

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, MAY 3, 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.

Director Hernandez 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  
Administrative Services Manager Emmanuel  
Finance Manager Fusco  
District Engineer Gumpel  
Capital Facilities Senior Engineer Hubbard  
Public Information/Conservation Supervisor Robbins  
Accounting Supervisor Owen  
Financial Analyst Arthur  
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF MAY 3, 2017

17-05-03 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, with Director Sannella absent, to adopt the agenda for the Regular Board Meeting of May 3, 2017.

PUBLIC COMMENT

Tanis Brown, member of the public, addressed the Board regarding the San Marcos Historical Society and Heritage Park, stating Vallecitos Water District is a great partner to them. She expressed appreciation for the District's involvement with their Hands on History program at Heritage Park along with the San Marcos Unified School District. On Thursday mornings, either Chris Robbins or Lisa Urabe provide a presentation on water conservation to approximately 60 elementary students during their program. In addition to learning about what the District does, students have the opportunity to see a hand pump, windmill, outhouse and other items to learn about things that used to happen in San Marcos and how important it was and still is to conserve water.

She further stated they are also very appreciative of the District's help with transporting students to Heritage Park if they require bussing. This is an incredible gift, especially for schools that are farther away and would be financially burdened in getting their students to the park. Both the financial help and personal commitment the District has made to interact with students is very much appreciated.

Ms. Brown commented that May is Water Awareness Month. Heritage Park has embraced sustainable landscaping, partly with their native garden in front of the Bidwell House and with ongoing classes. She discussed a photo contest being sponsored by the San Diego County Water Authority and invited anyone to take photos at the park and submit them for the contest. She thanked the Board.

Mike Hunsaker, member of the public, addressed the Board stating he noticed in the capital improvements projects list sodium hypochlorite is used in place of chlorine for cleaning out bacteria. The justification was that there might be an accident with chlorine and this would be safer. He hasn't heard of any chlorine accidents in any water district. He has considered the question of what impact the introduction of more sodium into water would have. There is a part of our population that is sensitive to the introduction of sodium; people with heart conditions requiring a low sodium diet and people with diabetes. He also noticed in the capital improvement program a notation about new chlorine contact tanks. Who is going to get more sodium in their water? He thanked the Board.

### CONSENT CALENDAR

President Elitharp stated the Board received corrected minutes of the April 17, 2017 Finance/Investment Committee meeting.

17-05-04 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, with Director Sannella absent, to approve the Consent Calendar as presented with the amended Finance/Investment Committee meeting minutes.

#### 1.1 Approval of Minutes

- A. Finance/Investment Committee Meeting – April 17, 2017
- B. Regular Board Meeting – April 19, 2017
- C. Board Workshop Meeting – April 20, 2017

#### 1.2 Warrant List through May 3, 2017 - \$4,146,379.88

1.3 Final Acceptance of Water and Sewer Improvements for Davia Village Improvements, APN's 219-163-63 and 219-163-64 (Davia East Development, LLC)

1.4 Adoption of Resolution Ordering the Annexation of APN's 182-260-21 and 182-190-92 into the Vallecitos Water District Water Service Boundary

- 1.5 Construction Contract Award for the Main Facility Roof Replacement
- 1.6 Repair of 16" Emergency Bypass Sewerline
- 1.7 Operations & Maintenance Metrics Quarterly Report – March 31, 2017

### ACTION ITEMS

#### 2017 COST OF SERVICE AND RATE STRUCTURE STUDY DRAFT UPDATE

Assistant General Manager Scaglione provided an update on the Draft Cost of Service and Rate Structure Study, stating there are only two significant changes to the draft study since the last version: updated San Diego County Water Authority (SDCWA) proposed commodity rates and the addition of a Relevant Guidance and Law Review section. He stated the SDCWA's fixed water charges are unknown at this time. The rates provided in the draft study are still preliminary numbers and are being revised and refined as needed. Another revised draft study will be presented to the Board at the next Board meeting which will address review comments received from other rate consultants.

This item was presented for information only.

Mike Hunsaker, member of the public, addressed the Board regarding Consent Calendar Item 1.3, Davia Village Improvements. He requested clarification on the water connections, 8" water and 8" wastewater pipes, as part of that development. Will the 8" pipe supply water to the development? It seems to him that there should be an 8" valve and meter going to that area. He thanked the Board.

District Engineer Gumpel explained that the 8" water main is a public main that feeds water not only to this development but to multiple meters of varying sizes and connects the system in a loop so that in the event of a water shut down, not all 400 units would be out of water.

#### 2017 PUBLIC RATE HEARING NOTICE DRAFT

Assistant General Manager Scaglione provided a presentation on the draft Public Rate Hearing Notice and Preliminary Rate Estimates which included the following:

- Should pumping charges be included?
- What should the effective dates be and how should they be presented?
- Why are rate increases necessary?
- Preliminary estimates for Ready-to-Serve (RTS)
- Preliminary estimates for Commodity
- Projected 5-year rates
- Water Projected Replacement Reserves and Proposed Rates

- Sewer Projected Replacement Reserves and Proposed Rates
- Financial Performance Indicators
- Rate projections if all effective dates equal January 1

Assistant General Manager Scaglione requested direction from the Board on whether to include pumping charges in the Public Rate Hearing Notice. Proposition 218 does not require pump zone charges to be included. The District would be very transparent if the pump zone charges were included; however, it could be confusing as only 12% of the District's customers are subject to those charges.

General discussion took place during which Director Evans asked if including pump zone charges in the Public Rate Hearing Notice has been done in the past, to which Assistant General Manager Scaglione responded yes, but not the last time. A summary of the ordinance changing pump zone charges will be posted in the newspaper and on-line in advance of the May 17 Board meeting at which the Board will consider the ordinance.

Director Martin suggested sending letters only to customers in the pump zones and not including the pump zone charges in the Public Rate Hearing Notice to avoid confusion, to which Directors Hernandez and Elitharp concurred. The consensus of the Board was to send the letters confirming the pump zone charge changes as soon as possible after the May 17 Board meeting.

General discussion took place regarding three options for presenting effective dates of rate increases in the Public Rate Hearing Notice. Directors Martin and Hernandez agreed that the third option of increasing RTS, sewer and commodity charges all at the same time once per year for two years was the best option. Director Hernandez commended the Finance/Investment Committee and the entire District staff for working hard to keep the rate increases as low as possible.

President Elitharp proposed including information on the impact to a high water user as well as to an average single family residence. Director Evans suggested this information could be made available on the District's website. Assistant General Manager Scaglione stated a website link could be included directing customers to an analysis and the Cost of Service Study. It was also suggested to include information on how much water a unit of water is.

The consensus of the Board was to utilize Option 3 for effective dates and presentation of effective dates to be included in the next draft of the Public Rate Hearing Notice.

General discussion took place regarding the contents of the Public Rate Hearing Notice during which it was suggested explanations of what Commodity and Ready-to-Serve charges pay for be added. This information will be incorporated into the next draft of the Public Rate Hearing Notice.

Mike Hunsaker, member of the public, addressed the Board inquiring about what data establishes that charging by meter size is the most appropriate method and commented on the subsidization of very high density mixed use developments. He thanked the Board.

## REPORTS

### GENERAL MANAGER

General Manager Pruim reported the following:

- An entrance meeting with the firm that will be performing the annual audit of the District will be scheduled with the Finance/Investment Committee during the week of June 12-15.
- The construction project at Lift Station No. 1 will begin within the next month. During work on the lining of the wet well, there may be some odors that staff will do everything they can to control as much as possible.
- The backflow program will be overseen by a contractor who will provide virtual training on site to backflow testing companies on May 10.
- A blood drive will be held on May 10 in the District's parking lot.
- With the Board's approval, a Board workshop will be scheduled on May 24 which will be the last update before the proposed budget and rates are brought forward to the Board on June 7.

### DISTRICT LEGAL COUNSEL

Legal Counsel Scott stated Senate Bill No. 496 which was revised and amended a couple of weeks ago to provide that engineers and architects, referred to as design professionals, have no duty to defend claims against public works projects even in cases where the design professionals are at fault. It literally requires the public agency to defend construction claims even when they didn't cause the delays and it was the fault of the design professionals that they hired. The bill passed through the Assembly last week, was signed by the Governor on April 28 and is now law. Many public agencies opposed the bill to no avail.

### SAN DIEGO COUNTY WATER AUTHORITY

Director Evans reported the following:

- She attended the San Diego Regional Chamber Legislative Congressional Luncheon last week at which a panel addressed questions from the audience on topics such as the wall and NAFTA.
- She attended the Engineering/Operations Committee at which the Committee authorized funding for a low-flow meter installation at the Skinner Water Treatment Plant to reduce the minimum treated water delivery. The \$2.6 million dollar project will give the SDCWA control in reducing the amount of non-ordered

treated water. The Committee also approved a request to consider an energy storage facilities study at San Vicente Dam. Since the dam was raised, there is not only more storage for emergency and carryover, but a lower reservoir that can produce up to 500 megawatts energy storage.

- Director Evans distributed information regarding the City of San Jose and the Superior Court on the definition of public records.
- The SDCWA released projected treated and untreated water costs in scenarios that they win or lose the litigation.
- The current main issues in legislation that have recently passed the Assembly's Appropriations Committee are: long-term water use efficiency (SB 869 and SB 968), determination of efficiency and performances levels (AB 1323), and advancement of water communities (AB 1654). The SDCWA Board adopted and opposed unless amended the measure regarding new reporting obligations on agricultural water suppliers in the Agricultural Water Management Plan.
- The SDCWA opposes lead testing if it becomes a requirement without any funding.
- The Little Hoover Commission recently held a meeting at which they discussed forest management, water agencies, special districts, and fiscal management. A workshop will be held on June 21, 22 or 23 to discuss special districts.

#### ENCINA WASTEWATER AUTHORITY

Director Hernandez reported that the Board approved a five percent raise for the General Manager.

President Elitharp stated neither the Capital Improvement Committee or Policy and Finance Committee have met since the last Board meeting.

#### STANDING COMMITTEES

None.

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

Director Martin reported on his attendance to the Boys and Girls Club charity auction.

Director Hernandez reported on his attendance to the San Marcos City Council meeting at which SDCWA General Manager Maureen Stapleton spoke.

#### OTHER BUSINESS

#### QUARTERLY BOARD EXPENSES

This information was provided per Ordinance No. 203; no action required.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin commented on the recent City of San Marcos 360 City News and Recreation Guide which includes articles about General Manager Pruim and street maintenance projects.

Director Hernandez inquired as to when the Board will receive the information packet on the locker room project. General Manager Pruim stated the project will be presented at the May 17 Board meeting and that the Board will receive the information a week before the meeting.

Director Evans commented that the Board has accomplished much in the past few meetings and thanked staff, General Manager Pruim and Legal Counsel Scott.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:26 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, May 17, 2017, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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Craig Elitharp, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruim, Secretary  
Board of Directors  
Vallecitos Water District