

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JANUARY 4, 2017, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT ELITHARP

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 JANUARY 4, 2017

PRESENTATION

President Elitharp will present Finance Manager **John Fusco** with his Certified Fraud Examiner certificate granted by the Association of Certified Fraud Examiners.

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.

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 6-31)

- A. REGULAR BOARD MEETING – NOVEMBER 16, 2016
- B. FINANCE/INVESTMENT COMMITTEE MEETING – DECEMBER 5, 2016
- C. REGULAR BOARD MEETING – DECEMBER 7, 2016

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JANUARY 4, 2017 – \$5,225,335.58 (pp. 32-37)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 38-42)

- A. WATER METER COUNT – NOVEMBER 30, 2016
- B. WATER PRODUCTION/SALES REPORT – 2016/2017
- C. WATER REVENUE AND EXPENSE REPORT – NOVEMBER 30, 2016
- D. SEWER REVENUE AND EXPENSE REPORT – NOVEMBER 30, 2016
- E. RESERVE FUNDS ACTIVITY – NOVEMBER 30, 2016

1.4 CANCELLATION OF TEMPORARY OFFSITE WATER SERVICE AGREEMENT, APN: 226-051-18 (MOUNTNEY) (pp. 43-45)

The property is located at 1235 Adventure Lane, east of Bougher Road, north of Mission Road.

Recommendation: Approve cancellation of agreement and recording of cancellation

1.5 APPROVAL OF CONSTRUCTION AGREEMENT FOR RANCHO CORONADO PHASE II IMPROVEMENTS, APN: 222-170-28 (BROOKFIELD RANCHO CORONADO, LLC) (pp. 46-48)

The property is located west of S. Twin Oaks Valley Road just north of South Lake pump station.

Recommendation: Approve construction agreement

1.6 FATS, OILS AND GREASE (FOG) PROGRAM UPDATE (pp. 49-50)

Recommendation: For information only

1.7 DROUGHT UPDATE (pp. 51-53)

Recommendation: For information only

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

ACTION ITEMS

2.1 REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS “SAN MARCOS HIGHLANDS” (APN: 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 AND 184-241-05, 06, 07 & 08) INTO THE VALLECITOS WATER DISTRICT AND THE SEWER IMPROVEMENT DISTRICT (VISTA SAN MARCOS, LTD) (pp. 54-59)

The proposed residential development is located on approximately 288.53 acres of unimproved land located at the northern end of Las Posas Road.

Recommendation: Approve a one-year extension for the completion of the annexation requirements

- 2.2 DESIGN CONTRACT AMENDMENT FOR ROCK SPRINGS SEWER REPLACEMENT PROJECT (pp. 60-63)

This sewer project is currently budgeted for replacement and upsizing.

Recommendation: Approve the contract amendment

- 2.3 REVIEW OF ORDINANCE NO. 201, BUSINESS OF THE BOARD (pp. 64-71)

This item was placed on the agenda at Director Hernandez' request.

Recommendation: Request Board direction

- 2.4 IMPACT OF MARIJUANA CULTIVATION ON AVAILABLE WATER SUPPLY (pp. 72)

This item was placed on the agenda at Director Hernandez' request.

Recommendation: For information only

*****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 (pp. 73)

CSDA Workshop: Board Member Best Practices

January 19, 2017 – Three Valleys Municipal Water District, Claremont, CA

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

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

CLOSED SESSION

- 6.1 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 –
Property: Parcel 1 of Parcel Map No. 5772 (approximately 13 acres)
Under Discussion: Price and Terms
- 6.2 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4)
– CONFERENCE WITH LEGAL COUNSEL (ONE CASE)
Consideration of Initiation of Litigation
- 6.3 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) –
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (ONE CASE)
Golden Door v. Vallecitos Water District et. al., San Diego Superior Court
North County Division Case No. 37-2016-00037559-CU-WM-NC

*******END OF CLOSED SESSION*******

7.1 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 3:00 p.m., Thursday, December 30, 2016.

Diane Posvar

Certified Fraud Examiner



Under and by virtue of the provisions of the bylaws of the
Association of Certified Fraud Examiners
this certificate is granted to

John Joseph Fusco

Given under our hands and the Seal of The Association

November 17, 2016

Leah D. Lane

Sidney P. Blum

Charles R. Cad

Nancy E. Rich



David C. Lule

James O. Rattley

John W. W...

Ben Davis

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 16, 2016, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Director Martin led the pledge of allegiance.

Present: Director Elitharp
Director Hernandez
Director Martin

Absent: Director Evans
Director Sannella

Staff Present: Interim General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Development Services Senior Engineer Scholl
Accounting Supervisor Owen
Financial Analyst Arthur
Meter Services Supervisor Kirby
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 16, 2016

16-11-04 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Directors Evans and Sannella absent, to adopt the agenda for the Regular Board Meeting of November 16, 2016.

PRESENTATION

Meter Services Department Presentation

Jeanna Kirby, Meter Services Supervisor, facilitated the Meter Services department presentation as follows:

- Meter Services Staff
- Meter Facts
- Meter Services Responsibilities
- AMR Reading
- AMI Meters
- AMI Advantages
- Daily Reads
- Newest Meter

- Construction Meter
- Backflow Prevention

General question and answer took place during the presentation. The presentation was for information only.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating he provided input during a committee meeting of the State Water Resources Control Board regarding low income subsidies or support. He expressed concerns regarding penalties applied by and the impact of mandated rationing on mobile home residents. He discussed the sub-metering provisions of SB 7. He thanked the Board.

Mr. Hunsaker also expressed concerns regarding reclamation of Lake San Marcos and suggested that the District buy the lake and use taxpayer money to clean it up if the District were to use it as a reservoir or water offset. He thanked the Board.

CONSENT CALENDAR

16-11-05 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Directors Evans and Sannella absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting – November 2, 2016
- B. Engineering/Equipment Committee Meeting – November 8, 2016

1.2 Warrant List through November 16, 2016 - \$3,229,367.14

1.3 Financial Reports

- A. Water Meter Count – October 31, 2016
- B. Water Production/Sales Report – 2016/2017
- C. Water Revenue and Expense Report – October 31, 2016
- D. Sewer Revenue and Expense Report – October 31, 2016
- E. Reserve Funds Activity – October 31, 2016
- F. Investment Report – October 31, 2016

1.4 Approval of Construction Agreement for San Elijo Hills Phase 3, P.A. "T", Unit 8B, APN: 679-340-16 (San Elijo Hills Estates, LLC)

1.5 Drought Update

ACTION ITEMS

CONSIDERATION OF RESOLUTION RESCINDING APPROVAL OF A REVISED WATER SUPPLY ASSESSMENT AND VERIFICATION REPORT AND RESOLUTION APPROVING A WATER SUPPLY ASSESSMENT REPORT FOR THE NEWLAND SIERRA SPECIFIC PLAN (COUNTY OF SAN DIEGO)

Development Services Senior Engineer Scholl stated that the Board approved the Revised Water Supply Assessment and Verification (WSA&V) report for the Newland Sierra project on October 5, 2016. On October 26, 2016, Latham & Watkins filed a Verified Petition and Complaint for Writ of Mandate and Injunctive Relief (Petition) against the District on behalf of Golden Door Properties, LLC. The Petition brings action against the District for approval of the verification portion of the Revised WSA&V report. Newland Sierra has asked the District to rescind its approval of the Revised WSA&V report, adopt a Water Supply Assessment only, and delay any action on the Water Supply Verification until later in the subdivision map approval process. In doing so, it would minimize exposure and risk to the District, avoid potential liability, and would save the District money.

Staff and the District's legal counsel recommended the Board adopt a resolution rescinding the Revised WSA&V report for the Newland Sierra Specific Plan and adopt a resolution approving a Revised Water Supply Assessment report for the Newland Sierra Specific Plan.

Tom Kumura, member of the public, urged the Board not to rush and expressed concerns regarding the report, the impact to rate payers, and not having seen a confirming letter from the County. He cited specific items from the staff report and expressed concerns regarding conflicting statements and duty factors used to calculate water demand. He thanked the Board.

Kathe Robbins, member of the public, expressed concern regarding the recusal and absence of Betty Evans in Division 1. She requested specific reasons for the recusal, if it had to do with Director Evans' residence, what method of measurement is used to determine distance from the proposed project, and if she could still sit in the audience and listen to the discussion. She thanked the Board.

Legal Counsel Scott responded to Ms. Robbins' questions, stating that under the FPPC regulations, a recused elected official can't participate or be involved in the item, and must leave the room so as not to be able to listen or participate in the proceedings in any way, shape or form. Mr. Scott advised Director Evans that in his judgement it would be in her best interest and under the circumstances, an abundance of caution dictated that she recuse herself from the proceedings.

Legal Counsel Scott stated that the criteria are really if there is a financial effect potentially on a person's property with the improvements that might come as a result of the development such as new roads and traffic lights, things that might have the ability to improve the value of the property. Ms. Robbins stated she lives a half mile away within visual distance. Would she be recused or is Director Evans only being recused?

It has to be the distance she lives from the property. Legal Counsel Scott stated the proximity is fairly close, but it doesn't matter what his opinion is. The only thing that matters is what the FPPC thinks. It's important to seek their counsel and advice prior to participating in the decision because it has consequences that could be very serious.

Ms. Robbins expressed concern regarding a lack of representation. Further discussion took place.

Director Martin asked Legal Counsel Scott to provide a copy of the letter received from the FPPC to the Board and also indicate when he expects to receive an answer from the FPPC.

Mark Dillon, member of the public, addressed the Board stating he is counsel for Newland Sierra and pointed out that they support staff's recommendation, the County of San Diego does in fact support this action, the project is not yet approved, and the only document needed at this time for the purposes of the County process is the WSA which is included in the draft EIR. Both the EIR and the WSA will be made part of the County's open, public and lengthy environmental review process with multiple opportunities for input and comment. If the project is ultimately approved, and there is no assurance it will be ultimately approved by the County, it will be conditioned to include a requirement that the landowner obtain a WSV prior to the final mapping process so that the public and the District's rate payers will have the opportunity to review and test the validity of that water verification if and when it is issued at a later date, assuming project approval. Mr. Dillon addressed comments about the report being flawed, stating it is not flawed, the Board has approved it on two prior occasions, it was prepared by professionals, and backed by District staff. Mr. Dillon further stated that the minute the Board approved it or shortly thereafter, the District received a lawsuit, naming the Board, the County, and his client. They aren't afraid of that litigation. They're not thinking there is a flaw. It's just a lawsuit. Nobody has won the case. It's just a lawsuit. Anybody can file one. They thought it would be better to proceed with the document that they need right now for planning purposes for the County which is the assessment only and to defer the verification issue. They may never get project approval, so verification may never be needed. If they are fortunate and do get project approval, then that's when they're going to need the verification, and it will be issued closer in time to when it's needed. Finally, the rate payers are not suffering. You're actually saving costs by not proceeding with a needless lawsuit. He asked that the Board approve it as they have before. He thanked the Board.

Director Martin asked Mr. Dillon why they requested the verification if they didn't need it. Mr. Dillon responded that they did not request it, and that under the law, the County of San Diego makes the request in writing as a matter of practice to ask for the combined document. They now learned that the lawsuit can be filed for the verification part, but not the other part. He stated that there is no reason to engage in this fight now. They spoke to County counsel and asked them what their policy was. As a matter of policy, they made a combo request. His client said they would like the District not to comply with that mandatory combo request and just ask for the supply assessment because

that's all they need right now for EIR purposes.

Director Martin indicated Mr. Dillon did not answer his question.

Legal Counsel Scott stated that once the request is made for a WSA and a WSV, the District and staff have absolutely no discretion. It is required by law that once the District gets a request for both documents, to prepare that report. The District staff, in good faith, worked with HDR Consulting Engineers and prepared the WSA and WSV as required by law. Based on the information they reviewed, which included the Urban Water Management Plan (UWMP) of Metropolitan, San Diego County Water Authority and the District's own UWMP, they recommended to the Board that there are adequate water supplies for this particular project.

Director Martin asked if it was standard for the County to want both of these reports from every development within their sphere, and if so, they've never been challenged before. Legal Counsel Scott stated he is unaware of any successful challenge to a WSA or a WSV in San Diego County. He believes this is the first one that the District has received. After having spoken to the attorneys for the developer and the Golden Door, Mr. Garrett and County counsel, he determined the best legal course for the District was to rescind the action that was taken on October 5 and consideration of the WSA only. The reason is that for all practical purposes the petition will be mute, and most importantly, it will avoid very expensive, protracted litigation that the District would be involved in. This is going to cost the rate payers a lot of money to get involved in this. By approving the WSA only for this project, no one will be prejudiced. Everyone will have the opportunity to raise these issues in the CEQA process with respect to the WSA. In the event somewhere down the road this project is approved, then we can come back and revisit the WSV. That may be two years from now. At this point, this saves us from being involved in protracted litigation. He believes that serves our best interest. These issues can be resolved in another context, not here. This is what his recommendation is based upon.

Tony Eason, member of the public, addressed the Board stating he is a resident of Deer Springs Oaks Mobile Home Park and has been a rate payer to the District for a very long time. He expressed concerns over rescinding the WSA&V report that was approved just last month, and assumed the potential litigation arises from the fact that the District can't verify the WSA as justified by the District's UWMP that shows shortfalls for the next 20 years. Mr. Eason expressed concerns over the availability of water for this project, what it will cost ratepayers in dollars and further water rationing that has already taken place the last couple of years, and bearing the burden for thousands of new customers for the profit of the developers. He suggested the Board re-assess supplies, sources and costs, and come back with an assessment that can be verified before the project is approved, and not kick the verification down the road. He thanked the Board.

Allen Binns, member of the public, addressed the Board expressing concerns regarding having to conserve water, cutting down 30 trees and only planting half of his vegetables

so that the Board can give water to developers that want to increase the General Plan density. He asked if non-potable water is going to be used for the 10 years of grading, wetting down the dirt and blasting. He thanked the Board.

Mike Hunsaker, member of the public, addressed the Board expressing concern regarding the transfer of water rights from one entity to another, and a development which is going to have fuel modification areas, and they will never be subject to rationing. He also expressed concerns regarding the District's water usage factors and water consumption from the marijuana initiative.

Director Martin asked Legal Counsel Scott if anyone in the District has senior or junior renewable rights? He believes they are all the same. Legal Counsel Scott responded that Director Martin was correct.

Chris Garrett, an attorney representing the Golden Door, addressed the Board stating that he wanted to focus on the things that are relevant for tonight. His firm sent a letter to the Board this afternoon regarding this matter. He stated that Legal Counsel Scott agreed that the materials his firm submitted before could be treated as being in the record for this evening.

He further stated that he does a lot of work for developers. Whenever his clients need a WSA or WSV, they as the developers have an indemnity agreement and have to pay for all of the District's work. They indemnify the District for their legal expenses and have to pay for the District if they want to hire a separate outside litigation counsel. Any litigation over a WSA or WSV should be conducted at no cost to the District either way. The Golden Door and Newland Sierra are going to have to face off over whether or not the documents that the Board adopted are adequate. District staff, as agreed, did deploy independent judgement, but the only cost savings here are for Newland and for the Golden Door. Speaking on behalf of his client, they would just like to get this decided. They are ready to go and have a judge rule whether these meet the legal requirements. It's not really something that costs the District anything. He stated that if the District didn't have an indemnity agreement for the litigation his client filed, they should be sure to have an indemnity agreement in place for the litigation on the WSA. In talking with the County counsel and staff, their view is that if a water district sends them an assessment, that's their assessment and they don't do anything about it; it is just put into the document. If it rises or falls, it will be on the water district whether or not they did a good job on it. It might be better for all of us just to know right now whether there's enough water to serve these 6,000 new people. From his perspective, for the purposes of litigation, they may be hurting themselves telling the Board all the problems in detail. It might be better for them to just have things left the way they are. His answer to Director Martin's question is that this isn't saving the District any cost. They would like to have it decided now. He thinks it's actually a mistake to leave the assessment in place, get rid of the verification and then attempt to go to court to try to get the case dismissed as mute. It's clear that nothing is going to change. This is just a way of delaying the day of reckoning about whether or not the documents are adequate. If the documents are adequate, they would rather get an answer right away, and if they're not

adequate, he thinks maybe the Board should take a look at them. There are a couple of fiscal issues that the Board would look at. He knows people get up here and say delay, delay, delay. He understands that the Board expects to hear from him. He tried to think, as a director, is there additional information you might want to get to make a new decision on this.

Mr. Garrett stated the District's legal counsel said last time that the document met the requirements for both an assessment and a verification. He didn't draw much difference between them. Mr. Garrett's client thinks it doesn't meet the requirements for even the assessment which is less stringent. There was no litigation over the Lilac Hills WSA&V which the County did request. Part of the reason for that is Valley Center has a complete balance in their UWMP. They don't show any deficits, so he presumes that's the reason why no one litigated on Lilac Hills. There was a lawsuit over a WSA in San Diego County a few years ago – the Fanita Ranch project in Santee. It was just the assessment. The Santee District did the assessment and the court struck it down. Before he explains why they think this assessment is just like that, there are some unexplained gaps in the information. It probably would be good, given all the ups and downs the District had with approving an assessment in January that had to be withdrawn because there were some mistakes in the project description, and it was on a Board agenda for June or July but had to be withdrawn because they used the wrong water supply, the UWMP, they didn't use the new one. You might want to make sure that someone is telling you in fact that these details are met.

He provided a portion of Latham & Watkins' presentation on the WSA report, discussing the WSA demand and supply projections and 2020 normal year projections comparing the District to other local districts. He stated that Vallecitos Water District is the only water district in the State that shows a deficit, for all years in normal years. Some districts have a deficit out in the future years, but none have one for all the planning years. The other districts are able to bring their UWMP into balance. Before committing to provide water to 6,000 new people, the District should bring their plan into balance.

Legal Counsel Scott responded to Mr. Garrett's comments regarding the notion of indemnity. He stated that the District is not a land use body and does not condition approval of projects as the County or city does. The District does not have the leverage of the land use bodies. Under California law, Statute 10910G3 of the Water Code provides a mandatory duty that the District, if requested by the County, has no choice but to complete a WSA. Another section relates to the WSV. If the public water system fails to request an extension of time or fails to submit the assessment, the city or County may seek a Writ of Mandamus to compel the governing body of the public water system to comply with the requirement of this part. The District can be sued by third parties if it doesn't comply with this mandatory duty. It's fine to talk about asking the developer to indemnify us, but that is not something the District has a choice or leverage to do in this case. The District has a mandatory duty that staff has discharged in good faith. He wanted to clarify for the record that this is clear. The District is doing what is required of them as a public agency.

Mr. Garrett responded that he agreed with Mr. Scott completely that if asked by the County to provide documents, you have to do it and there is a deadline to do it. It is very easy, if there is a problem, not to do it. Apparently Mr. Scott spoke with the County and the developer, and decided that the District didn't need to do a verification. He thinks if the District had any issues or problems, it would be very easy. When he represents developers, they never want districts to be unhappy with them. He thought Mr. Scott's point was that if you are requested to do it, you are required to do it; he agrees completely.

Legal Counsel Scott stated that the District can get the expense for preparing the documents, but when you are talking about multi-million dollar lawsuits, which this could very well involve, and you have a mandatory duty, that's a little different issue. That was his point.

Mr. Garrett stated that Mr. Scott is the District's lawyer and he is not. Obviously, if Mr. Scott doesn't think the District can get an indemnity from the developer, he is not going to disagree with that. He has been doing a bad job for his clients because they've always signed indemnities for every water district they've dealt with. He thinks Rancho California Water District has a policy of doing that from the work he's done out there. The Board can judge whether or not other districts do that. The other thing is that even if you don't have an indemnity where there is a public agency incurring a bunch of costs in defending a document, it's very easy to have a joint defense agreement with Mr. Dillon and ask Mr. Dillon to represent both the District and incur all the expense of litigation. They never imagined when they filed that the lawsuit would cost the District a dime. For example, if they win and they're awarded attorneys' fees, they would fully expect the District to ask for the County or Mr. Dillon's client to pay their attorneys' fees.

Director Martin asked staff to explain why the District is showing a water supply deficit, utilizing the PowerPoint slide shown by Mr. Garrett. Why would the District be the only County showing a deficit? Why is the Board being told we have water, but the charts and our own reports say we don't?

Development Services Senior Engineer Scholl stated the information included in the WSA comes from the District's 2015 UWMP. The District's pre-conservation projected demands are described in the first few chapters. The next few chapters discuss the supply that the San Diego County Water Authority (SDCWA) has reserved. The difference is discussed in chapters 8 and 9 of the UWMP which is made up through conservation. The District's document is probably a bit unique as compared to other documents because it shows projected demands pre-conservation. Conservation comes after the fact.

Director Martin asked Legal Counsel Scott if the District is asked if it is going to have enough water, we immediately call our wholesale supplier (SDCWA) and they say yes, then they call Metropolitan Water District and they say yes, that's how the chain works. Legal Counsel Scott responded that this was correct. During previous droughts, from a regional perspective, the District has never been told that we don't have water for new

development from our wholesale provider.

Director Martin asked why the District is the only one that shows a deficit in the entire County. What is the rationale for that?

Development Services Senior Engineer Scholl stated we are currently doing a great job of conserving water. As of calendar year 2015, we used 13,300 acre feet (AF) of water. In 2020, the SDCWA has projected a supply of 19,400 AF of water. Through October 2016, we are projected to use 14,400 AF of water for the year 2016, which is a 1,100 a year increase over 2015. Project that forward to 2020 and we would be using 18,800 AF of water, or 600 AF less than what SDCWA has made available for us. He stated his point to all of this is that we have been conserving water. Our conservation department's campaign has been doing a fantastic job as have our rate payers.

Director Martin asked if a WSA has one way of computing, does the District do it a different way? Development Services Senior Engineer Scholl stated he goes by the State Department of Water Resources plan book in preparing the WSA and it is the exact same approach the District used for its 2010 UWMP.

District Engineer Gumpel explained that if an apples-to-apples comparison of other districts included the conservation as the District does, it would show a potential surplus of demand versus supply when considering the UWMP compared to the WSA.

General discussion took place.

Clifton Williams, Senior Land Use Analyst with Latham & Watkins, addressed the Board stating he wanted to discuss Director Martin's questions. He stated that it's not that the District is the only one in the County that shows a deficit, the District is the only district in the State of California that shows a deficit. He provided a chart he produced from the Department of Water Resources website, which indicated the District is the only district that showed a deficit. There are some supply shortages in the out years of a dry year, but never in a normal year. He continued the presentation regarding the WSA, discussing the following:

- Why Can't VWD Verify Water Supply?
- Why Are the WSA and WSV Inaccurate?
- Urban Water Management Plan
- Draft Normal-Year Water Reliability Assessment Data
- Sources for Supply Numbers
- Conservation Measures – UMWP Chapter 8
- VWD is Reducing Mandatory Conservation
- Conservation Measures – UWMP Chapter 9

He thanked the Board.

Stefanie Schubert, member of the public, addressed the Board stating she is with the Hidden Valley Zen Center. She stated that there are many new points to discuss, including the need for the Board to prove that we have enough water supplies for Newland and the existing community at large. She expressed her concern for relying on lawyers that stand for a special interest. She asked if the District will revise the Urban Water Management Plan and that we need to look in all of our interests, and not help something go forward that is obviously a special interest. She thanked the Board for making the point that the public really has to speak and to serve the public, not special interests. She thanked the Board.

Peter Gach, member of the public, addressed the Board stating he attends services at Hidden Valley Zen Center, and expressed concerns about the length of this historic drought and ignoring it when considering such an enormous project. He stated it needs more time and we need to be cautious with a lot more deliberation. He recommended the Board disapprove Item 2.1. He thanked the Board.

Jack Fox, member of the public, addressed the Board discussing the message sent by citizens in approving Measure B and the Lilac Hills situation by wanting County officials providing special rules or special favors to developers who want to come and develop our communities and change them so drastically that they, the property owners and tax payers, will be harmed in quite a number of ways. Mr. Fox also discussed large projects, infrastructure issues, use of water for grading, and adherence to the General Plan. He requested the Board not provide the developer with any sort of positive vote in favor of what they're trying to ask the Board to do for them and opposed to what the Board should be doing to rectify a situation for the community they serve. He thanked the Board.

Patricia Borchmann, member of the public, addressed the Board stating she submitted written comments before the October 5 meeting in opposition to the Newland Sierra project's request that the District provide a WSA&V that adequate water supply exists. The Board has already received substantial public opposition to this and she's glad the record is becoming more and more clear. There are many credible and numerous reasons why stakeholders do not believe the District has the authority or should be responding to Newland Sierra's request that the Board take action to benefit them without considering the impacts on the community. She thinks most people think it's not in the public's interest. She further stated they are trying to make it appear that it's no big deal, they're only changing one word or the timing of when this WSV would be required. Instead of it being required prior to approval of a tentative map which is the customary process when subdivisions are approved, they want to postpone it for a little while. It doesn't mean it's being waived. They're not asking for a waiver, just that the timing requirement be postponed. Before the tentative map is approved, they want to wait to get the verification until the final map is recorded. That could be years. There's really no control or certainty of how long they take and conditions could change a lot during those years. The District has no incentive to allow this. It just introduces an enormous new layer of uncertainty. She agreed with the previous speaker that the District should not act in the manner in which it has been requested. She thanked the

Board.

General discussion took place.

16-11-06 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Directors Evans and Sannella absent, to adopt the resolution rescinding the Revised Water Supply Assessment and Verification report for the Newland Sierra Specific Plan.

Resolution No. 1500 - The roll call vote was as follows:

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

16-11-07 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to adopt the resolution approving the Water Supply Assessment report for the Newland Sierra Specific Plan.

Resolution No. 1501 - The roll call vote was as follows:

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

PROPOSED 2017 INVESTMENT POLICY RESOLUTION

Finance Manager Fusco stated two changes were made to the District's Investment Policy for 2017. "FDIC backed medium-term notes" as a permissible investment was removed because the District does not currently invest in them and does not anticipate any in the future. The other change was the addition of Section 9, "Safekeeping of Securities" which is a best practice that the District has followed all along, but it was never memorialized in the policy. Staff consulted the California Municipal Treasurers Association's (CMTA) Investment Policy Certification Program for professional guidance to ensure the District's policy is within CMTA's guidelines.

Staff recommended the Board approve and adopt the Annual Investment Policy resolution as presented.

16-11-08 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to adopt the Annual Investment Policy resolution.

Resolution No. 1502 - The roll call vote was as follows:

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

SURPLUS PERSONAL PROPERTY LISTING

Interim General Manager Scaglione stated that Resolution No. 1312 authorizes staff to dispose of surplus personal property items through a publicly noticed sale. The policy states that items with an estimated value of greater than \$1,000 will be approved by the Board. Staff has identified two items with an estimated value greater than \$1,000. The items are a 2005 Ford F-250 with an estimated value of \$2,500, and a 2002 Ford F-250 with an estimated value of \$1,500.

Staff recommended the Board approve the items to be made available for disposal through a public auction.

General discussion took place.

16-11-09 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to approve the items to be made available for disposal.

REPORTS

INTERIM GENERAL MANAGER

Interim General Manager Scaglione commended the group effort of Operations & Maintenance Manager Pedrazzi, his staff and other departments for responding to recent odor complaints and successfully controlling the odors on Rancho Santa Fe. Staff utilized innovative methods to use odor scrubbers more effectively. The District received very positive feedback from homeowners in the area regarding this issue.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Board meeting this morning at which a presentation on the Master Plan was provided.

Director Elitharp stated the Policy and Finance Committee and the Capital Improvement Committee have not met since the last Board meeting.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Martin, Hernandez and Elitharp reported on their attendance to the Council of Water Utilities (COWU) meeting and the ACWA Region 10 Program, "Advanced Water Purification."

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin commented on the presentation regarding CalDesal provided at the COWU meeting, stating he felt the District should be more involved with the organization. He requested staff research CalDesal and provide information to the Board at the next Regular Board meeting.

Director Hernandez requested Legal Counsel Scott provide information on SB 7 at the next Regular Board meeting.

Director Martin inquired about the status of scheduling a Finance Committee meeting. Interim General Manager Scaglione stated staff has not received a draft audit report from the auditing firm. Once that is received, a date will be selected for the Finance Committee meeting.

Director Martin stated he will have agenda items for the Finance Committee once the meeting date has been set.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95
LIABILITY CLAIM – CLAIMANT:

Citizens Development Corporation, Inc.

16-11-10 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to move into Closed Session pursuant to Government Code

Section 54956.95.

REPORT OUT OF CLOSED SESSION

The Board reconvened to Open Session at the hour of 7:26 p.m. The Board, in Closed Session, reviewed the claim of Citizens Development Corporation, Inc. After review, the Board unanimously, with Directors Evans and Sannella absent, rejected the claim and directed legal counsel to take appropriate action to notify the claimant.

ADJOURNMENT

There being no further business to discuss, Vice President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 7:27 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, December 7, 2016, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, Vice President
Board of Directors
Vallecitos Water District

ATTEST:

Tom Scaglione, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, DECEMBER 5, 2016 AT 3:30 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 3:30 p.m.

Present: Director Martin
Director Sannella
General Manager Pruim
Assistant General Manager Scaglione
Finance Manager Fusco
Accounting Supervisor Owen
Administrative Secretary Johnson

Others: Scott Manno, Rogers, Anderson, Malody & Scott, LLP

ITEM FOR DISCUSSION

REVIEW FINAL DRAFT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED
JUNE 30, 2016

General discussion took place during which Director Martin asked about the audit process and what assurances the audit gives the District.

Scott Manno of Rogers, Anderson, Malody & Scott, LLP stated his firm complies with best practices and explained the audit process. He stated no issues were found during the interim, control testing and year-end phases of the audit.

Finance Manager Fusco provided copies of the draft Annual Financial Report for the fiscal year ended June 30, 2016 for review and discussion.

Director Martin suggested the Finance/Investment Committee meet once per month to keep abreast of financial matters.

Finance Manager Fusco provided an overview of the Management's Discussion and Analysis and discussed the financial highlights of the fiscal year ended on June 30, 2016 that impacted, or have the potential to impact, the finances of the District.

General discussion took place regarding cash payments the District receives, possible future debt, reserve funds, cost of water purchased from Olivenhain Municipal Water District and SDCWA, infrastructure access charges, fixed and variable charges the District pays and the District's investment in Encina Wastewater Authority.

Director Sannella requested the Committee be provided with five and ten-year trending data and balance information on reserve deficits.

Finance Manager Fusco reviewed the Statement of Cash Flows and Statement of Revenues, Expenses and Changes in Net Position in more detail.

Director Sannella asked staff to provide a breakdown of fixed costs that SDCWA charges per acre foot of water and commodity and fixed charges. Assistant General Manager Scaglione stated this information will be provided to the full Board.

Director Martin requested data on the District's Workers' Compensation such as the number of claims and accidents. Assistant General Manager Scaglione stated this information would be provided at the next Finance Committee meeting.

Mr. Manno stated that the evidence obtained during the audit is sufficient and appropriate to render an unmodified opinion without exceptions.

General discussion took place.

The Finance/Investment Committee recommended the audited Financial Statements be presented to the Board at the next Regular Board meeting.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:03 p.m.

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, DECEMBER 7, 2016, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Director Martin led the pledge of allegiance.

OATH OF OFFICE

Legal Counsel Scott administered the Oath of Office to elected Board members Betty Evans (Division 1), Mike Sannella (Division 4), and Hal Martin (Division 5) to fill the terms of Director ending in 2020.

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

Staff Present: General Manager Pruim
Assistant General Manager Scaglione
Legal Counsel Scott
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Capital Facilities Engineer Santos
Accounting Supervisor Owen
Financial Analyst Arthur
Executive Secretary Posvar
Administrative Secretary Johnson

Others Present: Scott Manno, Rogers, Anderson, Malody & Scott, LLP

ADOPT AGENDA FOR THE REGULAR MEETING OF DECEMBER 7, 2016

16-12-01 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Regular Board Meeting of December 7, 2016.

PUBLIC COMMENT

Mike Hunsaker, member of the public, congratulated the winners of the recent election and wished the Board a Merry Christmas and a happy New Year. He expressed concern regarding the new rate structure, the impact to multi-family customers, the Governor's concern for more conservation, Senate Bill 814 exemptions to individual metering for high

density apartments, and no rationing allowed for 380 to 390 acres of a fuel modification zone in the Newland Sierras project.

Mr. Hunsaker did more research into marijuana and found that in Pueblo, Colorado, the biggest marijuana farm is only 37 acres and produces \$22 million of revenue per year. He stated that marijuana only thrives below the thirty-fifth parallel, which includes southern California, and we are going to see a disproportionate amount of marijuana in our region and we don't have the water for it. He thanked the Board.

CONSENT CALENDAR

16-12-02 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Warrant List through December 7, 2016 - \$1,598,677.00

1.2 Investment Report – November 30, 2016

ACTION ITEMS

ANNUAL BOARD TRANSITION

General Manager Pruiim stated that every year the Board appoints a new President and Vice President. Based on past practice of rotating the presidency, Director Elitharp is in line to become President and Director Hernandez is in line to become Vice President.

16-12-03 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to elect Director Elitharp President of the Board of Directors and to elect Director Hernandez Vice President of the Board.

President Elitharp presented Director Sannella with a book highlighting his term as President.

Director Sannella stated it was a pleasure serving as Board President and he looked forward to accomplishing much during the next four years on the Board.

COMMITTEE APPOINTEES AND REPRESENTATIVES

President Elitharp distributed a list of committee assignments to the Board, which the Board reviewed.

16-12-04 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve the committee members as presented.

COMMITTEES

ENGINEERING/EQUIPMENT	Jim Hernandez (C), Craig Elitharp
FINANCE/INVESTMENT	Hal Martin (C), Mike Sannella
LEGAL/LEGISLATIVE AFFAIRS	Mike Sannella (C), Hal Martin
PUBLIC AWARENESS/PERSONNEL/POLICY	Betty Evans (C), Jim Hernandez
AD HOC	Will be assigned on as needed basis (C) = <i>Chairperson</i>

REPRESENTATIVES

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) BOARD OF DIRECTORS/REGION 10	Finance Liaison: Tom Scaglione
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) FINANCE COMMITTEE	Chair: Tom Scaglione
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) ENERGY COMMITTEE	Member: Hal Martin
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) GROUNDWATER COMMITTEE	Member: Jim Hernandez
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) MEMBERSHIP COMMITTEE	Member: Hal Martin
ACWA/JPIA	Delegate: Hal Martin Alternate: Betty Evans Finance & Audit Committee: Tom Scaglione, Vice Chair
CALIFORNIA ASSOCIATION OF SANITATION AGENCIES (CASA) – LEGISLATIVE COMMITTEE	Delegate: Craig Elitharp Alternate: Betty Evans
ENCINA WASTEWATER AUTHORITY	Delegates: Craig Elitharp & Jim Hernandez Alternate: Glenn Pruum
SAN DIEGO COUNTY WATER AUTHORITY (SDCWA)	Delegate: Betty Evans
SDNEDC	Delegate: Mike Sannella

FISCAL YEAR 2015/16 ANNUAL AUDIT REPORT

Finance Manager Fusco stated the District retained the auditing services of Rogers, Anderson, Malody & Scott, LLP in April 2015, for a three-year period to audit the District's annual financial statements beginning with the 2014/15 fiscal year.

Scott Manno of Rogers, Anderson, Malody & Scott, LLP provided a brief presentation on the objective of the audit, year-end audit field work performed, internal controls during the interim audit, and the auditor's responsibility. He discussed the audit letter detailing

management's responsibility for the financial statements and the auditor's responsibility as well as the auditor's opinion. He stated that the evidence they obtained is sufficient and appropriate to render their audit opinion and are rendering an unmodified opinion, which is the highest level of assurance possible.

General discussion took place during which Director Martin stated the Finance/Investment Committee, of which he is chair, will meet monthly beginning in January 2017 to stay abreast of the District's financial matters.

Finance Manager Fusco reviewed management's discussion and analysis including the financial highlights, and the financial statements which included the statement of net position; statement of revenues; expenses and changes in net position; statement of cash flows; and notes to the financial statements and required supplemental information.

General discussion took place regarding the District's per acre cost to purchase water from the San Diego County Water Authority (SDCWA). Financial Analyst Arthur stated that the District's "all in cost" (fixed and commodity) was \$1,458 per acre foot in 2014/15 and \$1,716 per acre foot in 2015/16, which included desal water and water purchased from Olivenhain Municipal Water District as well as SDCWA.

Finance Manager Fusco discussed the net operating income loss of \$800,000 due to depreciation and decreased revenue. Revenues are starting to come back and have trended positively June through October.

Staff requested the Board accept the fiscal year 2015/16 audited financial statements.

16-12-05 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to accept the fiscal year 2015/16 audited financial statements.

FINANCIAL INSTITUTION REGISTRY AND AUTHORIZATION

Finance Manager Fusco stated the District conducts transactions with various financial institutions throughout the year. A registry of financial institutions and staff authorized to transact business on the District's behalf is provided to the Board annually. The District also conducts transactions with various authorized broker/dealers who provide services to assist staff in procuring investments in accordance with the District's investment policy. Between June and December 2016, the following changes are occurring:

- Addition of General Manager to investment pools: Local Agency Investment Fund and San Diego County Investment Pool.
- Addition of one authorized signor, General Manager, on the general checking account at Union Bank.
- Addition of the General Manager to access Union Bank Trust and Custody.
- Title change for the Assistant General Manager from Interim General Manager.

Staff recommended continuing with the current registry of authorized broker/dealers and amending authorizations of financial institutions as presented.

General discussion took place, during which Director Martin asked if the District's credit cards had been changed to cards that provide rewards points which could be used by the District. Finance Manager Fusco responded no. He discussed CAL-Card, a credit card program used by other governmental agencies. The program applies minimal discounts to invoices but does not award cash or points to be used toward other purchases or travel. It was clarified that airlines and hotels provide awards programs for individuals, not corporations.

Director Sannella commented that if it's not beneficial to change credit card companies, staff can make the decision to keep the current credit card company.

16-12-06 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to adopt the resolutions amending authorizations of financial institutions as presented.

Resolution Nos. 1503, 1504, 1505, and 1506 - The roll call vote was as follows:

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

RESOLUTION UPDATING THE DISTRICT CREDIT CARD POLICY

Finance Manager Fusco stated Resolution No. 1492 delineates the District credit card policy and designates specific staff member's authorization to utilize District credit cards in the course of conducting official District business. An updated resolution is to be submitted to the Board of Directors annually for any changes. The proposed resolution is to grant General Manager Pruim a credit card for District use.

Staff recommended the Board adopt the resolution to update the list of credit card users.

16-12-07 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to adopt the resolution.

Resolution No. 1507 - The roll call vote was as follows:

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

AWARD OF CONSTRUCTION CONTRACT FOR MEADOWLARK WATER RECLAMATION FACILITY (MRF) TERTIARY MEDIA FILTER REPLACEMENT

Capital Facilities Senior Engineer Hubbard stated MRF has six concrete tertiary filters that process secondary wastewater effluent into recycled water. The media in the basins was installed in 2005 during a plant upgrade. The current media profile consists of coarse anthracite on top of a gravel layer. The proposed media profile is composed of a finer anthracite on top of a layer of sand and gravel. The new media profile will assist in removing smaller particles from the secondary wastewater effluent thereby improving turbidity and the quality of the recycled water. The new media will also reduce chemical use and increase efficiency of the filters.

Bids were received from four contractors. Staff and counsel completed the evaluation of qualifications and determined that Carbon Activated Corporation was the lowest responsive, responsible bidder. District staff will provide inspection and construction management. Outside services will be utilized for specialized inspection.

Staff recommended the Board award the construction contract to Carbon Activated Corporation in the amount of \$250,753 for the MRF Tertiary Media Filter Replacement, subject to provisions of the contract.

General discussion took place.

16-12-08 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to award the construction contract to Carbon Activated Corporation in the amount of \$250,753 for the MRF Tertiary Media Filter Replacement, subject to provisions of the contract.

REPORTS

GENERAL MANAGER

General Manager Pruim stated he is very happy to be on board with the District and has found everyone to be very welcoming.

General Manager Pruim reported the following:

- Governor Brown issued Executive Order B3716 to ensure that conservation is more of the way of life in California. As part of the Executive Order, various state agencies have drafted a regulatory framework to detail how this will be implemented. The draft framework was released at the end of November. The District and other water agencies are currently reviewing the document and will be submitting comments that will hopefully influence the final framework.

- The District will be working with the County of San Diego to identify projects that would focus on storm water issues, possibly a regional storm water capture project. Projects that are approved would be eligible for funding under the State's storm water grant program.
- As Director Martin indicated earlier, the Finance/Investment Committee will be conducting regularly scheduled meetings beginning in January. The date for the January meeting has not been set.
- Due to a lack of pressing agenda items and the proximity to the holidays, the December 21 Regular Board meeting will be cancelled.

General discussion took place.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott distributed information to the Board regarding Senate Bill 7 in response to Director Hernandez' request. He stated Senate Bill 7, passed and signed by the Governor on September 25, 2016, encourages water conservation in multifamily residential rental buildings. 46% of California's population lives in multi-family housing. Fewer than 20% of apartment residents are billed for their water use, so for 80% of California's apartment renters, there is no correlation between water usage and cost.

He further stated the bill is effective January 1, 2017; however, the portion of the bill relating to new construction and sub metering multi-family units is not effective until January 1, 2018. This bill complicates an already complicated situation.

General discussion took place.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the Board meeting is scheduled for December 8. She attended a pre-brief meeting on water planning this morning at which all of the things going on right now were discussed. The Water Control Board and Department of Water Resources are advocating for a budget of 55 gallons for inside use and cutting agriculture, but have not decided if this would pertain to land that is irrigated or land that is irrigable.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated a quorum was not met for the Capital Improvement Committee this morning due to a scheduling conflict with the San Diego North Economic Development Council's annual business breakfast meeting. The next Board meeting is scheduled for December 14.

President Elitharp reported on his attendance to the Policy and Finance Committee on December 6 at which Board meeting dates for 2017 were established and the Fiscal Year 2016 Comprehensive Annual Financial Report was reviewed and accepted.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Hernandez reported on his attendance to the Association of California Water Agencies (ACWA) conference last week, during which he attended the Groundwater Committee meeting, the San Diego North Economic Development Council's (SDNEDC) annual business breakfast meeting this morning, and the California Special Districts Association (CSDA) quarterly dinner meeting on November 17.

Director Martin reported on his attendance to the ACWA conference, during which he attended ACWA/JPIA meetings and Energy Committee and Membership Committee meetings, the SDNEDC's annual business breakfast meeting, and the CSDA quarterly dinner meeting.

Director Sannella reported on his attendance to the SDNEDC's annual business breakfast meeting.

President Elitharp reported on his attendance to the ACWA conference, during which he attended the ACWA/JPIA Board of Directors meeting and Energy Committee meeting, and the CSDA quarterly dinner meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Sannella asked when the Board could expect an update on the possible development of the property behind the District offices. District Engineer Gumpel stated he is in the process of developing a Request for Proposal with legal counsel for a scope of work for appraisers to provide different options for purchasing and leasing the property. He anticipates being able to provide an update for the Board by the second Regular Board meeting in January.

Director Hernandez inquired about the status of the District's avocado grove, to which Assistant General Manager Scaglione responded he would be discussing this item with General Manager Pruiam.

Director Sannella commented there seems to have been numerous pipe breaks recently. He would like to receive trending data to compare this year to last year. Operations & Maintenance Manager Pedrazzi stated the Quarterly Operations and Metrics Report will be included on a January Board agenda. The report includes data for one year, but he

can also include prior years. Director Sannella requested data for the current year and the prior two years.

Director Martin stated that before tonight, he had not realized the District has never had an alternate delegate to the SDCWA. He asked that this be placed on the agenda for the next Regular Board meeting for further discussion regarding selecting an alternate delegate. Legal Counsel Scott stated the SDCWA does not allow alternates. Director Evans stated the SDCWA has a process that allows for proxy votes if necessary, and that Olivenhain Municipal Water District was selected as the District's proxy.

Directed Hernandez commented it appears the Water Resource Development and Reform Act is going to pass, which means there will be money available for projects. District Engineer Gumpel stated the North County Water Reuse Coalition (NCWRC) has already submitted a feasibility study to the U.S. Bureau of Reclamation for an \$80 million grant that would give \$8 million to each of the ten agencies in the NCWRC. Vallecitos is specifically focusing on moving forward with possible water reuse, future DPR if and when that becomes available, and the expansion of the chlorine contact tanks at the District's Meadowlark Reclamation Facility.

Director Hernandez requested information on marijuana and water usage.

Director Hernandez would like to set a date in the first quarter of 2017 to hold a joint meeting with the City of San Marcos. General discussion took place on this issue during which General Manager Pruim stated he is in the process of setting up a meeting with the City Manager to discuss common issues which may become items for a future meeting.

Director Hernandez requested Ordinance No. 201 be placed on the agenda for the next Regular Board meeting for discussion, specifically about the amount of overtime staff has worked due to the starting time of Board meetings, and separating public speakers from the important public meetings such as 218 and capacity workshops, which would be appropriate at the current 5:00 p.m. start time, and standard meetings.

President Elitharp stated he wanted to personally welcome General Manager Pruim. The Board is excited to have him on board.

General Manager Pruim stated that the topic of pump zone charges will be placed on an agenda for January.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:56 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, January 4, 2017, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

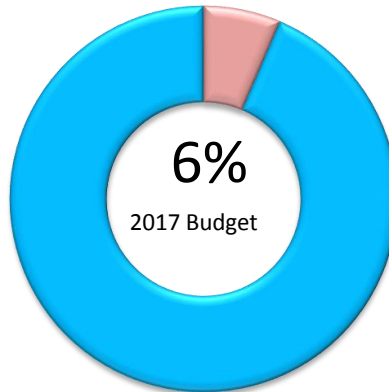
**VALLECITOS WATER DISTRICT
WARRANTS LIST SUMMARY
January 4, 2017**

Summary

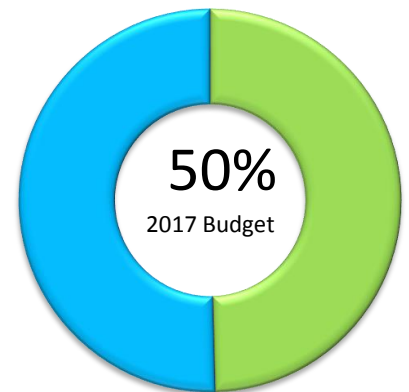
January Warrants	\$	4,052,005 *
YTD Warrants	\$	31,151,331 *
FY2017 Budget	\$	62,827,000

* Excludes Debt Service

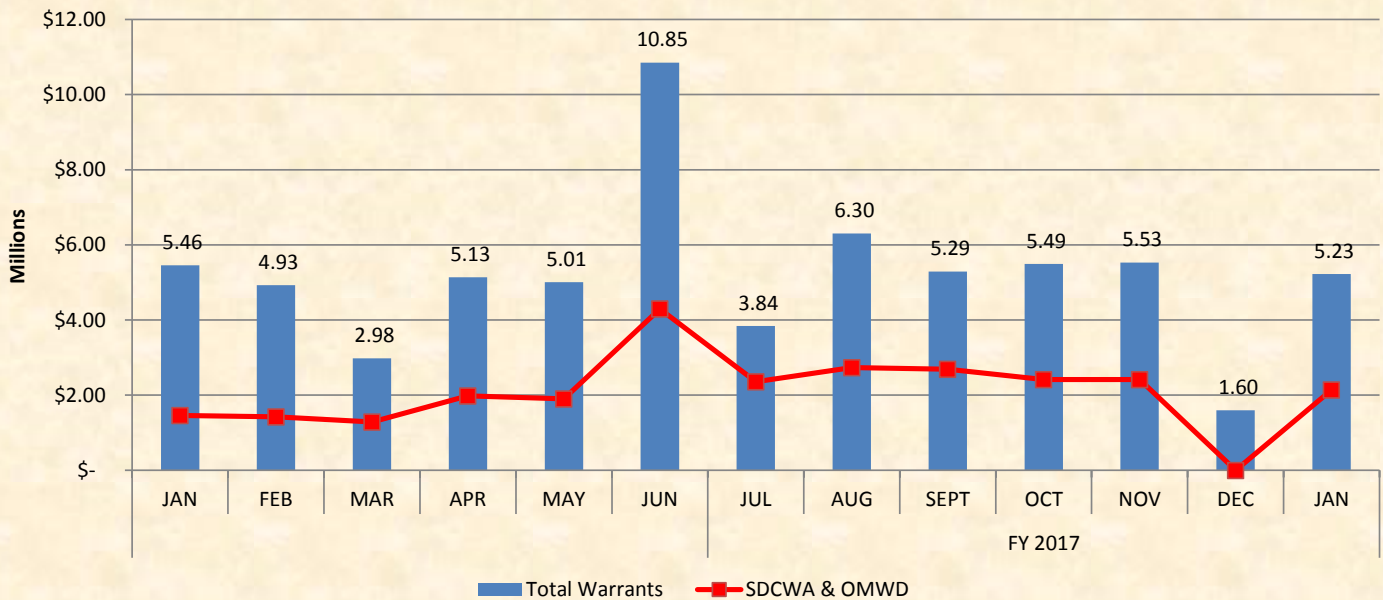
January



FYTD

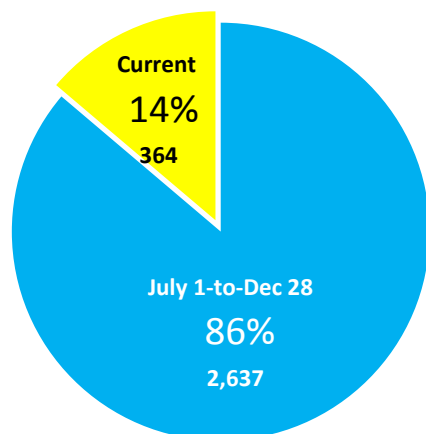


Historical Warrants by Month**



** Historical Warrants by Month chart summarizes amounts in the Warrants List for the given month not amounts paid during the month.

Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$14.9M
ENCINA WASTEWATER AUTHORITY	\$2.4M
PUBLIC EMPLOYEES RETIRE SYSTEM	\$1.5M
ACWA/JOINT POWERS INSURANCE	\$1.4M
SAN DIEGO GAS & ELECTRIC	\$667K
OLIVENHAIN MWD	\$481K
SAN ELIJO HILLS DEVELOPMENT CO...	\$296K
BENS ASPHALT & MAINTENANCE CO...	\$291K
BLACK & VEATCH CORPORATION	\$225K
US PEROXIDE, LLC	\$188K

VALLECITOS WATER DISTRICT

WARRANTS LIST

January 4, 2017

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	109557 through	109560
SDG&E	Power Oct		109561
A & Y Asphalt Contractors Inc	Halter Place Main Break Asphalt Removal & Replacement		109562
AH Water Inc	Carbon Scrubber Rental		109563
Airgas USA LLC	Cylinder Rental		109564
AT&T	Phone Svc Nov		109565
Best Best & Krieger	2015 General Rate Case		109566
Black & Veatch Corporation	Water & Sewer Master Plan Prj 20141-3, Recycled Water Plan Prj 20141-712		109567
Caitlin Sanchez	Closed Account Refund		109568
Camille & Ken Chae	Closed Account Refund		109569
CDW Government Inc	Surface Pens 2		109570
Construction Diamond Products Inc	Blades 2 For Asphalt Saw, Hardware Supplies		109571
County of San Diego	Facility Permits 4		109572
Courtney Mancuso	Closed Account Refund		109573
Craig Elitharp	ACWA Conference 11-28-16		109574
Craig Kinney	Closed Account Refund		109575
Diamond Environmental Service	Pumping Svc Montiel Wet Well		109576
Diamond Environmental Services	Sewage Hauling Melrose & Poinsettia		109577
DirecTV Inc	Satellite Svc Dec		109578
Doane & Hartwig Water Systems Inc	Freight For Water Champ Unit		109579
DUCO Metals	Metal For Hi Line Trailer Prj 20161-42, Hardware Supplies		109580
EDCO Waste & Recycling Serv	Trash Svc Nov		109581
Emcor Service	Svc Server Room, Reduct Conference Room Prj 20151-2, HVAC Maintenance		109582
Faith & Doug Shipley	Closed Account Refund		109583
Free Builders Supply	Rapidset Concrete		109584
Glenn Pruiem	ACWA Conference 11-30-16		109585
Grangetto's Farm Garden Supply	Hardware Supplies		109586
James Gumpel	ACWA Conference 11-30-16		109587
Hach Company	Water Quality Lab Supplies		109588
Home Depot Credit Services	Hardware Supplies Nov		109589
Jared Bissell	Closed Account Refund		109590
JB Safety Services Inc	Confined Space Class 11-21-16		109591
Jeff & Constance Wieringa	Closed Account Refund		109592
JCI Jones Chemicals Inc	Chlorine		109593
Knight Security & Fire Systems	Patrol, Monitoring, Answering Svc Dec		109594
Lawnmowers Plus Inc	Hardware Supplies		109595
Manpower Temp Services	Customer Service Rep Week Ending 11-13 & 11-20		109596
Manpower Temp Services	Customer Service Rep Week Ending 11-27		109597
Marcon Products Inc	Hardware Supplies		109598
Hal Martin	CSDA Meeting 11-17-16, ACWA Conference 11-27-16		109599
Matthew Hillett	Closed Account Refund		109600
Michael & Chris Jacobo	Closed Account Refund		109601
Oasis Property Mgmt	Closed Account Refund		109602
Olivenhain MWD	Treated Water Nov		109603
Pacific Industrial No 1 LLC	Closed Account Refund		109604
PC Specialists Inc	Tablet		109605
Ralph Wondra	Closed Account Refund		109606
Rita Stansel	Smog Checks 23 Vehicles		109607
RMJ Technologies TX, Inc.	Cameras For CCTV Veh 252 & 264		109608
Robert Snelling	Closed Account Refund		109609
Rusty Wallis Inc	Hardware Supplies		109610
SDG&E	Power Nov		109611
San Marcos Trophy	Name Plate Change Prj 20171-27		109612
January Arena	Janitorial Svcs MRF		109613
Sharon F. Curtis	Closed Account Refund		109614
Shred-It US JV LLC	Shredding Svcs Oct & Nov		109615

VALLECITOS WATER DISTRICT

WARRANTS LIST

January 4, 2017

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Smart & Final	Office Supplies	109616	29.97
Southern Counties Lubricants, LLC	Diesel Fuel	109617	599.52
Specialty Seals & Accessories	Pump1 Refurbish LS2	109618	714.27
Sterling Investments Group	Closed Account Refund	109619	81.67
Steven Bailey	Closed Account Refund	109620	47.29
Syntech Systems Inc	Fuel Master Maintenance 12-16 To 12-17	109621	2,304.75
T.S. Industrial Supply	Grinder Tool, Hammer, Wrenches, Marking Paint, Hardware Supplies	109622	1,838.23
Tim Snee	Closed Account Refund	109623	110.10
Total Resource Mgt Inc	Maximo Support Oct	109624	1,385.50
Trench Shoring Co	Trench Plate Rental Prj 20161-14	109625	612.00
Trussell Technologies Inc	MRF Media Study Prj 20121-4	109626	440.00
Union Bank FKA 1st Bank Card	Meetings & Travel Nov	109627	305.00
Union Bank FKA 1st Bank Card	Meetings & Travel Nov	109628	4,013.17
Union Bank FKA 1st Bank Card	Meetings & Travel Nov	109629	1,441.02
Univar USA Inc	Sodium Bisulfite	109630	7,486.84
UPS	Shipping Svcs Nov	109631	151.58
Lisa Urabe	Conservation Supplies Prj 20171-31	109632	474.13
US Peroxide, LLC	Trioxyn	109633	3,776.28
Van Ingle	Closed Account Refund	109634	33.08
Verizon Wireless	IPad & Cell Phone Svc Nov	109635	1,684.65
Vivian Contreras	Closed Account Refund	109636	90.78
Water Education Foundation	2017 Membership Dues	109637	8,321.00
Xerox Corporation	Copier Lease Oct & Nov	109638	5,411.48
City of San Marcos	Right of Way Permits 2	109639	100.00
Jeffrey Colwell	Video Production Prj 20171-28	109640	245.00
Core Logic Information Solutions Inc	Engineering Map Svc Nov	109641	300.00
Evantec Corporation	Lab Supplies MRF	109642	2,080.44
Ferguson Enterprises, Inc	Hardware Supplies	109643	97.20
Goldak Inc	Hardware Supplies	109644	568.59
Grainger Inc	Hardware Supplies	109645	794.95
Infosend Inc	Support Fee, Postage & Printing Nov	109646	5,572.91
Interstate Batteries	Vehicle Batteries 2	109647	401.65
Jeff Katz	Building B Locker Room Prj 20161-5	109648	27,910.00
Kennedy/Jenks Consultants	Chlorine Tank Expansion Prj 20161-2	109649	4,957.50
Mallory Safety & Supply, LLC	Safety Supplies	109650	776.74
Bens Asphalt & Maintenance Co Inc	Install & Pave Manhole Lid Rancho Santa Rd	109651	7,515.00
NCB Reprographics	B & W Copies Prj 20121-4	109652	213.67
Mission Resource Conservation District	Water Use Evaluations Prj 20171-30	109653	375.00
Nolte Associates Inc	Public Outreach Prj 20171-27	109654	522.38
North County Auto Parts	Fleet Supplies	109655	1,217.48
One Source Distributors LLC	Hardware Supplies	109656	581.32
Ostari Inc	IT Support Nov & Virus Protection Software	109657	38,010.20
Pacific Pipeline Supply	Valve Gates 2, PVC Pipes 60, Hardware Supplies	109658	2,116.51
Ray White Cement	Vactron Pit Prj 20141-18	109659	2,065.00
Air Quality Compliance Solutions, Inc.	Operator Svc Nov	109660	175.00
Rusty Wallis Inc	Soft Water Svc Dec	109661	225.00
Ryan Herco Products Corp.	Hardware Supplies	109662	91.20
Schmidt Fire Protection Co Inc	Quarterly Sprinkler Maintenance	109663	878.00
Specialty Seals & Accessories	Seal Refurbish Prj 20171-8	109664	314.29
Temecula Valley Pipe & Supply	Valve Rebuild Kit	109665	817.28
Underground Service Alert	Dig Alerts Nov	109666	213.00
Unifirst Corporation	Uniform Delivery	109667	1,386.45
Unitis, Inc.	Gravel Bags 400	109668	990.52
VAP Enterprises Inc	Rock Springs Sewer Prj 90003	109669	570.00
Garnishments	Payroll Garnishments	109670 through	-
ACWA/Joint Powers Insurance	Group Insurance January	109674	193,379.51
AH Water Inc	Carbon Scrubber Rental Jan	109675	1,576.80

VALLECITOS WATER DISTRICT

WARRANTS LIST

January 4, 2017

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Airgas USA LLC	Cylinder Rental	109676	130.08
Aloha Printing	Business Cards	109677	94.63
Ambius	Plant Maintenance Dec	109678	263.00
Aqua-Metric Sales Co	Meter Registers 154, Gaskets 200	109679	27,468.35
AT&T	Phone Svc Nov	109680	19.75
AT&T	Phone Svc SCADA Dec	109681	218.68
Bentley Systems Inc	Water & Sewer Gems Subscription Jan - Mar	109682	3,379.50
Boot World Inc	Safety Boots	109683	515.42
CDW Government Inc	Eaton UPS Towers 15	109684	2,400.84
Complete Paperless Solutions	Laserfiche Support 12-16 to 12-17	109685	8,558.00
Corodata Media Storage Inc	Back Up Storage Tape Nov	109686	154.11
CWEA	Membership P Barreiro	109687	172.00
CWEA	Membership R Rodarte	109688	83.00
CWEA	Collection System Cert Scott	109689	88.00
CWEA	Membership J Aceves	109690	172.00
CWEA	Membership D Harris	109691	172.00
CWEA	Membership T Moritz	109692	172.00
Desert Pumps & Parts	Solids Pump 2 Rebuild Parts MRF	109693	3,100.22
DirecTV Inc	Satellite Svc Dec	109694	146.98
Craig Durban	CWEA Membership Check Reissue	109695	164.00
EDCO Waste & Recycling Serv	Trash Svc Nov	109696	470.70
Ewing Irrigation Products	PVC Supplies	109697	26.83
Karla Fisher	Cyberhood Watch Meting 12-14-16	109698	30.97
Ford of Escondido	Steering Wheels 3, Fleet Supplies	109699	1,453.48
Gallade Chemical Inc.	Muriatic Acid	109700	342.04
Corey Harrell	CWEA Membership	109701	172.00
James R Hernandez	ACWA Conference 11-28-16, SDNEDC Meeting 12-7-16	109702	289.67
Idexx Distribution Corp.	Sample Vessels, Colilert	109703	2,262.19
Infinisource	Admin Svcs Nov	109704	80.00
Infosend Inc	Postage & Printing Dec	109705	3,142.33
Interstate Batteries	Solar Batteries 14 NTO Tank 2, Battery Veh 232, Batteries 2 Veh 231	109706	3,918.40
Debbie S Johnson	Government Tax Seminar 12-6-16	109707	90.18
JCI Jones Chemicals Inc	Chlorine	109708	3,897.54
JWC Environmental LLC	Grinder Refurbish/Replacement MLS, Grinder Rebuild 1 & 3 MRF	109709	90,131.41
Law Offices of Jeffrey G Scott	Legal Svcs Nov	109710	17,606.00
Lloyd Pest Control	Pest Control Nov	109711	674.00
Tobias Luna	Self Improvement Program	109712	254.44
Manpower Temp Services	Customer Service Rep Week Ending 12-4-16, 12-11-16, 12-18-16	109713	2,285.68
Matheson Tri-Gas Inc	Cylinder Rental	109714	49.18
Myron Corp	Monthly Planners 2017	109715	194.42
Occu Med Ltd	Medical Svcs	109716	570.83
Occupational Health Centers	Medical Svcs	109717	78.00
PC Specialists Inc	VMware Licenses 40 & Support 1 Year	109718	16,144.00
PCMG, Inc.	Office 365 Licenses 45	109719	12,548.25
Refugio Jesse Lomeli	Sewer Easement Prj 90003	109720	3,500.00
SDG&E	Power Nov	109721	76,770.75
San Marcos 197 Owners Association	Sewer Easement Prj 90003	109722	5,800.00
Thomas F Scaglione	ACWA Conference 11-27-16	109723	75.75
State of California	Applicator License, Pest Control Adviser License R Kubota	109724	260.00
State Water Resources Control	Waste Water Operator Cert I Murgia	109725	340.00
State Water Resources Control	Annual Permit Fee MRF & Main Offices	109726	28,186.00
Sycamore Landfill	AC Pipe Disposal	109727	388.25
Unitis, Inc.	Straw Waddles 42	109728	882.37
Univar USA Inc	Caustic Soda, Sodium Hypo Liquichlor, Sodium Bisulfite	109729	10,659.09
Universal Protection Service LP	Weekly Deposit Svc Nov	109730	71.20
Watreuse Association	Membership Dues 2017	109731	2,407.50
Tri-City Emergency Medical Group	Medical Svcs	109732	255.00

VALLECITOS WATER DISTRICT

WARRANTS LIST

January 4, 2017

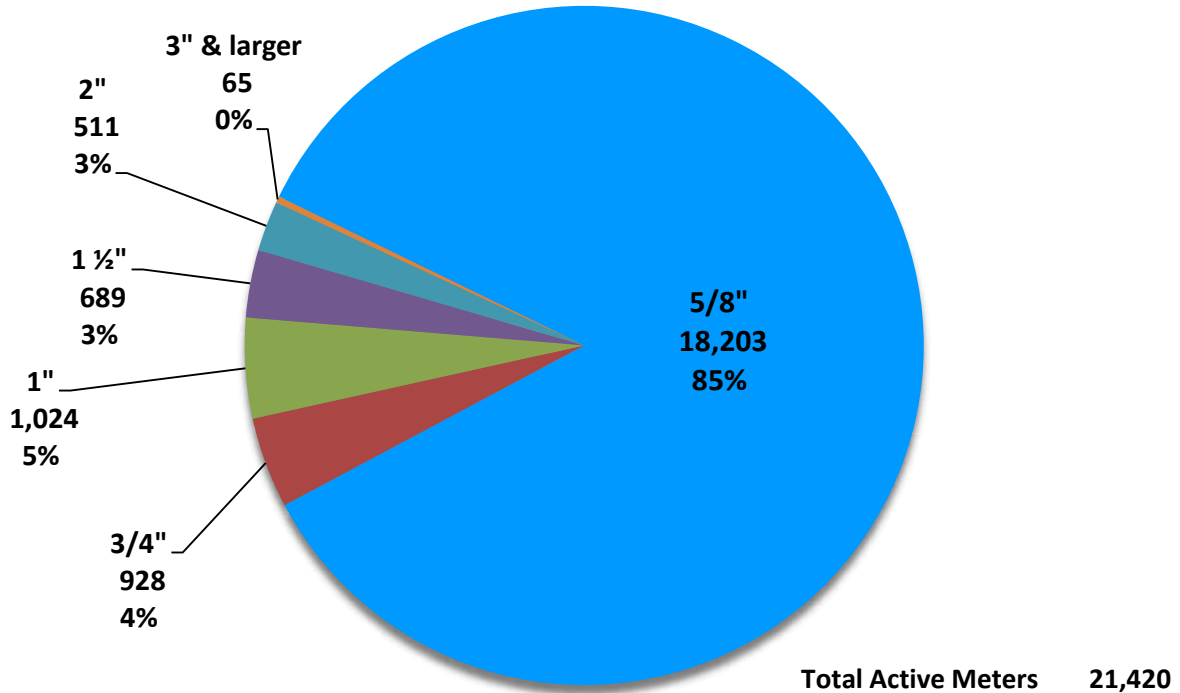
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Ababa Bolt Inc	Hardware Supplies	109733	296.31
Automated Water Treatment	Chlorine Injection Supplies	109734	178.00
Backflow Apparatus & Valve Co	Hardware Supplies	109735	595.67
Boncor Water Systems	Soft Water Tank Svc Dec	109736	1,645.00
CCI	Water Treatment Dec	109737	220.00
County of San Diego	Inspection Svcs	109738	39.20
Diamond Environmental Services	Portable Restrooms Rental 9	109739	1,153.85
Diversified Waterscapes Inc	Compressor Rebuild Kits 6	109740	671.33
El Camino Rental	Concrete	109741	162.75
Electrical Sales Inc	Hardware Supplies	109742	55.14
Emcor Service	Transformers 3 Server Rooms	109743	5,506.00
Evantec Corporation	Lab Supplies MRF	109744	70.20
Ferguson Enterprises, Inc	Water Sampling Station, Couplings, Clamp	109745	6,377.40
Albert M. Frankel	General Manager Photo	109746	175.00
Grainger Inc	Surge Protector, Hardware Supplies	109747	416.39
Harper & Associates Inc	Corrosion Analysis Outfall Sewer Line	109748	3,250.00
Harris	1099 & W2 Forms	109749	220.32
Hawthorne Machinery Co.	Backhoe Rental	109750	2,974.32
Land Surveying Consultants Inc	Moon Nursery Easement Survey	109751	4,930.00
Mallory Safety And Supply, LLC	Oxygen Sensors 5	109752	1,242.00
Medina Construction	Asphalt Svcs 2 Locations	109753	42,000.00
One Source Distributors LLC	Hardware Supplies	109754	98.66
Pacific Pipeline Supply	Couplings, Pipe Restraints, Ball Valves, Meter Stops, Hardware Supplies	109755	8,102.19
Pacific Technical Equipment & Engr Inc	Hardware Supplies	109756	236.35
Polydyne Inc	Clarifloc	109757	16,312.43
Reed Electric Co	Pump Motor Repair Deer Springs Pump Station Prj 20171-8	109758	4,149.22
Schmidt Fire Protection Co Inc	Aerosol System For Servers Prj 20171-115	109759	30,390.00
SG Labels Inc	Labels	109760	296.25
Streamline Auto Body M. P.H.	Sand Blast & Paint Shoring Trailer	109761	2,762.60
T.S. Industrial Supply	Ladders 2, Hardware Supplies	109762	1,338.17
Trench Shoring Co	Trench Top Rental Prj 20161-4 & Shoring Rental Las Posas Main Break	109763	1,778.00
Unifirst Corporation	Uniform Delivery	109764	2,457.43
VAP Enterprises Inc	Right of Way Acquisitions 3 Prj 20161-26	109765	1,087.15
Visser Construction Inc	Meter Department Office Prj 20171-10	109766	4,106.00
Total Disbursements (202 Checks)			<u>1,049,009.84</u>
WIRES			
San Diego County Water Authority	November Water Bill	Wire	2,136,167.00
Public Employees Retirement System	Retirement Contribution - December 7, 2016 Payroll	Wire	67,620.85
Public Employees Retirement System	Retirement Contribution - December 21, 2016 Payroll	Wire	67,045.26
Union Bank	Union Bank debt payment - Interest	Wire	1,173,331.00
Total Wires			<u>3,444,164.11</u>
PAYROLL			
Total direct deposits		Wire	223,240.41
VWD Employee Association		109557	385.00
Garnishments	109558 through	109560	1,838.76
IRS	Federal payroll tax deposit	Wire	93,780.26
Employment Development Department	California payroll tax deposit	Wire	17,343.92
CalPERS	Deferred compensation withheld	Wire	18,587.67
AETNA	Deferred compensation withheld	Wire	6,701.67
Total December 7, 2016 Payroll Disbursements			<u>361,877.69</u>
Total direct deposits		Wire	556.54
IRS	Federal payroll tax deposits	Wire	374.73
Employment Development Department	California payroll tax deposit	Wire	160.23
Special Payroll Disbursements (i.e., final checks, accrual payouts, etc.)			<u>1,091.50</u>

VALLECITOS WATER DISTRICT
WARRANTS LIST
January 4, 2017

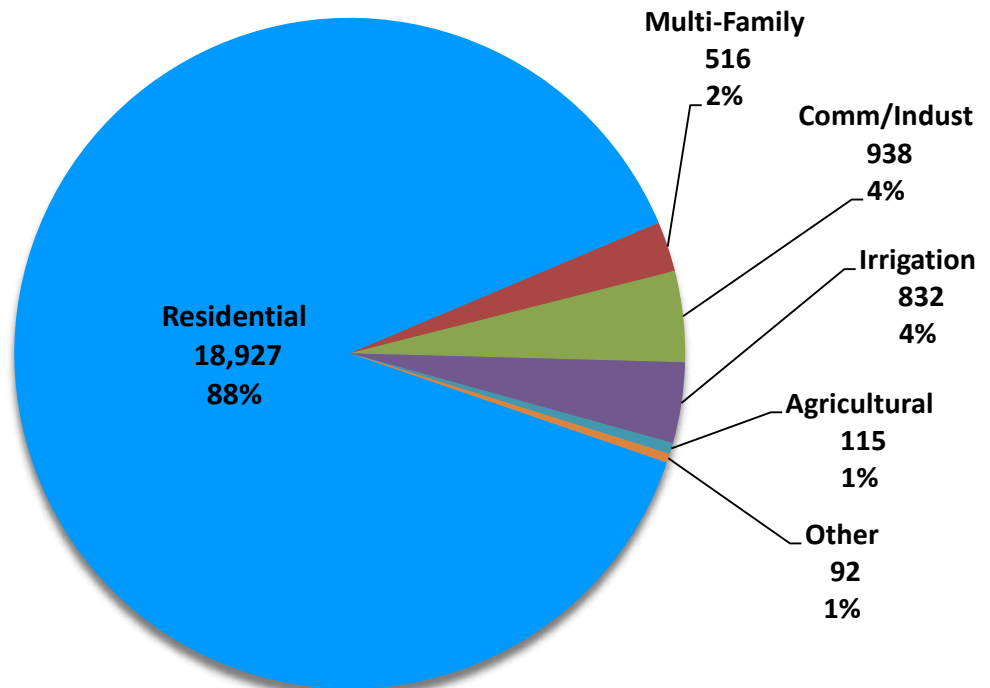
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Total direct deposits		Wire	236,569.62
VWD Employee Association		109670	385.00
Garnishments	109671 through	109673	1,715.06
IRS	Federal payroll tax deposits	Wire	94,266.20
Employment Development Department	California payroll tax deposit	Wire	17,496.28
CalPERS	Deferred compensation withheld	Wire	12,589.12
AETNA	Deferred compensation withheld	Wire	6,171.16
Total December 21, 2016 Payroll Disbursements			<u>369,192.44</u>
Total Payroll Disbursements			<u>732,161.63</u>
TOTAL DISBURSEMENTS			<u>5,225,335.58</u>

Vallecitos Water District
 Active Water Meters
 November 30, 2016

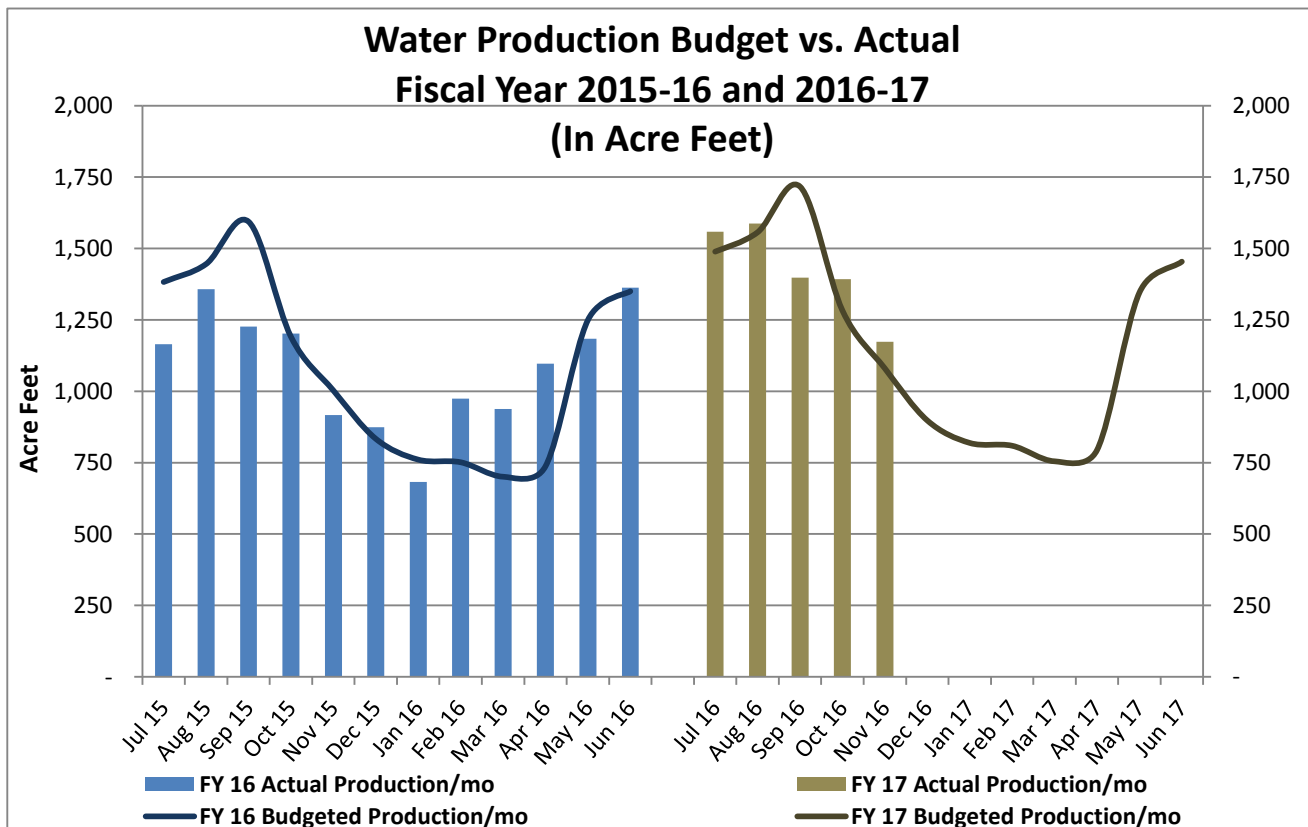
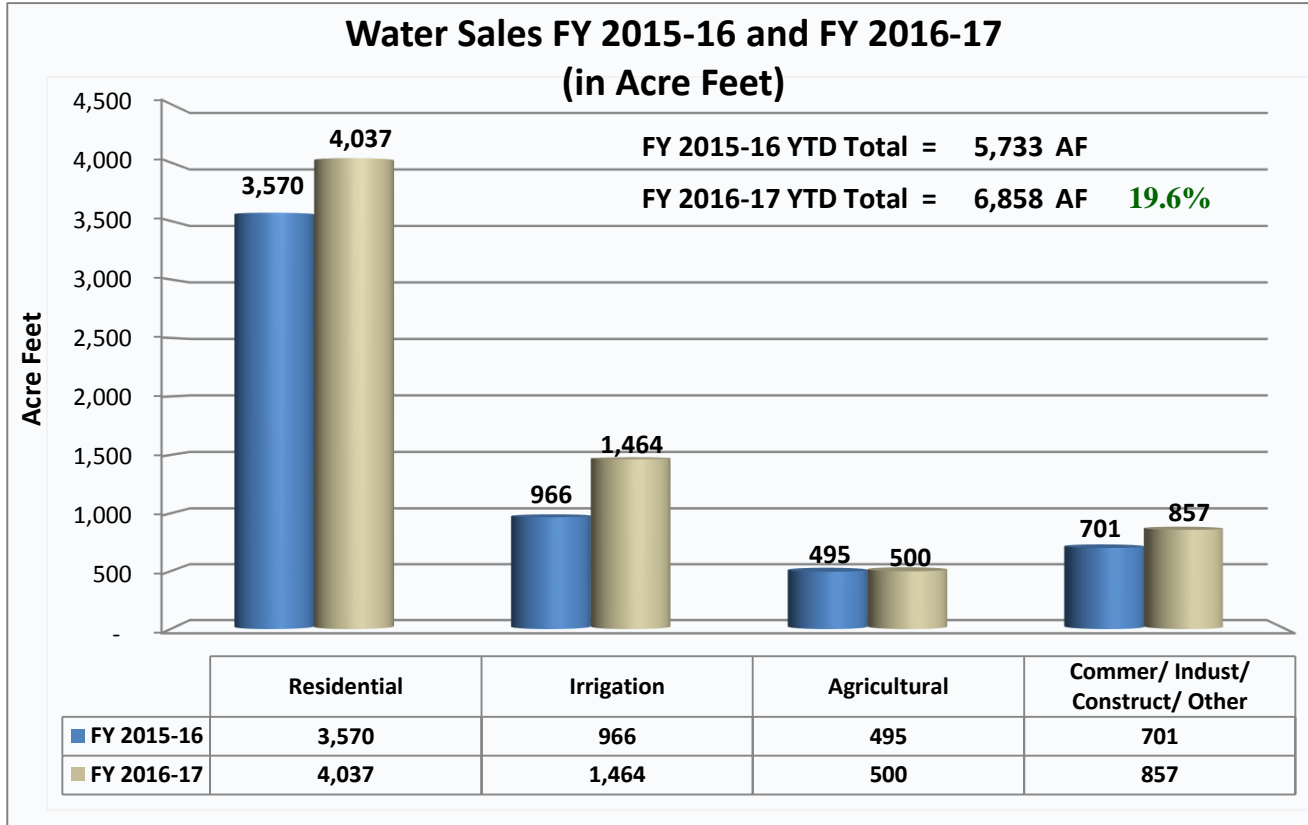
Active Meters by Size as of November 30, 2016



Active Meters by Type as of November 30, 2016



Vallejos Water District
 Water Production/Sales
 November 30, 2016



Vallecitos Water District
Water Revenue and Expense Report
For the Five Months Ended November 30, 2016

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Water Sales	\$ 11,402,999	\$ 8,815,296	\$ 2,587,703	29.4%	\$ 12,075,000	\$ (672,001)	-5.6%
Ready-to-serve	5,736,680	5,704,040	32,640	0.6%	5,101,000	635,680	12.5%
Pumping charges	88,010	66,946	21,064	31.5%	114,000	(25,990)	-22.8%
Late & lock charges	194,290	193,195	1,095	0.6%	170,000	24,290	14.3%
Backflow fees	36,440	34,353	2,087	6.1%	33,000	3,440	10.4%
Other revenue	97,487	100,424	(2,937)	-2.9%	42,100	55,387	131.6%
Total Revenue	17,555,906	14,914,254	2,641,652	17.7%	17,535,100	20,806	0.1%
Expenses							
Water costs	12,455,030	9,015,664	3,439,366	38.1%	12,316,000	139,030	1.1%
Pumping costs	261,398	192,344	69,054	35.9%	201,000	60,398	30.0%
Water quality	38,888	40,039	(1,151)	-2.9%	70,000	(31,112)	-44.4%
Water treatment	167,611	147,154	20,457	13.9%	153,000	14,611	9.5%
Tanks & reservoirs	97,839	117,213	(19,374)	-16.5%	144,000	(46,161)	-32.1%
Trans & distribution	676,705	410,134	266,571	65.0%	587,000	89,705	15.3%
Services	74,459	96,815	(22,356)	-23.1%	79,000	(4,541)	-5.7%
Meters	256,912	270,422	(13,510)	-5.0%	271,000	(14,088)	-5.2%
Backflow prevention	26,791	19,461	7,330	37.7%	31,000	(4,209)	-13.6%
Customer accounts	224,356	208,160	16,196	7.8%	285,000	(60,644)	-21.3%
Building & grounds	172,338	139,906	32,432	23.2%	134,000	38,338	28.6%
Equipment & vehicles	98,360	101,327	(2,967)	-2.9%	133,000	(34,640)	-26.0%
Engineering	522,976	528,276	(5,300)	-1.0%	643,000	(120,024)	-18.7%
Safety & compliance	89,062	87,923	1,139	1.3%	114,000	(24,938)	-21.9%
Information Technology	310,459	306,447	4,012	1.3%	391,000	(80,541)	-20.6%
General & administrative	1,084,397	1,032,730	51,667	5.0%	1,156,000	(71,603)	-6.2%
Total Expenses	16,557,581	12,714,015	3,843,566	30.2%	16,708,000	(150,419)	-0.9%
Net Operating Income	\$ 998,325	\$ 2,200,239	(1,201,914)	-54.6%	\$ 827,100	171,225	20.7%

Explanation of Significant Variances

Drought recovery has resulted in a favorable variance in *Water Sales* to prior year. *Water costs* have increased in correlation with water sales resulting in an unfavorable variance to prior year.

The District received a settlement from ACWA/JPIA and reimbursement of costs for Solar Panel repairs resulting in a favorable budget variance in *Other revenue*.

The *Pumping costs* unfavorable variance to prior year and unfavorable budget variance is a result of increased power costs due to rate increases and the addition of the San Elijo Hills pump station.

Tanks and reservoirs favorable budget variance is due to timing of outside services being performed and materials purchased. This variance should smooth over time.

Transmission and distribution has an unfavorable prior year variance as a result of budgeted purchases of materials and services.

The *Customer Accounts* favorable budget variance is due to staffing within the department.

The favorable budget variance in *Information technology* is a result of timing of budgeted expenditures for hardware upgrades.

On the Horizon:

- Paving services budgeted for Fiscal Year 2016 were delayed and performed this fiscal year. Actual and Budget variances in the transmission and distribution department are expected as a result.
- Multiple main breaks resulted in the District incurring unplanned repair costs including materials and supplies, paving, and related payroll overtime expenses. Future financial statements will reflect these costs in the transmission and distribution department.

Variances are considered significant if they exceed \$41666 and 20%.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Five Months Ended November 30, 2016

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$7,329,810	\$7,305,287	\$ 24,523	0.3%	\$7,441,000	\$(111,190)	-1.5%
Reclaimed water sales	807,500	707,889	99,611	14.1%	807,000	500	0.1%
Other revenue	38,938	15,793	23,145	146.6%	32,000	6,938	21.7%
Total Revenue	<u>8,176,248</u>	<u>8,028,969</u>	147,279	1.8%	<u>8,280,000</u>	(103,752)	-1.3%
Expenses							
Collection & conveyance	808,627	695,026	113,601	16.3%	943,000	(134,373)	-14.2%
Lift stations	158,192	80,119	78,073	97.4%	135,000	23,192	17.2%
Source control	57,191	48,088	9,103	18.9%	80,000	(22,809)	-28.5%
Effluent disposal	1,219,362	1,024,383	194,979	19.0%	1,121,000	98,362	8.8%
Meadowlark	1,241,461	1,130,650	110,811	9.8%	1,451,000	(209,539)	-14.4%
Customer Accounts	154,695	149,209	5,486	3.7%	192,000	(37,305)	-19.4%
Building & grounds	94,749	78,062	16,687	21.4%	96,000	(1,251)	-1.3%
Equipment & vehicles	83,331	83,981	(650)	-0.8%	110,000	(26,669)	-24.2%
Engineering	233,613	225,353	8,260	3.7%	273,000	(39,387)	-14.4%
Safety & compliance	59,685	50,483	9,202	18.2%	69,000	(9,315)	-13.5%
Information technology	263,987	291,557	(27,570)	-9.5%	306,000	(42,013)	-13.7%
General & administrative	473,889	504,573	(30,684)	-6.1%	523,000	(49,111)	-9.4%
Total Expenses	<u>4,848,782</u>	<u>4,361,484</u>	487,298	11.2%	<u>5,299,000</u>	(450,218)	-8.5%
Net Operating Income	<u>\$3,327,466</u>	<u>\$3,667,485</u>	(340,019)	-9.3%	<u>\$2,981,000</u>	346,466	11.6%

Explanation of Significant Variances

Lift stations has an unfavorable variance to prior year resulting from an anticipated increase in outside services and materials used during the year thus far.

Variances are considered significant if they exceed \$41666 and 20%.

VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2016

	<u>110 Water</u>	<u>120</u>	<u>210 Wastewater</u>	<u>220</u>	
	<u>Replacement</u>	<u>Capacity</u>	<u>Replacement</u>	<u>Capacity</u>	<u>Total</u>
BEGINNING BALANCE	\$ 28,693,077	\$ (10,315,457)	\$ 38,840,390	\$ (6,245,765)	\$ 50,972,157
REVENUES					
FY 16/17 Operating Transfers	998,325		3,327,466		4,325,791
Capital Facility Fees	-	1,381,322	-	1,605,362	2,986,684
Property Tax	86,633	-	69,067	-	155,700
Investment Earnings	47,623	-	97,196	-	144,819
Annexation Fees	-	-	3,424	-	3,424
TOTAL REVENUES	<u>1,132,581</u>	<u>1,381,322</u>	<u>3,497,153</u>	<u>1,605,362</u>	<u>7,616,417</u>
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Auth 5 Year Cap Plan	-	-	311,338	-	311,338
San Elijo Road Facility	-	177,437	-	118,291	295,728
San Marcos interceptor sewer	-	-	63,853	142,123	205,976
Water & Sewer Master Plan	90,011	-	90,006	-	180,017
Fy 15/16 District Wide Valve Replacement	130,292	-	-	-	130,292
MRF Chlorine Contact Tank Safety Railing Replacement	-	-	110,045	-	110,045
Linda Vista Sewer Upgrade	-	-	42,474	51,913	94,387
MRF - Aeration System Blower Replacement	-	-	88,000	-	88,000
Audiovisual Upgrade	39,858	-	38,295	-	78,153
Vactron Pit - District Yard	-	-	68,013	-	68,013
Lift Station No 1 Pump Improvements	-	-	15,094	47,796	62,890
Mahr Reservoir Chlorine Injection System	-	-	56,903	-	56,903
Chlorine Contact Tank Expansion	-	-	51,751	-	51,751
Knoll Road Sewer Replacement	-	-	51,540	-	51,540
Expansion of the Men's Locker Room in Building B	18,976	-	18,232	-	37,208
Tertiary Filter Media	-	-	30,646	-	30,646
Palos Vista Pump Station Motor Replacement	25,915	-	-	-	25,915
Montiel Gravity Outfall	-	-	11,449	13,993	25,442
Twin Oaks Resv: On-Site Sodium Hypo Generation	24,184	-	-	-	24,184
MRF Potable Water Pump Station	-	-	23,749	-	23,749
Lift Station 1 Wet Well Room Repairs	-	-	19,979	-	19,979
Palos Vista Pump Station Flow Meter Replacement	18,428	-	-	-	18,428
Master Plc Replacement & Programming Updates	8,739	-	8,737	-	17,476
Rock Springs Sewer Replacement	-	-	7,410	9,056	16,466
Constant Speed Aeration Blower	-	-	14,142	-	14,142
South Lake dam sluice gate	13,529	-	-	-	13,529
Desalinated Water Connection	-	12,689	-	-	12,689
Palos Vista Pump Station	12,362	-	-	-	12,362
Peroxide Station Enclosure And Site Renovation	-	-	11,379	-	11,379
Lift Station 1 - Waterman Valves Replacement	-	-	10,740	-	10,740
All other capital projects	23,283	155	19,550	687	43,675
Capital Budget - Vehicles/Mobile Equipmnt	100,610	-	134,004	-	234,614
Debt Service	-	-	-	956,335	956,335
Interest Expense	-	20,421	-	12,844	33,265
TOTAL DISTRIBUTIONS	<u>506,187</u>	<u>210,702</u>	<u>1,297,329</u>	<u>1,353,038</u>	<u>3,367,256</u>
ENDING BALANCE	\$ 29,319,471	\$ (9,144,837)	\$ 41,040,214	\$ (5,993,442)	\$ 55,221,318
Less: Operating Reserves	5,220,500	-	6,272,900	-	11,493,400
Replacement Reserves/Restricted Funds	<u>\$ 24,098,971</u>	<u>\$ (9,144,837)</u>	<u>\$ 34,767,314</u>	<u>\$ (5,993,442)</u>	<u>\$ 43,727,918</u>
Replacement reserve floor	<u>\$ 6,542,500</u>		<u>\$ 11,789,400</u>		
Replacement reserve ceiling	<u>\$ 26,940,300</u>		<u>\$ 41,946,600</u>		

DATE: JANUARY 4, 2017
TO: BOARD OF DIRECTORS
SUBJECT: CANCELLATION OF TEMPORARY OFFSITE WATER SERVICE AGREEMENT APN: 226-051-18 (MOUNTNEY)

BACKGROUND:

Mr. Samuel Mountney, owner of the property, located at 1235 Adventure Lane, east of Bougher Road, north of Mission Road, currently has a “Temporary Offsite Water Service Agreement” for his property.

DISCUSSION:

The temporary service agreement was recorded on March 20, 1970, as document No. 1970-49749. The temporary meter was installed at the corner of Bougher Road and Adventure Lane.

Per Covenant No. 8 of the temporary service agreement, “Should District or others hereafter install or provide a District water main adjacent to Owner’s property which would extend to Owner’s property so as to serve substantial portions thereof, the temporary connection permitted by the Agreement shall, upon demand by the District, be terminated, and after such termination, any future water service shall be provided by a connection to the new District main.”

Since Mr. Mountney originally recorded the temporary service agreement, the water main along Adventure Lane has been constructed. This occurred in June 1975. Mr. Mountney has completed construction to relocate his water meter to front his property. The District is now ready to cancel the temporary offsite water service agreement and to clear title to Mr. Samuel Mountney’s property.

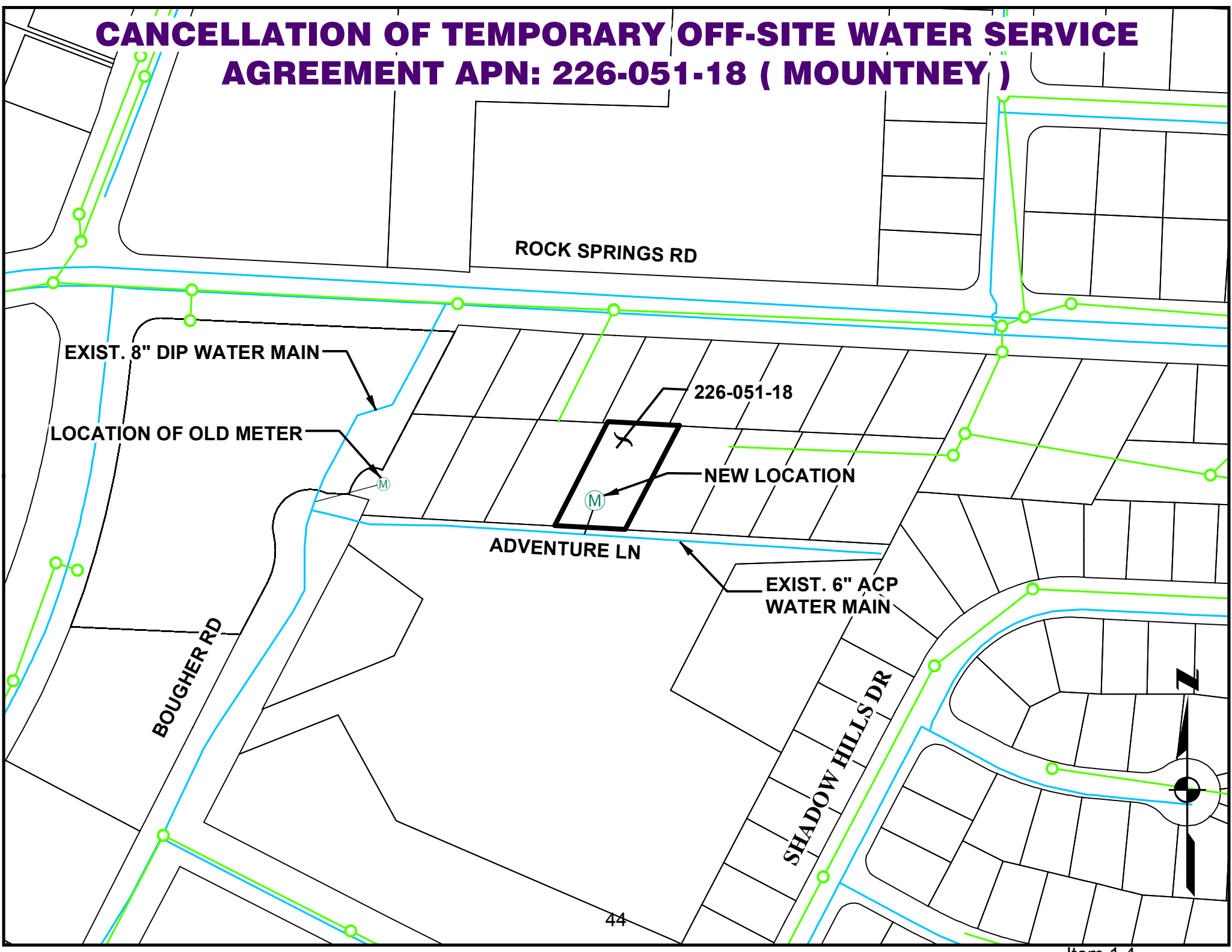
FISCAL IMPACT:

None.

RECOMMENDATION:

Approve cancellation of the temporary offsite water service agreement and recording the cancellation with the County Recorder’s office.

CANCELLATION OF TEMPORARY OFF-SITE WATER SERVICE AGREEMENT APN: 226-051-18 (MOUNTNEY)



ROCK SPRINGS RD

EXIST. 8" DIP WATER MAIN

LOCATION OF OLD METER

226-051-18

NEW LOCATION

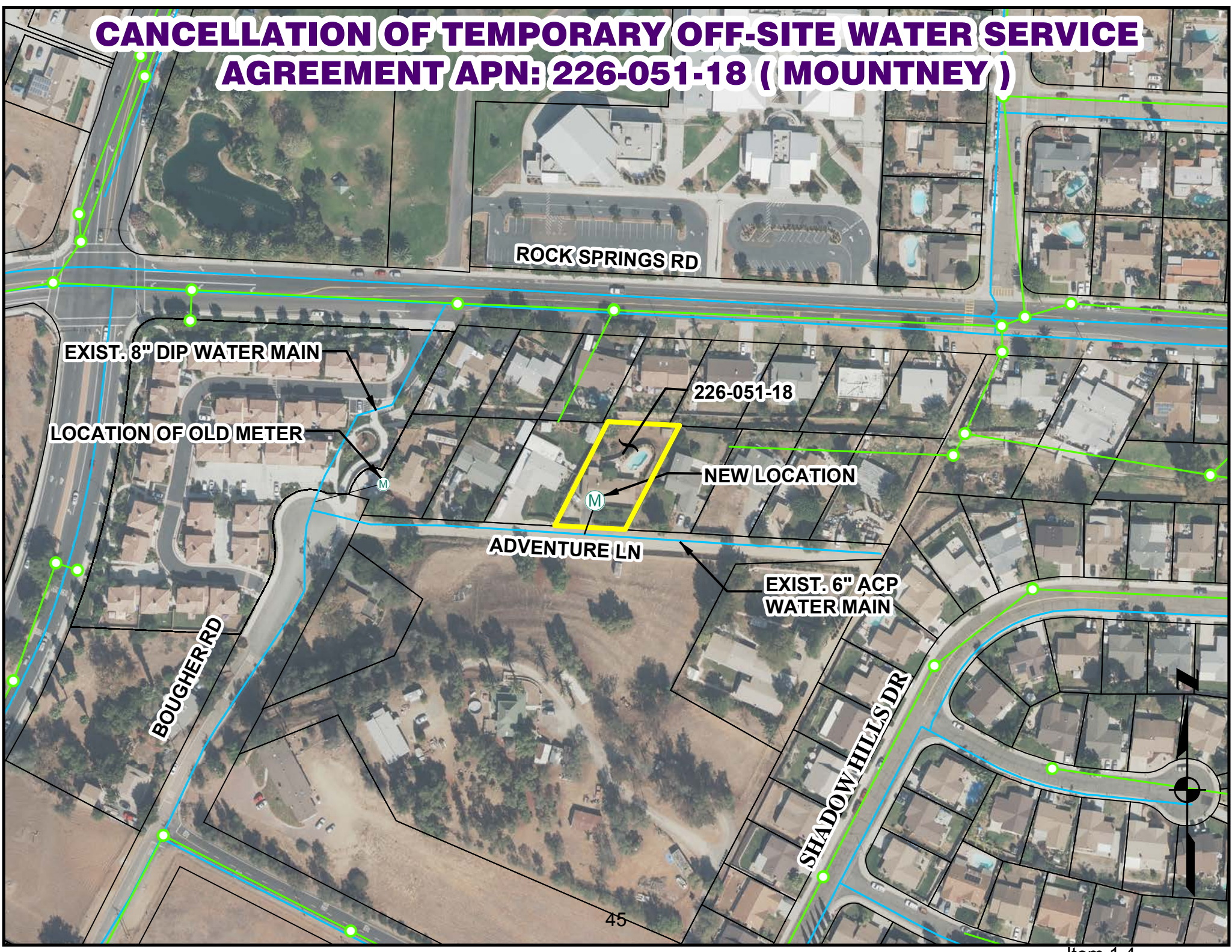
ADVENTURE LN

EXIST. 6" ACP
WATER MAIN

BOUGHER RD

SHADOW HILLS DR

CANCELLATION OF TEMPORARY OFF-SITE WATER SERVICE AGREEMENT APN: 226-051-18 (MOUNTNEY)



DATE: JANUARY 4, 2017
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR
RANCHO CORONADO PHASE II IMPROVEMENTS, APN: 222-170-28
(BROOKFIELD RANCHO CORONADO, LLC.)

BACKGROUND:

Brookfield Rancho Coronado, LLC, owner of the project, has completed the plan check process with the District. The project is located west of S. Twin Oaks Valley Road just north of South Lake pump station.

DISCUSSION:

A Construction Agreement is typically entered into between a developer and the District to ensure that the required public facilities are constructed to support the demands of the development.

The project will construct approximately 2,975 feet of 8-inch diameter PVC water main, 520 feet of 10-inch diameter PVC water main and 3,065 feet of 8-inch diameter PVC sewer main.

Upon completion of the water and sewer facilities, water and sewer service will be available to 24 single family homes and 195 multi-family units.

All engineering fees and inspection deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are due and payable prior to issuance of the final building inspection and/or utility release per Resolution No.1441.

The owner has submitted standard surety bonds to guarantee completion of the project. The following bond amounts have been reviewed and approved by staff:

Labor and Materials	\$1,139,226.80
Faithful Performance	\$1,139,226.80

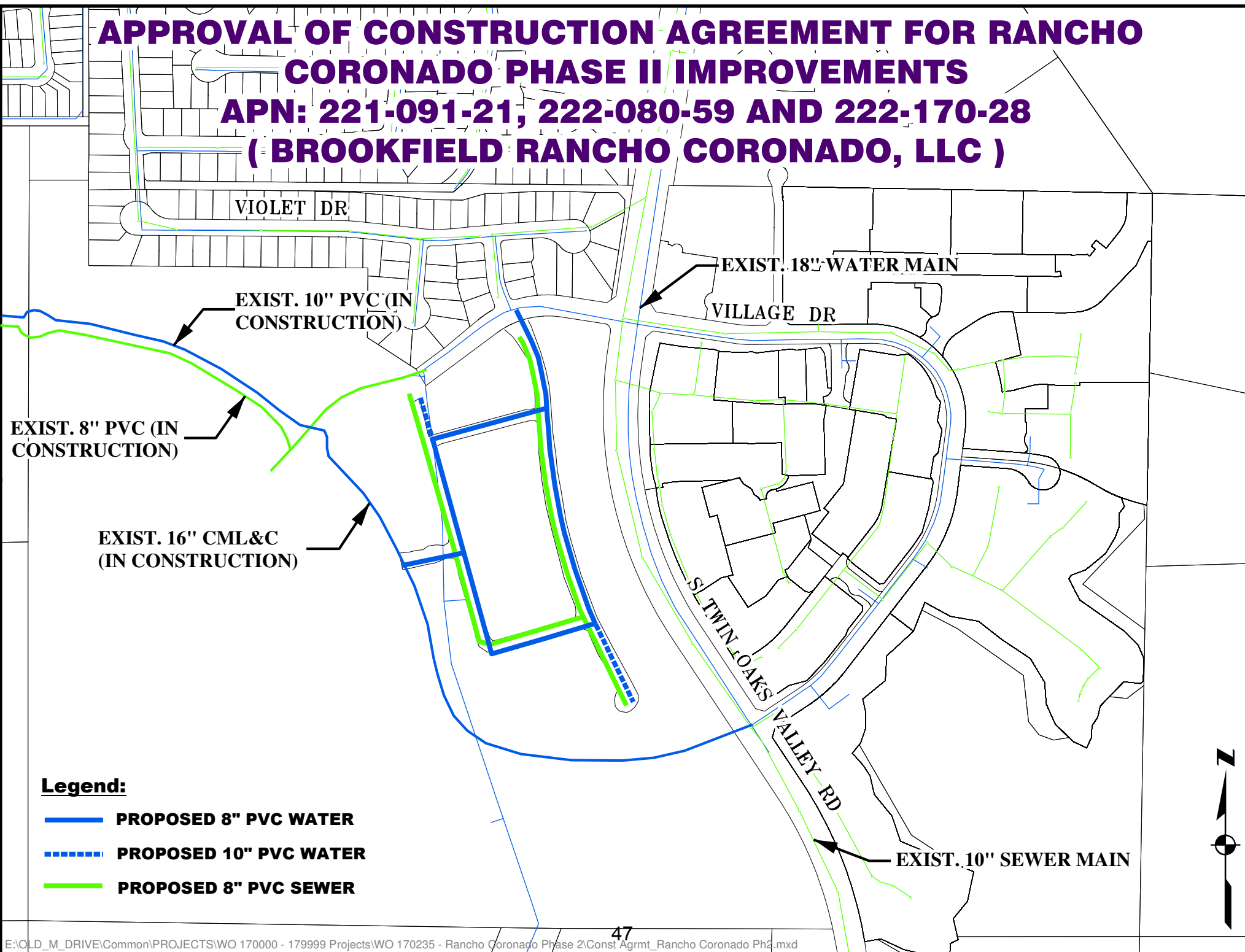
FISCAL IMPACT:

None. Future water and sewer revenues will offset costs of service.

RECOMMENDATION:

Approve the construction agreement for Rancho Coronado Phase II Improvements.

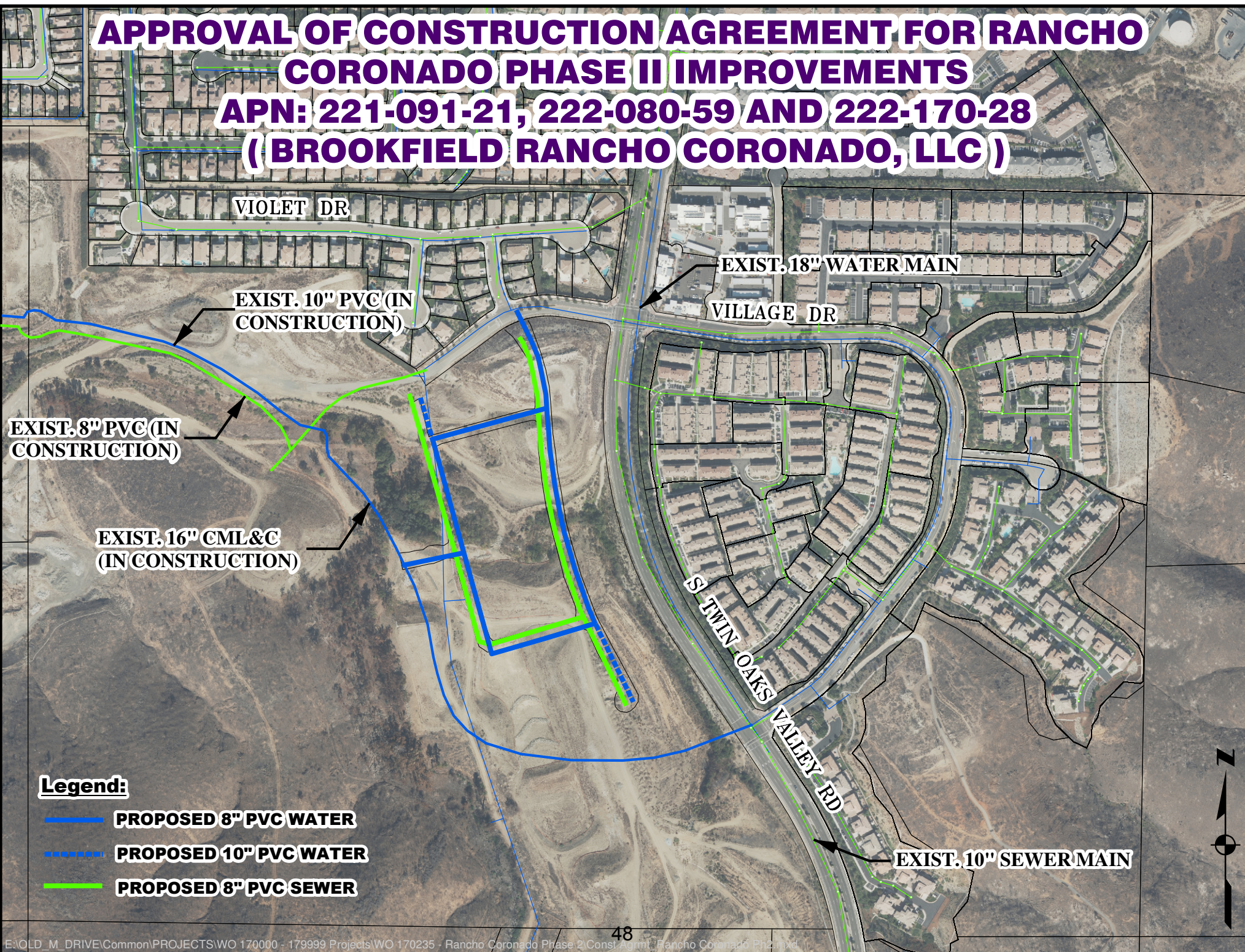
**APPROVAL OF CONSTRUCTION AGREEMENT FOR RANCHO
CORONADO PHASE II IMPROVEMENTS
APN: 221-091-21, 222-080-59 AND 222-170-28
(BROOKFIELD RANCHO CORONADO, LLC)**



Legend:

- PROPOSED 8" PVC WATER
- - - PROPOSED 10" PVC WATER
- PROPOSED 8" PVC SEWER

APPROVAL OF CONSTRUCTION AGREEMENT FOR RANCHO CORONADO PHASE II IMPROVEMENTS APN: 221-091-21, 222-080-59 AND 222-170-28 (BROOKFIELD RANCHO CORONADO, LLC)



DATE: JANUARY 4, 2017
TO: BOARD OF DIRECTORS
SUBJECT: FATS, OILS AND GREASE (FOG) PROGRAM UPDATE

BACKGROUND:

In order to comply with State regulations, On December 10, 2013 the Vallecitos Water District (District) Board of Directors adopted Ordinance No. 119. This ordinance provides the District the means to develop and implement a Fats, Oils and Grease (FOG) Control Program for food service establishments (FSE). The program involves inspecting and monitoring food service establishments for proper FOG disposal and implementation of Best Management Practices (BMPs). On December 10, 2014 an update on the FOG Control program was presented to the Board. Also discussed at this meeting was that a FOG program update would be presented at a later date.

DISCUSSION:

FOG Control Program Update:

- There are 213 Food Services Establishments (FSEs) currently in the FOG Control Program.
- Initial inspections started on October 6, 2014 and were completed on October 12, 2015.
 - During this time all FSEs enrolled in the program were inspected and 156 re-inspections were performed. 204 FSEs were enrolled during this period. Re-inspections were conducted to verify discrepancies found during inspections were corrected.
- From the start of the program, the total inspections / re-inspection as of December 22, 2016:
 - Inspections 505.
 - Re-inspections 472.
 - Totalling 977 inspections performed.
- Average inspection 2 hours*/ FSE; re-inspection 1.5 hours */ FSE.
 - * Includes administrative time, travel and inspection.
- FOG reducing enzymes are applied to manholes in areas that have FOG issues. Since the implementation of the FOG Control program, application of these enzymes have been reduced from 31 to 17 manholes.
 - Considering removing another 6 manholes based on lower amounts of FOG in these areas.

- Encina Wastewater Authority Alternative Fuel station utilize FOG collected from FSEs, including FSEs within the District, to generate on-site electrical power.
 - Averaging 260,0000 gallons of FOG per month.
 - Currently generating 20 percent on-site power.
 - Vallecitos Water District has been working with the contracted service provider to increase the FSEs they service in our area.

- During a FOG inspection, two unauthorized storm water connections at Restaurant Row were discovered. These unauthorized storm water connections were separated from the District's sanitary sewer system.

FISCAL IMPACT:

None.

RECOMMENDATION:

For information only.

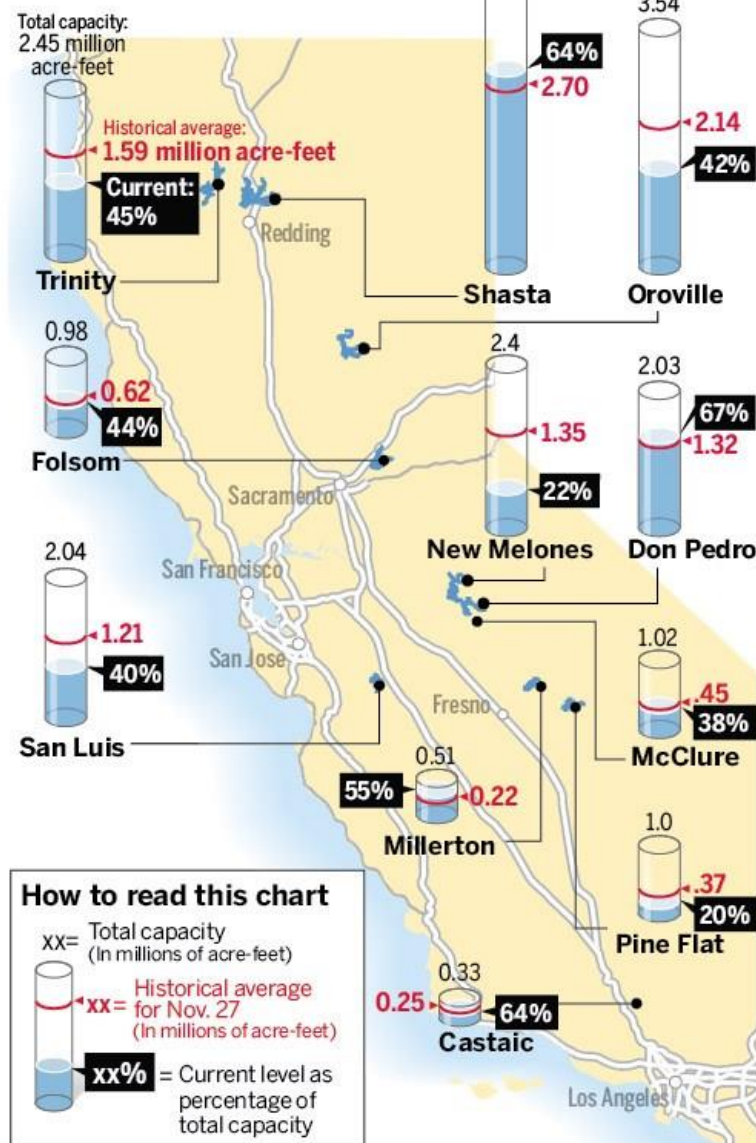
DATE: JANUARY 4, 2017
TO: BOARD OF DIRECTORS
SUBJECT: NOVEMBER DROUGHT UPDATE

BACKGROUND:

On July 6, 2016, the Vallecitos Water District Board of Directors declared a Level 1, Drought Watch condition. Staff will provide information each month to assess the effectiveness of conservation practices and evaluate strategies necessary to maintain adequate water supplies.

MAJOR RESERVOIR LEVELS

Figures as of midnight Sunday



Source: California Department of Water Resources

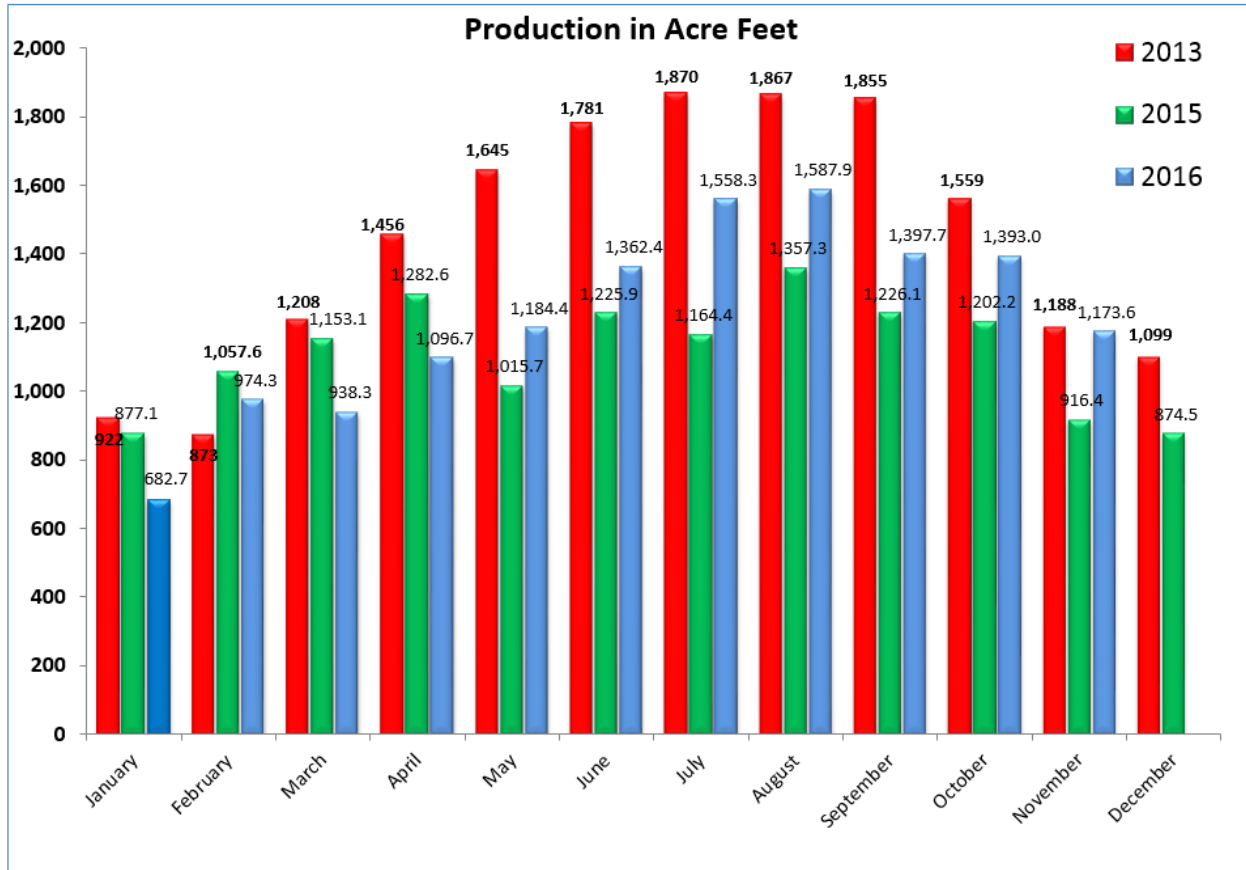
BAY AREA NEWS GROUP

California's rain and snow season is getting off to a fast start as Thanksgiving week brought more storms, launched the ski season early and raised cautious hope for a wet year after five years of drought.

In the northern Sierra region that produces much of the snow and runoff that gets California through the long, hot summer, it's been even wetter. Some 17.9 inches of precipitation has fallen in October and November — about 200 percent of average, state officials reported on Monday, November 28, 2016.

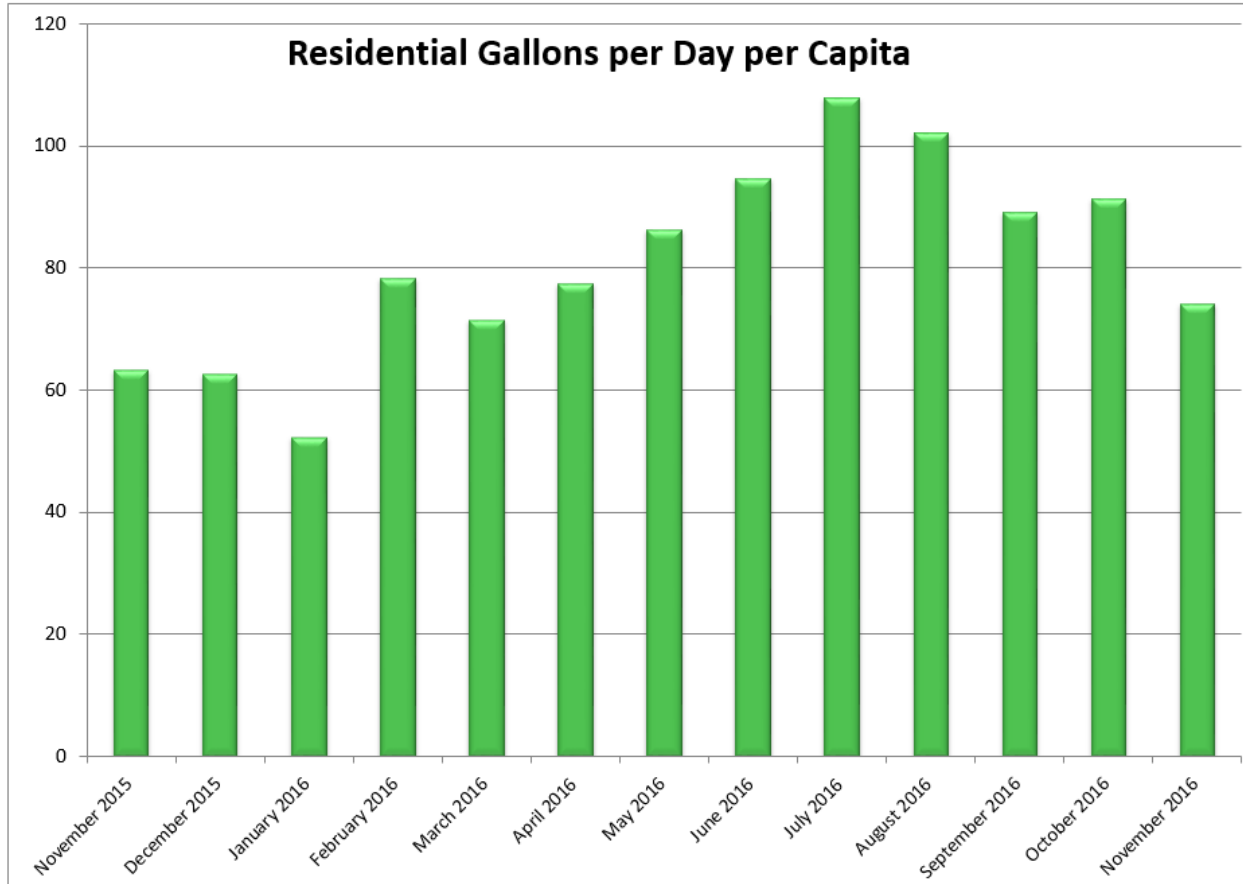
DISCUSSION:

Graph I



Pursuant to the regulations adopted July 15, 2014, the SWRCB requires reporting water production for each month (and the same month previous year). The District's water productions for 2013, 2015 and 2016 are illustrated in Graph I. The District's November 2016 water production increased 28% from November 2015 but decreased 1.2% from November 2013.

Graph II



GPCD relies on elusive population estimates from which corrections and adjustments result in volatile changes to GPCD. Graph II illustrates the residential gallons per capita per day or the number of gallons of water used per person per day. In November 2016, customers used 74.2 gallons per day compared to November 2015, when customers used 63.4 gallons per day.

RECOMMENDATION:

For information only.

DATE: JANUARY 4, 2017
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN: 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 AND 184-241-05, 06, 07 & 08) INTO THE VALLECITOS WATER DISTRICT AND THE SEWER IMPROVEMENT DISTRICT (VISTA SAN MARCOS, LTD)

BACKGROUND:

The San Marcos Highlands development is a proposed residential development located on approximately 288.53 acres of unimproved land located at the northern end of Las Posas Road. The developer proposes to develop 66.53 acres of the property. The development would consist of 189 single-family homes on 29.28 acres, 1.56 acres of parks, 15.02 acres of right of way and 20.67 acres of open space (including 2.5 acres of irrigated slopes adjacent to dedicated open space). The remaining 222.0 acres will be dedicated open space.

140.17 acres of the project property are located within the existing Vallecitos Water District's Sphere of Influence (SOI). The remaining 148.36 acres are located within the Vista Irrigation District (VID). The project is not located within VWD's current sewer service area.

DISCUSSION:

On July 20, 2016, the VWD Board approved the Developer's request for annexation into VWD's Sphere of Influence exclusive of the 222.0 acres of dedicated open space parcels that are outside the developable project area. The developer proposes to annex 44.06 acres of the developable project area into VWD's SOI and water service area, and 66.53 acres into VWD's sewer service area.

The annexation was approved with the following conditions (annexation fees have been updated to the 2017 rates):

1. Payment of VWD's water annexation fee of \$4,658.00 per acre (44.06 acres) = \$205,231.48 prior to Board approval of Project improvements.
2. Payment of VWD's sewer annexation fee of \$8,184.00 per acre (66.53 acres) = \$544,481.52 prior to Board approval of Project improvements.
3. Payment of State Board of Equalization fee of \$1,200.00 for VWD water annexation prior to Board approval of Project improvements.
4. Payment of State Board of Equalization fee of \$1,500.00 for sewer annexation prior to Board approval of Project improvements.

5. Submittal of a copy of title report initiated or updated within the last six months showing ownership and a geographic description of the property including a plat map to complete the annexation prior to Final Acceptance of Project improvements.
6. Submittal of the recorded Final Map required to complete the annexation prior to Final Acceptance of Project improvements.
7. Completion of annexation within 180 days of initial Board approval. If annexation is not completed within 180 days of Board approval, a new request for annexation may be required.

The owner will submit the water and sewer annexation and detachment area limits by a metes and bounds legal description since the final tract map has not recorded yet. While the District requires the annexation limits to be established by legal parcel description, both the owner and staff have brokered a compromise. The owner has agreed to pay all annexation fees in advance of commencing the project improvements and, in exchange, will be allowed to process the annexation using a metes and bounds legal description. Prior to final project acceptance, the owner will provide the legal parcel descriptions to complete the annexation.

Annexation was required to be completed within 180 days of Board approval, or January 16, 2017. Due to City of San Marcos and LAFCO annexation processing, the developer has requested a one-year extension of the annexation completion deadline to January 3, 2018.

FISCAL IMPACT:

Payment of annexation fees is per Ordinance No. 196.

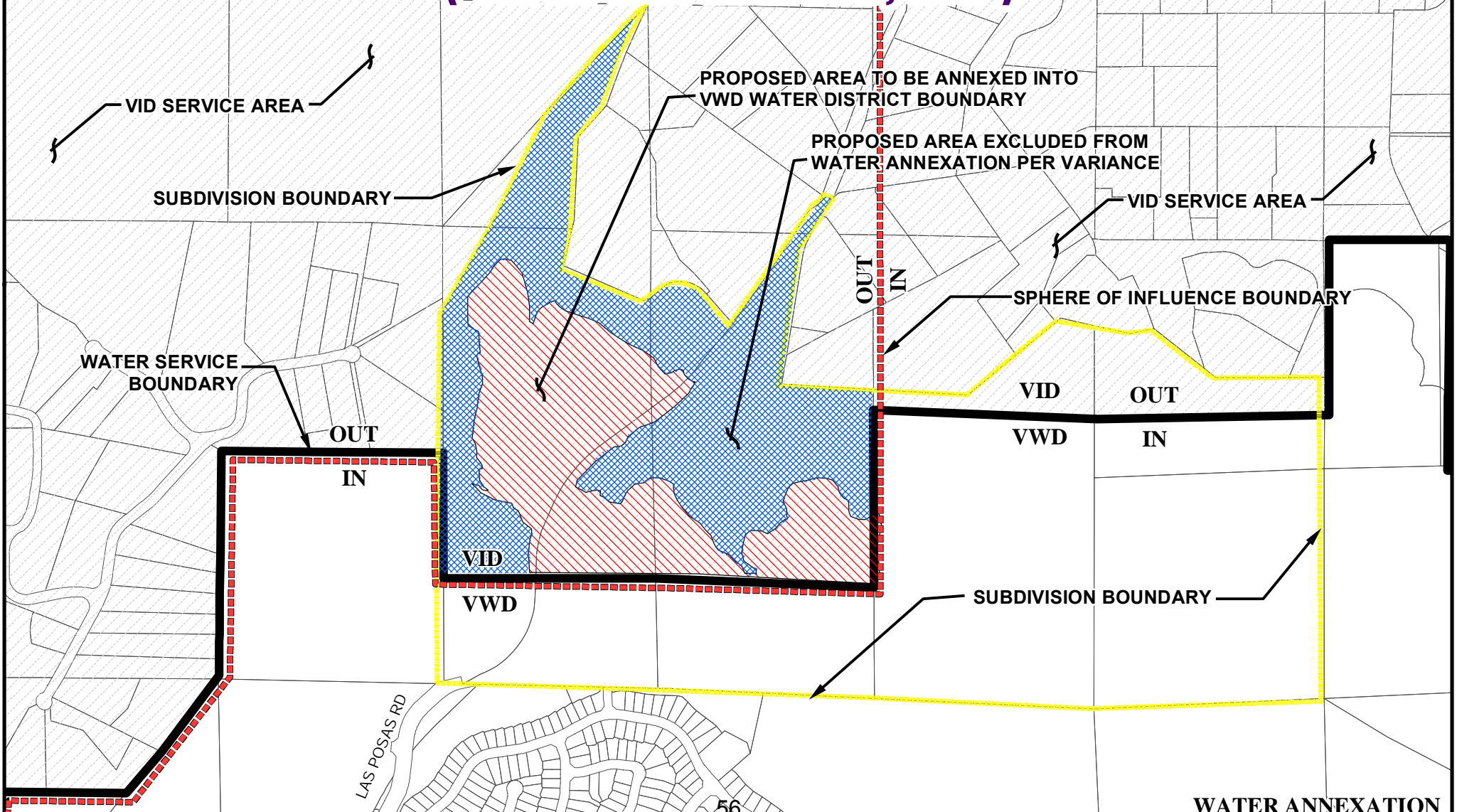
The project would be required to pay \$205,231.48 in water annexation fees and \$544,481.52 in sewer annexation fees based on VWD's 2017 rates. Annexations fees are paid at the rate in effect at the time of payment.

All other fees will cover actual costs and have no fiscal impact.

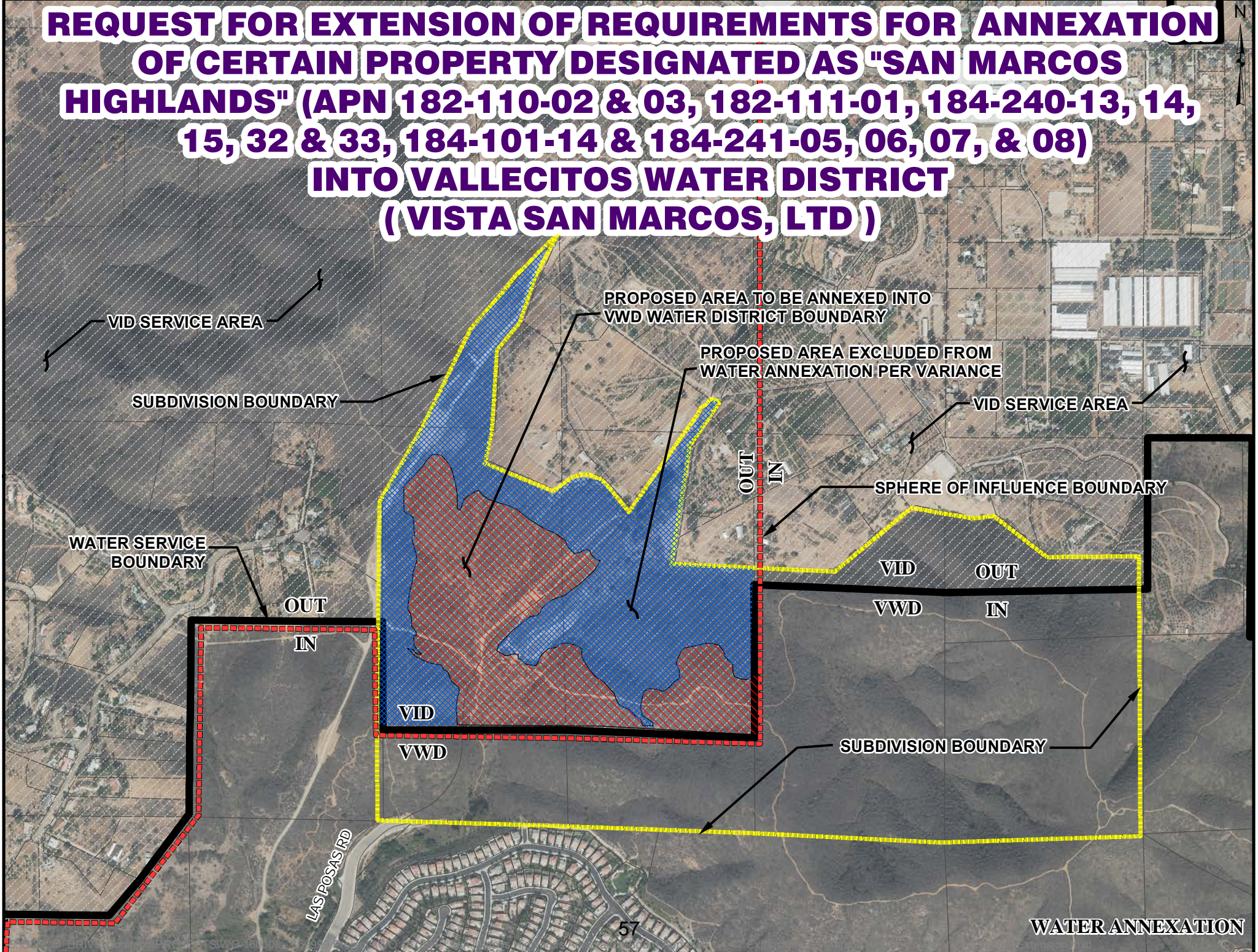
RECOMMENDATION:

Approve a one-year extension for the completion of annexation requirements to January 3, 2018.

REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT (VISTA SAN MARCOS, LTD)

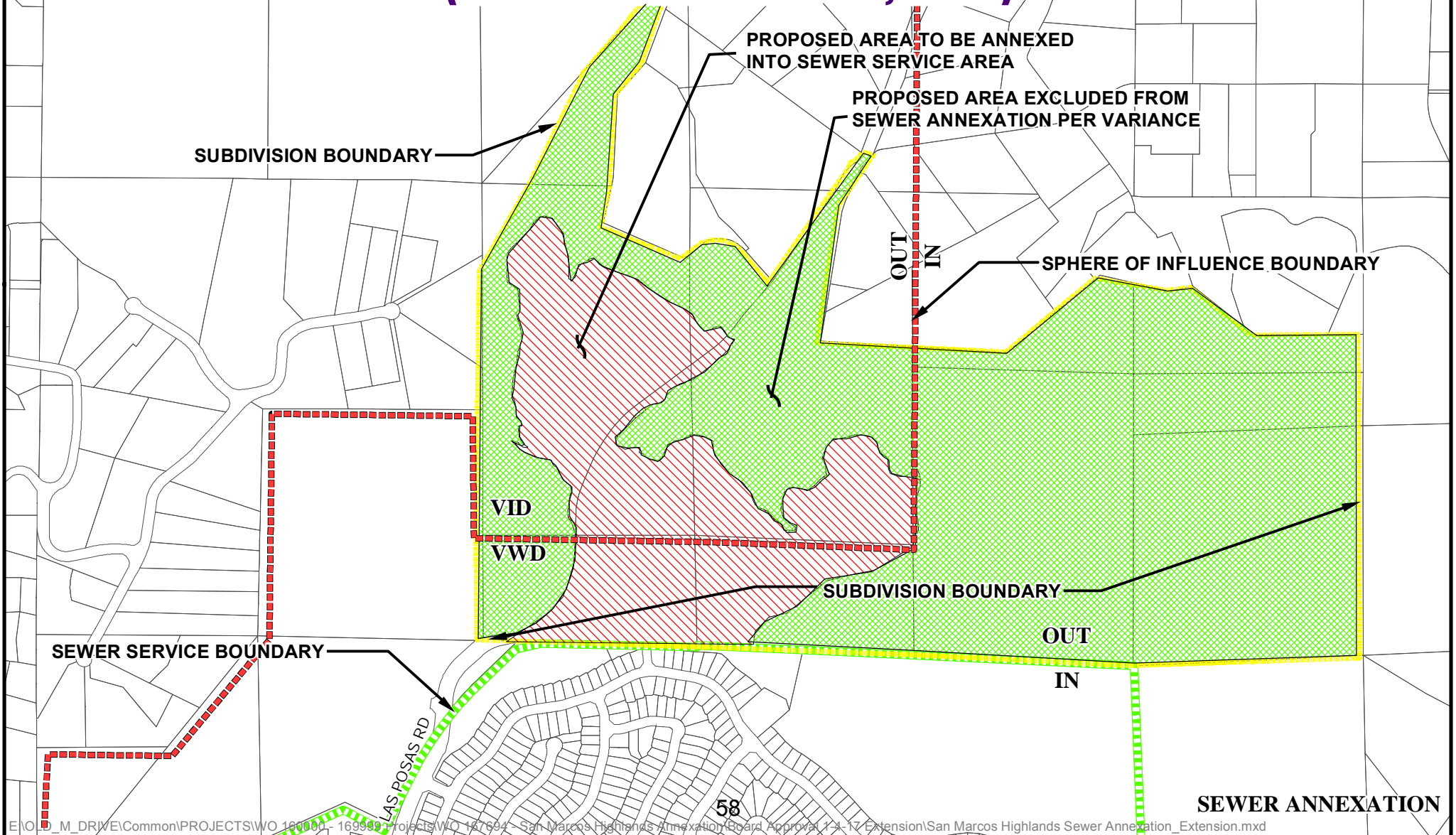


REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT (VISTA SAN MARCOS, LTD)

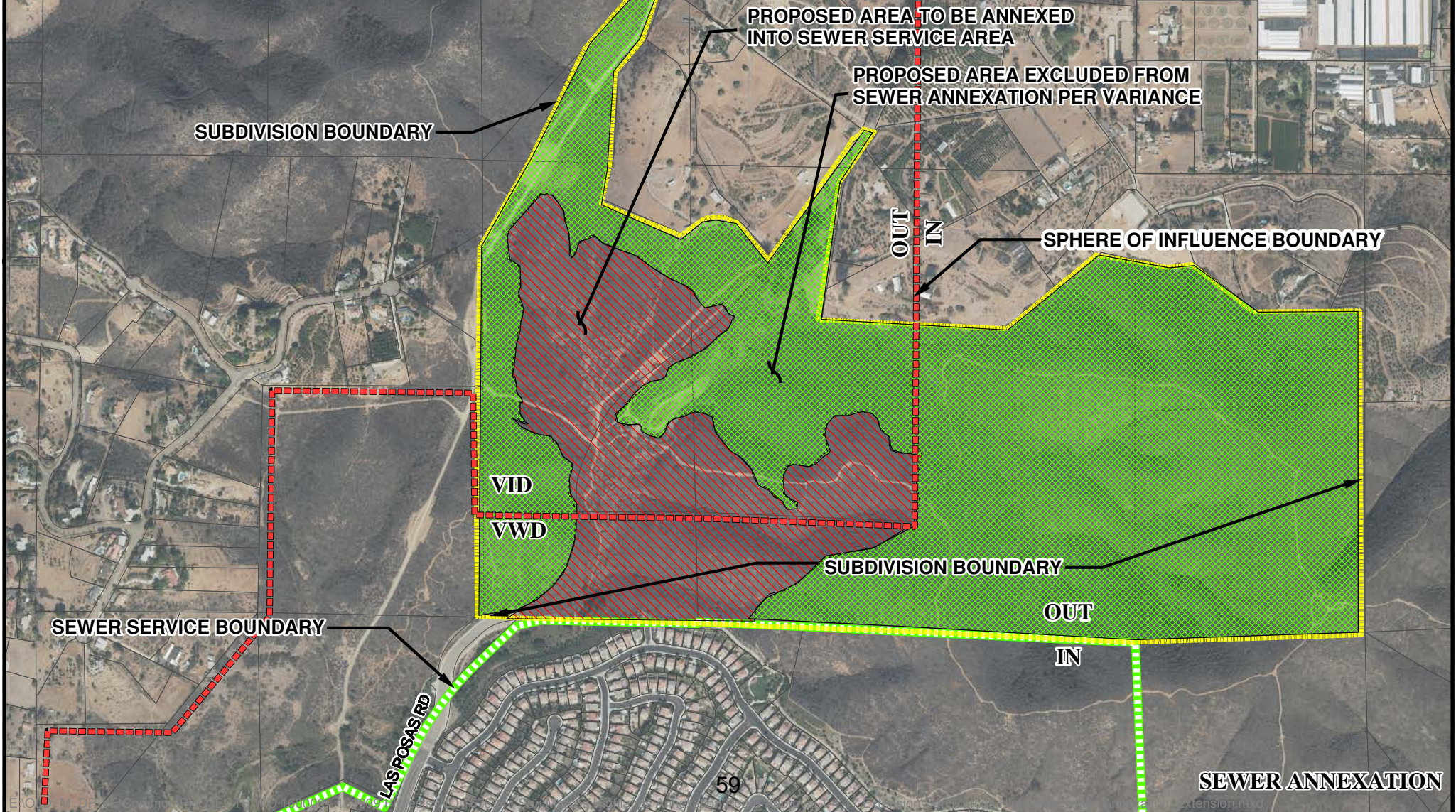


WATER ANNEXATION

REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 24-240-13, 14, 5, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT (VISTA SAN MARCOS, LTD)



REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT (VISTA SAN MARCOS, LTD)



DATE: JANUARY 04, 2017
TO: BOARD OF DIRECTORS
SUBJECT: DESIGN CONTRACT AMENDMENT FOR ROCK SPRINGS SEWER REPLACEMENT PROJECT

BACKGROUND:

The District maintains an existing 8-inch gravity sewer pipeline that conveys wastewater from the intersection of Rock Springs Road and Bennett Avenue west through a greenbelt area to an existing 12-inch pipeline in Rock Springs Road at Lancer Park Avenue. Due to its location near a drainage channel, ongoing capacity issues, and inflow and infiltration problems, this sewer is currently budgeted for replacement and upsizing.

DISCUSSION:

On July 12, 2010, the Board of Directors approved an engineering services contract with Infrastructure Engineering Corporation (IEC) for design and environmental services only, in the amount of \$128,826. In October 2010, the project slowed and was put on hold to concentrate on higher priority projects, including the 2010 Urban Water Management Plan, 2008 Water, Wastewater and Recycled Water Master Plan, Odor Control Study, and San Marcos Sewer Interceptor. The project was restarted in January 2013. Amendments were required to address out-of-scope tasks for IEC. The following past amendments have already been approved:

#	Amount	Description / Causes	Date	App'd By
1	\$45,640	<ul style="list-style-type: none"> • Restarting project (coordination, meetings, review) • Additional field survey for pipe alignment • Additional easement documents • Alignment revisions due to newly identified constraints • Re-initiate environmental studies • Add traffic control plans to scope of deliverables • Kept 2010 billable rates 	7/17/2013	Board
2	\$3,110	<ul style="list-style-type: none"> • Additional soil sampling for pesticide analysis to support environmental documents 	5/7/2014	District Engineer
3	\$21,618	<ul style="list-style-type: none"> • Additional project management • Additional right-of-way research • Easement modifications • Additional details due to SDG&E comments • Environmental documentation modifications • Kept 2010 billable rates 	4/28/2015	General Manager

Since restarting the project in 2013, the work has progressed to near completion. However, the construction of the project was delayed until Spring 2017 due to budget deferment. IEC has incurred additional costs due to out-of-scope tasks on the final design revisions. Staff requested that IEC submit a scope amendment.

IEC submitted proposed Contract Amendment #4 on June 16, 2016 that includes new and additional scope of work tasks based on pipeline diameter changes, additional lateral connection data, and direction from the Final Mitigated Negative Declaration (MND) approved by the Board in September 2015. A summary of the additional services is as follows:

- Additional project management
- Adjustment to easement documents
- Geotechnical recommendations on all-weather Operations access roads
- Storm Water Pollution Prevention Plan revisions due to final MND document
- Additional final design revisions

The total requested contract amendment is \$18,395. With this contract amendment, IEC's engineering services contract total would be \$217,589.

FISCAL IMPACT:

The Rock Springs Sewer Project is included in the Fiscal Year 2016/2017 Capital Budget with a total budget of \$2,460,000 with approximately 55% funding from the sewer capacity fund (Fund 220) and 45% funding from the sewer replacement fund (Fund 210).

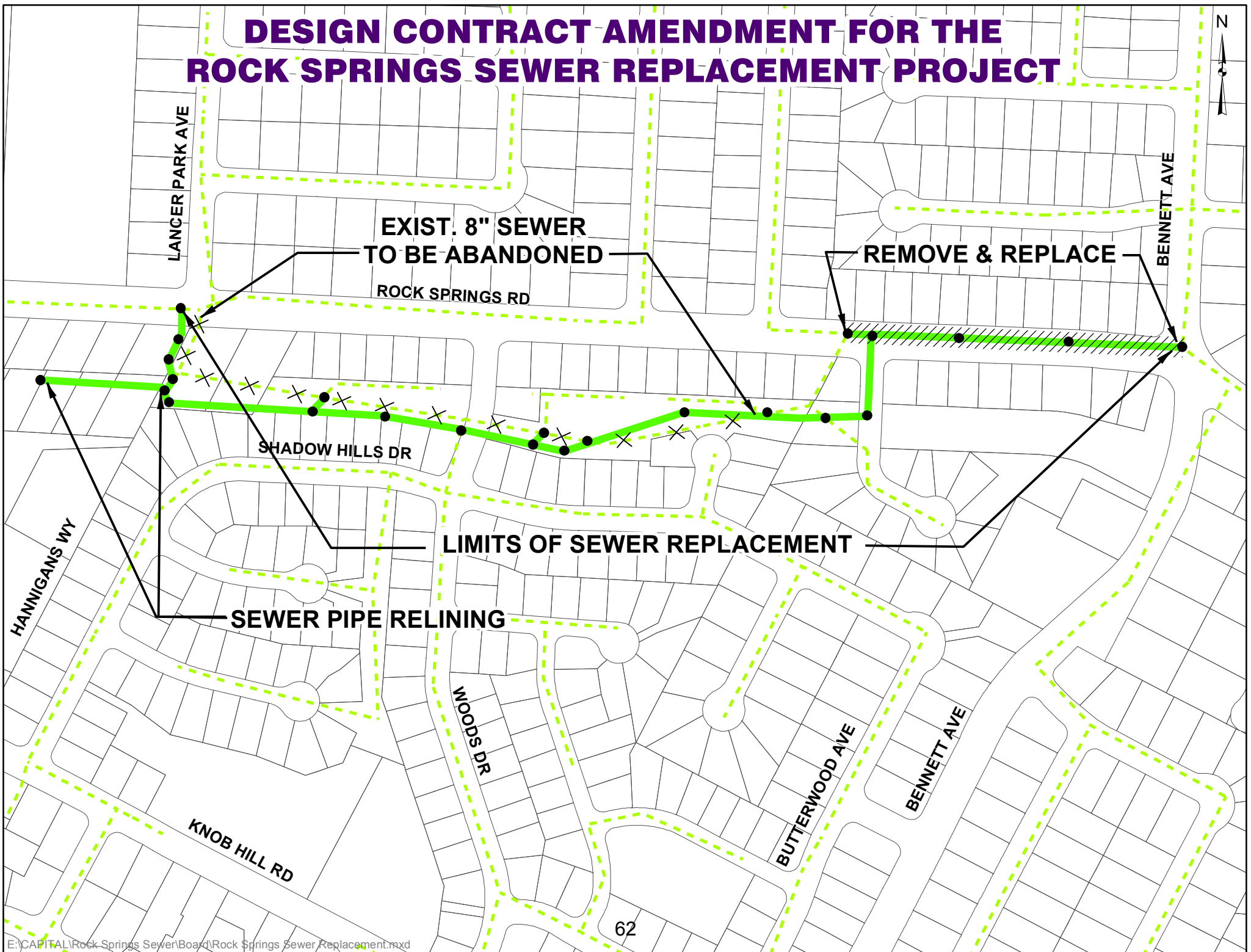
The project costs are as follows:

Budget		\$2,460,000
Construction Estimate	\$ 1,965,000	
Planning	\$ 41,650	
Design Services	\$ 217,590	
Right of Way Services and Acquisition Estimate	\$ 53,635	
Staff and Overhead Estimate	\$ 175,000	
Subtotal	\$ 2,452,875	
Budget Surplus Estimate	\$ 7,125	

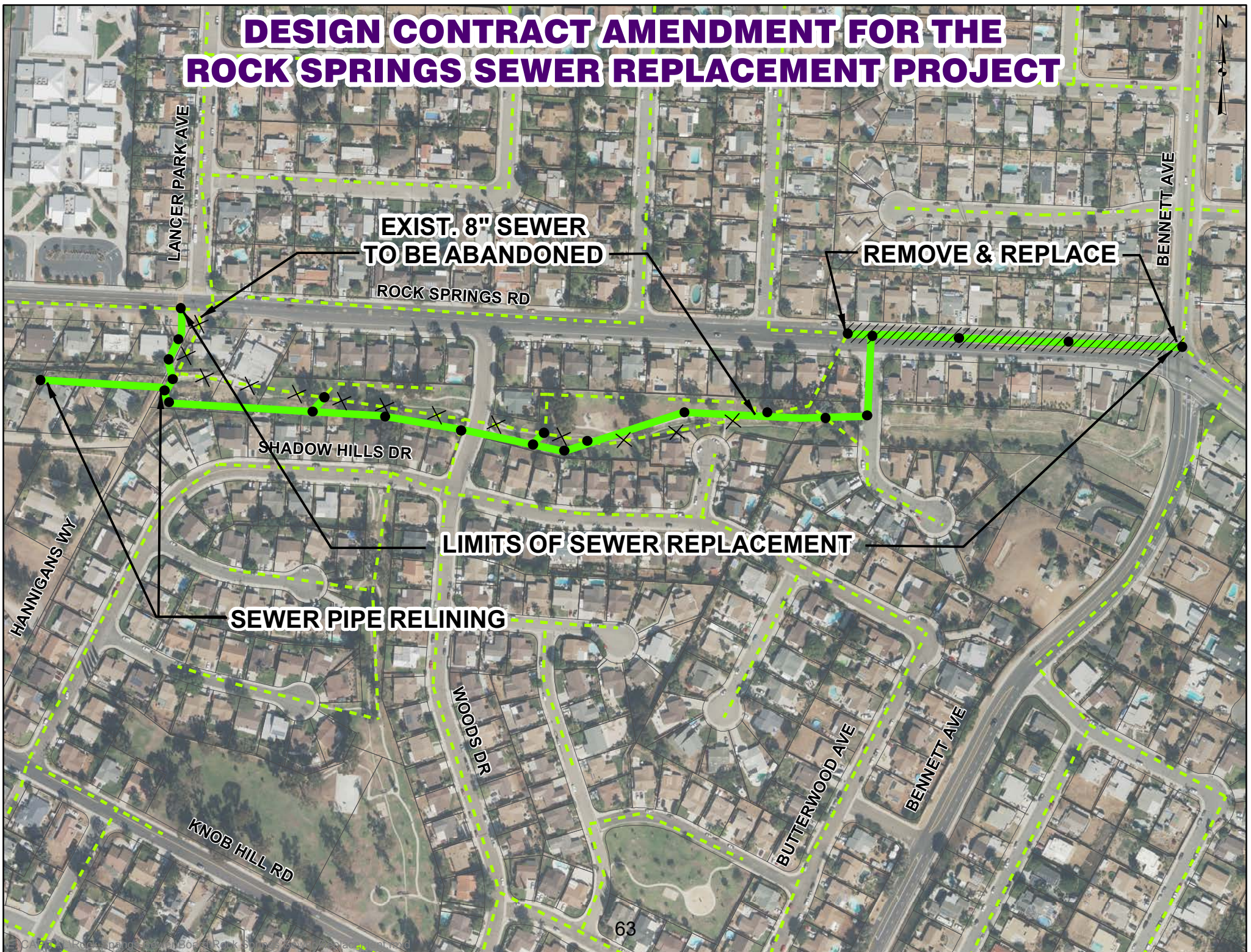
RECOMMENDATION:

Approve the contract amendment in the amount of \$18,395 to IEC, subject to the provisions of the contract.

DESIGN CONTRACT AMENDMENT FOR THE ROCK SPRINGS SEWER REPLACEMENT PROJECT



DESIGN CONTRACT AMENDMENT FOR THE ROCK SPRINGS SEWER REPLACEMENT PROJECT



EXIST. 8\"
TO BE ABANDONED

REMOVE & REPLACE

LIMITS OF SEWER REPLACEMENT

SEWER PIPE RELINING



DATE: JANUARY 4, 2017
TO: BOARD OF DIRECTORS
SUBJECT: REVIEW OF ORDINANCE NO. 201, BUSINESS OF THE BOARD

BACKGROUND:

At the Vallecitos Water District Board meeting of December 7, 2016, Direct Hernandez requested that Vallecitos Water District Ordinance No. 201 be placed on a future agenda to address public meeting attendance and the overtime incurred due to the Board meeting start time.

DISCUSSION:

The shift in the time of the Board meeting from 4 p.m. to 5 p.m. costs the District approximately \$9,970 per year in overtime. The attendance by the public (other than consultants and scheduled presenters) at Board meetings (other than special meetings and when the Newland Sierra project and rates were of topic) has numbered between 0 and 1, both before and after the change in start time. A list of 2016 Board meetings and duration, and Ordinance No. 201 are attached for review and consideration.

FISCAL IMPACT:

Pending action by the Board.

RECOMMENDATION:

Request Board direction.

2016 BOARD MEETINGS

Meeting Date	Meeting Start Time	Meeting Duration	Public Attendance	Comments
Jan. 6	4:00 pm	2 hrs 15 mins	3	Newland Sierra Project on agenda
Jan. 18	4:00 pm	2 hrs 2 min	1	Member of public
Jan. 27	4:00 pm	2 hrs 23 mins	7	Workshop; Master Plan/Wastewater Capital Improvement on agenda
Feb. 3	4:00 pm	3 hrs 11 mins	1	Member of public
Feb. 8	4:00 pm	3 hrs 21 mins	1	Workshop; Consultant in attendance
Feb. 17	4:00 pm	4 hrs 34 mins	2	Consultant in attendance; member of public
Mar. 2	4:00 pm	1 hr 56 mins	0	
Mar. 16	5:00 pm	4 hrs	1	Maureen Stapleton, SDCWA
Mar. 24	4:00 pm	0 hrs 42 mins	0	Special Board meeting
Apr. 6	5:00 pm	0 hrs 50 mins	0	
Apr. 13	1:00 pm	3 hrs 21 mins	0	Special Board meeting
Apr. 20	5:00 pm	3 hrs 32 mins	2	Jo MacKenzie, CSDA; 1 member of public
Apr. 22	3:00 pm	1 hr 55 mins	0	Special Board meeting
May 18	5:00 pm	2 hrs 56 mins	4	EWA reps – 3; member of public - 1
Jun. 1	5:00 pm	2 hrs. 22 mins	0	
Jun. 6	4:00 pm	2 hrs 10 mins	0	Workshop
Jun. 8	5:00 pm	2 hrs 2 mins	1	Workshop; Consultant in attendance
Jun. 15	5:00 pm	2 hrs 11 mins	1	Member of public
Jun. 27	5:00 pm	2 hrs 24 mins	1	Workshop; member of public
Jul. 6	5:00 pm	3 hrs 3 mins	1	Member of public
Jul. 20	5:00 pm	4 hrs 22 mins	3	2 consultants in attendance; member of the public
Jul. 26	5:00 pm	2 hrs 31 mins	0	Special Board meeting
Aug. 3	5:00 pm	2 hrs 16 mins	0	Special Board meeting
Aug. 8	4:00 pm	2 hrs 51 mins	1	Special Board meeting;
Aug. 9	8:30 am	7 hrs 35 mins	1	Special Board meeting - Interviews; Consultant in attendance; no staff
Aug. 17	5:00 pm	2 hrs 10 mins	2	Members of the public – Pump Zone Rates
Sept. 7	5:00 pm	3 hrs 3 mins	1	Member of public
Sept. 21	5:00 pm	3 hrs 59 mins	7	7 public members – Duty Factors, Water/Wastewater Rates/Pump Zone charges
Sept. 22	5:00 pm	1 hr 21 mins	0	Special Board meeting
Sept. 27	1:00 pm	4 hrs 39 mins	0	Special Board meeting
Oct. 3	5:00 pm	0 hrs 36 mins	0	Special Board meeting
Oct. 5	5:00 pm	3 hrs 11 mins	10	Special Board meeting; Newland Sierra project on agenda (incl. 2 attorneys)
Oct. 12	5:00 pm	1 hr 6 mins	0	Special Board meeting
Oct. 19	5:00 pm	1 hr 31 mins	1	Member of public
Nov. 2	5:00 pm	1 hr 19 mins	1	Member of public
Nov. 16	5:00 pm	2 hrs 27 mins	12	Newland Sierra Project/WSA
Dec. 7	5:00 pm	1 hr 56 mins	1	Member of public

ORDINANCE NO. 201

**ORDINANCE OF THE VALLECITOS WATER DISTRICT
ESTABLISHING THE GENERAL PROVISIONS FOR
CONDUCTING THE BUSINESS OF THE BOARD AND
REPEALING ORDINANCE NO. 197**

BE IT ORDAINED by the Board of Directors of the VALLECITOS Water District as follows:

SECTION 1: BOARD OF DIRECTORS

Section 1.1: Regular Meetings - Time and Place

Regular Meetings of the Board of Directors of the Vallecitos Water District shall be held with notice on the first and third Wednesday of each month, at the hour of 5:00 p.m. at the location of the principal place of business of the District, namely, 201 Vallecitos de Oro, San Marcos, California. Notification, including the location, shall be made in accordance with the Ralph M. Brown Act (California Government Code §54950 through §54926), as amended.

Section 1.2: Adjourned Meetings

A majority vote by the Board of Directors may terminate and adjourn a Board meeting at any place in the agenda to any time and place specified in the order of adjournment, except that if no Directors are present at any regular or adjourned regular meeting, the General Manager may declare the meeting adjourned to a stated time and place, and he/she shall cause written notice of adjournment in accordance with the Ralph M. Brown Act, as amended.

Section 1.3: Special Meetings

A. Special non-emergency Board meetings may be called by the Board President or a majority of the Board. Written notification shall be made and posted at least 24 hours in accordance with the Ralph M. Brown Act, as amended.

B. Special emergency Board Meetings may be held with notice in the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities. An emergency situation means a crippling disaster which impairs public health, safety, or both, as determined by the General Manager, Board President or Vice President in the President's absence.

Section 1.4: Rules for Conducting Meetings

Except as otherwise provided by law, or ordinance adopted by the Board, "Roberts Rules of Order, Revised," are hereby adopted as the rules of practice and procedure governing the conduct of the business and procedure before the Board. The Board President shall preside at all meetings and shall have a vote on all matters before the Board. In the absence of the President, the Vice President shall preside, and in the absence of both, the presiding officer shall be elected by a majority vote of the members of the Board.

Section 1.5: Agenda

The General Manager, in cooperation with the Board President, shall prepare an agenda for each regular, adjourned, and special meeting. Any Director may request any item to be placed on the agenda.

Section 1.6: Minutes of Meetings

A. The minutes of the Meetings of the Board shall be recorded and kept by the Secretary in a book maintained for that purpose for each calendar year. Unless otherwise expressly directed by the Board at the time of adoption, all ordinances and resolutions adopted by the Board may be referred to in the minutes of the meetings of the Board by number and title, but the same shall be recorded in full in separate books kept for that purpose for each calendar year.

B. The Board President or other person who may preside at the meeting, or the Secretary, shall authenticate the minutes, ordinances and resolutions after these have been transcribed into the appropriate books, and when so authenticated, these shall constitute the official minutes, ordinances and resolutions of the Board.

C. The Minute Book, the Ordinance Book and the Resolution Book shall be kept at the office of the Secretary at the principal place of business of the District.

Section 1.7: District Seal

The seal, an impression of which is herewith affixed to this document, bearing the words "Vallecitos Water District, Organized March 24, 1955," is adopted as the official seal of this District.

Section 1.8: Standing Advisory Committees

A. The District shall have the following standing advisory committees, each of whose function is to advise the Board of Directors and General Manager with respect to the subjects under its jurisdiction: Engineering/Equipment, Finance/Investment, Public Awareness/Personnel/Policy, and Legal/Legislative Affairs. Other standing committees may be established by the Board President. The precise and/or additional duties and responsibilities of each standing committee shall be as specified by the President from time to time. Each standing committee shall have two (2) members appointed by the President from the members of the Board; however, in no event shall the same two (2) members be permitted to serve together on more than one (1) standing committee without the unanimous approval of the Board. The President shall appoint a committee chairman from the two (2) members of the Board serving on each committee; however, no member shall be permitted to chair more than one (1) standing committee without the unanimous approval of the Board.

B. Ad Hoc advisory committees for special purposes not falling within the assigned function of an existing standing committee may be created and appointments made thereto from the members of the Board, not to exceed two (2) such members on any one ad hoc committee, from time to time by the President. Ad hoc committees may include members of the public and said appointment shall be made by the Board.

C. All committee members shall serve at the pleasure of the Board President. The General Manager shall be an ex-officio non-voting member of each committee. Each committee shall meet at such times, places, and frequency as may be directed by its chairman, by the President, or by the Board in accordance with the Ralph M. Brown Act, as amended. Each committee shall cause to be prepared and filed promptly with the Board current minutes of all of its meetings.

Section 1.9: Board Reorganization

A. Following a District election, on the first Tuesday after the first Monday in November in each even numbered year, the Board shall reorganize at the first meeting after the election is certified by the Registrar of Voters and appoint or reappoint its officers pursuant to the County Water District Act in conformance with the Uniform District Election Law, Elections Code, §23500 et. seq.

B. In addition to the minimum reorganization requirement, Board policy determines that the Board will reorganize annually to provide that each elected Director will have the opportunity to hold the office of President once during their first term. The President serves at the pleasure of the Board.

Section 1.10: Adoption of Ordinances and Resolutions

Except as otherwise provided by law, ordinances and resolutions of the District shall be adopted, amended, and repealed (in whole or in part) by the Board only in the following manner:

A. Ordinances shall be adopted by the Board, and may be amended or repealed (in whole or in part) only by an ordinance adopted by the Board. The Board may adopt the ordinance (in whole or in part) as originally proposed or as modified by the Board.

B. Formal resolutions, that is, resolutions which are numbered and titled documents separate from the minutes of the meetings of the Board and required to be kept in the Resolution Book shall be adopted by the Board, and may be amended or repealed (in whole or in part) only by a formal resolution or an ordinance adopted by the Board, only at a duly held meeting of the Board. The number and title of formal resolutions may but are not required to be, set forth in the agenda for the meeting.

C. At the time of presentation to the Board of the proposed ordinance or the proposed formal resolution, as the case may be, the reading in full thereof shall be deemed waived unless otherwise requested by any member of the Board. Ordinances and formal resolutions adopted by the Board shall contain the signed approval and attestation of the then Presiding Officer and Secretary, respectively, of the District.

D. Minute resolutions, as distinguished from formal resolutions, shall be adopted by the Board, and may be amended or repealed (in whole or in part) only by a minute resolution or a formal resolution or an ordinance adopted by the Board, only at a duly held meeting of the Board.

SECTION 2: DISTRICT MEMBERSHIPS, PER DIEM COMPENSATION, REIMBURSEMENTS, ETHICS TRAINING AND ELIGIBILITY FOR EMPLOYEE BENEFITS

Section 2.1: Authorized District Memberships

The Board has determined it to be in the best interests of the District, and its constituents, to maintain memberships in affiliated national, state, and local organizations which have applicability to the functions of the District. The District shall hold membership in the following organizations:

American Water Works Association (AWWA)
Association of California Water Agencies (ACWA)
California Association of Sanitation Agencies (CASA)
California Special Districts Association (CSDA)
California Water Environment Association
Council of Water Utilities
North County Water Group
San Diego North Economic Development Council (SDNEDC)
Southern California Alliance of Publicly Owned Treatment Works (SCAP)
Urban Water Institute
Water Education Foundation (WEF)
Water Environment Federation
WaterReuse

In addition to the above listed organizations, the Board may remove existing memberships or approve additional memberships and authorize attendance at meetings, events, or conferences by motion from time to time. The General Manager may approve District membership of, and employee participation in, professional, technical, and business related associations and organizations.

Section 2.2: Per Diem Compensation

Each Director shall receive compensation of \$200 per diem for attending meetings of the Board or for each day's service as a member of the Board, not to exceed compensation for one meeting in any 24-hour period or ten meetings per month. The Board may consider an annual increase in the per diem equivalent to the San Diego Consumer Price Index (CPI-U), up to a maximum of 5 percent, following the operative date of the last adjustment. Public notice shall be provided annually in accordance with Water Code Section 20203 if an increase is to be considered. Any increase adopted by this Section shall become effective 60 days from the date of approval. Compensable meetings which are pre-designated and considered occasions that constitute performance of official duties include the following:

A. Regular, Adjourned, and Special meetings of the Board, including pre-meetings with the Board Chair.

B. Committee Meetings, limited to the two Directors serving on the committee, other meetings, such as District sponsored special functions, open houses, and community out-reach functions, including pre-meetings with the appropriate representative(s).

C. Meetings of other public agencies of which the District is a member or sub-member agency such as the Encina Wastewater Authority, San Diego County Water Authority, the Metropolitan Water District of Southern California, and Local Agency Formation Commission (LAFCO), including pre-meetings with the appropriate representative(s).

D. Conferences, meetings, and other functions in which the District is a member of as listed in Section 2.1 above, and which have a significant and meaningful link to the purposes, policies, and interests of the District.

E. Meetings which provide educational training including ethics training in accordance with Government Code Section 53232.1.

F. Other meetings or conferences which the Board approves as an agenda item at a regular meeting that serves a benefit to the District and constitute the performance of official duties.

Any amounts paid as a per diem compensation by other organizations shall be deducted from the \$200 District per diem.

Board members shall report on meetings or conferences attended at a regularly scheduled Board meeting after the event, which may include a written report that can be distributed to all Board members electronically.

Section 2.3: Reimbursement of Expenses and Reporting

Each Director shall be entitled to payment and/or reimbursement for actual and necessary expenses incurred in the performance of official duties including expenses incurred relating to travel, meals, lodging, and other actual and necessary expenses incurred for attendance at meetings and conferences of organizations listed in Section 2.1 or approved in accordance with Section 2.2F. Lodging expenses may not exceed the maximum group rate published by the conference or activity sponsor. Requests for Reimbursement must be submitted on a District approved Expense Form and shall include receipts documenting each expense in accordance with District Resolution 1365.

Director expenses and per diems shall be reported on a cumulative quarterly basis, (attaching a summary of per diems and expenses from District appointed positions to other agencies).

Section 2.4: Ethics training

In accordance with Government Code Section 53234, Board members and any designated employees shall have at least (2) hours of ethics training every two (2) years. Certificates of completion of ethics training shall be maintained for at least five (5) years.

Section 2.5: Eligibility for Employee Benefits

Members of the Board shall be eligible for all benefits, allowable by law, the same as full time, regular employees.

ALL OTHER ORDINANCES OR AMENDMENTS IN CONFLICT HEREWITH ARE HEREBY REPEALED.

This Ordinance shall become effective upon adoption, and a summary shall be published one time in a newspaper of general circulation within the District.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held this 3rd day of August, 2016, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Michael A. Sannella, President
 Board of Directors
 Vallecitos Water District

ATTEST:

Tom Scaglione, Secretary
 Board of Directors
 Vallecitos Water District

DATE: JANUARY 4, 2017
TO: BOARD OF DIRECTORS
SUBJECT: IMPACT OF MARIJUANA CULTIVATION ON AVAILABLE WATER SUPPLY

BACKGROUND:

At the Vallecitos Water District Board meeting of December 7, 2016, Direct Hernandez inquired to staff regarding the impact of marijuana cultivation on the District’s water supply.

DISCUSSION:

Staff performed demand and supply projections coupled with research regarding water demand to cultivate marijuana to determine that the legalization and subsequent increased cultivation of marijuana will not adversely impact the availability of water. Even with the most conservative of assumptions, enough water would be available within Vallecitos boundaries after three dry years to produce 3.5 million pounds of marijuana which would require 6,460 acres to farm. The table below summarizes staff’s findings, with significant assumptions following.

	Population	GPCD	Projected Demand in AF			Available Supply in AF			Surplus in AF	Pounds of Marijuana	Acres Planted
			M&I	Ag	Total	CWA	Desal	Total			
2016	96,212	104.1	11,219	1,200	12,419						
2017	97,832	111.5	12,217	1,200	13,417	16,104	4,083	20,187	6,770	6,044,190	
2018	99,452	118.9	13,241	1,200	14,441	15,994	4,083	20,077	5,636	5,031,435	
2019	107,072	126.2	15,141	1,200	16,341	16,180	4,083	20,263	3,922	3,501,580	

Significant assumptions and notes:

1. *Population will increase 1,620 per year (equal to the recent 5-year average) plus 6,000 in 2019 due to the Newland Sierra project.*
2. *Gallons per Day per Capita (GPCD) will escalate to 141 (recent 5-year average) in five years.*
3. *M&I is Municipal and Industrial use (everything other than agricultural use).*
4. *Agriculture (Ag) will use 1,200 acre feet (AF) of water per year (recent 5-year average).*
5. *Available supply from the San Diego County Water Authority (CWA) is from the three dry years included in their stress test submitted to the State Water Resources Control Board.*
6. *The Carlsbad seawater desalination plant will produce 56,000 acre feet annually.*
7. *One pound of marijuana will require one gallon of water per day every day (i.e., no rain).*
8. *One acre will be required to produce 542 pounds of marijuana annually.*
9. *The District water service boundaries include 27,281 acres.*

FISCAL IMPACT:

None.

RECOMMENDATION:

For information only.



Board Member Best Practices

Presenter: David Aranda

Also Meets AB1234 Requirement. This fast paced and informative session covers all of the essential best practices of serving as a board member or trustee of a special district: the roles of board members and staff, policies and procedures your district should consider to ensure effective governance, general ethics principles related to special districts including an overview of the laws affecting special districts.

8:30 - 9:00 a.m. Registration

9:00 a.m. - 12:00 p.m. Workshop

12:00 - 1:00 p.m. Lunch and Network Discussion

Free to SDRMA members

\$50 CSDA members

\$75 Non-Members

When

1/19/2017 - 1/19/2017

Where

Three Valleys Municipal Water District

1021 E. Miramar Avenue

Claremont, CA 91711-1300 United States