

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 1, 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.

Aiyanna Konatsu, member of the public, 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
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 1, 2016

16-06-01 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of June 1, 2016.

PRESENTATIONS

President Sannella presented certificates to Yanitza Morales, Aiyanna Konatsu and Alyssa Arzola, the top three entrants in the calendar contest selected to represent Vallecitos Water District in the North County Water Agencies' 2017 calendar.

President Sannella presented Jeremy Scott, Senior Collection Systems Worker, with the H.R. LaBounty Safety Award from ACWA/Joint Powers Insurance Authority for fabricating a flush mounted stainless steel grate that removes the aboveground stacks on scrubbers located in sidewalks.

President Sannella recognized retiree, Dennis Lamb, General Manager, for his years of service with the District.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

16-06-02 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – May 18, 2016

1.2 Warrant List through June 1, 2016 - \$3,484,256.32

1.3 Vallecitos Water District 2015 Consumer Confidence Report

Director Martin requested clarification regarding information contained in the Vallecitos Water District 2015 Consumer Confidence Report, to which staff responded.

1.4 Resolution Expressing Appreciation for the Services of Dennis O. Lamb

16-06-03 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the resolution.

Resolution No. 1487 - The roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin, Sannella

NOES:

ABSTAIN:

ABSENT:

PUBLIC HEARING

PUBLIC HEARING FOR AND ADOPTION OF THE 2015 URBAN WATER MANAGEMENT PLAN

President Sannella opened the hearing as duly noted and posted. The hearing opened at 5:29 p.m.

Interim General Manager Scaglione stated the District is in the process of updating its 2010 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act every five years (years ending in "0" or "5"). UWMPs are prepared by California's urban water suppliers to support their long-term resource planning and ensure that adequate water supplies are available to meet existing and future demands.

Development Services Senior Engineer Scholl stated the purpose of the public hearing is for compliance with Senate Bill X7-7 which mandates conservation targets of 10% by 2015 and 20% by 2020; review of the method for determining the District's urban water use targets; compliance with new legislation in Senate Bill 1420 which addresses water loss auditing and future water savings; and to allow community input regarding the target implementation plan.

He reviewed the following information contained in the draft UWMP:

- Introduction and Overview
- Plan Preparation
- System Description
- System Water Use
- Baselines and Targets
- System Supplies
- Water Supply Reliability Assessment
- Water Shortage Contingency Planning
- Demand Management Measures
- Plan Adoption, Submittal and Implementation

Development Services Senior Engineer Scholl stated the District's UWMP is required to be adopted by the Board by July 1, 2016.

General discussion took place.

There being no members of the public wishing to address the Board, President Sannella closed the hearing at 6:02 p.m.

16-06-04 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to receive comments from the public on the District's draft 2015 Urban Water Management Plan and approve the UWMP to be brought back to the June 15, 2016 Board meeting for adoption.

ACTION ITEMS

DROUGHT RESTRICTIONS STATUS

Public Information/Conservation Supervisor Robbins stated that on May 9, 2016, Governor Brown issued proposed changes to the drought emergency water conservation regulations via Executive Order B-37-16. The Executive Order, in part, directs the State Water Resources Control Board (SWRCB) to extend the emergency regulations for urban water conservation through the end of January, and develop proposed emergency water restrictions for 2017 if the drought persists.

On May 18, 2016, the SWRCB decided to continue its existing water-use regulation through May, after which state-mandated conservation targets will be replaced with a supply-based approach that considers each agency's specific circumstances and available water supplies. The new regulation, in effect through January 2017, requires individual urban water agencies – or a region as a whole – to self-certify their level of available water supplies based on three additional dry years and the level of conservation necessary to ensure adequate supply assuming a third consecutive dry year. The San Diego County Water Authority (SDCWA) plans to certify the region as a whole at their June 9, 2016 Board workshop.

General discussion took place.

Public Information/Conservation Supervisor Robbins stated the SWRCB regulation keeps in place specific prohibitions against certain water uses such as watering down a sidewalk with a hose instead of using a broom or a brush, or overwatering a landscape to where water is running off the lawn, over a sidewalk and into the gutter. Prohibitions directed to the hospitality industry also remain in place.

General discussion took place.

Public Information/Conservation Supervisor Robbins further stated the District currently has two drought ordinances in place: Ordinance No. 162, modeled after the SDCWA's ordinance, and Ordinance No. 195, an overlay necessitated by previous state mandated water use restrictions. The District is working to consolidate these two ordinances into one. A new draft ordinance will be brought to the Board for consideration at a future meeting, along with a recommendation to consider the appropriate drought level.

This item was presented for discussion only. The Board took no action.

REQUEST FOR ANNEXATION OF APN: 226-310-27 INTO THE SEWER IMPROVEMENT DISTRICT (BATES)

Development Services Senior Engineer Scholl stated the property address is 1319 Leland Way in Escondido. The property is currently within the water district boundary

and is receiving water service from the District; however, it is not within the sewer service boundary. The property owner is planning to construct a second dwelling unit on her property. In order to construct the second dwelling unit she will need to use the land currently designated as the leech field. Therefore, she will need to abandon her septic system and connect to the District's sewer system.

Staff recommended the Board approve the annexation of APN: 226-310-27 into the Sewer Improvement District for sewer service with the following conditions:

1. Payment of sewer annexation fee of \$8,152.00 per acre (0.42 acre) = \$3,423.84.
2. Payment of State Board of Equalization fee of \$300.00.
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 as well as in electronic format on a disc or flash drive.
5. Completion of the annexation within 90 days of Board approval. If annexation is not completed within the 90 days of Board approval, a new request for annexation may be required.

16-06-05 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to approve the annexation with conditions as presented.

ACCEPTANCE OF LIFT STATION NO. 1 WATERMAN VALVES REPLACEMENT PROJECT

Capital Facilities Senior Engineer Hubbard stated the Waterman valves consist of a 30" and 36" sluice gate style valve located in a concrete vault along San Marcos Boulevard in front of the District's Lift Station No. 1. These valves control a significant portion of the District's sewer flow to either the lift station, to be pumped to the Meadowlark Reclamation Facility, or to the Encina Water Pollution Control Facility. These valves had significant deterioration due to age and the corrosive environment they were in and therefore were in need of replacement.

He further stated the District furnished the Waterman valves to the contractor, coordinated and furnished the vault lining subcontractor, and performed construction management and inspection. During the installation, it was determined the vault floor needed additional concrete repair. The District coordinated and furnished the concrete repair work. The project was completed without change orders, resulting in a budget surplus of \$54,685.

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

General discussion took place.

16-06-06 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to accept the project, authorize the filing of a Notice of Completion, and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

PROJECT ACCEPTANCE FOR MAHR RESERVOIR: ON-SITE GENERATION OF SODIUM HYPOCHLORITE

Operations & Maintenance Manager Pedrazzi stated this project included the installation of brine and bleach storage tanks, sodium hypochlorite (bleach) generation equipment, SCADA for process monitoring and control, and injection pumps. The bleach produced by this system is injected into Mahr Reservoir in order to improve water quality.

General discussion took place.

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.

16-06-07 MOTION WAS MADE by Director Elitharp, seconded by Director Evans, 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.

ADOPTION OF 2016 STANDARD SPECIFICATIONS

District Engineer Gumpel stated the District has Standard Specifications which are used for both Capital Facility projects and Development projects to provide for standardized installation of water and sewer facilities, and include Standard Design Guidelines which provide guidance for procedure and general design requirements.

He further stated the District has been utilizing a draft Standard Specifications since 1989. The District's Approved Materials list is updated annually to reflect current and new materials and installation methods used in water and sewer infrastructure construction; however, the District's current adopted Standard Specifications are in need of updating and adoption.

Staff recommended the Board adopt the updated Standard Specifications with a provision to allow the District Engineer to update as needed.

General discussion took place.

16-06-08 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to adopt the updated Standard Specifications with a provision to allow the District Engineer to update as needed.

FINANCIAL INSTITUTION REGISTRY AND AUTHORIZATION

Finance Manager Fusco stated the District conducts transactions with various financial institutions throughout the year. A registry of financial institutions and staff authorized to transact business on the District's behalf is provided to the Board annually. The District also conducts transactions with various authorized broker/dealers who provide services to assist staff in procuring investments in accordance with the District's investment policy. During the calendar year 2016 the following changes are occurring:

- Removal of authorized staff for financial institutions due to retirement,
- Title change for the Interim General Manager from Assistant General Manager,
- Removal of two financial institutions due to the maturity of CDs held with these institutions, and
- Addition of one authorized signor, Operations & Maintenance Manager, on the general checking account at Union Bank.

Staff recommended the Board authorize continuing with the current registry of authorized broker/dealers and amend authorizations of financial institutions on the following resolutions:

- Local Agency Investment Fund
- San Diego County Investment Pool
- Union Bank General Checking Account
- Union Bank Trust and Custody Services

General discussion took place.

16-06-09 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to adopt the resolutions.

Resolution Nos. 1488, 1489, 1490 and 1491 - The roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin, Sannella
NOES:
ABSTAIN:
ABSENT:

RESOLUTION FOR DISTRICT CREDIT CARD POLICY UPDATE

Finance Manager Fusco stated Resolution No. 1483 designates specific staff members' authorization to utilize District credit cards in the course of conducting official District business. An updated Resolution is to be submitted to the Board of Directors annually for any changes. Upon the retirement of General Manager Lamb and another authorized employee leaving the District in calendar year 2016, a new resolution which contains changes to the list of credit cards and authorized users was provided for the Board's consideration.

Staff recommended the Board adopt the resolution to update the list of credit card users.

16-06-10 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to adopt the resolution.

Resolution No. 1492 - The roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin, Sannella

NOES:

ABSTAIN:

ABSENT:

REPORTS

INTERIM GENERAL MANAGER

Interim General Manager Scaglione reported the following:

- The Memorandum of Understanding (MOU) between the District and Employees' Association has passed. The MOU will be on the June 15 Board meeting agenda for the Board's approval.
- The District's 2015 Year in Review report will be provided to the Board for their review and posted on the District's website within a week or so.
- A grand jury report issued on May 31, 2016 commended the North San Diego Water Reuse Coalition for its water agency members working together voluntarily for the mutual benefit of the region. The report was previously distributed to the Board.
- The District's dispute with a vendor concerning meters was recently resolved. The District received a cash settlement in addition to a supply of meters.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott provided a status update on the General Manager recruitment process. The recruitment brochure has been finalized and hard copies will be provided to the Board once they are printed. An advertisement containing the text of the information in the brochure is being posted on numerous on-line sources. The deadline to submit resumes is June 24.

Legal Counsel Scott provided the status on the potential sale and development of the District's Knoll Road property. He provided a chronology of actions pertaining to the property dating back to the 1990s when the District acquired the property and outlined the process that would be necessary to develop the property for residential purposes.

General discussion took place during which the consensus of the Board was to consider this in further detail at a future Board meeting.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans reported she will be attending the SDCWA Board workshop on June 9, a Legislative Roundtable on June 10, and the SDCWA Board meeting on June 23 at which a public hearing will be held concerning proposed rates and charges.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated awards were presented at the Board meeting to Hollandia Dairy and Hughes Metal Etching for being in compliance for the year, and the modernization of the plant project was adopted. The construction contract was awarded to Filanc Construction.

Director Elitharp stated the next Policy and Finance Committee meeting is scheduled on June 14.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Sannella commented on the notices that were printed in the *Union Tribune* announcing the District's public hearing today, and inquired about placing such notices

in local papers in an effort to support local businesses.

Interim General Manager Scaglione stated there is a minimum circulation requirement for such notices which limits the District's options.

Executive Secretary Posvar stated she attempts to place public hearing notices in the local publication, *The Paper*, whenever possible however it is not a daily paper and the deadlines for publication do not always work well with the notice deadlines, as the statute requires the notice to be published two times within a 14-day time frame.

Director Sannella inquired if the Board felt there was a need for shared office space designated for their use at the District office. The consensus of the Board was that designated office space was not necessary and that the conference room was acceptable for their use as needed.

Interim General Manager Scaglione announced dates for the following meetings:

- Board Budget Workshop – June 6; 4:00 p.m.
- Engineering/Equipment Committee – June 7; 8:30 a.m.
- Board Cost of Service Study/Rate Workshop – June 8; 5:00 p.m.
- Finance/Investment Committee – June 13; 5:00 p.m. (start time to be confirmed)
- Water Academy – October 20; 8:00 a.m. to 4:30 p.m.

General discussion took place regarding the start time of meetings.

Interim General Manager Scaglione clarified that all Regular Board meetings begin at 5:00 p.m.; the start time of meetings other than Regular Board meetings (Special meetings, Workshops, and Committee meetings) is up to the Board's discretion.

The consensus of the Board was that all meetings shall start at 5:00 p.m. for the time being and the start time may be reconsidered at a later date.

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

PERSONNEL MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957(b) – TO CONSIDER APPOINTMENT OR EMPLOYMENT OF A PUBLIC EMPLOYEE

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

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

The closed session items were 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 7:22 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 15, 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