

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MAY 17, 2017, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT ELITHARP

PLEDGE OF ALLEGIANCE

ROLL CALL

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity which severely imperils public health, safety, or both. Also, items which arise after the posting of the Agenda may be added by a two-thirds vote of the Board of Directors.

ADOPT AGENDA FOR THE REGULAR MEETING OF MAY 17, 2017

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

NOTICE TO THE PUBLIC

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

PRESENTATIONS

North County Water Agencies' 4th Grade Calendar Contest Winners: Third Place: **Zyan Perkins**; Second Place: **Zari O'Donnell**; First Place: **Yaneli Melendez**

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES

- A. BOARD WORKSHOP MEETING – APRIL 26, 2017
- B. CLOSED SESSION BOARD MEETING – MAY 3, 2017
- C. REGULAR BOARD MEETING – MAY 3, 2017

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH MAY 17, 2017 – \$843,464.10

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

- A. WATER METER COUNT – APRIL 30, 2017
- B. WATER PRODUCTION/SALES REPORT – 2016/2017
- C. WATER REVENUE AND EXPENSE REPORT – APRIL 30, 2017
- D. SEWER REVENUE AND EXPENSE REPORT – APRIL 30, 2017
- E. RESERVE FUNDS ACTIVITY – APRIL 30, 2017
- F. INVESTMENT REPORT – APRIL 30, 2017

*****END OF CONSENT CALENDAR*****

ACTION ITEMS

2.1 ADOPTION OF RESOLUTION BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING ENCINA WASTEWATER AUTHORITY'S FISCAL YEAR 2018 OPERATING AND CAPITAL IMPROVEMENT BUDGET

The Encina Basic Agreement requires approval of the budget for Encina Wastewater Authority by member agencies.

Recommendation: Adopt resolution

2.2 2017 PUBLIC RATE HEARING NOTICE DRAFT

The draft Public Rate Hearing Notice includes changes as directed by the Board at the May 3, 2017 Board meeting.

Recommendation: Request Board direction

2.3 ORDINANCE PROPOSING PUMP ZONE CHARGES FOR CALENDAR YEAR 2017

The District established ten pump zones to recover the cost of electricity related to pumping water to customers in higher elevations.

Recommendation: Adopt ordinance

2.4 OPERATIONS BUILDING LOCKER ROOM EXPANSION – PROJECT UPDATE

The project will renovate the existing 710 square foot men’s locker room.

Recommendation: For information only

2.5 ACWA REGION 10 NOMINATING COMMITTEE IS SEEKING REGION 10 BOARD CANDIDATES

The Nominating Committee is seeking candidates for the Region 10 Board’s 2018-2019 term.

Recommendation: Request Board direction

*****END OF ACTION ITEMS*****

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

3.4 ENCINA WASTEWATER AUTHORITY
- Capital Improvement Committee
- Policy and Finance Committee

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****

OTHER BUSINESS

4.1 MEETINGS

WEF Bay-Delta Tour

June 14 – 16, 2017 – Begins/Ends at Sacramento Airport

*******END OF OTHER BUSINESS*******

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*******END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*******

6.1 ADJOURNMENT

*******END OF AGENDA*******

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Thursday, May 11, 2017.

Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MAY 17, 2017, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Elitharp called the Regular meeting to order at the hour of 5:00 p.m.

Students from Alvin M. Dunn Elementary School led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Hernandez
Director Martin

Absent: Director Sannella

Staff Present: General Manager Pruiam
Assistant General Manager Scaglione
Legal Counsel Scott
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Accounting Supervisor Owen
Public Information/Conservation Supervisor Robbins
Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF MAY 17, 2017

17-05-05 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Director Sannella absent, to adopt the agenda for the Regular Board Meeting of May 17, 2017.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board questioning the District's use of sodium hypochlorite and why a draft of the Master Water Plan has not been presented yet. He thanked the Board.

PRESENTATIONS

Public Information/Conservation Supervisor Robbins presented certificates and gift cards to Zyan Perkins, Zari O'Donnell, and Yaneli Melendez, the top three entrants in the Poster Contest selected to represent Vallecitos Water District in the North County Water Agency 2018 calendar.

CONSENT CALENDAR

17-05-06 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Director Sannella absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Board Workshop Meeting – April 26, 2017
- B. Closed Session Board Meeting – May 3, 2017
- C. Regular Board Meeting – May 3, 2017

1.2 Warrant List through May 17, 2017 - \$843,464.10

1.3 Financial Reports

- A. Water Meter Count – April 30, 2017
- B. Water Production/Sales Report – 2016/2017
- C. Water Revenue and Expense Report – April 30, 2017
- D. Sewer Revenue and Expense Report – April 30, 2017
- E. Reserve Funds Activity – April 30, 2017
- F. Investment Report – April 30, 2017

ACTION ITEMS

ADOPTION OF RESOLUTION BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING ENCINA WASTEWATER AUTHORITY'S FISCAL YEAR 2018 OPERATING AND CAPITAL IMPROVEMENT BUDGET

Assistant General Manager Scaglione stated the District is a party to the Encina Joint Powers Basic Agreement for the acquisition, construction, ownership, operation, and maintenance of the Encina Joint Sewer System. The Encina Basic Agreement requires unanimous approval of the Encina Wastewater Authority (EWA) budget by member agencies prior to the budget becoming effective. The fiscal year ending 2018 budgets of EWA, as unanimously approved by the EWA Board of Directors and the Joint Advisory Committee on April 26, 2017, are \$14.9 million for the total capital budget and \$15.3 million for the total operating revenue and expense budget.

He further stated that on February 15, 2017, EWA General Manager Mike Steinlicht and staff from RMC Water and Environment presented the Water Reuse Feasibility Study and provided an update on Capital Improvement Projects to this Board.

Staff recommended the Board adopt the resolution approving Encina Wastewater Authority's Fiscal Year 2018 Operating and Capital Improvement Budget.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board inquiring about the revenue increase of almost 100% in one year and if the increase has been factored into the cost of service. He thanked the Board.

General Manager Pruim stated the information contained in the EWA budget has been incorporated into the District's cost of service and rate projections.

17-05-07 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously with Director Sannella absent, to adopt the resolution.

Resolution No. 1516 - the roll call vote was as follows:

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

2017 PUBLIC RATE HEARING NOTICE DRAFT

Assistant General Manager Scaglione reviewed the draft Public Hearing Notice, noting that the first paragraph below the graph on the first page of the notice will be removed since rate changes will become effective on January 1, 2018 and each January thereafter. The draft was revised from the previous draft that was presented to the Board on May 3 to incorporate changes as directed by the Board including: effective dates of January 1, 2018, and January 1, 2019; number of gallons of water delivered in one month to the average single family residential customer; a link to more detailed information on proposed rates; and a description of the Ready-to-Serve, commodity, and sewer charges. The previous draft contained the San Diego County Water Authority's (SDCWA) draft proposed commodity and fixed rates. Those rates have been revised since the last draft, but are still not final. Another draft of the Public Hearing Notice will be presented to the Board at the Board Workshop scheduled on May 24.

General discussion took place during which Director Martin asked what steps were taken to decrease the proposed rates from where they were six months ago. Assistant General Manager Scaglione explained several factors that helped to decrease the proposed rate increases: the new rate structure shifts much of the desal burden to the higher tiers; the decision to not fully fund the reserve funds; the decision to only pass along half of the wholesale increase; and not being so ambitious in the District's five-year plan.

Director Elitharp suggested adding “January” to the headers in the graphs on the third page of the draft Public Hearing Notice to clarify that changes are effective January 2018 and January 2019.

Mike Hunsaker, member of the public, addressed the Board asking if the District is going to use potentially double the water cost increases to index the Ready-To-Serve water? He expressed his concerns about the future availability of water, whether there is enough waste treatment, the District’s creditworthiness, revenue requirements and that there is just one rate for agriculture. He thanked the Board.

Director Elitharp asked if the combined agricultural/domestic rate is still in use. Assistant General Manager Scaglione responded yes and explained that if a customer has one combined use meter, the first 26 units are considered to be domestic and the remaining units are agricultural.

ORDINANCE PROPOSING PUMP ZONE CHARGES FOR CALENDAR YEAR 2017

General Manager Pruim stated the proposed ordinance presented for the Board’s consideration is to establish pump zone rates based on direction from the Board at the April 20, 2017 workshop to recapture, over a period of three years, 95% of the cost of electricity only used to pump water to customers in the higher elevations. Pump zone charges would be adjusted on July 1, 2017, July 1, 2018, and July 1, 2019. The ordinance only adopts the increases to be effective July 1, 2017. He provided a timeline of actions regarding the pump zone charges and presented information which included a map of the District’s pump zones and longer term adjustments.

Staff recommended the Board adopt the ordinance establishing pump zone charges for Fiscal Year 2017/2018 to recover the costs of electricity.

General discussion took place.

Mary Matheson, member of the public, addressed the Board expressing her opposition to the proposed pump zone charge increase in the Wulf pump zone and her disappointment in not receiving any response from the Board and staff to letters she sent regarding this matter. Maintaining their rate, by far above the cost to the other zones, and refusing to work with them will force them out of business and cause financial hardship. She thanked the Board.

Malcolm Matheson, member of the public, addressed the Board stating his opposition to the proposed pump zone charge increase for the Wulff pump zone. He thanked the Board.

Director Hernandez stated that the rates for the Wulff pump zone will actually be decreasing.

Director Evans apologized to the Matheson's for not responding to their letters and for the General Manager as well. She acknowledged that Mr. Matheson wrote a letter several years ago and that Assistant General Manager Scaglione spoke to him at that time. She clarified that the Board determined they are only asking for the electrical costs, and that they've been asking for 100% of the electrical costs but settled for 95%. The weight-lift volume was established based on specific information.

Director Evans stated there was recent discussion regarding an approximately \$675,000 pump replacement project at the Wulff tank of which the entire District shares in that cost, and that those pumps are only being used if there are fire issues in that area and to service the customers in that area. General Manager Pruim stated that the cost of maintenance and operation as well as replacement of facilities is being spread across the whole District, not just the pump zone customers. The pump zone customers are picking up a very small amount of the costs that their use incurs.

17-05-08 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, with Director Sannella absent, to adopt the ordinance.

Ordinance No. 205 – The roll call vote was as follows:

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

OPERATIONS BUILDING LOCKER ROOM EXPANSION – PROJECT UPDATE

Senior Capital Facilities Engineer Hubbard stated the Operations & Maintenance (O&M) men's locker room located in Building B is not large enough to accommodate the number of employees utilizing it. The proposed expansion will increase the size of the locker room and will provide adequate space for current O&M staff and account for future growth. On August 3, 2016, the Board approved a professional services agreement with Jeff Katz Architecture in the amount of \$66,800 for the design of the locker room expansion. The project is currently in final review and the bid documents are being prepared. The project is scheduled to begin publicly advertising for bids in the next several weeks.

Senior Capital Facilities Engineer Hubbard summarized the project which will renovate the existing 710 SF men's locker room and expand the locker room by 783 SF. The project also features alternative bid items to upgrade the lighting in the existing men's locker room to match the new lighting, as well as upgrading the flooring, lighting, and counter/sink in the women's locker room to match the men's and can be authorized at the District's discretion based on cost, budget, and/or aesthetic preferences.

Approximately \$117,000 has been spent to date on the design phase. The budget for this project in the proposed budget for Fiscal Year 2017/2018 is \$810,000.

General discussion took place during which the Board concurred that the locker room expansion is necessary. The Board directed staff to move forward with the bidding process and look for ways to reduce the budget for the project.

Mike Hunsaker, member of the public, addressed the Board expressing his surprise that the District has only one shower. In the event of a sewer break, you wouldn't want people walking through the central plant dragging debris into it. He recalled former General Manager Lamb cautioning that if the District ever had to ration water, it would result in a significant number of new employees for regulation. How much of this new building is for future expansion?

This item was presented for information only.

ACWA REGION 10 NOMINATING COMMITTEE IS SEEKING REGION 10 BOARD CANDIDATES

General Manager Pruim stated the Association of California Water Agencies' (ACWA) Nominating Committee is currently seeking candidates for the Region 10 Board, comprised of Chair, Vice Chair and up to five Board Member positions, for the 2018-2019 term.

Director Martin stated he would like to be nominated for the ACWA Region 10 Board. A nomination form must be completed and a resolution of support from the agency candidate's Board of Directors is also required.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- The District has been a sponsor of ACWA for many years, spending \$1,000 each for the spring and fall conferences. He recommended the District continue its sponsorship as it good for public relations and shows the District as a leader in the industry.
- Fitch Ratings recently performed surveillance of the District's finances. The bond rating agency awarded the District a AA+ rating.
- A Board workshop regarding rates and the budget will be held on Wednesday, May 24 at 5:00 p.m. This will be the last meeting before the final proposed budget is presented for the Board's approval at the June 7 Board meeting.
- He attended the San Diego County Water Authority's (SDCWA) General Managers meeting on May 16 at which the SDCWA presented their Ready-to-

Serve rates. SDCWA will be sending emails to each individual agency to explain how their rates will impact each agency.

- An update on the SDCWA lawsuit against Metropolitan Water District was also provided at the General Managers meeting. Oral arguments were made to the Appeals Court. The Appellate Court has 90 days in which to make a decision on the case.
- Maureen Stapleton, General Manager of SDCWA, will be providing a presentation to the Board at the June 21 Board meeting. A representative from Metropolitan Water District has asked to speak at that meeting as well. This will be a good opportunity to hear from both sides about the lawsuit.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the Board meeting is scheduled for May 25.

Director Evans stated that on May 16, Assembly member Eduardo Garcia, Chair of the Assembly Water, Parks and Wildlife Committee, announced the formation of a bipartisan legislative workgroup to focus on the long-term water use efficiency policy.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning at which the Committee reviewed a preview of the preliminary study on their Fats, Oils and Grease (FOG) program. Energy production has increased 30%.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Martin, Hernandez and Elitharp reported on their attendance to the ACWA/JPIA conference May 7 – 12 and the Council of Water Utilities meeting on May 16.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez requested dates be set for the Engineering/Equipment Committee meeting with Geoscience and the South Lake tour. He also requested an update on solar within the next 60 days.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:28 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 7, 2017, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District