

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 2, 2019, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Martin called the Regular meeting to order at the hour of 5:00 p.m.

Director Hernandez led the pledge of allegiance.

Present: Director Elitharp
Director Hernandez
Director Sannella
Director Martin

Absent: Director Evans

Staff Present: General Manager Pruim
Legal Counsel Gilpin
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Development Services Senior Engineer Scholl
Capital Facilities Senior Engineer Morgan
Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 2, 2019

19-10-03 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to adopt the agenda for the Regular Board Meeting of October 2, 2019.

PUBLIC COMMENT

None.

CONSENT CALENDAR

19-10-04 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Evans absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting – September 4, 2019
- B. Closed Session Board Meeting – September 18, 2019
- C. Regular Board Meeting – September 18, 2019

- 1.2 Warrant List through October 2, 2019 - \$5,405,501.86
- 1.3 Final Acceptance of Water and Sewer Improvements for Rancho Coronado MU-4 Phase 1, APN(s) 222-170-36, 222-170-37 & 222-190-17 (Brookfield Homes Rancho Coronado, LLC)
- 1.4 Final Acceptance of Water and Sewer Improvements for Rancho Coronado MU-4 Phase 2, APN(s) 222-170-36, 222-170-37 & 222-190-17 (Brookfield Homes Rancho Coronado, LLC)
- 1.5 Position Reclassification of Capital Facilities Coordinator to Capital Facilities Assistant Engineer.

ACTION ITEMS

MODIFICATION OF WATER AND WASTEWATER CAPITAL FACILITY FEES

District Engineer Gumpel stated the District's current water fee is \$7,756 and the current sewer fee is just under \$10,000 with a combined total fee of \$17,700. A Board meeting was held on August 2 and comments were heard from the public, developers, and the BIA. A workshop was held on August 29 which more comments were heard, and staff went over the process and procedures of developing the Cap Fees as well as the legal framework. Staff considered what was received both in writing and from the workshop meetings of August 2nd and 29th. Staff used phases 1 through 4, which is the 20-year SANDAG projected growth over 20 years. There were certain pipes that extended beyond that 20-year timeframe as well as sewer treatment that are not in the fee. A 20-year timeframe of EDUs and the projects required to accommodate the new EDUs are what is included in the fee. The other item brought up within the Master Plan is existing deficiencies. Staff identified existing deficiencies on the District's existing infrastructure and backed that out of the fee. The result is an increase of approximately \$140 to just under \$7,900 for water and sewer fees from just under \$10,000, increased to just under \$13,000. The total combined fee for a single EDU went from approximately \$17,700 to \$20,800. Staff recommends adopting the fees as stated in the staff report. Implementation of the fee is recommendation for about a 60-day period. This has been past practice and would place implementation at December 1. There is a CEQA action of Notice of Decision included in the staff recommendation. Staff is requesting the Board adopt the fee and ordinance, and final recommendation on implementation.

Mike Hunsaker, President of Twin Oaks Property Owners Association, addressed the Board stating the citizens and ratepayers have been paying heavily for facilities that are in need and have to pay interest on the facilities built ahead of need. There hasn't been a real good explanation as to how the shortfall or deficit is calculated. As such, the needed data, analysis and nexus is not present. The nexus not only applies to developers not overpaying but also to ratepayers not overpaying. He looked at a 2007 finance CIP which indicated \$40 million for new development. How is this \$40 million going to be adjusted? It's being paid for in existing bonds now. He would like to know what the interest rate is going to be. There was

some discussion in the meetings on interest rates and there is a statement that you have settled on something. What exactly have you settled? Lastly, there is a question of how much new development is going in. There are three massive ones being considered – one being Newland. Creekside is finally getting pushed heavily and University District is ongoing. The SANDAG projections have been universally a shortfall as a consequence. The growth requirements have not been adequately met. What happens if Newland, University and Creekside all come in and you're all of a sudden very close to the 2040 buildout? This looks like a chance for new development to game the system that is being put in place. These factors need to be properly addressed.

President Martin requested staff address Mr. Hunsaker's concerns. Principal Engineer Gumpel addressed the Board indicating the shortfall is within the study itself. The shortfall in the proposed fee will pay with interest by the developers and paid by 2035. All projects mentioned, with the exception of Newland Sierra, are already considered in the Master Plan as well as the infrastructure.

Michael McSweeney, Senior Public Policy Advisor for the Building Industry Association, thanked the Board, General Manager and staff for working with the BIA. He is here to support staff's recommendation to the Board. He had asked that any new fees going into effect at the first of the year, James could give you an idea of what the ENR increase would be at the first of the year. But if going to do a \$3,163 increase now, if 4% would be a reasonable ENR adjustment, 4% would add another \$835 to the fee. Would prefer that anybody who has a project in the pipeline have enough time to be able to pay their fees ahead of time otherwise if you put off doing the next ENR adjustment, there are a couple of people who have projects that will come on right after the first of the year. He appreciated the way the District has changed things making it nice to work with District staff and have the dialogue.

Jim Simmons addressed the Board stating that several of the clients worked really hard through this process to try to get something that made sense to them and he thinks they arrived at a reasonable number. He appreciates staff's cooperation. For his project, The Highlands, it would be almost impossible to make their process happen by December 2nd, therefore requests that it be extended to January 2, 2020. Would appreciate it if the Board would make this change in the Ordinance.

Director Sannella thanked everyone involved in the process from the public who has participated, staff, and the development community. Anytime looking at an 18% increase at anything, a reasonable implementation one way is reasonable – 90 days feels reasonable to him.

Director Hernandez stated he is grateful and pleased that the system works. The cooperation with staff, management as well as the BIA and developers is appreciated. He recommended moving the implementation to January 2nd.

President Martin thanked everyone including those who were not present. He congratulated the Board on having an excellent General Manager, excellent staff, and is open and

transparent to everyone. He thanked staff for all their hard work. He also thanked the BIA for bringing up questions

19-10-05 MOTION WAS MADE by President Martin, seconded by Director Hernandez, and carried unanimously, with Director Evans absent, to approve the rates 90 days from October 2 which will be January 2.

Ordinance No. 213 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Sannella, Martin
NOES:
ABSTAIN:
ABSENT: Evans

EMERGENCY REPAIR OF 12-INCH WATER MAIN ON CAMPUS WAY AND BARHAM DRIVE

District Engineer Gumpel stated staff responded to a water main break at the intersection of Campus Way and Barham Drive on August 10th. After careful investigation, it was determined the main break was off a 12-inch diameter ductile iron pipe on Campus Way near SDG&E underground duct bank. The 12-inch DIP on Campus Way originates from a 12-inch asbestos concrete pipe off Barham Drive. Staff was able to isolate the 12-inch water main on Campus Way which limited the impacted customers to 3 water services. The 3 water services were provided with temporary water service shortly after the break and throughout the duration of the repair.

Cass Arrieta, the contracting company, was retained to perform the repair on the ruptured 12-inch DIP under the District's emergency purchasing policy. They were selected due to their previous performance with the District on emergency repairs and their ability to mobilize quickly. Cass Arrieta completed the repair and rehabilitation work in 6 working days. Operations staff assisted in the repair, locating the broken section of pipe and providing materials. Construction management and inspection was performed by District engineering staff. Soils consultant Christian Wheeler performed soils density testing to the compacted trench backfill, as required by the City. All final base paving has been completed. Ortiz Construction had been requested to pothole a recent nearby main installation as part of the initial investigation to find the main break.

19-10-06 MOTION WAS MADE by Director Sannella, seconded by Director Elitharp, and carried unanimously, with Director Evans absent, to approve payment to Cass Arrieta in the amount of \$51,680.27.

SURPLUS PERSONAL PROPERTY LISTING

Finance Manager Owen stated the Personal Property Policy authorizes staff to accumulate and dispose of surplus property items through a public noticed sale, with the highest bid taking title and possession of the property. Staff has identified 5 vehicles with an estimated

value greater than \$1,000 which are no longer required for District operations. The vehicles have been replaced with new vehicles, all of which had been approved in adopted budgets.

19-10-07 MOTION WAS MADE by Director Hernandez, seconded by President Martin, and carried unanimously, with Director Evans absent, to approve the vehicles for disposal through public auction.

REPORTS

GENERAL MANAGER

General Manager Pruim stated the Water Academy is scheduled for Thursday, October 10 at 8:30 a.m.

District staff will be performing work tonight due to a fire hydrant being hit on San Marcos Blvd. at Grand Ave. The fire department responded and shut off the hydrant valve which created a pressure surge that created the water main break which took several restaurants on the south side of San Marcos Blvd. east of Grand Ave. out of service.

The City of San Marcos Council Meeting approved a construction contract for the San Marcos Creek Specific Plan capital improvement project. This project will build two bridges on Bent Avenue and Via Vera Cruz as well as reprofile, widen and raise Discovery and other assorted projects. Much of the construction will affect District facilities, therefore, some water and sewer lines will be relocated. Staff is also in the process of advertising the District's interceptor sewer project, which will be presented to the Board soon for award of the construction contract.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated that the Fair Political Practices Commission has adopted new regulations on materiality. Under the Political Reform Act, if there is a decision before the Board that would have a reasonably foreseeable material effect on a financial interest of one of the Directors, need to not act on it. New standards have been adopted regarding materiality affects if you have a business interest and that business is somehow directly or indirectly involved in an item. They will be issuing new materiality standards relative to source of income.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee meeting will be held October 16.

President Martin stated the Policy and Finance Committee will be held on October 8.

STANDING COMMITTEES

Director Hernandez stated an Engineering Committee meeting was held on October 1. The Committee reviewed the solar project, San Marcos Interceptor at which a full report will be provided at a future date, development projects update, and the CIP year end. A contract will be developed. Based on the last discussion on contracts with the SDCWA, he asked that legal counsel review the documents that will be signed.

Principal Engineer Gumpel stated that interviews had been held and are going to one of two different respondents – staff asked for a best and final offer and are now getting clarifications and will start negotiations. Planning to come to the Board at the first meeting in November. Terra Verde will provide a presentation with the final potential cost savings and final contract recommendations for Board consideration.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Hernandez reported on his attendance to the WEFTEC, WaterReuse, and CSDA Conferences.

Director Elitharp reported on his attendance to the CSDA Conference.

President Martin reported on his attendance to the CSDA Conference and the GPAC meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez requested a Public Awareness/Personnel/Policy Committee meeting be scheduled to discuss plastics and overnight stays at conferences in San Diego.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 5:50 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, October 16, 2019, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruij, Secretary
Board of Directors
Vallecitos Water District