

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 19, 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 Hernandez 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
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Development Services Senior Engineer Scholl
Public Information/Conservation Supervisor Robbins
Accounting Supervisor Owen
Financial Analyst Arthur
Water Systems Operations Supervisor Askine
Water Systems Operator II Reiber
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 19, 2016

16-10-12 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Regular Board Meeting of October 19, 2016, with agenda item 2.2 being moved to Closed Session.

PRESENTATIONS

Water Operations Department Presentation

Shawn Askine, Water Systems Operations Supervisor, introduced staff Cheryl Reiber, Richie Arballo, Brandon Coleman, Joey Shore, and Toby Luna.

Cheryl Reiber, Water Systems Operator, facilitated the Water Operations department presentation as follows:

- Water Systems Operations Responsibilities
- Distribution System Water Quality
- Supervisory Control and Data Acquisition (SCADA)
- Water Purchasing
- Tanks Facilities

- Pump Station Facilities
- Pressure Station Facilities
- Regulatory Sampling
- Reporting
- Certification

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

President Sannella introduced Glenn Pruim who was recently selected to be the next Vallecitos Water District General Manager.

Mr. Pruim addressed the Board thanking them for the opportunity. He stated he is very excited about moving forward and becoming a part of the Vallecitos Water District. He has had the opportunity to work side by side with the District for quite some time. When he was with Carlsbad, they worked collectively on the desalination project that has now been built; worked with Vallecitos on recycled water projects; represented Carlsbad and currently represents Encinitas at the Encina Wastewater Authority, so he gets the opportunity to work side by side with Vallecitos on a shared investment at Encina Wastewater Authority.

He further stated that Vallecitos is a very well respected organization and he is proud to be selected as the General Manager. He wants to build on that reputation of the District and take the District forward in its mission. In addition to having worked side by side with Vallecitos, for the last fourteen years he has been a resident of San Marcos and a very satisfied Vallecitos Water District customer. He recently had an encounter with Customer Service when he had a water main break in his neighborhood and is glad to say the crews responded very quickly and got everything up and running very promptly and very professionally. It was a really good experience. He thanked the Board for the opportunity and looks forward to working with all.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board indicating that much of the piping in the Twin Oaks area is old and contains a lot of copper and possibly lead. He inquired if any surveys have been conducted to determine if any of the buildings are at risk of lead and copper contamination. He commented on the implementation and impact of SB 814. He congratulated the Board on the selection of a new General Manager and offered best wishes to the new General Manager in filling big shoes with the same competency that Mr. Lamb exhibited. He thanked the Board.

Operations & Maintenance Manager Pedrazzi addressed Mr. Hunsaker's comments on the risk of lead and copper contamination stating that lead and copper rule is a Federal regulation. It does require the District to sample homes built prior to 1983 and have the danger of having lead solder used. The District does not have any lead service lines in the District. The State Water Resources Control Board Department of Drinking

Water works with the District in selecting homes to be inspected. The District asks the homeowners to participate by providing them with bottles to sample their water inside the home. The District then tests the water.

CONSENT CALENDAR

16-10-13 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar with item 1.6 pulled for separate discussion.

1.1 Approval of Minutes

- A. Special Board Meeting – October 3, 2016
- B. Regular Board Meeting – October 5, 2016

1.2 Warrant List through October 19, 2016 - \$3,514,174.42

1.3 Financial Reports

- A. Water Meter Count – September 30, 2016
- B. Water Production/Sales Report – 2016/2017
- C. Water Revenue and Expense Report – September 30, 2016
- D. Sewer Revenue and Expense Report – September 30, 2016
- E. Reserve Funds Activity – September 30, 2016
- F. Investment Report – September 30, 2016

1.4 Operations & Maintenance Metrics Quarterly Report – September 30, 2016

1.5 Final Acceptance of Water and Sewer Improvements for Rogers Court, TM 5337, APN: 182-310-54, 55 & 56 (New Point Investment Group, LLG)

1.6 Drought Update

Mr. Hunsaker addressed the Board regarding his metered use and inquired as to how he can have access to read data. He thanked the Board.

President Sannella asked Interim General Manager Scaglione to have staff contact Mr. Hunsaker.

General discussion followed.

16-10-14 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve Item 1.6.

ACTION ITEMS

CONSIDERATION OF GENERAL MANAGER EMPLOYMENT AGREEMENT – GLENN PRUIM

Legal Counsel Scott addressed the Board presenting the employment agreement with Mr. Prum for General Manager. The agreement reflects the terms and conditions the Board requested.

16-10-15 MOTION WAS MADE by Director Elitharp, seconded by Director Martin, and carried unanimously, to approve the agreement.

REQUEST FOR DETACHMENT OF APN: 178-210-18 FROM THE VALLECITOS WATER DISTRICT (ROOS HALLER)

Development Services Senior Engineer Scholl stated that Carole Ann Roos Haller, owner of the property, is requesting to detach 0.48 acres from the District and annex this portion into Vista Irrigation District (VID). The majority of this parcel (0.70 acres) is already within VID's water service area. VID has existing water facilities in Camino de las Lomas that can provide adequate water service to this parcel. Vallecitos does not have any water facilities in the area to serve this property which is also outside the Sewer Improvement District for sewer service. Ms. Roos Haller hopes to develop this land.

Staff recommended the Board approve the detachment from the District with the following conditions:

1. Payment of water detachment fee of \$1,183 per acre (0.48 acre) = \$567.84
2. Payment of detachment administration fee of \$1,000.00 (paid).
3. Submittal of a copy of title report (initiated or updated within the last six months) showing ownership.
4. Submittal of a geographic description* of the property including a plat map and a disc or flash drive.
5. Initiation of annexation proceedings with Vista Irrigation District.
6. Completion of the detachment within one year of Board approval. If detachment is not completed within the one year of Board approval, a new request for detachment will be required.

General discussion took place.

16-10-16 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to approve the detachment with conditions.

CONSIDERATION OF PER DIEM FOR TOUR OF PADRE DAM'S ADVANCED WATER PURIFICATION PROJECT AND SANTEE LAKES

Interim General Manager Scaglione stated that this event is not listed in Ordinance 202 as compensable. Board approval is needed in order to receive per diem for this event.

16-10-17 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to approve per diem for this event.

CONSIDERATION OF PER DIEM FOR INDEPENDENT INTERVIEWS OF TWO CANDIDATES FOR GENERAL MANAGER BY DIRECTOR MARTIN

Interim General Manager Scaglione stated this event is not listed in Ordinance 202 as compensable. Board approval is needed in order to receive per diem for this event.

Director Evans stated she feels very strongly about this for the record would like to read what she feels. "First of all according to the Board policy, the Board members who would have appropriately been the ones to do a private interview with the applicant should really have been, I believe, the Board members who are on the Administrative and Personnel Committee, which is Jim Hernandez and I. However, as the Chair, I would not and did not request such an option because interviewing and selecting a General Manager, to me, is the most critical and far reaching decision a Board has to make. And it requires the full participation and mutual input of each and all Board members in an equally shared manner. I believe any and all questions to and answers from the applicant should be heard by all of us at the same time and place, there should not be opportunities for individual Board members to ask questions, glean information or even influence an applicant unduly. I am not saying that happened, that's just my feeling. The second reason is the only Director who pursued a private interview with the applicants did so before the Board's final interview with them. He had no new relevant, revealing or critical insight to share with the Board when he returned. His comment was actually very generic – "they were all nice", "they were all pleasant" and "I believe either one of them would do a good job". Therefore, to the best of my knowledge, I believe the Board's decision and selection of our General Manager, Glenn Prui, was made purely in Closed Session through interviews, questions, and conversations attended to and heard by all of us. And though the private interviews may have been reassuring for that Director, they were unnecessary and of no benefit to the Board's ultimate decision. So, to pay a per diem and/or expenses for them which could total over \$400+, I feel it's a misuse of ratepayer's money and I cannot support it."

Director Martin stated he's been through this process before, he made it abundantly clear to the Board that he wanted to meet with the gentlemen, there were no objections made at that time to be doing so by anyone, so he's assuming hearing no objection, no one has a problem with it. He knows and respects the Director's thoughts and how she thinks about things, he thinks about them differently. It is the most important decision he thinks this Board is going to be making and he suggested that everyone should, if they have the time, to take the opportunity to do that. He did have the time, so took the opportunity to do that. He is not asking for expenses, he is not asking for the breakfast and the mileage, purely the time. One was on a Saturday, which was a work day for him, and the other was on a Monday, which was the holiday work day for him as well. He worked both days and had to restrict his time to do it. He thought it was very worthwhile to do it and he announced to the Board he was doing this ahead of time with no objections.

President Sannella stated he couldn't meet with them, he would have liked to but just didn't have the time to. He did remember and recalled Director Martin being very mindful of, almost checking for consensus from the Board before he did it, and he doesn't remember too much concern by any of the members at that time. He is taken aback by the concern now.

16-10-18 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, with Director Evans voting no and Director Martin abstaining, to approve per diem for the interviews.

QUARTERLY INVESTMENT REPORT

This item was presented for information only.

REPORTS

INTERIM GENERAL MANAGER

None.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott shared data with the Board on the amount of money being spent on just the 17 ballot propositions. In total, more than \$400 million has been spent between gathering signatures, direct mail, radio, TV, and other media avenues. With three weeks left it is expected this number may go over \$500 million.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that the Board meeting will be held this Thursday. She further stated that Mark Muir is the new Board of Directors Chairman, Jim Madaffer is the Vice Chair, Gary Croucher is the Secretary and they took office at the last Board meeting. She further stated that the San Vicente Reservoir and the marina are now open; Governor Brown recently signed two Water Authority sponsored bills – AB 2515 and AB 33; SDCWA received a top national award from the Association of Metropolitan Water Agencies (AMWA) for its commitment to improving the regions water supply reliability. The AMWA honored the Water Authority with its Sustainable Water Utility Management Award at their national 2016 Executive Management Conference. The Water Authority has now earned all three of AMWA's top utility management awards.

ENCINA WASTEWATER AUTHORITY

Director Elitharp reported on the Policy and Finance Committee meeting at which they recommended authorization to the Board to advertise a Request for Proposal for financial auditing services. They also reviewed the proposed EWA volunteer program and recommended this to the Board.

Director Hernandez reported on the Capital Improvement Committee meeting at which an update on facility improvements was provided and a recommendation made to the Board to approve a design contract to upgrade the electronic operations and maintenance manuals.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Evans, Elitharp, Sannella, Martin and Hernandez reported on their attendance to the Council of Water Utilities meeting.

Directors Elitharp, Sannella, Martin and Hernandez reported on their attendance to the San Diego North Economic Development Council Investor's meeting.

Directors Martin and Hernandez reported on their attendance to the California Special District Association conference.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

CLOSED SESSION

SAN DIEGO GAS & ELECTRIC RATE CASE UPDATE

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (ONE CASE)

Citizens Development Corporation, v. County of San Diego, et al.
United States District Court, for the Southern District of California
Case No. 12CV0334 IEG RB

16-10-19 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously to move into Closed Session pursuant to Government Code Section 54956.9(a).

REPORT OUT OF CLOSED SESSION

The Board reconvened to Open Session at the hour of 6:30 p.m. The Board, in Closed Session, heard an update from District Engineer James Gumpel on the SDG&E Rate Case and took no action.

The Board also heard an update from Counsel Scott on the Citizens Development Corporation v. the County of San Diego case and took no action.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 6:31 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 2, 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