

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, DECEMBER 18, 2019, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT EVANS

PLEDGE OF ALLEGIANCE

ROLL CALL

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity which severely imperils public health, safety, or both. Also, items which arise after the posting of the Agenda may be added by a two-thirds vote of the Board of Directors.

ADOPT AGENDA FOR THE REGULAR MEETING OF DECEMBER 18, 2019

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

NOTICE TO THE PUBLIC

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

INTRODUCTION

Human Resources Analyst Bridget Anderson will introduce new employee, **Marselino Sanchez**, Water Systems Operator I.

PRESENTATION

President Evans will acknowledge H.R. LaBounty Safety Award winner **Dale Austin**, Senior Pump and Motor Technician, recognizing his commitment to safety in the workplace.

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 4-7)

A. BOARD WORKSHOP MEETING – DECEMBER 9, 2019

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH DECEMBER 18, 2019 – \$1,819,285.48 (pp. 8-9)

Recommendation: Approve Warrant List

*****END OF CONSENT CALENDAR*****

ACTION ITEMS

2.1 REQUEST TO WAIVE DETACHMENT FEES FOR APN 172-091-28 (WILMOTT)
(pp. 10-13)

The San Diego County Department of Environmental Health determined that the well has failed and the property needs to be connected to a public water system.

Recommendation: Deny the Request to Waive the Detachment fees for APN 172-091-28

2.2 VALLECITOS WATER DISTRICT REPRESENTATIVE TO THE SAN DIEGO COUNTY WATER AUTHORITY (pp. 14-15)

Director Sannella has expressed interest in serving as the San Diego County Water Authority representative.

Recommendation: Request Board Direction

*****END OF ACTION ITEMS*****

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

3.4 ENCINA WASTEWATER AUTHORITY
- *Capital Improvement Committee*
- *Policy and Finance Committee*

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****

OTHER BUSINESS

4.1 MEETINGS (pg. 16)

Urban Water Institute's Spring Water Conference

February 19-21, 2020 – Hilton Hotel, Palm Springs, CA

Estimated Cost Based on a Two-Night Stay Per Person: \$1,642.16

*****END OF OTHER BUSINESS*****

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*****END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*****

6.1 ADJOURNMENT

*****END OF AGENDA*****

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Friday, December 13, 2019.

Diane Posvar

MINUTES OF A WORKSHOP MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
MONDAY, DECEMBER 9, 2019, AT 1:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Martin called the Workshop Meeting to order at the hour of 1:01 p.m.

Director Sannella led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Hernandez
Director Sannella
Director Martin

Staff Present: General Manager Pruim
Legal Counsel Gilpin
District Engineer Gumpel
Finance Manager Owen
Principal Financial Analyst Arthur
Executive Secretary Posvar

Others Present: Todd Cristiano, Senior Manager, Raftelis
Lutfi Kharuf, Associate, Best Best & Krieger

ADOPT AGENDA FOR THE WORKSHOP MEETING OF DECEMBER 9, 2019

19-12-01 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Workshop Meeting of December 9, 2019.

PUBLIC COMMENT

None.

ITEM(S) FOR DISCUSSION

CONSIDERATION OF WATER RATE ADJUSTMENT

General Manager Pruim stated the purpose of the workshop was to provide the Board with an opportunity to consider potential water rate adjustments. No action would be taken, and no rate changes can be implemented until the District goes through the Proposition 218 (218) process. Staff anticipates placing an item on the December 18 Board agenda for review and approval of the public notice to initiate the 218 process for rate increases.

General Manager Pruim further stated the current budget was based on the assumption that there would be rate increases beginning in the second half of the current fiscal year (January). The District last conducted a 218 process in 2017 which culminated in water rate adjustments over a two-year period; the first adjustment occurred on January 31, 2018 and the second on January 1, 2019. There were no adjustments to the wastewater rate. No additional increases to water or wastewater rates are allowed without going through another 218 process.

General Manager Pruim stated staff would be providing information on the primary cost drivers of the budget, the anticipated revenue requirements for the next five years, and possible rate options and the revenues they would generate as well as impacts on District reserves. A comparison of the District's rates with other agencies would also be provided. He clarified the Cost of Service Study (COSS) that is currently underway will be utilized for rates effective in 2021.

General discussion took place regarding a one-year rate increase. General Manager Pruim stated the focus of the workshop was to discuss rate adjustments based on the current COSS and rate model which could be implemented for a one-year period to address any revenue shortfalls while the more comprehensive COSS is being conducted.

Staff facilitated a discussion on rates which included the following:

- Budget Process & Calendar
- 2019/20 Water Operating Expense Budget - \$44,306,000
- Water Operating Expenses
- Water Reserves – Budgeted
- Days in Cash
- Average Single-Family Residence Bill
- Total Bill Comparison – 22 Agencies
- Total Bill Comparison – 7 Agencies
- Low and High User
- Revenue Requirement, Water Fund
 - No Increase FY 2020, 3.61% Increase 01/01/21
 - No Increase FY 2020, Budgeted Revenues FY 2021
 - 2% Increase FY 2020, Budgeted Revenues FY 2021
- Water Reserves – Budgeted
- Water Reserves – No Increase
- Days in Cash
- Days in Cash – No Increase

Principal Financial Analyst Arthur presented data regarding the impacts of the proposed rate increases, based on the current budget, on an average single-family residence bill with a 5/8-inch meter using 13 units of water. Approximately 70.2% of the District's single-family residence customers use 13 units or less of water per month. A 3.5% rate increase in water and ready-to-serve charges with no increase in sewer would result in an increase of \$3.14 (2.4%) for the average customer bill. A 3.5% rate increase would increase a low user bill \$2.02 (2.1%) (six units of water per month) and a high user bill \$10.93 (3.1%) (42 units per month). The maximum bill increase for any class of customer would be 3.5% (single family, irrigation, commercial).

General Manager Pruim presented data on the cumulative effects over a five-year period of not increasing water rates in 2020 but increasing rates as projected for the subsequent four years which would result in a shortfall in reserves of almost \$8 million. Other options presented were no increase in 2020 with an accelerated increase of 7.35% in 2021, or a 2% increase in 2020 with a 5.17% increase in 2021.

General discussion took place during which General Manager Pruim distributed samples of 218 notices from other agencies.

Todd Cristiano of Raftelis, who is assisting the District with the COSS for 2020, provided a presentation on the Water Cost of Service Rate Study as follows:

- FY20 Revenue Requirement Increase
- FY20 Cost of Service Review
- FY20 Cost of Service and Proposed Rates
- Comparison of Current FY19 and FY20 Readiness To Serve Charges
- FY20 Commodity Structure Retains Existing Thresholds
- Comparison of Current FY19 and Proposed FY20 Commodity Rates
- Water Monthly Bill Comparison
- Next Steps

Finance Manager Owen stated the 218 notice will be presented to the Board for approval at the December 18 Board meeting. The approved notice will be mailed on February 19, 2020. Adopted rates will be effective March 1, 2020.

General discussion took place regarding the sample 218 notices from other agencies that were provided to the Board and suggestions for revisions to the District's notice. Mr. Lutfi Kharuf of Best Best & Krieger stated that legally the notice must contain information which explains why the rates are increasing, on what basis, and how they are calculated.

General Manager Pruim suggested adding a revised 218 notice incorporating the Board's input to the Special Board meeting agenda on December 11, 2019. Final approval of the notice would take place at the December 18 Board meeting.

General discussion took place regarding the term of the 218 notice, one or multiple years, and the COSS for 2020. Consensus of the Board was to proceed with a one-year rate increase.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Workshop Meeting of the Board of Directors at the hour of 2:38 p.m.

A Special Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, December 11, 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 Pruiam, Secretary
Board of Directors
Vallecitos Water District

VALLECITOS WATER DISTRICT
WARRANTS LIST
December 18, 2019

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Ace Coolers Inc	Repair - Ice Machine - Bldg A	117898	294.01
ASAP Drain Guys & Plumbing	Restroom Repairs - Bldg A	117899	893.00
Backflow Solutions, Inc.	Back Flow Tests Oct - Qty 232	117900	3,004.40
BRG Consulting Inc	District Wide Solar Project	117901	1,360.00
Cardiac Science Corp	AED Batteries - 2	117902	609.70
Centre For Organizational Effectiveness	START Academy - D Austin & M Wiese	117903	798.00
Chris Deering	Prescription Safety Glasses	117904	275.00
Christian Wheeler Engineering	Rock Springs Sewer Prj 90003	117905	15,020.00
Brandon Coleman	Cla-Val Training 11-6-19	117906	34.20
Corodata Media Storage Inc	Back Up Storage Tape - Oct	117907	192.34
County of San Diego	Recording Fees - Oct	117908	60.24
CWEA	Lab Cert Renewal - M Smith	117909	89.00
CWEA	Collection Cert Renewal - J Scott	117910	94.00
CWEA	Collection Cert Renewal - E Pedrazzi	117911	99.00
CWEA	Collection Cert Renewal - R Rodarte	117912	89.00
CWEA	Collection Cert Renewal - E Garcia	117913	94.00
Diane Posvar	CSDA Secretary Conference 11-12-19	117914	573.76
DirecTV Inc	Satellite Svc - Nov	117915	120.24
Craig Durban	Safety Glasses	117916	275.00
Electrical Sales Inc	Hardware Supplies	117917	47.94
Employment Screening Services Inc	Employment Screening	117918	82.50
Evantec Corporation	Multi Parameter Meter - MRF Lab	117919	1,256.35
Ewing Irrigation Products	PVC Supplies	117920	129.91
Extreme Safety Inc.	Harness Testing & Repair - MRF	117921	198.58
Fiber Saver Coatings Inc	Yellow Safety Paint	117922	397.70
Fisher Scientific LLC	Lab Supplies - MRF	117923	280.02
Glenn Pruiem	COWU Meeting 11-19-19	117924	32.56
Government Finance Officers Association	Membership Renewal - W Owen & A Glenn	117925	310.00
Harper & Associates Inc	Schoolhouse Tank Prj 20181-3	117926	16,302.00
Dustin Harris	Cla-Val Training 11-6-19	117927	9.16
James R Hernandez	COWU Meeting 11-19-19, CSDA Meeting 11-21-19	117928	65.12
Industrial Electric Machinery	Motors 2 - Mahr Generator	117929	563.72
Infrastructure Engr Corp	High Point Waterline Condition Assessment Prj 20191-544	117930	2,724.36
JCI Jones Chemicals Inc	Chlorine	117931	4,086.42
Lloyd Pest Control	Pest Control - Oct	117932	740.00
Tobias Luna	Cla-Val Training 11-13-19	117933	31.40
Mike Sannella	COWU Meeting 11-19-19, CSDA Meeting 11-21-19	117934	65.12
Occu Med Ltd	Medical Svcs - Oct	117935	286.00
One Source Distributors LLC	Wet Well Controller & Ethernet Module Prj 20201-4, Locking Switches 60 - MRF	117936	9,592.26
Ostari Inc	Palo Alto Firewall Prj 20201-12, IT Support - Nov, Duo Software Subscription - Nov	117937	8,154.48
Parkhouse Tire Inc	Tires 6 - Veh 269	117938	1,599.72
Patriot Portable Restroom Inc	Portable Restroom Rental - Sep & Oct	117939	513.22
Pencco, Inc.	Sulfend RT	117940	20,780.58
Plumbers Depot Inc	Smart Cover Sensor, Sewer Cleaning Hose Repair	117941	2,562.59
Recycled Aggregate Materials Co Inc	Concrete Recycling	117942	225.00
Rick Post Welding	Fire Svc Upgrade Prj 20171-5	117943	540.00
RK Controls Inc.	Power Supply - MRF Prj 20201-4	117944	543.82
Rusty Wallis Inc	Odor Scrubber #2 Water Softener Upgrade - MRF, Soft Water Svc - Nov	117945	4,293.80
SDG&E	Power - Oct	117946	55,820.74
San Elijo Joint Powers Authority	Clean Water Campaign PSA	117947	3,000.00
Smart Cover Systems	Smart Cover Sensor Installation	117948	250.00
Sonrise RV	CCTV Generator Repair	117949	1,230.97
Sparling Instruments LLC	Annual Flow Meter Calibrations	117950	2,804.48
Spraying Systems Co	Gaskets 200	117951	550.80
State Water Resources Control	Annual Permit Fee - Mahr	117952	18,767.00
State Water Resources Control	Facility Permit Fees - District Headquarters & MRF	117953	16,645.00
State Water Resources Control	Water Distribution Cert Renewal - R Rodarte	117954	70.00
Temecula Valley Pipe & Supply	Hardware Supplies	117955	167.38
Total Resource Mgt Inc	Maximo Support - Oct	117956	2,507.50
Univar USA Inc	Sodium Hypo Liquichlor, Caustic Soda	117957	5,073.53
Versatile Systems Inc.	Extenders 13 - For Climbing Harness	117958	722.36
Tri-City Emergency Medical Group	Medical Svcs - Oct	117959	340.00
Bay City Electric Works Inc	Hardware Supplies	117960	136.12
C.A.S.A.	Membership Renewal - 2020	117961	16,711.00
CCI	Water Treatment - Nov	117962	220.00

VALLECITOS WATER DISTRICT
WARRANTS LIST
December 18, 2019

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Fleet Pride	Fleet Supplies	117963	48.44
Grainger Inc	Hardware Supplies	117964	52.49
Green Thumb Nursery	Planting Mix - MRF	117965	557.71
Hawthorne Machinery Co.	Hardware Supplies	117966	216.61
Mallory Safety & Supply, LLC	Safety Supplies	117967	70.58
Pacific Pipeline Supply	20 Inch Valve Installation Prj 20161-4	117968	20,118.48
RAP Engineering, Inc.	Paving Svcs - 5,070 Sq. Ft.	117969	33,157.80
Steven Enterprises Inc	Paper - OCE Printer	117970	232.66
Talley Communications	Antennas 6 & 900 MHz Radio Prj 20201-4	117971	23,239.18
Terraverde Energy LLC	District Wide Solar Project	117972	17,195.61
Unifirst Corporation	Uniform Delivery	117973	966.67
Garnishments	Payroll Garnishments	117974 through 117976	-
Total Disbursements (76 Checks)			<u>321,262.33</u>
WIRES			
Public Employees Retirement System	Retirement Contribution - December 3, 2019 Payroll	Wire	75,457.27
Union Bank	Union Bank debt payment - Interest	Wire	1,034,750.00
Total Wires			<u>1,110,207.27</u>
PAYROLL			
Total direct deposits		Wire	250,365.09
VWD Employee Association		117974	584.00
Payroll & Garnishments		117975 through 117976	1,001.06
IRS	Federal payroll tax deposits	Wire	92,865.87
Employment Development Department	California payroll tax deposit	Wire	18,057.51
CalPERS	Deferred compensation withheld	Wire	18,139.26
VOYA	Deferred compensation withheld	Wire	6,803.09
Total December 3, 2019 Payroll Disbursements			<u>387,815.88</u>
 TOTAL DISBURSEMENTS			 <u><u>1,819,285.48</u></u>

DATE: DECEMBER 18, 2019
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST TO WAIVE DETACHMENT FEES FOR APN 172-091-28
(WILMOTT)

BACKGROUND:

Robert Wilmott is the owner of a 1.43-acre property located at 28616 Champagne Boulevard in Escondido, just south of Lawrence Welk Court and east of Interstate 15. The property has a single-family residence that was served by a well as the only source of water for this property. The San Diego County Department of Environmental Health determined that the well has failed, and the property needs to be connected to a public water system. The property is currently within the Vallecitos Water District, but VWD does not currently have a water pipeline in the vicinity to serve the property. Valley Center Municipal Water District (VCMWD) does have a water pipeline adjacent to the property. VCMWD has approved annexation of the property into their water district boundary. The VWD Board of Directors approved conditions for detachment of the property from the VWD water service area on May 15, 2019.

DISCUSSION:

The VCMWD annexation and VWD detachment proposal was approved by LAFCO on November 4, 2019. Prior to finalizing the resolution adopting the re-organization, the conditions set by VWD's Board of Directors on May 15, 2019 must be met, including the payment of \$1,947.66 for VWD detachment fees.

According to VWD Ordinance No. 200, the purpose for the detachment fee is to make the District whole for its infrastructure investments that it made assuming future service to the property. The fee is intended to represent a pro-rated and equitable share of the non-current bonded indebtedness or outstanding assessments which have been identified for the land. When Ordinance No. 200 was approved by the Board in 2007, the debt totaled \$41.6 million. In 2018, this debt totaled \$37.2 million.

At the December 11, 2019 Board meeting, Mr. Wilmott requested that VWD waive this detachment fee. Mr. Wilmott provided the following reasons for his request:

1. His residence is the only property that could be served by a water service extension, but the expense of running the water service would preclude any viable income to VWD. In addition, Interstate 15 lies between the nearest VWD pipeline and his property. He contends his property has not cost the District anything since it was improved in 1982.
2. Since the reason for charging water detachment fee is to recoup District expenses that may benefit properties now or in the future, his property, being on the wrong side of Interstate 15, has not received any benefits from VWD. Due to its location, his property can never receive any benefits in the future. The unique location of his property would deserve a waiver of the water detachment fees.

Staff is recommending that the Board deny Mr. Wilmott's request to waive detachment fees to

his property. Neither of Wilmott's arguments above are correct. First, a pipeline extension across Interstate 15, although financially unlikely at this time, is possible and would benefit not only Mr. Wilmott's property but several of his neighboring properties on Champagne Boulevard and possibly Interstate 15 landscaping as well.

Second, even though Mr. Wilmott's property is not currently served, VWD has considered this property in previous Master Plans and associated water Capital Improvement Projects have assumed a future service to the property. As such, infrastructure has been constructed and debt-serviced accordingly, including the Twin Oaks 33-million-gallon and 40-million-gallon reservoirs.

And third, Mr. Wilmott's property location is not a unique circumstance. There are thousands of parcels within VWD's water service of area that currently do not front or abut an existing water main and would therefore require a water main extension in order to receive service. Many of these parcels would have to make a pipeline extension much farther than Mr. Wilmott would to receive service. However, all such properties, including Mr. Wilmott's, have been included in our Master Plan and ultimate facility development.

FISCAL IMPACT:

The current detachment fee is \$1,362.00 per acre. The liability for the subject 1.42-acre property is \$1,947.66.

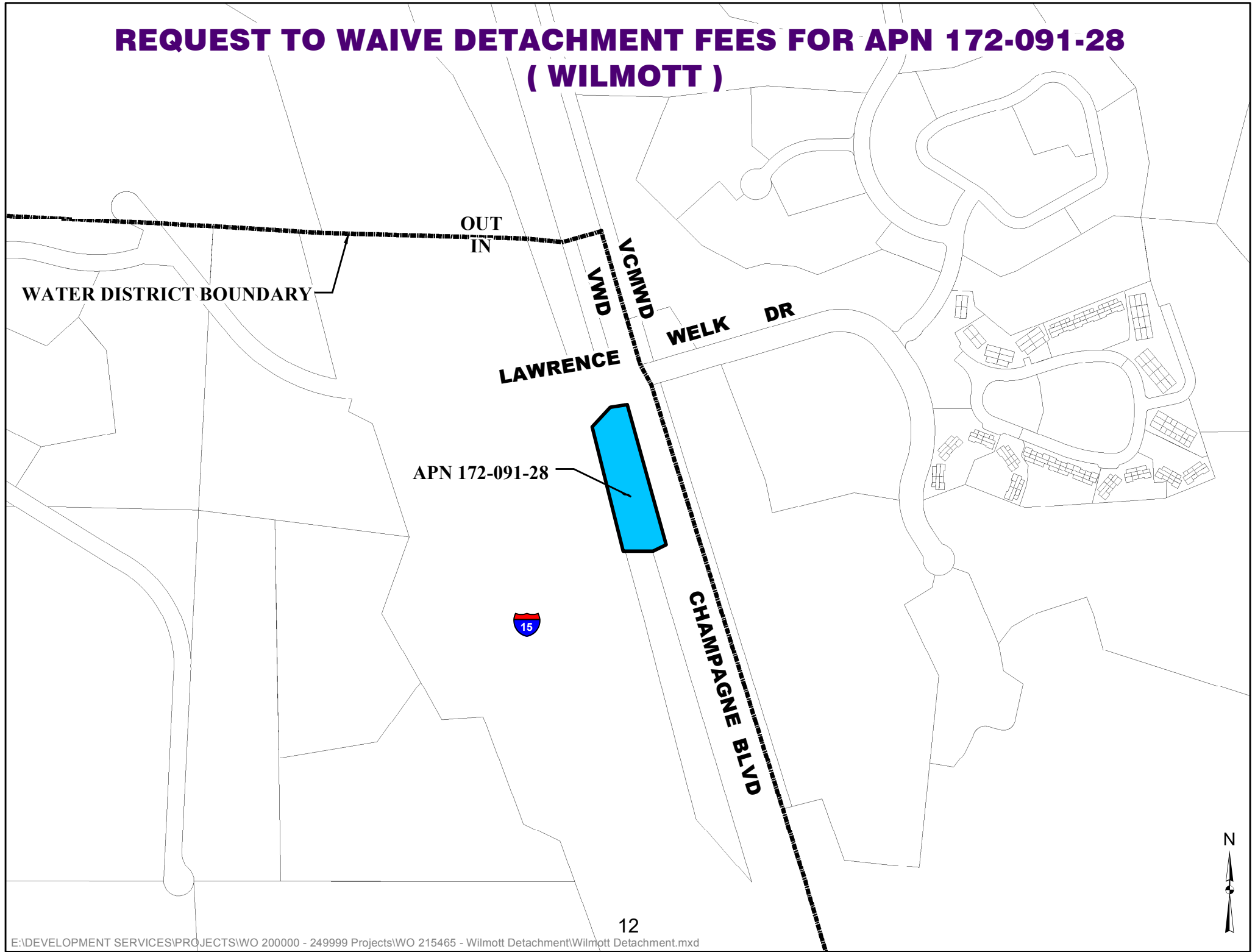
RECOMMENDATION:

Deny the request to waive the detachment fees for APN 172-091-28.

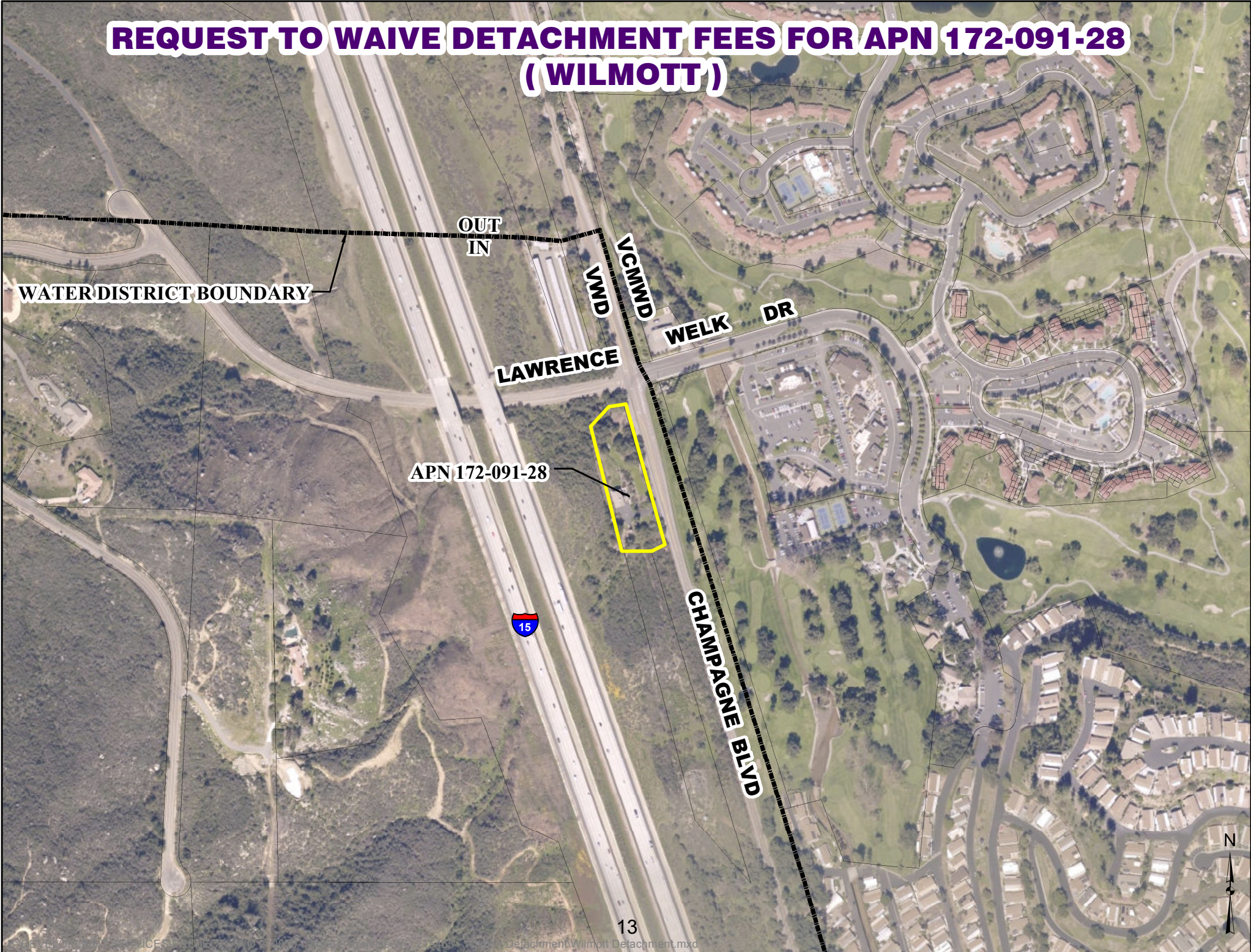
ATTACHMENTS:

2 Map Exhibits – 1 Plat Map & 1 Aerial

REQUEST TO WAIVE DETACHMENT FEES FOR APN 172-091-28 (WILMOTT)



REQUEST TO WAIVE DETACHMENT FEES FOR APN 172-091-28 (WILMOTT)



DATE: DECEMBER 18, 2019
TO: BOARD OF DIRECTORS
SUBJECT: VALLECITOS WATER DISTRICT REPRESENTATIVE TO THE SAN DIEGO COUNTY WATER AUTHORITY

DISCUSSION:

The item before the Board is to consider whether to remove Vallecitos' representative from the CWA Board prior to the expiration of the six-year term and appoint a new representative.

Vallecitos Water District has one representative on the San Diego County Water Authority Board of Directors. Pursuant to Section 45-6 of the Water Code, "Any member of the governing body of a member agency may be appointed by that member agency to the board of the authority to serve as the agency's representative." Pursuant to Section 6 (c), members of the board of directors shall hold office for a term of six years, and until their successors are appointed and qualified." Section 6 (c) further provides "Notwithstanding that representatives are appointed for a fixed term of years, members of the board of directors serve at the will of the governing body of the public agency from which the member is appointed and may be removed by a majority vote of the governing body without a showing of good cause."

On December 11, 2019, Director Evans was appointed as the new President of the Vallecitos Water District Board. President Evans is currently serving as the representative to the San Diego County Water Authority, a position she has served for nearly seven years. Her term on the CWA Board will expire in 2022.

At the December 11, 2019, Board meeting, Director Sannella expressed an interest in serving as the representative to the CWA Board. Vallecitos Ordinance 212, Section 1.9, Board Reorganization, subsection C. states:

"Each elected Director, who desires, shall have an opportunity to hold a position on the Encina Wastewater Authority and San Diego County Water Authority Boards at least once during their four-year term."

Under the provision, Directors have the opportunity to hold a position on the Water Authority Board, but may do so only if appointed by a vote of the majority of the Vallecitos Board. In considering this item, Directors are not obligated to vote to appoint a Director because they have not held the position, but may exercise their independent discretion and decide whether to appoint a Director as the representative.

In order to replace President Evans as the representative to the CWA Board, the Vallecitos Board, by majority vote, would need to remove President Evans and appoint a new representative to the CWA Board. If an action to remove President Evans is not

supported by a majority of the Vallecitos Board, she would continue to serve as the representative to the CWA Board until her term expires, she resigns from the position, or she is later removed.

FISCAL IMPACT:

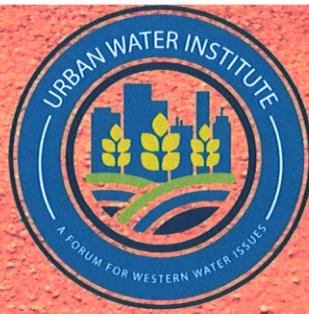
None.

RECOMMENDATION:

Request Board action regarding President Evans' continued role as Vallecitos' County Water Authority representative. If the Board elects to terminate Director Evans' CWA representation, determine who the replacement representative would be.

ATTACHMENT:

Ordinance 212



SAVE THE DATE!

Urban Water Institute's
Spring Water Conference

February 19-21, 2020

Hilton Palm Springs Hotel
400 East Tahquitz Canyon Way
Palm Springs, CA 92262

For more information,
please contact Urban Water Institute
at (949) 679-9676 or stacy@urbanwater.com