

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 20, 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 Evans
Director Hernandez
Director Martin
Director Sannella

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

ADOPT AGENDA FOR THE REGULAR MEETING OF SEPTEMBER 20, 2017

17-09-08 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of September 20, 2017.

PUBLIC COMMENT

None.

CONSENT CALENDAR

17-09-09 MOTION WAS MADE by Director Sannella, seconded by Director Evans, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Finance/Investment Committee Meeting – August 30, 2017
- B. Closed Session Board Meeting – September 6, 2017
- C. Regular Board Meeting – September 6, 2017
- D. Engineering/Equipment Committee Meeting – September 11, 2017

- 1.2 Warrant List through September 20, 2017 - \$1,781,314.29
- 1.3 Financial Reports
 - A. Water Meter Count – August 31, 2017
 - B. Water Production/Sales Report – 2017/2018
 - C. Water Revenue and Expense Report – August 31, 2017
 - D. Sewer Revenue and Expense Report – August 31, 2017
 - E. Reserve Funds Activity – August 31, 2017
 - F. Investment Report – August 31, 2017
- 1.4 Final Acceptance of Water and Sewer Improvements for Lazovic 4-Lot Subdivision, APN's 220-261-66, 67, 68 & 69 (Lazovic/Bujosevic)
- 1.5 Final Acceptance of Sewer Improvements for North City East Sewer Replacement, APN's 221-100-20, 30, 55, 67, 68, 220-201-01, 02, 03, 04, 05 & 06 (Urban Villages San Marcos, LLC)

PUBLIC HEARING

PUBLIC HEARING TO CONSIDER WATER AND WASTEWATER SERVICE RATE CHANGES

President Elitharp opened the hearing as duly noted and posted to consider water and wastewater service rate changes. The hearing was opened at 5:02 p.m.

General Manager Pruim stated the purpose of the hearing was to allow the public to provide input to the Board of Directors with respect to the proposed rate changes for calendar years 2018 and 2019. As required by Proposition 218, a Notice of Public Hearing was mailed to all customers in the District's service area on July 24, 2017. The proposed rate changes in the Proposition 218 Notice were based on a Cost of Service and Rate Structure Study (COSARSS) approved by the Board on June 7, 2017. No changes to wastewater rates were recommended. Written protest from a majority of effected customers is required to stop the proposed rate changes from going into effect. The District received a total of 28 protest letters of which copies were provided to the Board.

Assistant General Manager Scaglione provided a presentation on the Proposition 218 process as follows:

- Proposed Rates
 - Impact to Average Customer
 - Ready-to-Serve Charge
 - Total Rate Impact at Varying Use Levels
 - Comparison of VWD's Proposed Rates to Other Water Districts in San Diego County

- What drives water rate increases
- What has been done to reduce costs
- Impacts to Reserves and Financial Performance
- Rate Protest Comments
- Cost of Service and Rate Structure Study Process

Staff recommended the Board adopt the proposed rate changes.

General discussion took place during which further explanation of the Tier 3 rate increases was provided. General Manager Pruim stated a rate calculator is available on the District's website and staff is available to help customers understand the effects of the rate increases for their individual situation. Free water audits are available to customers as well to assist them with lowering their water usage and cost.

Four members of the public addressed the Board expressing their personal concerns including the proposed rate increases for Tier 3, inability to afford the increases, zoning issues, fire protection, residential and agricultural rates for small farms, growing of marijuana, desalinated water, and Consumer Price Index and average hourly earnings increases as compared to the proposed rate increases.

There being no other persons wishing to address the Board, President Elitharp closed the hearing at 5:56 p.m.

17-09-10 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the rates and charges contained in the Proposition 218 Notice.

ACTION ITEMS

None.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- An ordinance finalizing the approved rate increases will be brought back to the Board at the next Regular Board meeting.
- The District's financial auditing firm will be on site next week to complete their final field work before preparing their final report.
- Work has begun to repair roofs on District buildings at this site.
- Preparations have been made to prepare for the fire season including creating fire breaks and checking sprinkler systems.

- In an effort to achieve more efficiency, the District will be entering into an agreement with InfoSend, a firm that already handles the printing and mailing of customer bills, to assist in delivering 48-hour disconnection notices.
- Several bills regarding water use efficiency have been proposed. The bills, containing unfavorable language to the District, were not voted on during the last legislative session, but may be considered in the next session in January 2018.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott stated Governor Brown is considering AB 746 which would require water districts to perform lead testing for school district properties to identify any problems. The key issue of the bill is who is responsible for taking care of any problems that are discovered.

General discussion took place regarding the District's lead testing program.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans commented on bills AB 1668 and SB 606, which pertain to long-term water use efficiency, and SB 5, the parks, resources and water bond, which has been passed. The bill provides funds for the Salton Sea restoration. The Public Goods Tax has been set aside for two years.

Director Evans stated the vote on the California Water Fix is scheduled for September 26.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning at which an engineering contract was approved to review the repair of one of EWA's aging major pipelines.

Director Elitharp reported on his attendance to the Policy and Finance Committee on September 12 at which the Committee reviewed the report on compensation and reimbursements for fiscal year 2017, and the local preference policy for competitive bid procurement.

STANDING COMMITTEES

Director Hernandez stated the Engineering/Equipment Committee met on September 11 to discuss the men's locker room project, solar Request for Proposal (RFP), groundwater RFP, Master Plan update and possible freeway sewer update. The Committee will meet again on October 9.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Elitharp, Hernandez, Martin and Evans reported on their attendance to the Council of Water Utilities (COWU) meeting on September 19.

Director Hernandez reported on his attendance to the Water Education Foundation Headwaters Tour on September 13-14.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

The Board commended staff's efforts concerning the very difficult process of raising rates and for the well-coordinated and detailed budget process.

Director Hernandez commented on incorrect information that is being circulated regarding the lack of schools, new development growth and water supplies.

Director Martin commended former Finance Manger Fusco for his efforts as well.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:43 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, October 4, 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