

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 15, 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 Martin led the pledge of allegiance.

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

Staff Present: General Manager Pruum
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
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 15, 2017

17-11-08 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of November 15, 2017.

PUBLIC COMMENT

None.

CONSENT CALENDAR

17-11-09 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Legal/Legislative Committee Meeting – October 30, 2017
- B. Finance/Investment Committee Meeting – October 31, 2017
- C. Closed Session Board Meeting – November 1, 2017
- D. Regular Board Meeting – November 1, 2017
- E. Legal/Legislative Committee Meeting – November 7, 2017

1.2 Warrant List through November 15, 2017 - \$1,392,877.22

1.3 Financial Reports

- A. Water Meter Count – October 31, 2017
- B. Water Production/Sales Report – 2017/2018
- C. Water Revenue and Expense Report – October 31, 2017
- D. Sewer Revenue and Expense Report – October 31, 2017
- E. Reserve Funds Activity – October 31, 2017
- F. Investment Report – October 31, 2017

ACTION ITEMS

NOTICE OF PREPARATION FOR A DRAFT PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE 2017 WATER, WASTEWATER AND RECYCLED WATER MASTER PLAN

Development Services Senior Engineer Scholl provided a presentation on the 2017 Master Plan Program Environmental Impact Report (PEIR) Notice of Preparation as follows:

- 2017 Master Plan Status
- Final PEIR Process
- CEQA/PEIR Purpose
- PEIR Effects to be Analyzed
- Final PEIR Process
- Notice of Preparation
- Master Plan/PEIR Schedule

Development Services Senior Engineer Scholl stated a scoping meeting will be held during the 30-day Notice of Preparation public review process on December 7, 2017 at 5:00 p.m.

Mike Hunsaker, member of the public, addressed the Board expressing his concerns about how long the process of preparing the 2017 Master Plan has taken, that it wasn't completed closer to the completion of the 2015 Urban Water Management Plan (UWMP), and that he believes growth projections for 2017/2018 are not accurate. He stated the Master Plan draft should be available to the public before the public meetings, which he believes should start at 6:00 p.m. instead of 5:00 p.m. He thanked the Board.

Development Services Senior Engineer Scholl responded to Mr. Hunsaker's concerns explaining that the cutoff date for data to be included in the 2008 Master Plan was June 30, 2008 with the adoption date of 2011. The 2017 Master Plan currently being developed utilizes a data cutoff date of June 30, 2014. There are six to seven years between the Master Plan adopted in 2011 and the one that will eventually be adopted in 2018. The District strives to complete a Master Plan every five to ten years. He also explained that the Master Plan

and UWMP are two completely separate documents that should not be completed at the same time.

District Engineer Gumpel stated the 2015 UWMP was adopted mid-2016 using data from calendar year 2015 which was not available until 2016. The completion process takes at least six months and is dependent on data received from Metropolitan Water District and San Diego County Water Authority.

General discussion took place.

Andrew Yancey, an attorney with Latham & Watkins, legal counsel for Golden Door, addressed the Board expressing concern about the PEIR being prepared as a supplemental PEIR, stating that supplemental documents generally indicate minor changes to a document or program. Also of concern was that the 2008 Master Plan utilized the County's General Plan dated 1979 and that the County's General Plan was since updated in 2011 in which the newer land use data would change the way the District considers its water demand. He requested the 30-day public review period be extended to 60 days due to the upcoming holidays to allow more time for the public to weigh in on the PEIR, and questioned the order in which the duty factors were established for the UWMP and Master Plan. He thanked the Board.

Development Services Senior Engineer Scholl responded to Mr. Yancey's concerns, recommending the 30-day review period because it pertains to the Notice of Preparation which asks for public input; there is not an actual environmental document for review during that time. He explained that a supplemental PEIR is being prepared due to very minor changes to some land uses, duty factors, and the capital improvement program. Regarding Mr. Yancy's concern about the duty factors, he clarified that as the data cutoff date for the 2017 Master Plan is June 30, 2014, the Newland Sierra project is not an approved land use and will not be included in the 2017 Master Plan.

General discussion took place during which Director Hernandez requested additional information pertaining to the minor changes Development Services Senior Engineer Scholl had referred to. Development Services Senior Engineer Scholl stated duty factors were either slightly increased or lowered for some land uses. There have been some land use updates made by the County and City of San Marcos. District Engineer Gumpel stated the capital improvement projects in the previous Master Plan and the 2017 Master Plan are very similar except for the timing of projects; the same projects are expected to happen over a longer period of time. General Manager Pruiim noted that if a project included in the Master Plan may have significant environmental impacts, that project would be subject to its own environmental study.

Director Evans requested staff provide more detail on the changes discussed and their impacts on the supplemental PEIR at a workshop meeting. She also recommended a

discussion on the differences between the UWMP and the Master Plan, and why they are separate issues.

General discussion took place regarding the December 7 scoping meeting. It is not a Board meeting or workshop. Legal Counsel Scott clarified the Notice of Preparation and scoping meeting are primarily to give responsible agencies, the city, and developers the opportunity to request their land use be considered in the PEIR.

17-11-10 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried 4-1, with Director Martin voting no, to approve initiation of a 45-day public review period for the Notice of Preparation of a draft PEIR Supplement for the 2017 Water, Wastewater and Recycled Water Master Plan.

Prior to the final motion, Director Martin made a substitute motion to provide a 30-day public review period for the Notice of Preparation. As there was no second for the substitute motion, the motion failed.

DISTRICT POLICY FOR BILLING ADJUSTMENTS

General Manager Pruim stated pursuant to a recent billing error, the District's Public Awareness/Personnel/Policy (PAPP) Committee met on October 16, 2017 to discuss the need for a policy for handling billing adjustments. Director Hernandez, a member of the PAPP Committee, reported at the November 1, 2017 Board meeting that the PAPP Committee met, reviewed policy and procedures, and did not recommend any policy changes. Director Martin asked that consideration of a policy for billing adjustments be brought to the full Board.

General Manager Pruim further stated District Ordinance No. 186, Section 1.1 provides that "the customer is responsible for prompt payment of costs associated with services provided by the District." The District does not have any policies that specifically address how to handle billing errors; however, the District's practice has been to handle billing adjustments relevant to errors on a case-by-case basis. Staff will seek payment from customers who have been underbilled going back as far as legally possible, three years. Similarly, customers that have been overbilled are reimbursed the amount overbilled. Given the number of bills the Districts sends out, errors are very rare. As recommended by the PAPP Committee, staff is performing routine surveillance of customer accounts to detect any errors that occur and correct them as soon as possible.

Director Martin expressed his opinion that the billing error in question was not the customer's fault, underbilling errors should not be handled on a case-by-case basis, and that a policy is needed to be fair to all customers.

General discussion took place. During general discussion, General Manager Pruim recommended a policy be flexible enough to be able to reconcile errors fairly. If the Board

chooses this direction, staff will draft a policy to be refined by the PAPP Committee before the policy is considered by the Board for approval.

The consensus of the Board was to direct staff to draft a policy to be reviewed by the PAPP Committee.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- The San Marcos Unified School District has expressed interest in the property adjacent to the District headquarters for a school site and arranged for soil testing to be performed on November 14. The District will be provided with the results of the testing. Legal Counsel Scott clarified that by law, the school district and the City of San Marcos have 60 days to express interest in purchasing the property. After November 21, there will be a 90-day period of good faith negotiations with the interested party(s). After the 90-day period, if an agreement is not reached, the District may entertain offers from other interested parties.
- Staff is currently evaluating proposals received from three consulting firms to perform a solar energy study.
- Staff will be performing an Emergency Operations Center training on November 16. There will be no disruption of District operations during the training.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott commented on a Water Foundation webinar he recently viewed related to the implementation of SB 231 which is the Herzberg Bill. The bill changes the legal definition of sewers to include storm water activities under Proposition 218. He will email the webinar to the Board.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated an Engineering and Operating Committee meeting is scheduled for November 16 which will mostly be closed session. No other meetings are scheduled in November.

ENCINA WASTEWATER AUTHORITY

President Elitharp reported on his attendance to the Policy and Finance Committee meeting on November 7 at which EWA's unfunded CalPERS pension liability and resolutions for financial transaction authorization were discussed. He also attended the November 8 Capital Improvement Committee meeting on behalf of Director Hernandez at which the Committee

reviewed a septage receiving feasibility study, authorization for a sole-source procurement of laboratory equipment, and a screen procurement contract award.

STANDING COMMITTEES

Director Sannella reported on the November 7 Legal/Legislative Committee meeting at which the Committee reviewed five proposals for legal services and eliminated one legal firm from further consideration due to its distance from the District. General Manager Prum prepared a comparison of the four remaining firms and will be providing that information to the Board. At the Committee's recommendation that interviews be conducted in December over two half days, the consensus of the Board was to schedule the interviews from 1:00 p.m. to 5:00 p.m. on December 12 and 13 with an optional date of December 15 if necessary.

Director Hernandez reported on the November 13 Engineering/Equipment Committee meeting at which the Committee discussed Advanced Meter Infrastructure (AMI) technology and a possible collaboration with Olivenhain Municipal Water District to expand the tower at Double Peak tank; discussed a groundwater feasibility study with staff from Woodward & Curran to determine options and costs; provided an update on the men's locker room project. The Committee will meet in January for further updates.

Director Martin reported on the October 31 Finance/Investment Committee at which planning for future Committee meetings took place. Director Martin requested "return on investment" information be included in staff reports and the budget process for expenditures such as replacing systems or vehicles.

General discussion took place regarding the purpose of Committee meetings.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Sannella and Hernandez reported on their attendance to a meeting at Senator Joel Anderson's office on November 2.

OTHER BUSINESS

QUARTERLY BOARD EXPENSES

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

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin asked if committee duties and responsibilities should be discussed at a future Board meeting. General Manager Prum recommended a workshop be scheduled in January to discuss the District's Strategic Plan and how self-directed should the committees be versus being directed by the Board to study specific issues.

Director Sannella commented on the 5:00 p.m. start time of the December 7 scoping meeting, seeking clarification as to who the intended audience is for that meeting. District Engineer Gumpel stated scoping meetings are intended primarily for staff from other public agencies; however, they typically send form letters to the District instead of attending the meetings. Developers sometimes attend and the public is welcome as well. The majority of the Board agreed to leave the start time of the scoping meeting at 5:00 p.m.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:51 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, December 6, 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 Pruiim, Secretary
Board of Directors
Vallecitos Water District