Labor Code section 1725.5 any contractor or subcontractor must be registered with the Department of Industrial Relations ("DIR") in order to submit a bid on a public work contract (subject to limited exceptions that do not apply here). There was a clerical error on CIC's submittal of Section 00440 (List of Subcontractors Form) with respect to the DIR number provided for subcontractor Premier Tank. However, what matters here is not whether or not DIR number was properly transcribed on the Section 00440 form, but whether or not the subcontractor was properly registered with the DIR pursuant to Labor Code section 1725.5. The District confirmed that Premier Tank was registered with the DIR at the time CIC's bid was submitted.

Given that Premier Tank's DIR registration status and number could easily be confirmed, this was not an appropriate basis for a protest. Labor Code section 1771.1 provides that an inadvertent error in listing a subcontractor who is not registered with the DIR "shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive" provided the inadvertent error is addressed by any one of the three manners specified therein, as set forth in this excerpt (emphasis added):

"(c) An inadvertent error in listing a subcontractor who is not registered pursuant to Section 1725.5 in a bid proposal **shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive**, provided that any of the following apply:

(1) The subcontractor is registered prior to the bid opening.

Here there was no erroneous listing of an unregistered subcontractor. Instead, the sole issue is that the wrong DIR registration number was provided for a duly registered subcontractor due to inadvertent error. The clerical error in CIC's Section 00440 form is neither proper grounds for a bid protest nor grounds for considering the CIC bid nonresponsive under the Labor Code.

In addition, this clerical error can be waived by the District as immaterial because it does not affect the amount of the bid nor afford the bidder an unfair competitive advantage over other bidders. (*Bay Cities Paving & Grading, Inc. v. City of San Leandro* (2014) 223 Cal.App.4th 1181,

1193 [following well-established California law to hold that a city acted within its discretion by waiving submission of a bid bond missing one page as an immaterial error].)

Accordingly, this basis for the bid protest lacks merit.

5. CIC's Non-Collusion Declaration was submitted in compliance with the bid requirements and Public Contract Code section 7106.

Finally, the bid protest alleges that CIC's bid is non-responsive because the Non-Collusion Declaration submitted with CIC's bid was not notarized. However, there is no notarized signature requirement in the bid documents nor in Public Contract Code section 7106, which governs these declarations. CIC's Non-Collusion Declaration was properly signed under penalty of perjury and submitted in compliance with the bid documents and Public Contract Code section 7106. Accordingly, this basis for the bid protest also lacks merit.

6. PRT's bid protest must be rejected as invalid because it was submitted late.

Section 20 of Section 00200 (Instructions to Bidders) provides that a bid protest "will be rejected as invalid" if it is not submitted within five days after the bid opening. As set forth above, the bid protest lacks merit as to each of the alleged grounds for the protest. In addition, the bid protest itself must be rejected as invalid because it was submitted on October 23, 2023—*six* days after the bid opening on October 17, 2023, not within *five* days as required by the bid instructions. In the interests of transparency and providing certainty for all parties, the District has nevertheless elected to respond herein to the substance of each of the allegations in the bid protest even though the protest is invalid on its face because it was not timely submitted.

C. CONCLUSION

California courts have consistently held that bid protest allegations of non-responsiveness must be evaluated from a practical, rather than speculative or hyper-technical perspective, and based on the *public* interest:

"They must also be viewed in light of the public interest, rather than the private interest of a disappointed bidder. It certainly would amount to a disservice to the public if a losing bidder were to be permitted to comb through the bid proposal...of the low bidder after the fact, [and] cancel the low bid on minor technicalities, with the hope of securing acceptance of his, a higher bid. Such construction would be adverse to the best interests of the public and contrary to

public policy.” (*Bay Cities Paving & Grading, Inc. v. City of San Leandro* (2014) 223 Cal.App.4th 1181, 1189; internal quotation marks omitted.)

Established public policy further supports rejecting PRT’s late and meritless bid protest in its entirety.

The District appreciates PRT’s interest in the Project and welcomes its participation in future public works bids. However, for the reasons stated above, District staff will recommend that the District’s Board of Directors reject the bid protest submitted by PRT, and award the contract to CIC as the lowest responsive bidder for the Project.

Sincerely,

LAW OFFICE OF CLARE M. GIBSON



Clare M. Gibson

c: Gary Arant, General Manager
Wally Grabbe, PE, District Engineer and Deputy General Manager
Nick Lyuber, PE, Senior Engineer
Capital Industrial Coatings, LLC

RESOLUTION NO. 2023-40

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING THE
FY2023-2024 ANNUAL BUDGET TO AUTHORIZE ADDITIONAL FUNDING AND
AWARDING THE CONSTRUCTION CONTRACT FOR THE MCNALLY AND MIZPAH
RESERVOIRS PAINTING AND RECOATING PROJECT
[PROJECT NO. 01-06-78-51405]**

WHEREAS, the Valley Center Municipal Water District (District) has heretofore called for bids for the McNally and Mizpah Reservoirs Painting and Recoating Project;

WHEREAS, at the time and place designated, the bids were opened and read aloud;

WHEREAS, the lowest responsive and responsible bidder was Capital Industrial Coatings, LLC for their low bid amount of \$2,066,445;

WHEREAS, an immaterial irregularity within Bid Item 12 between the Unit Price and Item Cost was found, amending the low bid amount to \$2,044,245;

WHEREAS, a bid protest was submitted and found to have no merit in disqualifying Capital Industrial Coatings, LLC as the lowest responsive and responsible bidder;

WHEREAS, the current funding authorization for the project is not sufficient;

WHEREAS, additional authorization in the amount of \$150,000 as indicated in the attached Mid-Year Capital Project Request is needed to fully fund the contract work and associated project expenses; and

WHEREAS, there are sufficient funds available in the Capital Improvements Reserves for the budget amendment.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. The District finds and determines that the preceding recitals are true and correct.
2. The FY 2023-2024 Annual Budget as originally adopted by Resolution No. 2023-21 is amended increasing the McNally and Mizpah Reservoirs Painting and Recoating Project [Project No. 01-06-78-51405] budget by \$150,000 for a total authorization amount of \$2,400,000.
3. Capital Industrial Coatings, LLC's experience and history of performance is acceptable for the project.
4. The Bid Item 12 irregularity is immaterial and does not change Capital Industrial Coating, LLC's position as the low bidder, and Capital Industrial Coatings, LLC's low bid amount is amended to \$2,044,245 as a result.

5. The Bid Protest is rejected.
6. The bid of Capital Industrial Coatings, LLC in the amount of \$2,044,245 for the McNally and Mizpah Reservoirs Painting and Recoating Project is accepted.
7. The execution of the contract by the District is conditioned upon the delivery of the certificates referred to in the contract documents and the furnishing of bonds for the faithful performance of the contract and for payment of all persons performing labor or furnishing material in connection herewith, all as provided in the Contract Documents for the construction of the McNally and Mizpah Reservoirs Painting and Recoating Project.
8. The General Manager, or his designee, is authorized and directed to execute said contract on behalf of the District with Capital Industrial Coatings, LLC at such time as the conditions contained in this resolution and the contract documents have been complied with by said bidder.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Valley Center Municipal Water District held on the 6th day of November, 2023, by the following vote:

Robert A. Polito, *President*

ATTEST:

Kirsten Peraino, *Board Secretary*

Attachment:
Mid-Year Capital Project Request

RESOLUTION NO. 2023-40

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING THE FY2023-2024 ANNUAL BUDGET TO AUTHORIZE ADDITIONAL FUNDING AND AWARDING THE CONSTRUCTION CONTRACT FOR THE MCNALLY AND MIZPAH RESERVOIRS PAINTING AND RECOATING PROJECT [PROJECT NO. 01-06-78-51405]

WHEREAS, the Valley Center Municipal Water District (District) has heretofore called for bids for the McNally and Mizpah Reservoirs Painting and Recoating Project;

WHEREAS, at the time and place designated, the bids were opened and read aloud;

WHEREAS, the lowest responsive and responsible bidder was Capital Industrial Coatings, LLC for their low bid amount of \$2,066,445;

WHEREAS, a minor computational error in the item cost column for Bid Item 12 was found and corrected amending the low bid amount to \$2,044,245;

WHEREAS, a computation error is immaterial and does not change Capital Industrial Coating, LLC's position as the low bidder;

WHEREAS, a bid protest was submitted and found to have no merit in disqualifying Capital Industrial Coatings, LLC as the lowest responsive and responsible bidder;

WHEREAS, the current funding authorization for the project is not sufficient;

WHEREAS, additional authorization in the amount of \$150,000 as indicated in the attached Mid-Year Capital Project Request is needed to fully fund the contract work and associated project expenses; and

WHEREAS, there are sufficient funds available in the Capital Improvements Reserves for the budget amendment.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. The District finds and determines that the preceding recitals are true and correct.
2. The FY 2023-2024 Annual Budget as originally adopted by Resolution No. 2023-21 is amended increasing the McNally and Mizpah Reservoirs Painting and Recoating Project [Project No. 01-06-78-51405] budget by \$150,000 for a total authorization amount of \$2,400,000.
3. Capital Industrial Coatings, LLC's experience and history of performance is acceptable for the project.

4. The computational error in CIC's Bid Item 12 is waived and Capital Industrial Coatings, LLC's low bid amount is amended to \$2,044,245.
5. The Bid Protest is rejected.
6. The bid of Capital Industrial Coatings, LLC in the amount of \$2,044,245 for the McNally and Mizpah Reservoirs Painting and Recoating Project is accepted.
7. The execution of the contract by the District is conditioned upon the delivery of the certificates referred to in the contract documents and the furnishing of bonds for the faithful performance of the contract and for payment of all persons performing labor or furnishing material in connection herewith, all as provided in the Contract Documents for the construction of the McNally and Mizpah Reservoirs Painting and Recoating Project.
8. The General Manager, or his designee, is authorized and directed to execute said contract on behalf of the District with Capital Industrial Coatings, LLC at such time as the conditions contained in this resolution and the contract documents have been complied with by said bidder.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Valley Center Municipal Water District held on the 6th day of November, 2023, by the following vote:

Robert A. Polito, *President*

ATTEST:

Kirsten Peraino, *Board Secretary*

Attachment:
Mid-Year Capital Project Request



Valley Center Municipal Water District

ACCOUNT NO.:

01-06-78-51405

DEPARTMENT:

Engineering

MID-YEAR CAPITAL PROJECT REQUEST – FY 2023-2024

McNally Mizpah Reservoir Paint and Recoat

Continuing Project	Type	Master Plan		Source of Funding	Strategic Plan	
	Replacement	Priority A	Project ID N/A	Capital Reserves	Standard 8, 9	Goal Infrastructure

PROJECT DESCRIPTION:

The McNally and Mizpah Reservoirs Painting and Recoating Project (Project) consists of the surface preparation, structural work, interior coating, and exterior painting of each reservoir. Structural work for each reservoir includes removal of the interior ladders, removal and replacement of existing earthquake rods, removal and replacement of rafters, replacement of associated hardware, additional auxiliary vents, addition of second access manways as well as the installation of exterior staircase and safety railing for Mizpah.

The McNally Reservoir is a 90-foot diameter by 43-foot tall 2 million gallon above ground welded steel potable water reservoir, constructed in 1956. The reservoir was last coated in 2007.

The Mizpah Reservoir is a 71-foot diameter by 35-foot tall 1-million-gallon welded steel potable water reservoir, constructed in 1967. The reservoir was last recoated and painted in 2007.

Bids were received October 17, 2023 and additional funding is needed to maintain a 10% overall contingency. Funding for the project is available from the Capital Improvement Reserves.

The following table summarizes the project funding requirements and expense allocations:

Project Budget	Prior Budget	Prior Estimated Actual Expense	Estimated Budget Remaining	Mid-Year Budget Allocation 2023-2024	Total Budget 2023-2024	Future Budget Allocation	Future Total Project Budget	Estimated Total Project Cost
Staff	30,000		30,000		30,000		30,000	30,000
Inspection	100,000		100,000		100,000		100,000	100,000
Paint and Recoat Construction	1,800,000		1,800,000	244,245	2,044,245		2,044,245	2,044,245
Miscellaneous	20,000		20,000	(15,000)	5,000		5,000	5,000
Contingency	300,000		300,000	(79,245)	220,755		220,755	220,755
Total Project	2,250,000	0	2,250,000	150,000	2,400,000	0	2,400,000	2,400,000

November 6, 2023

TO: Honorable President & Board of Directors

FROM: Gary T. Arant, General Manager

**SUBJECT: THE LILAC ROAD PIPELINE UPSIZING PROJECT – APPROVAL OF
CHANGE ORDER NO. 6 TO THE CONSTRUCTION CONTRACT WITH
CASS ARRIETA [PROJECT NO. 01-06-78-51417]**

PURPOSE:

Request the Board of Directors adopt Resolution 2023-41 approving Change Order No. 6 to the construction contract with Cass-Arrieta ("Cass").

SUMMARY:

The overall project generally consists of replacing approximately 6,000 linear feet of 6-inch Asbestos Concrete "AC" waterline within Lilac Road with 4,200 linear feet of 8-inch PVC waterline from Hideaway Lake Rd to Hunza Hill Terrace and 1,800 linear feet of 12-inch PVC from Hunza Hill Terrace to Betsworth Road. New gate valves, fittings, and appurtenances, such as air/vacuum valves, fire hydrants, blow-offs, and service laterals and roadway restoration affected by construction activity, such as new asphalt and stripping, are also included in the project scope. As shown in the attached exhibit.

Change Order No. 6 covers additional costs associated with paving more square footage than indicated in the construction documents and T&M work for minor changes. The additional cost of this change order is anticipated to be just over \$100,000. Pursuant to Article 140.4 (c) of the District's Administrative Code, change orders resulting in a cumulative total greater than \$50,000 require Board approval.

Construction Contract - Change Orders to Date

Cass was awarded the Contract for Construction on October 4, 2022, with a total bid of \$2,364,994.50. The District has previously approved five change orders totaling \$131,189.71 (5.6% of the original contract amount) and a 65-calendar day time extension.

Change Order No. 1 (Zero Cost, Zero Calendar Days): Consisted of substituting the Davis-Bacon wage determinations. This was a zero-cost and a zero-time extension change order.

Change Order No. 2 (\$6,366.17, Zero Calendar Days): Consisted of the District requesting Cass to provide additional surveying for the Right of Way (ROW) location at each existing water service and appurtenances. Some of the existing services and appurtenances outside of the ROW were adjusted.

Change Order No. 3 (\$31,051, 26 Calendar Days): Consisted of three (3) Change Order Requests.

- Time and Material ("T&M") costs for damaging an unmarked utility during trench excavation;
- Stabilization of the Subgrade due to groundwater; and
- March Inclement Weather Days.

Change Order No. 4 (\$33,464, 22 Calendar Days): Consisted of two (2) Change Order Requests.

- Stabilization of the Subgrade due to Ground Water in April and May; and
- Inclement weather days.

Change Order No. 5 (\$60,339.10, 17 Calendar Days): Consisted of three (3) Change Order Requests.

- Stabilization of the Subgrade due to Ground Water in June & July;
- Additional Rock Breaking costs that exceed the original contract; and
- Design Clarifications.

Change Order No. 6

Change Order No. 6 is estimated at \$112,925 and provides funding for the August and September Miscellaneous Extra Work and Additional Paving:

August and September Miscellaneous Extra Work - Time and Material (T&M):

Three T&M sheets were issued for the following minor changes:

- relocate a water sampling station,
- repair a leaking water meter service line, and
- install a fire hydrant jumper.

The total amount of these T&M sheets is estimated at \$7,000.

Additional Paving

It has been determined that the paving quantities listed in the contract will be significantly less than the actual final paving quantities. The original contract provided for 19,665 Square Feet ("SF") of base and cap paving (Item 31 from the original bid schedule).

No.	ITEM	Qty	Units	Unit Price	Contract Amount
31	AC Paving and Base.	19,665	SF	\$25.00	\$491,625.00

During the installation of the mainline and laterals, the contractor encountered rock and large amounts of groundwater that caused the contractor to widen the trench in multiple locations. In addition, the excavations for the tie-ins to the existing waterlines were larger than originally anticipated. Due to these changing conditions, the contractor was required to install more square footage of base pavement than the quantity included in the contract bid item. Depending on the trench proximity to the roadway edge or centerline the County

inspector may require pavement repair (cap paving) to extend well beyond the trench line. With the unit price for base paving much higher than cost for cap paving, staff required the contractor to separate the cost and quantity of base paving from cap paving

Actual quantities for the base paving will be determined once all the tie-ins are completed, and base paving is installed. The final cap paving quantities will be determined once the County has made its determination and the cap paving is completed and measured, anticipated by mid to late November. Additional traffic control time and setup that may be needed due to the additional paving will be determined when the work is in progress.

While the final determination of the amount of paving required for the project is pending direction from the County inspectors and final measurement, it is estimated that the total paving quantity for the project will exceed 30,000 square feet (an additional 10,500 SF, 3,000 SF of Base Paving and 7,500 of Cap Paving).

The unit price bid for base paving (\$25 per SF) included the following two construction steps:

- a) the Base Paving portion - 4" AC pavement over 18 inches of Class II Base, and later,
- b) the Cap Paving portion - Grinding off 1½ inches and installing the 1½ inch overlay and striping.

Since not all this additional paving requires the Base Paving portion, staff negotiated a unit price for just the Cap Pave portion at \$2.79 per SF. Additional compensation for Traffic Control needed as a result of the additional paving would be provided on a Time and Material (T&M) basis. Two days of traffic control are included in the estimated change order at \$5,000 per day. The following table provides a breakdown of the estimated cost of the Additional Paving portion of the change order.

Base Paving, Cap Paving, & Traffic Control				
Description	Unit of Measure	Estimated Quantity	Unit Price	Item Cost
Base Paving	SF	3,000	25.00	75,000
Cap Paving	SF	7,500	2.79	20,925
Traffic Control	Day	2	5,000	10,000
Total				\$105,925

Change Order No. 6 Summary

The following table summarizes the two main items included in the change order.

Change Order No. 6 - Summary	
Description	Estimated Cost
August & September Miscellaneous Extra Work	\$7,000
Additional Paving	\$105,925
Total	\$112,925

Staff is requesting the Board of Directors authorize staff to enter into Change Order No. 6 with Cass for the items presented above for an amount not to exceed \$112,925. Going forward on future pipeline contracts, staff will include separate bid items for Base and Cap Paving and include provisions for additional quantities of each that may be required.

Funding Summary

Funding for Change Order No. 6 and the additional anticipated costs are available from the project contingencies as indicated in the following table, which reflects the current approved project budget.

Lilac Road Pipeline Upsize Project			
Description	Current Budget	Budget Reallocation	Revised Project Budget
Staff Time	250,000		250,000
Outside Design Services	115,000		115,000
Construction Contract (Cass)	2,496,184	112,925	2,609,109
Original Contract	2,364,995		2,364,995
Change Orders 1 - 5	131,190		131,190
Change Order No. 6	0	112,925	112,925
Geotechnical Testing Services (NOVA)	43,320		43,320
Geotechnical Testing Services Ammendment No. 1	19,962		19,962
Labor Compliance	25,000		25,000
Contract Inspection	10,000		10,000
Native American Monitoring	30,000		30,000
Biological Monitoring	29,677		29,677
Miscellaneous	10,000		10,000
Contingency	670,857	(112,925)	557,932
Total Project	\$3,700,000	\$0	\$3,700,000

Schedule

The following table summarizes the Project schedule. The original contract allowed for three hundred and sixty-five (365) calendar days to complete the Project, and an additional 65 calendar days was approved with Change Order Nos. 1-5.


Notice Proceed	December 8, 2022
Original Completion Date	December 8, 2023
CO# 1 - 5 Time Extensions	65 calendar days
CO#6 Time Extension	0 calendar days
Contract Completion Date	February 11, 2024

Even though the project completion date is in February, the contractor is anticipated to complete the project mid-December.

RECOMMENDATION:

Staff recommends the Board of Directors adopt Resolution No. 2023-41 authorizing staff to approve Change Order No. 6 to the construction contract with Cass for additional base and cap paving and traffic control at the agreed unit prices and actual measured quantities for an estimated change order amount of \$112,925. The final contract amount will be based on the actual measured quantities and will be reported back to the Board following the determination of final quantities. Based on the estimated amounts, Change Order No. 6 will result in a total contract amount of \$2,609,110 and no change in the current contract completion date of February 11, 2024.

PREPARED BY:



Wally Grabbe
District Engineer

SUBMITTED BY:



Gary T. Arant
General Manager

Attachments: Resolution No. 2023-41

RESOLUTION NO. 2023-41

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT
APPROVING CHANGE ORDER NO. 6 TO THE
CONTRACT CASS ARRIETA FOR
THE LILAC ROAD PIPELINE UPSIZING PROJECT
[PROJECT NO. 01-06-78-51417]**

WHEREAS, Valley Center Municipal Water District ("District") entered into a construction contract with Cass Arrieta (Cass) for the construction of the Lilac Road Pipeline Upsizing Project for \$2,364,994.50;

WHEREAS, five (5) change orders to the original contract, totaling \$131,189.71, have been approved to add additional work to the project, bringing the total authorization to date to \$2,496,184.21;

WHEREAS, staff is requesting approval of Change Order No. 6 in the amount of \$112,925 for minor field changes that occurred in August and September and for additional base paving, cap paving, and traffic control;

WHEREAS, the change order amount is based on estimated quantities, the contract unit price for AC Paving and Base and a negotiated unit price of \$2.79 per square foot for cap paving and Time and Materials pricing for additional traffic control;

WHEREAS, Final quantities and total costs will be determined when the work is completed and measured in the field;

WHEREAS, no additional contract is added for this change order, maintaining the current contract completion date of February 11, 2024;

WHEREAS, staff has reviewed the scope of work and associated costs and has found them to accurately reflect the level of effort necessary to complete the work at a fair and reasonable cost;

WHEREAS, Administrative Code Article 140, "Regulation Governing Purchases, Contracts, and Sales," Section 140.4 Change Orders, requires when a change order results in the cumulative amount of change orders to exceeds \$50,000, the change order shall be approved by the Board of Directors; and

WHEREAS, there is sufficient funding in the current project contingencies and funding authorization to complete this additional work.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. Staff is authorized to execute a Change Order No. 6 in the not to exceed amount of \$112,925 with Cass Arrieta for the Lilac Road Pipeline Upsizing Project; and
2. The total authorized contract amount with Cass for the Lilac Road Pipeline Upsizing Project is increased to \$2,609,110.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Valley Center Municipal Water District held on the 6th day of November 2023 by the following vote:

Robert A. Polito, *President*

ATTEST:

Kirsten Peraino, *Board Secretary*

November 6, 2023

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: 2023 WATER RATE SURVEY

PURPOSE:

Provide the Board with the 2023 Water and Wastewater Rate Survey recently conducted by staff.

SUMMARY:

Staff recently conducted a survey of water rates and charges of 21 (including VCMWD) retail water agencies, and is attached for your review. The last survey was completed in November of 2021.

As has been done in past surveys, the District rates and charges are compared to those of the 20 other retail water agencies from an overall perspective and then to a sub-group of eight (8) agencies that have the same water supply cost basis as the District; i.e., those with 100% treated imported water paying all of the SDCWA charges.

Water Agencies with the Same Water Supply Cost Basis

In looking at the 8 retail agencies with the same cost basis in terms of 100% Imported Treated Water paying all SDCWA costs, the District's rates and charges compare as follows:

Domestic Commodity Rate: Lowest (Lowest in the 2021 survey);

Ag Commodity Rate: 2nd Lowest (same ranking as in the 2021 survey);

Monthly Meter Charge: 7th lowest (same ranking as in the 2021 survey);

Domestic - 26 HCF: 5th lowest (same ranking as in the 2021 survey);

Domestic - 100 HCF: 2nd lowest (Lowest in the 2021 survey); and

1 AF of Ag Water: 2nd lowest (same ranking in the 2021 survey).

Overall Analysis:

From an overall standpoint, the District's rate and charges compare as follows:

Domestic Commodity Rate: 6th lowest (based upon the 26th unit consumed per month (6th ranking in the 2021 survey), and was \$0.88 per HCF, or 14.2% below the average;

Ag Commodity Rate: 7th lowest (7th ranking in the 2021 survey), and was \$0.82 or 15.0% below the average;

Monthly Meter Charge: 18th lowest, (19th ranking in the 2021 survey), and was \$9.44 or 24.3% above the average;

Domestic - 26 HCF: 10th lowest, (14th ranking in the 2021 survey), and \$11.22 or 5.7% above the average;

Domestic - 100 HCF: 8th lowest, (6th ranking in the 2021 survey) and was \$66.83 or 9.1% below the average; and

1 AF of Ag Water: 10th lowest (7th ranking in the 2021 survey) and was \$356.05 or 15.0% below the average.

Wastewater Service Charge: 10th lowest out of 13 agencies surveyed (7th ranking in the 2021 survey) and was \$19.54 or 46.3% above the average.

Analysis:

In evaluating this data, the following general conclusions can be made:

1. Overall the relative ranking relationships between 2021 and 2023 remained relatively static. It can be concluded that all 21 surveyed water agencies have raised rates and charges at a fairly uniform rate, reflecting common impact of wholesale cost increases from MWD and the SDCWA.
2. VCMWD's domestic commodity rate at the 26th HCF used in a month is 5.7% higher than the average and at the 100 HCF level is \$66.83/month or 9.1% less than the overall average for that usage level reflecting the fact that most other agencies have inclining block rates while VCMWD has a flat rate for all usage.
3. All retail water agencies will likely be considering taking action on rates, if they haven't done so already, throughout 2023-2024, which will impact the District's relative ranking to the other water agencies.

RECOMMENDATION:

This is an information item only and there is no recommendation or action needed.

PREPARED BY:



James V. Pugh
Director of Finance & Administration

APPROVED BY:



Gary T. Arant
General Manager

Attachment

**Survey of Agency Water Rates
October 18, 2023**

	Eff. Date	Commodity Rates						Meter Service Charge		Domestic 26 Units/Month	Domestic 100 Units/Month	1 A.F. Agricultural Water	Lower Moosa Canyon Wastewater Service Charge
		Domestic (at 26th Unit)			Ag			Monthly					
		26th Unit \$	Units	\$ Per HCF	\$/Unit	Units	\$ Per HCF	Size	Charge				
Carlsbad MWD	1/23	\$7.5400	HCF	\$7.5400	\$4.8000	HCF	\$4.8000	3/4	\$38.08	\$176.56	\$734.52	\$2,090.88	\$43.11
Del Mar	1/24	\$7.4700	HCF	\$7.4700	\$6.9600	HCF	\$6.9600	3/4	\$66.03	\$247.75	\$800.53	\$3,031.78	\$95.33
Escondido	* & 1/23	\$11.2200	1000gal	\$8.3926	\$5.5800	1000gal	\$4.1738	3/4	\$41.29	\$223.31	\$844.36	\$1,818.12	\$25.90
Fallbrook PUD	* # & 1/23	\$8.0600	1000gal	\$6.0289	\$5.6300	1000gal	\$4.2112	3/4	\$60.60	\$213.59	\$659.73	\$1,834.42	\$31.54
Helix WD	* 7/23	\$7.8600	HCF	\$7.8600	\$6.6300	HCF	\$6.6300	3/4	\$30.20	\$208.42	\$790.06	\$2,888.03	N/A
Oceanside	* 1/23	\$3.5600	HCF	\$3.5600	\$1.8500	HCF	\$1.8500	3/4	\$17.56	\$98.29	\$361.73	\$805.86	\$26.84
Olivenhain MWD	3/23	\$6.3500	HCF	\$6.3500	\$6.2600	HCF	\$6.2600	3/4	\$41.94	\$168.54	\$675.14	\$2,726.86	N/A
Otay WD	1/23	\$6.3500	HCF	\$6.3500	\$6.3600	HCF	\$6.3600	3/4	\$18.07	\$165.73	\$635.63	\$2,770.42	\$18.13
Padre Dam MWD	7/23	\$10.4100	HCF	\$10.4100	\$8.5700	HCF	\$8.5700	3/4	\$40.97	\$270.50	\$1,040.84	\$3,733.09	\$41.12
Poway	1/24	\$7.0000	HCF	\$7.0000	\$6.5400	HCF	\$6.5400	3/4	\$43.45	\$215.45	\$930.01	\$2,848.82	\$15.93
Rainbow MWD	# 7/23	\$5.5300	HCF	\$5.5300	\$4.0000	HCF	\$4.0000	3/4	\$61.29	\$205.07	\$614.29	\$1,742.40	\$66.57
Ramona MWD	* 4/23	\$6.8300	HCF	\$6.8300	\$6.2200	HCF	\$6.2200	3/4	\$38.47	\$216.05	\$721.47	\$2,709.43	\$68.46
Rincon del Diablo MWD	& 7/23	\$9.6800	1000gal	\$7.2406	\$9.6100	1000gal	\$7.1883	3/4	\$41.31	\$221.06	\$756.87	\$3,131.21	N/A
San Diego	* 1/23	\$12.4880	HCF	\$12.4880	\$7.4470	HCF	\$7.4470	3/4	\$27.77	\$252.90	\$1,177.01	\$3,243.91	\$14.71
San Dieguito WD	1/23	\$8.3300	HCF	\$8.3300	\$5.9500	HCF	\$5.9500	3/4	\$24.78	\$190.46	\$806.88	\$2,591.82	N/A
Santa Fe Irrigation	* 7/23	\$6.2200	HCF	\$6.2200	\$5.0900	HCF	\$5.0900	3/4	\$47.24	\$212.11	\$709.04	\$2,208.62	N/A
Sweetwater Authority	1/23	\$6.3700	HCF	\$6.3700	N/A	HCF	N/A	5/8 **	\$10.85	\$156.54	\$627.92	N/A	N/A
Vallecitos WD	2/23	\$8.9200	HCF	\$8.9200	\$4.4600	HCF	\$4.4600	3/4	\$37.99	\$184.98	\$845.06	\$1,942.78	\$38.99
Valley Center (proposed)	2/24	\$6.1967	HCF	\$6.1967	\$4.6443	HCF	\$4.6443	3/4	\$48.31	\$209.42	\$667.98	\$2,023.06	\$61.72
Vista ID	* 3/23	\$5.4600	HCF	\$5.4600	\$4.3100	HCF	\$4.3100	3/4	\$43.30	\$182.44	\$586.48	\$1,877.44	N/A
Yuima MWD	* 7/23	\$4.0868	HCF	\$4.0868	\$3.5888	HCF	\$3.5888	5/8 **	\$36.81	\$143.07	\$445.49	\$1,563.29	N/A
Average				\$7.0778			\$5.4627		\$38.87	\$198.20	\$734.81	\$2,379.11	\$42.18
VCMWD vs Average				(\$0.8811)			(\$0.8184)		\$9.44	\$11.22	(\$66.83)	(\$356.05)	\$19.54
VCMWD vs Average, %				-14.2%			-15.0%		24.3%	5.7%	-9.1%	-15.0%	46.3%
VCMWD rank, overall (from lowest to highest)				6th lowest out of 21 (6)***			7th lowest out of 19 (7)		18th lowest out of 21 (19)	10th lowest out of 21 (14)	8th lowest out of 21 (6)	10th lowest out of 20 (7)	10th lowest out of 13 (7)
VCMWD rank, agencies receiving all their water from SDCWA with the same cost basis (from				1st lowest out of 8 (1)***			2nd lowest out of 8 (2)		7th lowest out of 8 (7)	5th lowest out of 8 (5)	2nd lowest out of 8 (1)	2nd lowest out of 8 (2)	5th lowest out of 6 (2)

Agencies with the same cost basis.

* Agencies with local water supply.

** Agencies do not utilize a 3/4 inch meter.

*** Bracketed numbers represent November 30, 2021 ranking. It is anticipated that participating agencies will also be increasing rates during 2023-24, which will change the VCMWD ranking as was observed previously.

Agencies not paying all SDCWA fees.

& Agencies bill in 1000 gallon units but are converted to HCF for comparison purposes.

November 6, 2023

TO: Honorable President and Board of Directors

FROM: Gary Arant, General Manager

**SUBJECT: KORNBLUM RESERVOIR MIXING AND CHLORINATION PROJECT
UPDATE**

PURPOSE:

To provide the Board with an update on the District's Kornblum Reservoir Mixing and Chlorination Project.

SUMMARY:

Kornblum is a 4.5 MG Reservoir that is fed by the Jesmond Dene Pump Station and serves the Jesmond Dene service area. With the demolition of the Jesmond Dene Reservoir in 2020, Kornblum has become the primary and only reservoir to supply the zone. Due to the volume of water required to maintain adequate water storage in the service area, combined with the low system demand, maintaining the desired chlorine residual levels can be challenging.

In Fiscal Year 2022 - 2023, the District contracted with D&H Water Systems and UGSI Solutions Inc. to operate and test their chloramine boosting systems at Kornblum Reservoir. Both systems were very similar in design, use common water treatment components and were able to successfully improve the residual levels. The main difference between the two systems is the proprietary algorithms they use in their control panels to regulate the chemical dosing. Staff concluded that the D&H control panel was able to maintain a higher-level of residual stability, while using significantly less chemical.

Subsequently, staff has purchased D&H's chloramine boosting system control panel and designed a system for Kornblum Reservoir with the assistance from D&H. Staff has also procured all of the other major components for the system and are currently in the process of constructing a 10' x 20' building to house all of the equipment.

The system is expected to be operational by the end of the fiscal year.

Staff will be making a visual presentation on the item at today's meeting.

RECOMMENDATION:


Information item only, no action required.

PREPARED BY:



Brian Lovelady
Director of Operations/Facilities

SUBMITTED BY:



Gary T. Arant
General Manager

November 6, 2023

TO: Honorable President and Board of Directors

FROM: Gary Arant, General Manager

**SUBJECT: LAKE WOHLFORD RESORT ANNEXATION STATUS; INVOLVEMENT OF
SAN PASQUAL BAND OF MISSION INDIANS**

PURPOSE:

To provide the Board with an update on the Lake Wohlford Resort (Resort) Annexation and the involvement of the San Pasqual Band of Mission Indians (SPBMI).

SUMMARY:

As the Board is aware, staff has been involved with the potential annexation of the Resort to the Valley Center Municipal Water District (VCMWD) for a number of years. The last official action the Board took was in August, 2020 to pass Resolution No 2020-29, *“Requesting Formal Terms and Conditions from the San Diego County Water Authority and the Metropolitan Water District for the Concurrent Annexation of the Lake Wohlford Resort”* approving the concept of the annexation and forwarding the process to the San Diego County Water Authority and the Metropolitan Water District for annexation terms and conditions. However, the annexation fees were never provided by the proponent and consequently were never paid to either the SDCWA or MWD and so the process has not moved forward at those agencies.

Lake Wohlford Resort Annexation - Background

The Board will recall that the Resort's existing water source and treatment process had been determined by the State Water Resources Control Board, Division of Drinking Water to be in non-compliant with state drinking water standards. An option available to the owner was to upgrade the on-site treatment plant and have an adequately licensed water treatment operator available to oversee the plant operation. Another option was to annex the resort to a public water agency for service. As VCMWD was the closest and thus the most viable option, the owner and annexation proponent approached the District to start the annexation process.

Shortly after the Board's action in August of 2020, the Resort owner and annexation proponent started the process of securing a Proposition 1 Grant. The Grant would cover to the engineering, annexation fees and the construction costs to link the resort property, which by then had been determined to be a Disadvantaged Community (DAC), to VCMWD's system. Initially, it was envisioned that there would be a meter and a 1.8-mile small diameter line (2 ½ inch), extending westward from VCMWD's 20-inch water main at the Lake Wohlford Road near Guejito Ranch Road to the resort property. VCMWD would not

be involved with the resort's on-site water distribution and storage system. However, to allow for a private waterline in the county right of way, the County and State directed that there would have to be a public agency available to make repairs. Staff agreed, subject to VCMWD Board approval, to enter into a time and materials maintenance and repair agreement with the resort for the water line in Lake Wohlford Road.

San Pasqual Band of Mission Indians (SPBMI) Involvement

At this point in time, the San Pasqual Band of Mission Indians (SPBMI) has become involved in the process. They are interested in extending an 8" waterline 1.23-miles from the VCMWD line in Lake Wohlford Road westward to Cultural Center Road (see attached map) to support commercial and residential development on tribal lands. SPBMI Settlement Water would be metered and transported under the terms of the existing water delivery agreement between VCMWD and SPBMI. At the end of the proposed SPBMI line, a meter and .57-mile small diameter water line would be taken off to serve the resort. Out of concern for logistics associated with working in the public right of way, SPBMI has also requested a time and materials agreement for VCMWD to make repairs on the larger waterline.

Other Issues with the San Pasqual Band of Mission Indians

As the Board is aware, the SPBMI owns what is now known as the Native Oaks Golf Course (Native Oaks) formerly, Woods Valley Ranch Golf Course. 100% of the tertiary effluent processed at the Woods Valley Water Reclamation Facility is transported and used on the Native Oaks.

The current agreement allows VCMWD to deliver up to 225,000 gallons of reclaimed water per day. The current WVRWRF Phase II ultimate treatment capacity of 275,000 gallons per day exceeds that capacity limit. Phase III of the plant can potentially reach 550,000 gallons per day. Also, there is potential to expand several of the ponds on Native Oaks to accommodate the additional 84-day full flow seasonal storage requirements.

For some time, staff has been trying to communicate and open discussions with the SPBMI on these two topics. Our over-riding interest is secure accommodation for the long-term disposal and seasonal storage needs for the WVRWRF service area. It seems SPBMI's Tribal Council's interest in participating in the in the Lake Wohlford Resort Annexation opened the door to the discussion of actions to benefit both VCMWD and SPBMI. In essence:

- SPBMI will enter into an agreement to allow delivery of up to 525,000 gpd of tertiary treated effluent to, and expansion of seasonal storage on Native Oaks (at VCMWD expense) which will be of great benefit to the Woods Valley Ranch Water Reclamation Facility Project area as well as VCMWD overall; and
- VCMWD agrees to enter into a time and materials maintenance agreement for the proposed SPBMI 8-inch waterline to be constructed in Lake Wohlford Road, from the Guejito Road, westward to Cultural Center Road.

At this point, staff needs Board input and direction on the general terms of agreement between VCMWD and SPBMI so that work can proceed on the updating the reclaimed water delivery agreement and the waterline maintenance agreement. Both agreements would be brought back for Board review and action at some point in the future. Finally, since VCMWD would be providing services outside of its legal jurisdictional boundary, it may need to secure approval from the San Diego Local Agency Formation Commission.

RECOMMENDATION:

After review and discussion, if desired, provide staff direction on how to proceed with the proposed agreements between VCMWD and the SPBMI.

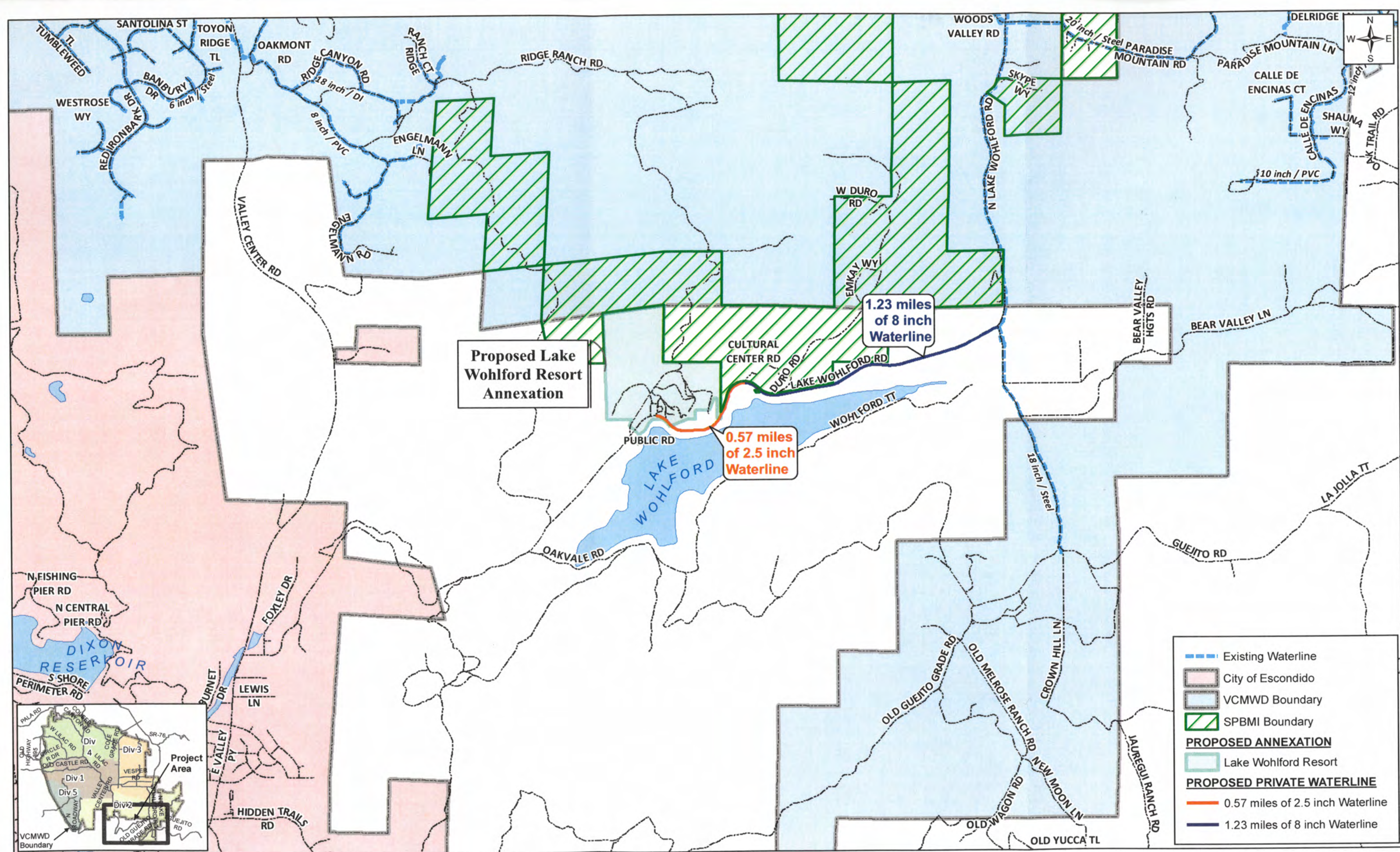
SUBMITTED BY:



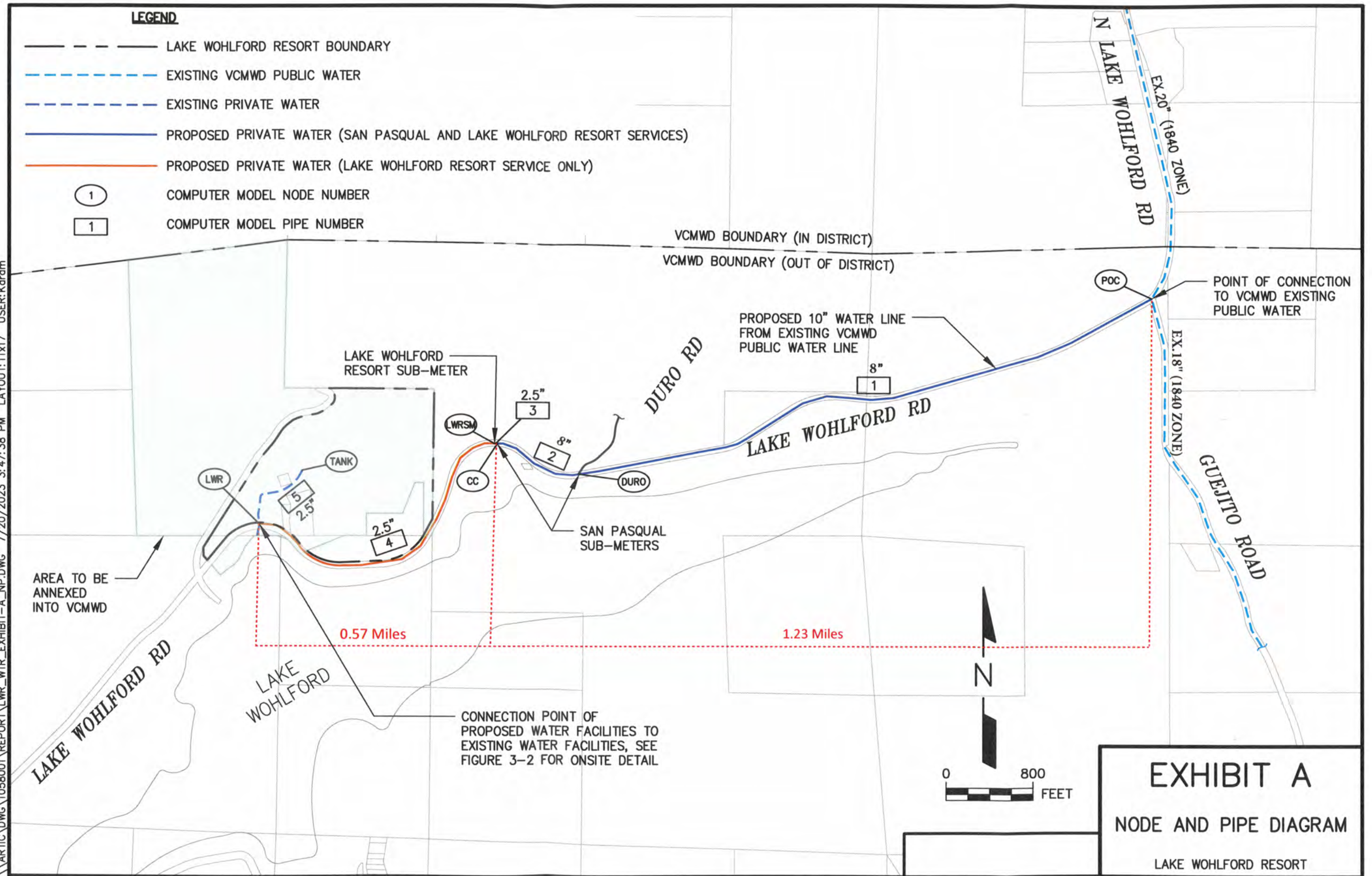
Gary Arant
General Manager

Attachment:

Maps of Lake Wohlford Resort Annexation and Road Proposed Water Line Placements



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San Diego County Water Authority
And Its 24 Member Agencies

**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
OCTOBER 26, 2023**

1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the Treasurer's report.
2. Establish 2024 Board meeting dates.
The Board approved combining the November and December Board meeting dates to November 21, 2024, and approved the 2024 Board meeting dates calendar.
3. Amendment to Agreement with Kinnectics, LLC, for As-Needed Organizational Support Consulting Services.
The Board authorized the General Manager, or designee, to execute a second amendment to the professional services contract with Kinnectics, LLC, to provide as-needed organizational support services for an additional two years, for an additional amount of \$182,013.
4. Amendment to extend the agreement with Industrial Scientific Corporation for Lease of Air Monitoring Equipment System.
The Board approved amending the agreement with Industrial Scientific Corporation for continued services to the Water Authority through December 31, 2024 by \$60,189.78 for a period of 14 additional months; increasing total contract funding to an amount not to exceed \$206,364.96.
5. Maximo Application Suite License Renewal.
The Board authorized the General Manager to renew a licensing agreement with Second-to-None Solutions, Inc. (STONS), for a second year of Maximo Application Suite software licenses for an additional \$107,760. The renewal will increase the licensing agreement from \$135,643.20 to a new, cumulative two-year total of \$243,403.20.
6. Resolution considering the Final Environmental Impact Report (EIR) for Escondido Research and Technology Center Specific Plan; approving the project and authorizing the filing of a Notice of Determination; and authorizing the General Manager to execute the Purchase and Sale Agreement for the real property and improvements, located at, or to be located at, 1960 Citracado Parkway, Escondido for use as the Operations and Maintenance Facility.
The Board adopted Resolution No. 2023-31 that: a. Resolves that the Final Environmental Impact Report (EIR) adopted by the City of Escondido as Lead Agency complies with the California Environmental Quality Act (CEQA) and the State CEQA Guidelines; that no further environmental analysis is required for the action of the San Diego County Water Authority (Water Authority), and approves the project and authorizes the filing of a Notice of Determination (NOD); and, b. Authorizes the General Manager to execute a purchase and sale agreement, in the form provided, with such minor modifications as subsequently approved by the General Manager and General Counsel, to purchase the real property and improvements located at, or to be located at, 1960 Citracado Parkway, Escondido, for an amount not-to-exceed \$38,760,360, plus customary closing costs and fees.



7. Construction contract with Kiewit Infrastructure West Co. for the Southern First Aqueduct Structures Rehabilitation project.
The Board authorized the General Manager, or designee, to award a construction contract to Kiewit Infrastructure West Co. in the amount of \$41,554,000 for the Southern First Aqueduct Structures Rehabilitation project.
8. Professional services contracts with Pure Technologies U.S. Inc., and Pipeline Inspection and Condition Analysis Corporation for pipeline condition assessment of the First Aqueduct.
The Board approved the following actions to support the condition assessment of the First Aqueduct pipelines: a. authorized the General Manager to award a professional services contract to Pure Technologies U.S. Inc., for a not-to-exceed amount of \$1,999,000 for pipeline condition assessment services for a period of three years; and, b. authorized the General Manager to award a professional services contract to Pipeline Inspection and Condition Analysis Corporation, for a not-to-exceed amount of \$3,170,000 for pipeline condition assessment services for a period of three years.
9. Construction contract with Kiewit Infrastructure West Co. for the Helix 9 Flow Control Facility project.
The Board authorized the General Manager, or designee, to award a construction contract to Kiewit Infrastructure West Co. in the amount of \$9,017,500 for the Helix 9 Flow Control Facility project.
10. Approval of Minutes.
The Board approved the minutes of the Special Board of Directors' meeting of September 7, 2023 and the Formal Board of Directors' meeting of September 28, 2023.
11. ACTION FOLLOWING CLOSED SESSION
The Board approved a salary adjustment of 8.75% for the General Counsel to match cost-of-living increase provided to represented employees on June 30, 2023, and a mid-year evaluation in June 2024.