

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 6, 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 5:03 p.m.

Director Martin led the pledge of allegiance.

Present: Director Evans
Director Hernandez
Director Martin
Director Sannella
Director Elitharp

Staff Present: General Manager Pruim
Assistant General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
District Engineer Gumpel
Operations & Maintenance Manager Pedrazzi
Development Services Senior Engineer Scholl
Accounting Supervisor Owen
Financial Analyst Arthur
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF SEPTEMBER 6, 2017

17-09-03 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of September 6, 2017.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board inquiring on the status of the new Master Plan. He further stated he submitted a Freedom of Information Act request via email to Mr. Scaglione today concerning the growing deficits in the water and waste treatment deficit accounts.

General Manager Pruim acknowledged receipt of the email sent by Mr. Hunsaker and stated that staff offered to meet with him. Staff will provide any requested information as required by law. He further stated staff will be providing an update on the Master Plan at the Engineering Committee meeting scheduled September 11, which Mr. Hunsaker referred to.

CONSENT CALENDAR

1.1 Approval of Minutes

A. Closed Session Board Meeting – August 16, 2017

- 1.2 Warrant List through September 6, 2017 - \$4,837,881.17
 - 1.3 Final Acceptance of Water Improvements for Altman's Nursery, APN 178-170-08 (Thirdsies, LLC c/o Otay Real Estate Company)
 - 1.4 Final Acceptance of Water and Sewer Improvements for Rancho Coronado Backbone Improvements, APN's 221-091-21, 222-080-59 & 222-170-28 (Brookfield Homes – Rancho Coronado, LLC)
 - 1.5 Final Acceptance of Water and Sewer Improvements for Rancho Coronado Phase 1 Improvements, APNs 222-091-21, 222-080-59 & 222-170-28 (Brookfield Homes – Rancho Coronado, LLC)
 - 1.6 Approval of Construction Agreement for Water and Sewer Improvements for San Elijo Hills Town Center, APN 223-630-23 (SEH Lifestyle Center, LLC)
 - 1.7 Resolution Adopting the District Pay Schedule
 - 1.8 Fall 2017 Between the Pipes – Vallecitos Water District Quarterly Newsletter
- 17-09-04 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

ACTION ITEMS

APPROVAL OF SALE OF VALLECITOS WATER DISTRICT PROPERTY TO BROOKFIELD RANCHO CORONADO, LLC AND ANNEXATION INTO THE SEWER SERVICE AREA (APN 222-190-02 & 06)

Development Services Senior Engineer Scholl stated staff was approached by Rancho Coronado requesting to purchase three parcels owned by the District. Their property lies just north of the District's South Lake property of which the District has 44 acres. Parcel A needs drainage improvements, a brow ditch, a detention basin, and some grading. The District suggested that Rancho Coronado purchase that portion of property to complete their improvements. Parcels B & C are small portions of properties they needed to acquire for their road in order to do their grading as well as the slope embankments. An appraisal was conducted at the expense of Rancho Coronado. The value of the property was approximately \$12,200 for the total of .61 acres. Rancho Coronado also completed annexation for the property. Staff notified Rancho Coronado that they will need to annex into the sewer district as well as it will become part of their development.

Staff recommended the Board approve the sale of District property with conditions.

Director Martin questioned the property appraisal of \$12,200 performed by an appraiser hired by the City. Development Services Senior Engineer Scholl clarified that the District selected the appraiser and the developer paid for the appraisal.

General discussion took place. During general discussion, Director Hernandez stated he would like to recommend the District sell the property to Rancho Coronado for \$1 and include to the sale a five-foot-wide, thirty-foot-long floating dock with a 20x20 raft; a concrete picnic table with seats; and an 18-foot-long, four-foot-high commercial chain link fence with a four-foot sub-closing gate. The location will be determined by the City of San Marcos developed for the District. The ownership of all these would become part of the ownership of these particular items – become part of the lease that the District has with the City. He received acknowledgement from the City Engineer that they are working on this. They have a plan, but he has not seen the final plan. The City Manager discussed the timeline with construction taking place the first of the year. Director Hernandez wants the elements he mentioned in the plan.

District Engineer Gumpel stated that he and the General Manager met with the City on several items last week. The sale of this property and the South Lake Plan are two different items that are not inter-related for the District. The developer is being conditioned by the City as they have the South Lake plan to their plan discrepancies. The City is in the process of conditioning the developer to build a portion of the South Lake Park improvements. The Board will have another opportunity to review the South Lake parcel improvements before they move forward. The City will provide a presentation to the Board on the South Lake park improvements as well as the final design and schedule. Brookfield will most likely be conditioned to continue the entryway and the parking lot that gives access to the park. The only portion that Vallecitos is interested in is to make sure our access to the lake is not cut off. At the end of that parking lot there will be a gate and a fence that both the City and Vallecitos has a lock to so that staff can access it on a daily basis in order to check on the lake. That would also be the future access used for the actual park itself.

General discussion followed.

17-09-05 MOTION WAS MADE by Director Hernandez to: 1) sell the property for \$1; 2) a five-foot-wide, thirty-foot-long, floating dock with 20x20 floating raft; 3) one concrete picnic table with seats; 4) an 18-foot-long four-foot-high commercial chain link fence with a four foot sub-closing gate, location to be determined by the City of San Marcos, developer and the District, and the ownership of these items to be part of the lake lease to the City.

There was no second on the motion, therefore, the motion failed.

17-09-06 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried 4 – 1, with Director Hernandez voting no, to approve sale of District property and subsequent annexation with conditions and to declare the three parcels as surplus District property.

APPROVAL OF ESCROW ACCOUNT FOR WATER CAPITAL FACILITY FEES FOR
"PALISADES ESTATES", APN'S 172-110-07, 08, 35 & 174-260-03, 04, 09 & 22
(PROGRAM RESOURCES, INC.)

Development Services Senior Engineer Scholl stated the Palisades Estates is a proposed 222-acre development. They're proposing to bring their development in two phases. The first phase being nineteen units, which is what the escrow agreement is being proposed to cover. The County of San Diego requires the development to have a water commitment form signed and executed by the District before they can continue with their development. The District cannot commit water service until they pay their capacity fees. Staff is proposing to set up an escrow account with terms that if the property is approved by the County, the development is approved to move forward by the County, then the District will receive the funds from that escrow account. If the development is not approved by the County, those funds are refunded back to the developer. They have approximately \$98,000 in SDCWA fees and \$142,000 in District capacity fees that they are proposing to put into the escrow account.

Staff recommended the Board approve the escrow agreement.

17-09-07 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, to approve the escrow agreement with conditions.

Mr. Hunsaker, member of the public, addressed the Board asking why there isn't a sewer commitment.

Development Services Senior Engineer Scholl stated the developer is not proposing to come into the District for sewer, they're proposing to do septic systems on the property.

BILLING ADJUSTMENT

General Manager Pruim stated this item was requested by the Board at the August 16 Board meeting and addresses adjustment to customer bills when deemed necessary. Incorrect billings result from a variety of reasons and billing errors do include both under-billing and over-billing. He provided a few examples of billing errors, how they may occur, and staff's actions once the error is identified. The practice staff follows is that each issue is handled on a case by case basis. Staff address issues of over-billing as well as under-billing and will either credit or refund the customer for over-billing. Should the customer be under-billed, the District can only recuperate up to three years. Staff would work with the customer to set up a repayment schedule. The District does not impose any fines or penalties and does not charge interest on payment plans.

General discussion followed. During general discussion, Director Sannella stated that a policy and processes should be put in place to address this issue to ensure customers are not negatively impacted.

Director Evans stated that as Chair of the Policy Committee, she would like to schedule a Public Awareness/Personnel/Policy Committee meeting.

This item was presented for information only.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- He recently notified the Board that staff would be performing nighttime work on San Marcos Blvd. to make repairs to a water service connection. Staff was unable to affect the complete repairs on the one night that was available to staff. Staff will need to go back to complete and is coordinating a date with the City.
- District facilities on this property will be re-roofed with the exception of the Administrative building. The contract has been awarded and the contractor is mobilizing. Work will begin soon.
- The public hearing on rates will take place at the September 20 Board meeting.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that Imperial County, the IID and the SDCWA will be presenting at a Salton Sea workshop tomorrow. They will be pushing that the State Water Board will move forward on implementing the ten-year plan to improve the Salton Sea.

Director Evans stated that legislatively, there are three general obligation bond measures proceeding through the Legislature. The one most likely to move forward is SB 5 (Deleon). This measure would propose a \$3.8 billion general obligation parks, resources, and water bond measure. The SDCWA is advocating a Support position as amendments to the bill that the SDCWA has been actively advocating for are now included in the measure. Those amendments include \$280 million for Salton Sea restoration to implement the Administration's 10-year Salton Sea management program. AB 18 (Garcia) proposes a \$3.47 billion general obligation parks and resources bond measure. The SDCWA Board has adopted a Support if Amended position. Recent amendments include \$300 million for the Salton Sea restoration. SB 701 (Hueso) is sponsored by the SDCWA and would propose a \$500 million general obligation bond for the Salton Sea restoration. SB 701 was held on the Assembly Appropriations Committee Suspense File, and is now a two-year bill.

Director Evans provided the Board with a copy of the What's Hot publication which contains the following items: Long-term Water Use Efficiency, Public Goods Charge on Water, Resources Bonds & The Salton Sea, and the Little Hoover Commission.

Director Evans stated that Mr. Richard Patterson with Metropolitan Water District (MWD) provided a presentation on MWD's water fix. MWD has not put a limit on how much they're willing to commit to make the water fix happen. MWD plans to put this item to a vote at their next meeting.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement committee meeting will take place on September 20.

Director Elitharp stated the Policy & Finance Committee will take place on September 12.

STANDING COMMITTEES

Director Martin stated the Finance/Investment Committee met on August 30. The topics discussed were provision of the District's purchasing policy regarding contracts in excess of \$100,000 per year and miscellaneous fee study.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin reported on his attendance to the Urban Water Institute Conference and the CASA Conference.

Director Hernandez reported on his attendance to the Urban Water Institute Conference and the CASA Conference.

Director Evans reported on her attendance to the CSDA Quarterly meeting, the CASA Conference and the Water Conservation Garden JPIA meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin commented on the South Lake lease with the City of San Marcos stating it doesn't appear we have a very good lease agreement with the City. Staff responded stating the lease agreement with the City requires that they pay for half of the maintenance costs.

Director Hernandez stated there was a presentation today at Encina Wastewater Authority relative to recycling. He further stated that San Marcos is the number one alternative for groundwater going to the Twin Oaks connection.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:15 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 20, 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 Pruum, Secretary
Board of Directors
Vallecitos Water District