

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, JANUARY 4, 2017, AT 5:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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 Evans  
Director Hernandez  
Director Martin  
Director Sannella  
Director Elitharp

Staff Present: General Manager Pruiam  
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  
Accounting Supervisor Owen  
Source Control Technician Harrell  
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF JANUARY 4, 2017

President Elitharp stated staff requested Item 2.2 be moved to the Consent Calendar.

17-01-01 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Regular Board Meeting of January 4, 2017 as amended.

PRESENTATION

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

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating SB 814 concentrates heavily on fines for over use on individually metered residences. It notably leaves out master meters for high density apartments. He believes master meters should not be allowed in new construction. As defined by the State, the biggest problem is water waste/leaks. In single family dwellings the rate is approximately 3% and in apartments it was measured at 13.7%. If we are truly going to conservation across the board, all new

construction should have individual meters for every apartment. The problem with SB 814 is that it attacks excessive use of water. As of right now an average apartment, according to VWD figures, uses about 250 gallons per day per apartment. There are approximately 2 to 2.1 residents per apartment, which comes out to about 125 gallons per day. A single family home is also at 250 rather than 200, but averages 3.1 residents. That cuts their water use to about 80 gallons per day. Since they've already cut back 20%, they are down around 60-70 gallons per day. If these apartment dwellers and landlords of large apartments are to equally share the burden, they should have individual meters, because without individual meters in each apartment, they can't track leaks. Some apartments and cities charge an extra administrative fee anywhere from 2% to 7%. They have an economic motivation to waste or use excessive water. This should be addressed and new construction should all be individual meters.

### CONSENT CALENDAR

Director Martin requested Items 1.2, 1.4, and 1.6 be pulled from the Consent Calendar for discussion.

President Elitharp indicated that Mr. Hunsaker wished to speak on Item 1.3.

17-01-02 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve Items 1.1, 1.5 and 1.7 of the Consent Calendar as presented.

Mike Hunsaker, member of the public, inquired about Item 1.3 E, Reserve Funds Activity, specifically about the rate stabilization fund, to which staff responded.

#### 1.1 Approval of Minutes

- A. Regular Board Meeting – November 16, 2016
- B. Finance/Investment Committee Meeting – December 5, 2016
- C. Regular Board Meeting – December 7, 2016

#### 1.2 Warrant List through January 4, 2017 - \$5,225,335.58

Director Martin requested clarification on the warrant list with respect to payments made to Best, Best & Krieger, Black & Veatch Corporation, Manpower Temp Services, PC Specialists, Inc., and RMJ Technologies TX, Inc., to which staff responded.

17-01-03 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve Item 1.2 of the Consent Calendar as presented.

1.3 Financial Reports

- 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

17-01-04 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve Item 1.3 of the Consent Calendar as presented.

1.4 Cancellation of Temporary Offsite Water Service Agreement, APN: 226-051-18 (Mountney)

Director Martin requested clarification as to when the Temporary Offsite Agreement was executed, when it was absorbed, and why the District is taking action on it now, to which staff responded.

17-01-05 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve Item 1.4 of the Consent Calendar as presented.

1.5 Approval of Construction Agreement for Rancho Coronado Phase II Improvements, APN: 222-170-28 (Brookfield Rancho Coronado, LLC)

1.6 Fats, Oils and Grease (FOG) Program Update

Director Martin stated that he has received very positive feedback from local restaurateurs regarding this program. He thanked staff for the great PR work being done in the community.

17-01-06 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve Item 1.6 of the Consent Calendar as presented.

1.7 Drought Update

President Elitharp clarified that Action Item 2.2, Design Contract Amendment for Rock Springs Sewer Replacement Project, was also approved under the consent calendar.

ACTION ITEMS

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)

Development Services Senior Engineer Scholl stated that on July 20, 2016, the Board approved, with conditions, the developer's request for annexation into VWD's Sphere of Influence (SOI) 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. 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. 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. Annexation fees are paid at the rate in effect at the time of payment.

Staff recommended the Board approve a one-year extension for the completion of the annexation requirements.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board stating that a growing concern is about the gradual degradation of environmental laws and citizens' protections against over development. In reviewing the Environmental Impact Report (EIR) for the San Marcos Highlands project, it only stated that water could be provided either by the Vista Irrigation District or Vallecitos Water District. What we have here is a city, San Marcos, which has pretty much thrown out the rule book about accepting EIRs and water being a very key resource that is supposed to be part of it. Now we're seeing even further degradation with special exemptions and avoidance of coming up with a final map. Why would this not have a water assurance report, at least? He doesn't see how this extension provides any public benefit. He sees it as a direct threat and is also concerned with the amount of special interest legislation coming out of Sacramento, predominantly the by-right laws. Once this is re-zoned, the by-right will come probably in September since it is a finance implementation bill. Sacramento is starting to eliminate connection fees for special interests. Right now it's just for granny flats, but it has established a very bad precedence that they expect rate payers will pay more to pick up what previously the developers were supposed to pay for and not overcharge the rest of the rate payers to benefit these other people. He is also concerned about LAFCO and the Sycuan Tribe. Are the environmental laws slowly being shredded? He thanked the Board.

Jim Simmons, representing the San Marcos Highlands project, addressed the Board stating that they have followed all of the rules and regulations, and are looking to save the District and its rate payers some money by not repeating this twice in the next process. If there is a problem with moving forward under that process, the District will recognize what it is. The developer is stepping up to the responsibility of paying the rates that are due in 2017. This is a benefit to the rate payers. He hoped the Board will approve it and correct the record that the City of San Marcos has in fact followed all of the rules of SEQA.

17-01-07 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve a one-year extension for the completion of the annexation requirements.

REVIEW OF ORDINANCE NO. 201, BUSINESS OF THE BOARD

Assistant General Manager Scaglione stated this item was placed on the agenda at the request of Director Hernandez to consider public meeting attendance and overtime incurred due to the change in the time of the Board meeting from 4:00 p.m. to 5:00 p.m.

Director Hernandez stated public participation increased only when an item of great interest to the public was on the agenda, and that almost \$10,000 per year was spent on overtime for hourly employees.

Legal Counsel Scott clarified that if the Board wished to change the meeting time, Ordinance No. 201 would need to be modified and would have to be placed on a future Board agenda to do so.

17-01-08 MOTION WAS MADE by Director Hernandez, to provide direction to staff with regard to changing the Regular Board meeting start time to 3:00 p.m., with the ability to start meetings at a later hour if a topic warrants a later start time.

General discussion took place during which Director Martin requested staff provide the Board with the backup documentation used to calculate the overtime costs.

Director Sannella suggested the focus should not be on changing the meeting time, but to allow General Manager Prum more time to assess the District's operation and costs and to be able to provide his recommendations to the Board in regard to cutting costs.

The consensus of the Board was to bring this topic back to a future meeting after staff has provided additional information to the Board regarding how the overtime costs were calculated, what time other water districts hold their Board meetings, and how changing the meeting time and televising the meetings has or would affect the District's District of Distinction award.

Mike Hunsaker, member of the public, addressed the Board stating \$10,000 is a small price for an organization the District's size to defray principles. A 6:00 p.m. starting time makes more sense. He further stated that many of the key financial elements were discussed at special meetings with little or no notice, and there isn't an easy way to dig out these special meetings reports, ordinances or policies. He suggested having fewer special meetings and rolling them into regular meetings. He thanked the Board.

## IMPACT OF MARIJUANA CULTIVATION ON AVAILABLE WATER SUPPLY

Assistant General Manager Scaglione stated this item was placed on the agenda at the request of Director Hernandez to illustrate the impact of marijuana cultivation on the District's water supply. Utilizing the most conservative of assumptions such as population growth and three dry years, staff has determined that the legalization and subsequent increased cultivation of marijuana will not adversely impact the availability of water within the District's boundaries.

Mike Hunsaker, member of the public, addressed the Board stating the assumption that population will grow by 1,620 per year is based on 500 new residences per year which was sustained during the Recession. Newland, all by itself, is about 2,135 residences. There are six or seven pages of new construction going on. He finds the assumption very inappropriate. Gallons per day per capita will escalate. Agriculture will use 1,200 AF of water per year – that's an average. For Newland, the District has granted them an exemption from any sort of rationing or ceiling use. Every other agricultural endeavor has a very heavy cutback requirement in cases of drought. But here, we have unlimited water. Marijuana grows best below the 35<sup>th</sup> parallel, requiring heat and very pure water. We have the only pure water in the County. We're the only County that is prepared for drought and has water. It looks like Newland Sierra could be looking at about half a billion dollars of revenue with the 378 acres it has in its "fire protection zone." If you are going to make this rational, there should be a maximum amount of water per acre allowed. At a minimum, there should be no exemption from rationing for one special interest or particular development. He thanked the Board.

This was presented for information only.

## REPORTS

### GENERAL MANAGER

General Manager Pruim reported the following:

- The District's "Table A" allocation from the State Water Project has been increased to 45% from the initial 20% issued on November 28, 2016. This is the percentage of the water being requested that can be provided based on climatic conditions.
- Agenda items for the January 18 Regular Board meeting will include pump zone charges, analysis of main breaks, and information on the appraisal for the Knoll Road property.
- The Finance/Investment Committee's monthly meeting has been scheduled for January 25.
- A Water and Wastewater Master Plan workshop will be scheduled for the end of January or early February.

- He is working on a Strategic Planning process. A date has not been determined.
- He is having ongoing discussions with the City of San Marcos City Manager to discuss areas of joint interest. No topics or dates for a joint meeting have been determined.

#### DISTRICT LEGAL COUNSEL

None.

#### SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the Board did not have a meeting in December. She is still Vice Chair of the Water Planning Committee and is on the Legal, Legislative, Conservation and Output Committee this year with an option to be Vice Chair on that committee as well.

#### ENCINA WASTEWATER AUTHORITY

None.

#### STANDING COMMITTEES

Director Hernandez stated he is a member of the ACWA Groundwater Committee which is expanding into a land use planning group.

#### DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

#### OTHER BUSINESS

None.

#### DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Sannella had additional questions about Ordinance No. 201 concerning the annual reorganization of the Board and the election of Board President.

Director Hernandez clarified that the rotation of the President was facilitated several years ago to allow Director Martin, a new Board member at the time, the opportunity to serve as President during his first term in office. Past practice has been a rotation of the President and Vice President, not a vote.

The consensus of the Board was to discuss the President/Vice President rotation at the same time Ordinance No. 201 is brought back for discussion on the Board meeting start time.

Director Sannella stated he would like the Board to consider modifying Ordinance No. 201 to add similar language concerning the two Encina positions and the SDCWA position so that every Board member has the opportunity to serve in those organizations once during their four-year term if they would like to do so.

### 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

#### PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) – CONFERENCE WITH LEGAL COUNSEL (ONE CASE)

Consideration of Initiation of Litigation

#### 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

17-01-09 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to move into Closed Session pursuant to Government Code Sections 54956.8, 54956.9(d)(4), and 54956.9(a).

### REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 7:34 p.m. The Board, in Closed Session, directed staff to take appropriate action regarding the offer related to Parcel No. 1 of Parcel Map No. 5772 (approximately 13 acres.)

The Board, in Closed Session, directed Legal Counsel to take appropriate action concerning the potential litigation matter and discussed the status of the pending litigation matter involving the Golden Door v. Vallecitos Water District.

### ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 7:35 p.m.



A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, January 18, 2017, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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Craig Elitharp, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruim, Secretary  
Board of Directors  
Vallecitos Water District