

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 19, 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 Sannella led the pledge of allegiance.

Present: Director Elitharp
Director Hernandez
Director Martin
Director Sannella

Absent: Director Evans

Staff Present: General Manager Pruim
Assistant General Manager Scaglione
Legal Counsel Scott
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
Financial Analyst Arthur
Human Resources Analyst Anderson
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 19, 2017

17-07-10 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to adopt the agenda for the Regular Board Meeting of July 19, 2017.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board regarding a San Marcos City Council meeting and a meeting regarding Newland Sierra he recently attended. He expressed his concerns about 7,000 new houses being built in San Marcos, overcrowded schools, the inadequacy of the Newland Sierra EIR, population growth, and over building. He thanked the Board.

INTRODUCTION

Human Resources Analyst Bridget Anderson introduced new employee Deborah Vale, Customer Service Representative I.

PRESENTATIONS

President Elitharp presented Fernando Mata, Wastewater Treatment Plant Operator I, with his Certificate for Wastewater Treatment Plant Operator Grade III from the State Water Resources Control Board.

Public Information/Conservation Supervisor Robbins introduced the 2017 WaterSmart Landscape Contest Winners: Third Place: Connie and Tom Nute; Second Place: Charlie and Cheryl Newman; First Place: Cynthia Jones. The winners received a gift card to a local nursery and a gift bag containing water conservation materials.

CONSENT CALENDAR

17-07-11 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting – July 5, 2017
- B. Engineering/Equipment Committee Meeting – July 10, 2017

1.2 Warrant List through July 19, 2017 - \$1,420,146.83

1.3 Financial Reports

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

1.4 Operations & Maintenance Metrics Quarterly Report – June 30, 2017

1.5 Schoolhouse Tank Interior Refurbishment

1.6 Request for Annexation of Certain Property Designated as “Nordahl Road Subdivision” (APN: 226-290-01) into the Vallecitos Water District for Water and Sewer Service (Trustees of the Tellier Family Trust and Waring Family Trust)

PUBLIC HEARING

PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT "A" FOR THE FISCAL YEAR JULY 1, 2017 TO JUNE 30, 2018

President Elitharp opened the hearing as duly noted and posted to collect sewer service fees on the tax roll. The hearing was opened at 5:24 p.m.

General Manager Pruim stated the purpose of the hearing was to receive public input on the sewer service fees collected on the tax roll for Improvement District "A." District "A" includes all parcels that receive sewer service but do not receive water service. State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees. The sewer service fees will be collected by the County of San Diego and then transferred to the District.

Staff recommended the Board adopt the resolution authorizing the sewer service fees to be collected on the tax roll.

There being no persons wishing to address the Board, President Elitharp closed the hearing at 5:25 p.m.

17-07-12 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Director Evans absent, to adopt the resolution authorizing sewer service fees to be collected on the tax roll.

Resolution No. 1521 - The roll call vote was as follows:

AYES: Hernandez, Martin, Sannella, Elitharp

NOES:

ABSTAIN:

ABSENT: Evans

ACTION ITEMS

RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES

General Manager Pruim stated this item was previously presented to the Board at the July 5, 2017 Board meeting at which the Board requested it be brought back for further discussion. The inducement resolution allows for reimbursement of costs for identified projects from the proceeds of a future bond issuance and establishes the date from which project costs can be reimbursed. Six projects are listed in the resolution that could benefit from the proceeds of a future bond issuance, all of which are included in the District's Capital Improvement Program.

General Manager Pruim further stated the inducement resolution allows reimbursement of project costs and preserves the District's options and flexibility; however, it does not commit the District to pursue any of the projects, nor does it commit the District to issue future debt.

Staff recommended the Board adopt the inducement resolution.

Mike Hunsaker, member of the public, addressed the Board stating he is familiar with bonds and has concerns about whether this would qualify for tax exemption, if undercharges for capacity fees are included and what form of bond would be issued. He thanked the Board.

President Elitharp stated this item in no way concerns any type of bonding action. General Manager Pruim concurred, stating the resolution would allow the District to be reimbursed from a future issuance of bonds. If there was a bond issuance in the future, the bond would be fully vetted at a public meeting.

General discussion took place during which Director Sannella asked if the District ever under collects capacity fees. General Manager Pruim stated there is currently a deficit in capacity fees; however, it doesn't necessarily mean under collection has occurred. A study of the deficit is currently underway which will correct any under collection.

17-07-13 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to adopt the resolution.

Resolution No. 1522 - the roll call vote was as follows:

AYES: Hernandez, Martin, Sannella, Elitharp

NOES:

ABSTAIN:

ABSENT: Evans

SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS
SUNDOWNER BUSINESS MIXER – PER DIEM/EXPENSE REIMBURSEMENT
APPROVAL

General Manager Pruim stated District Ordinance No. 203 specifies organizations for which meetings are considered compensable. The San Marcos Chamber of Commerce is not included on the list of approved organizations; therefore, approval for per diem and expense reimbursement is required for the San Marcos Chamber of Commerce Meet Your Elected Officials Sundowner Business Mixer.

General discussion took place regarding past practice of which reimbursement was not authorized for this annual event.

- 17-07-14 MOTION WAS MADE by Director Hernandez, seconded by President Elitharp, and carried 2 - 2, with Directors Martin and Sannella abstaining, and Director Evans absent, to approve per diem only for attendance to the San Marcos Chamber of Commerce Meet Your Elected Officials event.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- A water main break occurred on July 12 on Barnett Drive just east of Vineyard Road. Difficulties closing the valves to isolate the system resulted in the replacement of the isolation valves which has delayed the repairs. Repairs are expected to be completed within the next week or two. No residences are out of water.
- The Proposition 218 Notice for the proposed adjustments to water and sewer rates will be taken to the post office on July 24 for mailing. The public hearing is set for September 20, 2017.
- The District's Employee Appreciation Luncheon will be held on July 20.
- A Finance/Investment Committee meeting will be scheduled in July.
- Encina Wastewater Authority conducted a follow-up inspection today to ensure that Diamond Environmental Services takes the proper steps to control and eliminate any future illegal discharges.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott commented this is the first time he's ever heard the District being accused of undercharging for capital facilities fees. He stated the District has fought very hard over the years to ensure the District is collecting the appropriate charges, taking a case all the way to the Supreme Court to make sure of this as well as taking a leadership role in legislation related to capacity fees.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning at which the annual Capital Improvement Project status report was reviewed. The water reuse feasibility study is currently underway and will be discussed at the August Managers' meeting and at a quarterly regional meeting tentatively scheduled for September 10.

A bio-waste and recycling study is being conducted to identify opportunities. A septic tank disposal study is underway and is expected to conclude in August or September. The study will determine if it is economically beneficial and how they want to do it.

Director Hernandez stated the California Water Environment Association will be holding a tri-state conference in September that the Board may want to consider attending.

President Elitharp reported on his attendance to the Policy and Finance Committee on July 11 at which the Committee recommended two items to be forwarded to the Board for their consideration: 1) to receive and file the independent auditor's communication regarding the annual audit of financial statements; and 2) adoption of a resolution appropriating funds for FY 2018 Operations and Capital Program budgets.

STANDING COMMITTEES

Director Hernandez reported the Engineering/Equipment Committee met on July 10 to discuss the locker room expansion project. Only one bid was received for the project in the amount of \$613,046 with \$72,069 for additive items. After receiving this information, Director Hernandez presented his preliminary design and cost estimate to the Committee to expand the men's locker room into the space where the women's locker room is currently and build a smaller addition for a new women's locker room.

The Committee considered a different method of construction other than tilt-up walls such as stud and stucco with a hard finish on the stucco and a reduced wall height of 12'. The consensus of the Committee was to recommend to the Board revising the current design to include the modification to the building for just the men's lockers without showers, toilets, and sinks which would fulfill the need for today, with an alternate design showing the addition of showers, sinks and toilets in the future if necessary.

Director Martin asked the Committee to work on further reducing the cost and to consider what is really needed.

Director Hernandez stated the Committee's discussion included eliminating items such as tile for flooring and changing out sinks which will decrease the cost of the project.

Director Hernandez recommended the Board direct staff to proceed with the revised design which could dramatically reduce the construction costs.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Sannella reported on his attendance to the Council of Water Utilities (COWU) meeting on July 18.

Director Martin reported on his attendance to the COWU meeting and the San Diego North Economic Development Council (SDNEDC) meeting.

President Elitharp reported on his attendance to the COWU meeting.

Director Hernandez reported on his attendance to the COWU meeting and the SDNEDC meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin asked how many District plastic tote bags were made, at what cost, who's getting them, are they a part of our advertising campaign, and what funds were used to pay for them? General Manager Pruim stated he will provide this information to the Board.

Director Martin commented that a Newland Sierra draft EIR meeting was held last night at which at least one speaker tried to speak for the District stating untruths. He recommended that in the future a Board member attend these types of meetings to respond to any false statements that are made about the District. He requested staff inform the Board of any such meetings to ensure a Board member is available to attend to represent the District.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 5:58 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 2, 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 Pruim, Secretary
Board of Directors
Vallecitos Water District