

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, MAY 18, 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 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  
Capital Facilities Senior Engineer Hubbard  
Development Services Senior Engineer Scholl  
Public Information/Conservation Supervisor Robbins  
Senior Plant Operator Wiese  
Executive Secretary Posvar  
Administrative Secretary Johnson

Others Present: Mike Steinlicht, General Manager, Encina Wastewater Authority  
LeeAnn Warchol, Administrative Services Manager, Treasurer and Auditor, Encina Wastewater Authority  
James Kearns, Capital Projects Manager, Encina Wastewater Authority

ADOPT AGENDA FOR THE REGULAR MEETING OF MAY 18, 2016

16-05-01 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of May 18, 2016.

PRESENTATIONS

President Sannella recognized retiree Rocky Eltzroth, Water Systems Operator II, for his years of service with the District.

Public Information/Conservation Supervisor Robbins introduced the California Friendly Landscape Contest Winners: Third Place: Jay and Heather Petrek; Second Place: Karen and Brett Ringler; First Place: Maria and Ladd McCoy. The winners received a gift card to a local nursery and a California Native Plant book.

Meadowlark Reclamation Facility Presentation

Senior Plant Operator Wiese facilitated the presentation as follows:

- Meadowlark Staff
- Meadowlark's Beginnings
- The Upgrade
- Recent Projects
- Primary, Secondary, and Tertiary Treatment
- Plant Process Analysis
- SCADA Monitoring and Trending
- Plant Rounds and Duties
- Meadowlark Laboratory
- Teamwork
- Maintenance Department
- Customers

General question and answer took place during the presentation.

This presentation was for information only.

ORAL COMMUNICATIONS

Mike Hunsaker, member of the public, addressed the Board, speaking as the Vice President of Communications for the Twin Oaks Property Owners Association, and stated his concern about Assembly Bill 744 and its impact on "agencies" and schools. He is wondering, with new developments that are going in, whether or not these are exempt from paying facility fees.

He is concerned that developers may not comply with obligations with provisions related to low income individuals and about the deferred payment program which defers fees until the day of the occupancy permit. He is concerned that developers may be waiting for this legislation that is here and coming down the pike to eliminate those fees so they don't have to pay them upfront or ever. He also expressed concern about violation of Proposition 218, charging seniors in mobile home parks for fees, and big developers and investors getting off at the taxpayers' expense. He would like to have this investigated to ensure the deferred payment program and these programs do not unfairly tax rate payers. He thanked the Board.

CONSENT CALENDAR

16-05-02 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to approve the Consent Calendar as presented.

- 1.1 Approval of Minutes
  - A. Regular Board Meeting – April 20, 2016
  - B. Special Board Meeting – April 22, 2016
- 1.2 Warrant List through May 18, 2016 - \$5,007,025.88
- 1.3 Financial Reports
  - A. Water Meter Count – April 30, 2016
  - B. Water Production/Sales Report – 2015/2016
  - C. Water Revenue and Expense Report – April 30, 2016
  - D. Sewer Revenue and Expense Report – April 30, 2016
  - E. Reserve Funds Activity – April 30, 2016
  - F. Investment Report – April 30, 2016
- 1.4 Interim General Manager Appointment and Authorizations
- 1.5 Spring 2016 SPLASH! Vallecitos Water District Quarterly Newsletter

Director Martin requested clarification on the warrant list with respect to payment made to ACWA, to which staff responded.

Mike Hunsaker, member of the public, addressed the Board stating he wished to commend General Manager Lamb for his service. He's found him very, very helpful and knowledgeable, and he appreciates the difficulty of finding a replacement. He is hoping the Board might consider a past Board member, Darrell Gentry, for the position. Mr. Gentry served on the Board for many years and is now serving as a General Manager.

He further stated he will sincerely miss General Manager Lamb. He thanked the Board.

### ACTION ITEMS

#### ADOPTION OF RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING ENCINA WASTEWATER AUTHORITY'S FISCAL YEAR 2017 OPERATING AND CAPITAL IMPROVEMENT BUDGET

Finance Manager Fusco stated the Encina Wastewater Authority's (EWA) Board of Directors adopted the Operating and Capital Improvement Budget for the fiscal year ending June 30, 2017 on April 27, 2016. The Encina Basic Agreement, of which the District has been a member of since 1961, requires approval of the EWA budget by member agencies in the form of a resolution.

Mr. Mike Steinlicht, EWA General Manager, presented an overview of the recommended FY 2017 Operating and Capital Improvement budget which decreased 4.9% from last year's budget. The overall recommended Operating budget is \$15,043,385 – up 3.3% which includes the development of a potable water reuse

strategic plan. The Capital budget is \$13,165,897 - a 12.8% decrease.

General discussion took place.

Ms. LeeAnn Warchol, EWA Administrative Services Manager, Treasurer and Auditor, reviewed the operating budget, including operating and revenue changes.

Mr. James Kearns, EWA Capital Projects Manager, reviewed a summary of the capital budget which includes capital improvements, planned asset replacement and capital acquisitions and minor rehabilitation of facilities.

General discussion took place.

16-05-03 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to adopt the resolution.

Resolution No. 1486 - the roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin, Sannella

NOES:

ABSTAIN:

ABSENT:

### DROUGHT UPDATE

Public Information/Conservation Supervisor Robbins stated that on May 9, 2016, Governor Brown issued an Executive Order proposing changes to the drought emergency water conservation regulations. The proposal will be considered by the State Water Resources Control Board (SWRCB) for comment and adoption at a meeting taking place today. Key provisions of the proposal include replacing the state-developed standards with locally-developed conservation standards based upon each agency's specific circumstances; the Department of Water Resources (DWR) and the SWRCB will require monthly reporting by urban water suppliers on a permanent basis; and the SWRCB will permanently prohibit wasteful practices, such as hosing off sidewalks, driveways and other hardscapes.

He provided the following update for the month of April:

- The District's April 2016 water production decreased 14% from April 2015 and 25% from April 2013.
- In April 2016, customers used 77.6 gallons per day compared to April 2015, when customers used 92.1 gallons per day.
- On March 9, 2016, the SWRCB reduced Vallecitos' water conservation target from 24% to 16% due to the District's direct connection to the seawater desalination plant in Carlsbad. Since the mandate, Vallecitos has achieved a 25.6% water conservation reduction.

Mike Hunsaker, member of the public, addressed the Board stating he is not in favor of having permanent restrictions imposed as a result of a crisis. He expressed concern about the excessive use and expense of desal water, its production of greenhouse gases, and dumping potable water into reservoirs. He inquired about restrictions from selling desal water to others and offsetting some of the costs of our desal water? It seems like the rest of the state is dry, drought, dying; that water should be put to better use for both the rate payers and the citizens. He thanked the Board.

This item was presented for information only.

APPROVAL OF ESCROW ACCOUNT FOR WATER CAPITAL FACILITY FEES FOR "COUNTRY ESTATES", APN: 178-160-04 & 05 (JOSEPH H. JAOUDI, TRUSTEE OF THE JAOUDI DECLARATION OF TRUST, AND JOHN BARAKAT)

Development Services Senior Engineer Scholl stated the developers of the proposed Country Estates development are requesting an extension of their parcel map from the County of San Diego. The County requires the developers to submit a Project Facility Commitment form for water service as one of their requirements for granting the extension. The developers' submittal must be received by the County by May 22, 2016.

The District cannot commit water service to any project until the Water Capital Facility Fees have been paid, and per Ordinance No. 175, the fees are not refundable or transferrable. If the extension is not approved by the County, the project will be significantly reduced in scope because the development will be subject to the County's current land use requirements. The developers have proposed placing the necessary funds for Water Capital Facility Fees into an escrow account with the provision that if the map extension is denied by the County, the escrow funds identified for the Capital Facility Fees will be refunded.

Staff recommended the Board approve an escrow account for payment of Water Capital Facility Fees for the Country Estates project with the following conditions:

1. Developer will deposit funds into an escrow account for payment of Capital Facility Fees.
2. Capital Facility Fees will be paid out of the escrow account at final building inspection or utility release for each lot per Resolution No. 1441.
3. If Capital Facility Fees increase prior to payment, additional fees will be paid by developer.
4. If the project is not approved by the County of San Diego, the Capital Facility Fees in escrow will be paid to the Developer.

General discussion took place.

16-05-04 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to approve the escrow account with conditions as presented.

### PROJECT ACCEPTANCE FOR SOUTH LAKE SLUICE GATE REPLACEMENT

Operations & Maintenance Manager Pedrazzi stated this project began in 2013 when VWD contracted with the Metropolitan Water District of Southern California (MWD) for the replacement of the sluice gate at South Lake. In May of 2015, the Board awarded C&W Diving Services, Inc. (C&W) with the project after MWD's dive team made several dives and attempted to make the repairs, but determined that the work was beyond their capabilities. C&W removed the existing sluice gate hardware and installed a new valve, operating shaft, and supporting structures. It was necessary for VWD's lake management company, Diversified Waterscapes, Inc. (DWI) to treat the water for algae several times to improve water clarity during the work performed by MWD and C&W. All work has been completed with a total of one change order to change the valve operating shaft material from steel to stainless steel to better withstand corrosion and increase its life expectancy.

Staff recommended the Board accept the project, file a Notice of Completion and authorize release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

General discussion took place.

16-05-05 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to accept the project, file a Notice of Completion and authorize release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

### GENERAL MANAGER RECRUITMENT BROCHURE

President Sannella requested feedback from the Board regarding the draft General Manager recruitment brochure which was provided to the Board.

General discussion took place.

During general discussion, the question was raised whether the Board will have an opportunity to review the final proof of the brochure before it is sent to print as it was pointed out that the draft contained several typos and grammatical errors. Legal Counsel Scott indicated that it is possible, although it will delay the recruitment process due to the provisions of the Brown Act.

The Board provided direction to Legal Counsel Scott to send an electronic final proof of the brochure to each Board member separately as soon as possible after corrections have been made. The Board will then direct any major comments/corrections separately and directly to Legal Counsel Scott so that he may forward any issues to Bob Murray & Associates to address.

### TIME LIMIT ON SPEAKERS DURING THE PUBLIC COMMENT

Assistant General Manager Scaglione stated that at the April 20, 2016 Board meeting, the Board directed staff to present a policy statement regarding limiting public comment to three minutes. The policy statement is to be presented on each agenda and noted on speaker slips. Suggested language addressing a limit on the time allowed for each speaker under public comment was provided to the Board for their consideration.

Mike Hunsaker, member of the public, addressed the Board stating he is spokesman for three groups: the Property Owners Defense League, Twin Oaks Valley Property Owners Association and himself. He expressed concern on limitations on one speaker representing multiple entities and the requirement that speaker slips having to be presented before the start of the meeting would inhibit public participation regarding new information presented.

He stated he does not know of any legal requirement that says the Board cannot engage in dialogue with a speaker and expressed concerns regarding the absence of transparency.

He further expressed concern over the three-minute limit in light of the complexities of water issues. He hopes the Board may consider requests for additional time when appropriate. He thanked the Board.

General discussion took place during which the requirement of speaker slips to be submitted prior to the start of the meeting was considered. Legal Counsel Scott suggested softening the language on the speaker slip so that it states it is appreciated if the slip is submitted prior to the beginning of the meeting, but not mandatory to do so.

Director Martin stated the three-minute time limit is always at the Chair's discretion; it does not need to be stated.

16-05-06 MOTION WAS MADE by President Sannella, seconded by Director Martin, and carried unanimously, to approve the proposed language with the following changes: delete the words regarding the Chair's discretion and soften the requirement to submit the speaker slip prior to the start of the meeting.

### CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) PROPOSED BYLAWS UPDATE

Assistant General Manager Scaglione stated the CSDA Board of Directors has approved the recommended updates to the CSDA Bylaws and is presenting them to CSDA voting members for consideration. Updates include the addition of electronic communication, general clean-up and memorializing current practices. Upon review of the proposed CSDA Bylaws updates, the District will mail in a vote determined by the Board majority in favor or not in favor of the changes.

16-05-07 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to vote to approve the proposed bylaws.

## REPORTS

### GENERAL MANAGER

General Manager Lamb confirmed this was his last Board meeting before his retirement.

### DISTRICT LEGAL COUNSEL

None.

### SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the Board meeting is scheduled for May 26. A public hearing on the Urban Water Management Program will be held on that date as well.

Director Evans stated the San Diego Sustainable Landscape Guidelines are available on the Water Smart San Diego website along with information regarding free sustainable landscaping classes.

### ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting today at which discussion took place regarding the reclaimed water study currently being conducted and a report on the pyrolysis program.

Director Elitharp reported on his attendance to the Policy and Finance Committee meeting on May 10 at which the Committee recommended the Board award an agreement for the biosolids hauling and handling services for the San Elijo Hills Joint Powers.

General Manager Lamb stated that the South Parcel land swapping issue will be coming back to the Board in the next few months. He asked the Board to pay close attention to the details and restrictions of what the land can be used for, and also the acquisition and purchase process of anyone wanting to do so.

### DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Hernandez reported on his attendance to the Association of California Water Agencies (ACWA) conference earlier this month.



Director Martin reported on his attendance to the ACWA/JPIA meeting and ACWA conference, the San Diego North Economic Development Council (SDNEDC) Investor meeting and Council of Water Utilities (COWU) meeting.

President Sannella reported on his attendance to the COWU meeting. He stated that he and Public Information/Conservation Supervisor Robbins recently spoke at the San Marcos Mobile Home Residents' Association annual meeting.

Director Elitharp reported on his attendance to the ACWA conference and the SDNEDC Investor meeting.

### OTHER BUSINESS

#### QUARTERLY BOARD EXPENSES

This information was provided per Ordinance 197; no action required.

#### DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez stated he would like to provide an update at the second Board meeting in June on the proposed recycled fill station project. An Engineering/Equipment Committee meeting will be scheduled prior to the update.

Director Evans asked when the Board would receive a presentation regarding an affordable/low income rate assistance program. General Manager Lamb confirmed the presentation is scheduled for the June 1 Board meeting.

President Sannella stated a budget workshop meeting needs to be scheduled for late May or early June. The consensus of the Board was to hold the workshop on June 6 at 4:00 p.m.

### CLOSED SESSION

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

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

16-05-08 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to move into Closed Session pursuant to Government Code Section 54957.6.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 7:55 p.m. The Board, in Closed Session, provided direction to the General Manager to make a fourth and final offer to the Employee's Association.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 7:56 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 1, 2016, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

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Tom Scaglione, Treasurer  
Board of Directors  
Vallecitos Water District