

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
MONDAY, JANUARY 18, 2016, AT 4:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Sannella called the Regular meeting to order at the hour of 4:00 p.m.

Director Evans led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Hernandez
Director Martin (Arrived 4:13)
Director Sannella

Staff Present: General Manager Lamb
Assistant General Manager Scaglione
Legal Counsel Jackson
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Customer Service Supervisor Saavedra
Information Technology Supervisor Fisher
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF JANUARY 18, 2016

16-01-07 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Regular Board Meeting of January 18, 2016.

ORAL COMMUNICATIONS

Mike Hunsaker, member of the public, addressed the Board regarding the Cost of Service Study that was discussed at the January 6, 2016 Board meeting.

CONSENT CALENDAR

16-01-08 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Warrant List through January 18, 2016 - \$1,718,744.63

1.2 Financial Reports

- A. Water Meter Count – December 31, 2015
- B. Water Production/Sales Report – 2015/2016
- C. Quarterly Financial Report – December 31, 2015
- D. Water Revenue and Expense Report – December 31, 2015
- E. Sewer Revenue and Expense Report – December 31, 2015
- F. Reserve Funds Activity – December 31, 2015
- G. Investment Report – December 31, 2015

1.3 Approval of Construction Agreement for Mission 316, APN: 220-210-10, 41 & 46

ACTION ITEMS

DROUGHT UPDATE

Public Information/Conservation Supervisor Robbins stated that according to state water officials, the drought could end this year. But for that to happen, rain will have to continue arriving in pounding, relentless waves through April to fill depleted reservoirs and push the Sierra snowpack to at least 150 percent of normal. The final decision will rest with Governor Jerry Brown.

He further stated that on February 2, 2016, the State Water Resources Control Board will vote on whether to relax the mandatory water conservation rules that have been in place since last June. The Board is expected to ease the rules somewhat in areas with hotter climates or fast population growth, while keeping most rules in place.

He provided the following update for the month of December:

- The District's December 2015 water production increased 21% from December 2014 but decreased 20% from December 2013.
- In December 2015, customers used 62.7 gallons per day compared to December 2014, when customers used 51.7 gallons per day.
- The number of drought calls continues to decline; however, there has been a significant increase in the number of rebate calls. Customers are very interested in rain barrel rebates and learning how to maximize storm water runoff.
- Fiscal year-to-date water sales through December are \$1.3 million, or 11.6%, less than budgeted. The impact is mitigated by the \$1.5 million favorable budget variance in water costs, and other favorable operating variances.

This item was presented for information only.

AWARD OF AUDIOVISUAL UPGRADES PROJECT

Capital Facilities Senior Engineer Hubbard stated that the audiovisual systems in the District Boardroom, Training Room and Conference Rooms have become outdated as they were installed with the construction of Building A in 1997. In support of the District's Strategic Plan, Strategic Focus Area Strategy 3.1, Continuous Organizational Improvement goal, a Fiscal Year (FY) 2015/2016 budget request was made to upgrade the existing audiovisual technology and create a consistency between the rooms.

On June 17, 2015, the Board adopted the FY 2015/2016 budget. In efforts to reduce budget costs, as requested by the Board at the May 27, 2015 Workshop meeting, the Audiovisual (AV) Upgrade Budget was to be spread over two years, FY 2015/2016 and FY 2016/2017, and upgrades to the Boardroom were postponed until FY 2016/2017. AV upgrades to the Training Room, which serves as the District's Emergency Operations Center (EOC), the Meadowlark Reclamation Facility (MRF) Conference Room (serves as the District's back-up EOC), the MRF Break Room, and four District Conference Rooms were approved in the FY 2015/2016 budget.

District staff received and opened bids from four contractors. A separate Additive/Alternative Bid Amount was included in the contract documents for enhanced upgrades at the MRF Conference Room, to be awarded at the District's discretion. Staff and Counsel completed the evaluation of qualifications, including reference checks, and determined that Digital Networks Group, Inc. was the lowest responsive, responsible bidder.

Staff recommended the Board award the construction contract to Digital Networks Group, Inc. in the amount of \$349,354.00 for the Audiovisual Upgrades Project including the Additive/Alternate Bid Amount, subject to provisions of the contract.

General discussion took place.

16-01-09 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to award the contract to Digital Networks Group, Inc. in the amount of \$349,354.00 including the Additive/Alternate Bid Amount, subject to the provisions of the contract.

SURPLUS PERSONAL PROPERTY LISTING

General Manager Lamb stated that Resolution No. 1312 authorizes staff to dispose of surplus 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 nine items with an estimated value greater than \$1,000.

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

General discussion took place. During general discussion, President Sannella requested that information pertaining to the outcome of the public auction be provided to the Board.

16-01-10 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried unanimously, to approve the items to be made available for disposal.

LOCAL AGENCY FORMATION COMMISSION (LAFCO) 2016 SPECIAL DISTRICTS ELECTION

General Manager Lamb stated that in August of 2015, LAFCO solicited nominations for two LAFCO positions: one Regular District Member, one Alternate District Member, and eight positions on LAFCO's Special Districts Advisory Committee.

As required by the Selection Committee Rules, all eligible nominations were forwarded to the Nominating Committee. A Candidate's Forum was held on November 19, 2015 in conjunction with the San Diego Chapter of the California Special Districts Association (CSDA) quarterly meeting. LAFCO Consultant Harry Ehrlich and LAFCO's Executive Officer, Michael Ott, met with the Nominating Committee on November 23, 2015 to discuss a recommended slate of nominees for the open positions. A copy of the Nominating Committee's Report and Recommendations was provided to the Board for their consideration.

A separate ballot has been provided for each position. The deadline for receipt of the ballots is February 26, 2016.

General discussion took place.

16-01-11 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to vote for the recommended slate of candidates and approve the term extensions.

CUSTOMER BILL FORMAT PRESENTATION

Finance Manager Fusco provided a presentation on the District's customer bill content, discussing the following components:

- Billing Cycle
- Billing Statement

- Bill Header
- Account Information Box
- Account Summary
- Meter Information
- Water Use History
- Message Box
- Remittance Stub

General discussion took place.

During general discussion the Board made the following suggestions to enhance the customer bill format in order to make it easier for customers to understand:

- Show how many gallons of water are used, rather than just the number of units
- Show how much the customer is paying per gallon of water
- Increase the size of the font for easier reading

Staff will incorporate the suggested modifications to the bill format and bring it back to the Board for further consideration at a future Board meeting.

ANNEXATION POLICY, ORDINANCE NO. 153

Mike Hunsaker, member of the public, addressed the Board regarding the annexation policy.

General Manager Lamb provided historical background on Ordinance No. 153 which establishes policies, conditions and fees in connection with annexations to or detachments from the District, and to or from the sewer improvement district. The ordinance was approved by the Board of Directors on March 5, 2008. During the regular Board meeting of October 21, 2015, the ordinance was brought up for discussion by the Board of Directors, specifically in regards to the requirement for proposed developments within the District boundaries but outside of the sewer improvement district to annex all open space into the sewer improvement district. For some proposed large developments, a very large portion of the development's property would be dedicated open space that would not require wastewater service. Staff acknowledged at the October 21, 2015 Board meeting that the District has worked in the past with developers with significant open space and will continue to do so.

General discussion took place.

During general discussion, Section 2.13 of the ordinance was reviewed. The consensus of the Board was to modify the last sentence of that section to replace the word "shall" with the words "may be." The revised ordinance will be brought back to the Board for review at the next Regular Board meeting.

SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL MEMBERSHIP

General Manager Lamb stated Ordinance No. 194, adopted March 18, 2015, established the business guidelines the Board operates under, including District memberships and per diems. Authorized District memberships include San Diego North Economic Development Council (SDNEDC). The District is currently an "Economic Patron," the highest level of membership, and was authorized for 2015.

This item was brought before the Board to consider membership renewal for 2016. Renewing at Industry Level costs \$2,500; Economic Leader costs \$5,000; and Economic Patron costs \$10,000.

General discussion took place.

The consensus of the Board was to continue this item to the next Regular Board meeting for discussion of other organizations of which the District is a member of for comparison.

REPORTS

GENERAL MANAGER

General Manager Lamb stated the Quarterly Financial Report included in the agenda packet is in a new format.

He further stated he recently provided the Board with information on Operations & Maintenance metrics. This information will be provided on a quarterly basis.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Hernandez, Sannella and Elitharp reported on their attendance to the SDNEDC Investor meeting on January 14, 2016.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Sannella inquired about the status of the information he had requested on the total number of hours the District has been billed for legal services. General Manager Lamb stated he would forward that information to him.

President Sannella asked if a date had been selected for the Board workshop regarding the 218 process and rates. The consensus of the Board was to schedule the Board workshop on February 8, 2016 at 4:00 p.m.

CLOSED SESSION

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 RBB

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95
CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION (ONE CASE)

Kathryn A. Chmurny

16-01-12 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to move into Closed Session pursuant to Government Codes 54956.9(a) and 54956.95.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 6:01 p.m. The Board, in Closed Session, rejected the claim of Kathryn A. Chmurny.

The closed session regarding existing litigation was not needed and did not take place.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 6:02 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, February 3, 2016, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District