

MINUTES OF A WORKSHOP OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JANUARY 27, 2016 AT 4:00 PM AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Sannella called the Board Workshop to order at the hour of 4:00 p.m.

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

Staff Present: Assistant General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Fusco
Development Services Senior Engineer Scholl
Executive Secretary Posvar
Administrative Secretary Johnson

Others Present: Scott Lynch, Black & Veatch
Connie Hu, Black & Veatch

ORAL COMMUNICATIONS

Mike Hunsaker, member of the public, addressed the Board stating he is looking forward to following many of the Directors' campaign promises to make these meetings in the evening, particularly now when we have something that is going to affect us for the next five years. If there is any time in which the public should be freely given the time to look, learn and discuss, this is the time, not later on. He emphasized his concern about the environmental water that has suddenly disappeared and is not being taken into account. Sooner or later that water demand is going to have to re-appear.

He further stated that he is also concerned about the fact that we are changing the models for the water rates, but are leaving out the same considerations in the wastewater. Wastewater will be a far more important cost factor to many than the water itself. He noticed in the water consumption plan that there is an assumption that water will be conserved and that this is automatically available to new development. He does not think that is appropriate. After all, all of the rate payers pay capacity fees. To eliminate that is totally unfair and is opening up the Board and the District to questions of stealing water to give to others. That is something for the Board to consider. He appreciates the complexity of this. He has seen some of the past calculations and work. There is a great deal of good in them. He hopes the good is retained and that the newer demands such as Proposition 211 are applied equally. He thanked the Board.

DISCUSSION ITEM

2014 MASTER PLAN WATER AND WASTEWATER CAPITAL IMPROVEMENT PROGRAM PRESENTATION

Assistant General Manager Scaglione stated that information presented during this workshop is in follow up to the previous workshop to discuss the progress that has been made so far, with the focus being on the Capital Improvement Program of the Master Plan.

District Engineer Gumpel provided background on the objective work that has been done (model calculations, model runs, load demands, etc.) up to this point in the process. He stated staff has started vetting the raw data. Information gleaned from the discussion today will be evaluated to refine the data before producing a draft document which will be completed after the environmental process begins.

Development Services Senior Engineer Scholl stated that the Capital Improvement Program (CIP) is in its very preliminary stages. He provided a presentation that included the following:

- 2014 Master Plan Status
- Objectives
- Duty Factor Presentation Recap
- Water and Wastewater Demand Projections
- VWD Population Projections
- Historical Water Demands & Future Water Demand Projections
- Historical Sewer Flows & Future Sewer Flow Projections
- Water and Wastewater Models
- Design Criteria – Water
- Water System Peaking Curves
- Design Criteria – Wastewater
- Wastewater System Peaking Curves
- 2014 Master Plan CIP Phasing
- Creating a Capital Improvement Program
- 2014 Master Plan Water and Wastewater CIP
- 2014 Master Plan Water CIP
 - Southern Area
 - Central Area
 - Northern Area
- 2014 Master Plan Wastewater CIP
 - Southern Area
 - North and Central Areas
- 2014 Master Plan Land Outfall CIP
- 2014 Master Plan Wastewater CIP – Treatment
- Projected CIP Cost Estimates

- Recent Example Projects
- Projected CIP Cost Estimates
 - Water Storage Projects
 - Water Pump Station Projects
 - Water Pipeline Projects
 - Wastewater Projects
- Total CIP Cost Estimate
- CIP Cost Estimates per Phase
- Master Plan Schedule

General discussion took place during the presentation which included questions from members of the public and building industry.

Mike Hunsaker, member of the public, stated quite a few large projects will be coming through SANDAG for approval shortly after the District approves its Master Plan. How do we manage the acceleration in growth? How are we going to charge fairly for this densification? How are bonuses going to be handled and when population goes up? He requested clarification on whether or not you need to limit population or growth according to SANDAG. How much of the fact that we've been in a drought for the past five years is going to influence these discussions?

Michael McSweeney, representing the Building Industry Association, stated that he thought the building industry should be more involved in this process. What are we trying to figure out at ultimate build out; where we're going to end up in 200 years or over the next 30? What is the delivery capacity today of water? What is the sewer capacity today that's already built? He would like an explanation of the variances in the sewer and water flows from point to point.

Jim Simmons, representing the building industry, stated that the industry is looking for ways to help this process be more consistent and more accessible to the rate payers and people who have to buy into it, and more understandable. What do we do in the homes that we build to conserve water? What do we do with the landscaping that preserves water? How do we put together some way to deal with sewer differently? If we don't start looking at these things, getting the industry and the District to cooperate in how they happen, then maybe they don't happen fast enough. These are the inconsistencies they see and would like to work with the District as this becomes a reality.

Steve Nielsen, representing Dexter Wilson Engineering, stated that what's currently developed in the district was applied to the factors that are being recommended in the Master Plan, what would that number be versus the 15.5? He stated the number could be 25 today instead of 15.5.

Question and answer took place during which Development Services Senior Engineer Scholl stated that the issue of Capital Facilities Fees is a completely different study that will be done well in the future. As far as the projects concerned, there would be a lot of

projects that the Master Plan identifies that wouldn't necessarily show up in a capital facility fee. There will be developer driven projects that are identified in the Master Plan that are completely installed by the development community and those would be removed from the CIP.

Matt Simmons, member of the public, reviewing data that was presented for 1986, he asked how the amount of sewer flow is determined; at the outfall or is it estimated? Assistant General Manager Scaglione responded that the District has more sewer flow meters than in the past and can measure flow more accurately now. He asked for clarification related to numbers on examples in the presentation to which staff responded.

Following the presentation, Michael McSweeney, representing the Building Industry Association, asked several questions pertaining to open space: Vallecitos is the only agency he is aware of that assigns a demand flow to areas to remain as native open space – why? Calculating open space in common areas of existing developments? How are those water demands calculated if the open space doesn't receive water? How are projects that seek to annex into the District addressed in the Master Plan? When will build out water demands and sewer flows be known? Concerned if stakeholders will be given ample time to discuss their concerns with the District and its consultant; how can the CIP improvements and costs be completed without knowing the build out demand and flows? How are projects that seek annexation into the District addressed in the Master Plan? When will a complete draft of the Master Plan be available for review? When can he expect hard data from the District? Will stakeholders have enough time to review the District's consultant's work? How does the schedule for the next study of updated capacity fees correlate with the Master Plan schedule?

Legal Counsel Scott requested Mr. McSweeney submit his questions in writing to General Manager Lamb.

President Sannella requested that a Board workshop be scheduled when the draft Master Plan is completed.

General discussion took place.

Development Services Senior Engineer Scholl briefly discussed the Master Plan Schedule. The dates are subject to change except for the Urban Water Management Plan, which must be adopted by June 2016.

Mike Hunsaker, member of the public, stated the numbers we have intermix replacement costs and new costs for materials. Those need to be separated out because it's going to be a matter of equity. Who pays for what? This will come in to play particularly when you start refunding fees to some developers. How about the rate payers, do they get their refund as well? He would like to have the Master Plan schedule include the rate payment schedule for setting up new rates. To a certain degree, the Master Plan and the rates go together. He stated that he agrees with Mr. McSweeney about the question of the build

out. There is going to be a jam up with all these major projects coming through. He would appreciate discussion of the survey of how the cost accounting is done for a new project.

How much is the developer going to have to pay? Newland Sierra is a prime example of what is to come. The District said they have the availability of water and sewer in some point in time, but that does not necessarily mean the capacity is going to be there when the project comes online. This is where the uncertainties that can pose great financial unease come about. He thinks it should be pointed out that the costs that are put in there don't include the financing costs which can go all over the map depending on the type of project. He thanked the Board.

Jim Simmons, representing the building industry, stated that developers never pay for anything, their customers do. He thinks it would be useful if before the Board sees the draft, the stakeholders have a chance to see it, interact with District staff so they understand it, and come forward with real questions that have substance to do with the plan rather than coming up here confused and trying to figure out what you're trying to talk about. That could solve a lot of problems. A meeting with District's staff and consultant, the public and building industry consultants before it comes before the Board would solve a lot of problems in terms of how to get to the bottom of how this works and how we can contribute to its success.

General discussion took place.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Workshop of the Board of Directors at the hour of 6:23 p.m.

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

ATTEST:

Tom Scaglione, Treasurer
Board of Directors
Vallecitos Water District