

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, FEBRUARY 3, 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 Martin led the pledge of allegiance.

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

Staff Present: General Manager Lamb
Assistant 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
Source Control Technician Harrell
Executive Secretary Posvar
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF FEBRUARY 3, 2016

16-02-01 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of February 3, 2016.

PRESENTATION

President Sannella presented Corey Harrell, Source Control Technician I, with the California Water Environment Association's Pretreatment, Pollution, Prevention and Stormwater Person of the Year award.

ORAL COMMUNICATIONS

Mike Hunsaker, member of the public, addressed the Board stating he wished to publicly thank President Sannella for the handling of the recent Board workshop. He appreciated the informal and free speaking format. He hopes that the Board follows President Sannella's desire to possibly have these meetings in the evening when citizens can generally attend.

He further stated that he is concerned about the suspension of densification fees. It's obviously unfair to subsidize big developers with not having to pay their impact fees for

wastewater. He would also like to know why the District is not going to consider in-depth wastewater facilities fees for the new Master Plan for the coming years as has been done for the past 50-60 years that this Board has been in existence. Why is this not being revisited? He thanked the Board.

President Sannella asked General Manager Lamb to clarify the question of whether or not density fees are being waived.

General Manager Lamb stated the impact fee for wastewater treatment was for density above and beyond what was allowed in the Master Plan. That was approved by the Board in advance pending the adoption of the new Master Plan. There have been no determinations on capacity fees for any projects. If a project comes in, the normal fee structure process is followed; nothing has been waived. No fees have been waived in the past two years since the Board approved the impact fee in advance. The Board did adopt the program that allowed deferment of fees until occupancy. The fees will still be collected; the only difference is when the fees are collected. There has been no determination of waiving any fees for any development. Once the Master Plan has been completed and facilities have been identified, the capacity fee study will be presented to the Board. A fee study must be completed based upon an adopted Master Plan to determine fees.

CONSENT CALENDAR

16-02-02 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. Regular Board Meeting – January 6, 2016
- B. Regular Board Meeting – January 18, 2016

1.2 Warrant List through February 3, 2016 - \$3,210,956.88

President Sannella requested clarification on the warrant list with respect to payments made to the Kiwanis Club of Lake San Marcos and Sutton Tree Service, Inc., to which staff responded.

ACTION ITEMS

ADOPT REVISED ANNEXATION/DETACHMENT ORDINANCE AND FEES

Mike Hunsaker, member of the public, addressed the Board stating that he has no real problem with what this ordinance entails. If you have open land and it does not

contribute to any additional wastewater processing, it would be unfair to charge those developers for open land. He thanked the Board.

General Manager Lamb referred to Section 4.2 of Ordinance No. 153 which stipulates how the annexation fee is calculated. The annexation fee per acre equals the total net assets of the District's water segment, divided by total acres within the District boundaries. If only certain property is annexed on which the development is built, the acreage and cost is modified; there is no deferment of fees to anyone else.

General Manager Lamb stated that after discussion of Ordinance No. 153 at the January 18, 2016 meeting of the Board of Directors, the Board reached a consensus to change the last sentence of Section 2.13 from "This shall include separate parcels ..." to "This may include separate parcels...."

Staff recommended the Board adopt the revised ordinance.

General discussion took place.

During general discussion, Director Elitharp noted that in Section 4.2 of Ordinance No. 153, the calculation for the annexation fee for sewer incorrectly reads "water segment." The word "water" should be changed to "sewer." General Manager Lamb stated this correction will be made to the final revised ordinance.

16-02-03 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to adopt the ordinance as amended.

Ordinance No. 196 - The roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin, Sannella

NOES:

ABSTAIN:

ABSENT:

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. At that time the Board authorized a one-year membership to the San Diego North Economic Development Council (SDNEDC) which was added to the ordinance. The District is currently an "Economic Patron," the highest level of membership and was authorized for 2015.

He further stated the Board continued this item from the January 18, 2016 Board meeting to include discussion on all District memberships, including the costs associated with each membership.

General discussion took place which included review of all memberships the District maintains.

During general discussion a question was asked whether or not you have to be a member of SDNEDC in order to attend their monthly investor meetings. President Sannella stated that membership used to be a requirement, but is no longer required.

16-02-04 MOTION WAS MADE by Director Hernandez, seconded by President Sannella, and carried 4 – 1 with Director Evans voting no, to renew membership to the SDNEDC at the \$5,000 level and discussion with the organization that this would include the District the availability to have a table at a water symposium.

REPORTS

GENERAL MANAGER

General Manager Lamb provided a copy of the District's customer bill modified with the Board's suggestions for their review. Enhancements included enlarging the font size, the addition of gallons of water used, and the cost per gallon of water.

General discussion took place regarding how to show that the cost of a gallon of ready-to-serve water is less than one cent. Another revised bill incorporating the Board's suggestions will be provided to the Board for further review.

General Manager Lamb stated the State Water Resources Control Board (SWRCB) met on February 2, 2016. The SWRCB will be giving a credit for water supplies developed with a maximum credit of 8%. They have also extended the drought restrictions through October 2016.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans reported on her attendance to the SDCWA Board meeting on January 28 at which discussion took place in closed session regarding the constitutionality of Governor Brown's emergency order.

Director Evans read aloud a statement issued by the SDCWA concerning the SWRCB's extension and revision of the emergency drought regulation which states, in part, "The regulation extends the restrictions for urban water suppliers through October 2016 and includes adjustments for growth, climate, and new local drought-resilient supplies."

Director Evans stated that a more detailed report will be released in the next several days, and asked General Manager Lamb to distribute it to the Board when it is available.

ENCINA WASTEWATER AUTHORITY

Director Elitharp reported on his attendance to the Board meeting on January 27 at which discussion took place in closed session about the selection process to replace outgoing General Manager Kevin Hardy. After closed session, it was announced that EWA's Assistant General Manager, Michael Steinlicht, will be the new General Manager.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez requested an Engineering/Equipment Committee meeting with appropriate staff be scheduled to discuss constructing a free recycled water fill station at the Meadowlark Treatment Plant.

Director Hernandez asked about the status of the Integrated Resource Plan. General Manager Lamb stated that it will be brought to the Board in March.

Director Hernandez asked if the District has the ability to place conditions (offsets) on approvals for water availability to developers. General Manager Lamb responded that it can be done; however, Legal Counsel Scott stated from a legal perspective, the District cannot condition a development with offsets because the District is a special district, not a city, and because there is water available.

Director Martin stated he would like to stop paying Katz and Associates for their work on the District's outreach program which in his opinion is not worth the cost that the District has paid. General Manager Lamb stated staff will be reviewing the revised outreach materials next week and will then provide them to the Board for their review.

Director Martin inquired about the status of the groundwater study to be performed by Black & Veatch. General Manager Lamb stated that the groundwater study is part of the Integrated Resource Plan which should be brought to the Board in March.

Director Sannella requested a Finance/Investment Committee meeting with appropriate staff be scheduled within the next five to six weeks to discuss the District's procurement policy as it relates to fair competition and achieving best value for the District.

Director Sannella requested information pertaining to the total number of legal hours billed to the District in 2014 be sent to the Board.

Director Sannella would like the topic of the Board meeting start time to be placed on the next Board agenda.

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 RB

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

Christina Givens

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957.6 CONFERENCE WITH LABOR NEGOTIATOR

Agency designated representative: General Manager
Employee Organization: Vallecitos Employee's Association

16-02-05 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to move into Closed Session pursuant to Government Code Sections 54956.9(a), 54956.95, and 54957.6.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 7:10 p.m. The Board, in Closed Session, voted unanimously to reject the claim of Christine Givens and file the appropriate rejection notice.

The Board, in Closed Session, also discussed employee negotiations with the District Labor Negotiator and provided direction to the General Manager.

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 7:11 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, February 17, 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