

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 6, 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 Elitharp led the pledge of allegiance.

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

Staff Present: Interim 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
Public Information/Conservation Supervisor Robbins
Human Resources Technician Anderson
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 6, 2016

President Sannella stated staff had requested Item 2.3 relating to the Water Supply Assessment and Verification Report for the Newland Sierra Specific Plan be continued to a future Board meeting. It was brought to staff's attention that a copy of the Report was not linked to the District's posted agenda website, and to ensure that all interested parties have an opportunity to review the report prior to the Board taking action, staff recommended the item be continued.

16-07-01 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of July 6, 2016 as amended.

INTRODUCTIONS

Human Resources Technician Bridget Anderson introduced new employees Jesse Halbig, Collections System Worker I, and Raul Rodarte, Collections System Worker I.

PRESENTATIONS

President Sannella presented Patrick Barreiro, Collection Systems Worker I, with his Certification of Competence in Collection System Maintenance Grade 2 from the California Water Environment Association.

President Sannella presented Dustin Harris, Collection Systems Worker II, with his Certification of Competence in Collection System Maintenance Grade 2 from the California Water Environment Association.

President Sannella presented Terry Moritz, Collection Systems Worker I, with his Certification of Competence in Collection System Maintenance Grade 2 from the California Water Environment Association.

Jorge Aceves, Collection Systems Worker I, was not present to receive his Certification of Competence in Collection System Maintenance Grade 2 from the California Water Environment Association.

President Sannella presented Engineering staff with the Project of the Year Award from the American Public Works Association San Diego – Imperial Counties Chapter as well as the Award of Merit Civil Engineering Project award from the American Society of Civil Engineers San Diego Section for the Linda Vista East Sewer Project.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board speaking on behalf of the Twin Oaks Valley Property Owners Association, expressing concerns regarding exemptions for developers in Assembly Bill 744.

He asked if AB 744 applies to all deferred payments and if there are loop holes allowing developers to avoid.

He further asked how the District is going to handle density bonuses. He also expressed concern over adequate water during a drought if unrestricted development continues. He thanked the Board.

CONSENT CALENDAR

Mike Hunsaker, member of the public, addressed the Board speaking on behalf of the Twin Oaks Valley Property Owners Association on Item 1.3 and asked if the water requirements for this project have been included in the Urban Water Plan and will they be included in the Master Water Plan. He also asked how the District is going to ensure that facilities fees are going to be paid.

Interim General Manager Scaglione stated the project is in the plans. The capacity fees are a separate revenue requirement to fund future growth; rates are planned separately.

Mr. Hunsaker stated he had essentially the same question pertaining to Item 1.4.

16-07-02 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Engineering/Equipment Committee Meeting – June 7, 2016
- B. Finance/Investment Committee Meeting – June 13, 2016
- C. Regular Board Meeting – June 15, 2016
- D. Board Workshop Meeting – June 27, 2016

1.2 Warrant List through July 6, 2016 - \$3,701,839.69

1.3 Approval of Construction Agreement for Rancho Coronado Backbone Improvements, APNS: 221-091-21, 222-080-59, and 222-170-28 (Brookfield Homes – Rancho Coronado, LLC)

1.4 Approval of Construction Agreement for Rancho Coronado Phase 1 Improvements, APNS: 221-091-21, 222-080-59, and 222-170-28.

ACTION ITEMS

ORDINANCE ESTABLISHING A DROUGHT RESPONSE WATER CONSERVATION PROGRAM AND WATER SHORTAGE CONTINGENCY PLAN

Public Information/Conservation Supervisor Robbins provided a summary of events which took place during the drought, including the following:

- The Board declared a Level 2 Drought Alert condition on August 6, 2014.
- On May 9, 2016, Governor Brown issued Executive Order B-37-16 which in part, directed the State Water Resources Control Board (SWRCB) to extend emergency regulations for urban water conservation through the end of January 2017 and develop proposed emergency water restrictions for 2017 if the drought persists.
- On May 18, 2016, the SWRCB decided to continue its existing water use regulation through May 2016, after which state-mandated conservation targets were replaced with a supply-based approach that considers each agency's specific circumstances and available water supplies. The adopted regulation keeps in place specific prohibitions against certain water uses.
- On May 10, 2016, Metropolitan Water District of Southern California (MWD) rolled back its mandatory water restrictions that had been in place since last summer.
- On June 9, 2016, the San Diego County Water Authority (SDCWA) confirmed there is enough water in the region to have no mandatory water use restrictions for the next three years.

- On June 15, 2016, MWD confirmed it has adequate water supply for the region through 2019.
- On June 21, 2016, Vallecitos Water District certified to the SWRCB that the District has an actual surplus of supply in water years 2017, 2018 and 2019, assuming dry years. The District is no longer mandated to meet water use reduction targets from the State of California, MWD, or SDCWA.

He stated the District currently has two drought ordinances which overlap; Ordinance No. 162, modeled after the SDCWA's ordinance and Ordinance No. 195, necessitated by State mandated conservation measures. Staff has consolidated both ordinances to comply with Governor Brown's Executive Order, the SWRCB's requirements and to include permanent prohibitions required by the State. He summarized the proposed new ordinance which implements the following changes:

- It references drought, declared water shortages, water conservation mandates and emergencies.
- It includes water waste prohibitions that are in effect at all times.
- Level 1 is voluntary – up to 10% reduction
- Level 2 is mandatory – up to 20% reduction
- Level 3 is mandatory – up to 30% reduction
- Level 4 is mandatory – greater than 30% reduction

Public Information/Conservation Supervisor Robbins stated more than half of agencies he recently surveyed have moved to a Level 1 (voluntary) drought condition or are in the process of doing so.

He further stated that staff will be utilizing tools from new drought outreach campaigns sponsored by the Association of California Water Agencies and the California Department of Water Resources to make sure the District does not let its guard down. The SWRCB will be monitoring water conservation efforts throughout the State.

Staff recommended the Board repeal current Ordinances Nos. 162 and 195, adopt the new ordinance, Drought Response Water Conservation Program and Water Shortage Contingency Plan, rescind Drought Level 2 – Drought Alert, and declare Drought Level 1 – Drought Watch that asks for voluntary water conservation.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board speaking on behalf of the Twin Oaks Valley Property Owners Association, expressing concern regarding existing customers conserving to allow capacity for new development.

He also expressed concern over adequacy and accounting for sewer capacity, water capacity, reserve management, and transparency. He thanked the Board.

16-07-03 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to repeal Ordinances Nos. 162 and 195, adopt the new ordinance, rescind Drought Level 2 – Drought Alert, and declare Drought Level 1- Drought Watch.

Ordinance No. 198 - The roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin, Sannella

NOES:

ABSTAIN:

ABSENT:

ACCEPTANCE OF LIFT STATION NO. 1 PUMP IMPROVEMENTS

Capital Facilities Senior Engineer Hubbard stated this project increased the pumping capacity to approximately 3,100 gallons per minute through the replacement of an existing pump with a larger pump. Increased capacity at the lift station has the ability to increase the amount of recycled water that can be produced at the District's Meadowlark Reclamation Facility (MRF). This project also included replacement of a smaller pump and made the necessary structural, electrical, and mechanical upgrades to the facility which helps meet the District's Strategic Plan – Strategic Focus Area 6.2 (Reclaimed Water).

He further stated the project was completed with a total of 8 change orders; 7 additive and 1 deductive, totaling \$17,188. Proposition 84 grant funding will be utilized, therefore, labor compliance enforcement was required for this project. District staff is currently pursuing reimbursement of costs totaling \$338,300. Grant monies are paid out on a quarterly basis and staff is anticipating reimbursement in the third quarter of this fiscal year. Including the reimbursement, the project budget will realize a surplus of \$215,343.

Staff recommended the Board accept the Lift Station No. 1 Pump Improvements project, and authorize the filing of a Notice of Completion and the release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

General discussion took place.

16-07-04 MOTION WAS MADE by Director Elitharp, seconded by Director Martin, and carried unanimously, to accept the project, and authorize the filing of a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

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

This item was continued to a future Board meeting.

ORDINANCE NO. 197, BUSINESS OF THE BOARD

Interim General Manager Scaglione stated that at the June 27, 2016 Board Workshop meeting, the Board requested a review of organizations the District is a member of which are listed in Ordinance No. 197. Information had been provided to the Board detailing recent history of membership costs associated with the approved organizations, including membership dues, per diems, expense reimbursements and meeting registrations.

General discussion took place.

Interim General Manager Scaglione clarified that if the Board chooses to eliminate an approved organization, it means not paying the membership dues and per diems for that organization. The Board can, at any time, approve per diem for organizations not on the approved list.

General discussion took place regarding the costs and benefits of membership to organizations such as the San Diego North Economic Development Council (SDNEDC), the San Marcos Chamber of Commerce and the Association of California Water Agencies (ACWA).

Mike Hunsaker, member of the public, addressed the Board speaking as a private individual. He spoke of ACWA as a legitimate use of money because of its lobbying support and opposed organizations that represent commercial interests like SDNEDC that lobby against rate-payers interests. He thanked the Board.

Director Hernandez suggested the San Marcos Chamber of Commerce be eliminated from the list of approved organizations, as well as the membership portion of the SDNEDC.

Director Evans requested information about the cost difference for members or non-members attending the Water Education Foundation tours.

The consensus of the Board was to bring this topic back to the July 20 Regular Board meeting to discuss the value of membership costs and benefits. Staff will provide further detailed information to the Board.

CONFLICT OF INTEREST CODE FOR VALLECITOS WATER DISTRICT BIENNIAL REVIEW AND ADOPTION

Interim General Manager Scaglione stated Government Code Section 87306.5 requires every local government agency to review its Conflict of Interest Code biennially to determine if it is accurate or if the Code must be amended.

Legal Counsel has reviewed the District's current Conflict of Interest Code which adheres to the model Code provided in Article 2 of the California Code of Regulations.

The biennial review for the year 2016 includes the following amendments: Section 3, deletion of Director of Engineering & Operations position under Designated Position due to retirement/restructure, and Section 8.1, total value of gifts accepted increased from \$440 to \$460.

Staff recommended adoption of the amended Conflict of Interest Code.

16-07-05 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to adopt the amended Conflict of Interest Code.

REPORTS

INTERIM GENERAL MANAGER

Interim General Manager Scaglione reported that the District received a grant in the amount of \$2,000 from ACWA/JPIA for a wellness program, and was recently nominated for an award from the San Diego County Taxpayer's Association for its work with the water reuse coalition.

Interim General Manager Scaglione provided information on Proposition 1 spending to date, detailing funds that have been allocated, appropriated or awarded to projects.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott stated for the record that the District is not a land planning body. The District has no power or authority to approve or disapprove a development or direct population growth. AB 744 is a planning and zoning law and has nothing to do with the District. The District has an obligation to reasonably provide water and sewer.

He further stated that AB 855 pertaining to indemnification of architects, engineers and design professionals has been pulled from consideration.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated she would provide a written report on her SDCWA activities.

ENCINA WASTEWATER AUTHORITY

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin reported on his attendance to the WEF Bay-Delta tour.

Director Elitharp reported on his attendance to the Council of Water Utilities meeting on June 21.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez commented that a rate payer residing in Coronado Hills told him he had spent over \$2,800 in repairs to his irrigation system due to the pressure spikes the District has had in that area.

Operations & Maintenance Manager Pedrazzi stated Coronado Hills is not controlled by a pressure regulating station. Water is pumped up to the top of the hill and is gravity fed from the Coronado Hills Tank, so there is no chance of pressure spikes in that area. He further stated that there are areas of high pressure in Coronado Hills which is why the District recommends homeowners in that area have their own private pressure regulator. If a rate-payer's pressure regulator is not functioning correctly, that could cause pressure spikes.

Director Hernandez inquired about the status of the groundwater report. District Engineer Gumpel responded that the District is currently renegotiating with the consultant for an amendment to the contract for the Water Master Plan. He anticipates conservation, groundwater and other water resources scenarios and analyses will be presented to the Board at a workshop meeting in the fall.

Director Martin stated that there have been numerous water pipe breaks in San Elijo Hills recently which often times are due to a nick to the pipe during construction of the structure. He asked if anything can be done to prevent this from occurring.

District Engineer Gumpel stated that staff did a study of an older development several years ago to try to pinpoint the root of the problem. In this particular development which went in during the economic boom, SDG&E had no one inspecting the dry utility packages constructed after the piping was completed. The District Specifications recently approved by the Board contain safety protocols, and the District is working with the City and developers to perform spot checks of the dry utilities in new developments.

CLOSED SESSION

PERSONNEL MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957(b)
– TO CONSIDER APPOINTMENT OR EMPLOYMENT OF A PUBLIC EMPLOYEE

CONFERENCE WITH LEGAL COUNSEL CONCERNING EXISTING LITIGATION PER
GOVERNMENT CODE SECTION 54956.9(d)(1) – (TWO CASES)

- 1) Roberts, et al. v. Vallecitos Water District 37-2015-00016823-CU-EI-NC
- 2) Boyer v. Vallecitos Water District 37-2105-00029743-CU-EI-NC

16-07-06 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to move into Closed Session pursuant to Government Code Sections 54957(b) and 54956.9(d)(1).

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 8:02 p.m. The Board, in Closed Session, discussed the appointment of a General Manager.

The Board, in Closed Session, discussed the settlement of the Roberts et al. and Boyer et al. cases.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 8:03 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, July 20, 2016, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

Tom Scaglione, Secretary
Board of Directors
Vallecitos Water District