

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MARCH 4, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the meeting to order at the hour of 5:00 p.m.

Development Services Senior Engineer Scholl led the pledge of allegiance.

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

Staff Present: District Engineer Gumpel
Legal Counsel Norvell
Operations & Maintenance Manager Pedrazzi
Development Services Senior Engineer Scholl
Finance Manager Owen
Executive Secretary Posvar

ADOPT AGENDA FOR THE MEETING OF MARCH 4, 2020

20-03-02 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Board Meeting of May 4, 2020.

PUBLIC COMMENT

None.

CONSENT CALENDAR

20-03-03 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Closed Session Board Meeting – February 26, 2020

1.2 Warrant list through March 4, 2020 - \$971,661.10

1.3 Approval of Construction Agreement for Sunset Ridge, APN 226-280-19 (Raecorte Development, LLC)

ACTION ITEMS

DISCUSSION REGARDING CERTAIN PROPERTY DESIGNATED AS "NORDAHL 15-LOT SUBDIVISION," APN 226-290-01 (REZA SAMANDARI AND SAHAR NAEEMI)

Development Services Senior Engineer Rob Scholl stated Reza Samandari and Sahar Naeemi have returned to the Board to discuss a 15-unit subdivision. This project location is off of Nordahl Road in between Rock Springs Road and El Norte Parkway. The project is in the Bennett area which is an area that has a lot of Vista Irrigation District (VID) served properties in it. Vallecitos' sewer service area is a little patchy. This project is within Vallecitos' sphere of influence and is currently outside both of its water and sewer service areas. The property does have one single family residence on it and currently receives service from Vista Irrigation District. The property is also served by septic.

Development Services Senior Engineer Scholl provided a presentation as follows:

- Property Location
- Property currently has one single family residence
 - Receives water service from Vista Irrigation District
 - Septic system service for wastewater
- Within VWD's Sphere of Influence but outside of its water and sewer service areas
- In 2017, Waring Family Trust and Tellier Family Trust applied for annexation into VWD's water and sewer service areas
 - Board approved annexation conditions on July 19, 2017
- VID determined it would provide water service
- December 1, 2017 – Sewer Study completed
 - Identified 7,000 feet of undersized pipe from the development to VWD's land outfall
 - Negotiated 137-foot section to be upsized by Waring
- August 2018 – Subdivision plan check opened
- April 1, 2019 – Waring sent an email to staff expressing concerns about the project's viability
 - Work ceased on plan check and annexation
- December 2019 – Project closed-out by staff due to inactivity
 - Plan check left incomplete
 - No approved construction agreement
 - Annexation conditions were not met
 - No written commitments made to secure the project
- December 2019 – Mr. Samandari and Ms. Naeemi approached VWD about resurrecting the project
 - Assumed previous development conditions still applied
- February 2020 – staff informs Mr. Samandari and Ms. Naeem that a new Water and Sewer Study is required for the following reasons:
 - Recent discussion with VID about water service to Bennett area developments

- New Master Plan has been adopted
- New sewer model and projections
- Mr. Samandari and Ms. Naeemi request that VWD honor the project requirements set with the previous property owners (Waring and Tellier)
- February 28, 2020 – staff met with VID
- Determined that VID would be in a better position to serve project
 - VID is already serving the existing on-site residence
 - VWD infrastructure extension would be cost-prohibitive
- Previous project with previous owner was closed-out without any written agreement
 - Equivalent to starting the process over
- New Master Plan and supporting sewer model updated sewer flow projections
 - Staff cannot properly set conditions for the project without evaluation through a new sewer study
- Conclusion – Staff requests that Mr. Samandari and Ms. Naeemi authorize staff to work on an updated sewer study to assist in setting development conditions

Development Services Senior Engineer Scholl stated that Mr. Samandari and Ms. Naeemi have requested that the District honor the project requirements set with the previous owners. Staff met with Vista Irrigation (VID) staff last Friday and determined that since VID is already serving the existing residence, they already have infrastructure in that area, and that Vallecitos does not. Vallecitos would need to do approximately a 1,000 foot line extension to serve this property. The parties are in agreement that VID would be in a better to serve this project.

Development Services Senior Engineer Scholl stated the previous project was closed out without any type of written agreement or anything to secure that project. Due to the fact stated in the presentation, staff is not in a position to properly set conditions on this project without a new sewer study. Staff is requesting that Mr. Samandari and Ms. Naeemi authorize staff to work on an updated sewer study so that staff can assist in developing conditions.

Director Elitharp asked when the new property owners acquired the property. Mr. Samandari stated he acquired the property on February 1. Director Elitharp further asked if the new property owners came in and talked to staff before they acquired the property.

Development Services Senior Engineer Scholl confirmed the property owners started discussions with staff approximately mid-December of last year.

Director Martin asked what the sewer study costs.

Development Services Senior Engineer Scholl stated the sewer study is approximately \$3,000. This is a deposit, not a fee. Any funds that are not used at the completion of the study are refunded back to the depositor. The study is prepared by staff, he reviews the study and given back to the developer for their review as well. If they confer with it, it is

finalized. If there are comments, they are discussed and incorporated before finalizing.

President Evans reiterated the original sewer study was completed and identified a lot of undersize pipe.

Director Hernandez inquired if the project has changed from before and now. Development Services Senior Engineer Scholl stated the project is still being advertised as a 15-lot subdivision. The new owners have given the District a \$3,000 deposit and have told staff not to use the funds for a study – they wanted staff to resolve the water situation, which staff did, and to bring this before the Board for discussion.

Director Sannella stated that at the last Board meeting, they said the terms the District was proposing would make the project not viable economically.

Development Services Senior Engineer Scholl stated that staff does not have the information to be able to set conditions. Staff is trying to acquire authorization to complete/update the sewer study so that staff can start to work on the conditions.

Director Sannella asked Development Services Senior Engineer Scholl if he feels there is going to be significant changes to the study. Development Services Senior Engineer Scholl stated that some areas of the district have increased demand/future demand projections.

President Evans clarified that the study is required so staff will know what is needed to upgrade the sewer system. She also indicated that VID will now be supplying them with water. She further asked if the original information that Waring Family Trust and Tellier Family Trust had included a separate annexation for water and pipes as well as their expectations of funding needed.

Development Services Senior Engineer Scholl stated that the conditions have not changed with regard to the Waring Family Trust and Tellier Family. VID would serve water for the project; therefore, staff would not need to do a water study.

Mr. Samandari stated they are the developer for this property and prior to their purchase, they came three times to the District. He has emails that showed no further study is needed. The same repairs are going to be honored – there were 137 feet of sewer line updated from 12 to 15 inch. Mr. Whittington called him back and told him he spoke with Eileen and they said yes, they do not need to do anything, they are good, and they closed escrow. His concern is with the profit margins on this land are very low. They cannot afford to do additional sewer upgrades, and they cannot move forward. This is why they are asking the Board to please consider this. This is what they promised us and we have many emails from Vallecitos saying they don't need to do anything and will be like the previous owner. They are on hold to see what is going to happen with this.

Director Martin addressed staff stating that the gentleman claims he has emails from VWD

stating no further study needed. Director Sannella stated he had the same question Director Martin had.

Development Services Senior Engineer Scholl stated that what he thinks Mr. Samandari is referring to is an email that came from Eileen who is with my staff. It didn't say that no further study was required. He was referring to an email referencing the 137' sewer requiring replacement.

Mr. Whittington stated the highlighted area says that the study will not be changed. Mr. Samandari stated they would not have bought this property if they knew there was a new Master Plan and had to do a new study. Director Elitharp stated the email actually states the replacement of the 137' of sewer will not change after reviewing the email handed out by Mr. Whittington

President Evans asked if they have a signed agreement from the District regarding the prior study or the prior situation. Staff did convey there are no signed agreements with the development and the project was previously closed out due to inactivity.

Mr. Lee Whittington introduced himself stating he is with Sweetwater Engineering and stated he wasn't sure anything was ever signed. He explained the County of San Diego Map process and gave explanation to how and why the project stalled from what was anticipated from the original developer. He even called Eileen and she assured him that everything was the same back when the property/project was for sale. When they were deciding whether to file another extension or just let it sit, the owner was saying that he couldn't find anyone to buy this and might have to look at redesigning this project because nobody wants to buy it. The original owner decided to let it expire and reopen the project. The new owners are afraid the new sewer study is going to be a drastic increase in the amount of sewer that is required to repair. They are willing to do the 137 feet, but if a new sewer study is required, they have to pay \$3,000 for it and will probably be a lot more and is going to kill the project.

Director Martin asked District Engineer Gumpel to explain what the email says in his mind. District Engineer Gumpel stated it is hard to know without understanding the context of the conversation. The District does not have an agreement with the development or project. The District needs a nexus to condition the developer. Conditions cannot be made up without a nexus. The study provides that nexus – the old study is no longer valid. He had staff reach out to the developer to hopefully meet with either himself or the General Manager to explain why a study is required. Staff looks at projects holistically, have a better understanding what's going on in the region. The developer may not realize that LAFCO, VID and Vallecitos Water District all have long-term planning and that the area where this development lies will all annex in Vallecitos over time. Any and all development coming requires a study and final conditions are set on a case by case basis. The study is black and white and from there, staff conditions projects appropriately.

Director Martin asked how long the study takes.

Development Services Senior Engineer Scholl stated the study could be updated in two to three weeks.

Mr. Whittington stated the annexation agreement, with staff conditions, the conditions they got never said it was 137 feet. The conditions they got say they will have to repair 7,000 feet. And this is all it's ever said. It took months to actually negotiate back and forth with the engineering department to finally come from 600 to 137 feet. They had to send out field crews to review pipes. He would like to question how staff do a sewer study. It seems to him that the Master Plan is the God of all plans. That study is 25-50 years into the future. This property was included in that study. The study included this property for a 30-year build-out at 28 units and they're only building 15. The 2018 sewer study did not identify any of these pieces that they were being asked to repair.

President Evans stated the Master Plan is important but it is a speculation and it changes. Unfortunately, from the time Mr. Whittington got involved in this project until Mr. Samandari had gotten in the project, that Master Plan changed. It would be a mistake as a community if we said it never changed. It did change. She feels he needs to speak with the General Manager and the supervisor in order to understand a little more about what has happened in that time period.

Mr. Whittington stated that he is not questioning the new ones that have been done, what he is questioning is why a sewer study was required in the first place. His understanding is that the District does a Master Plan and it identifies the problem areas, and that this is what the capital improvement fees is based on. When someone comes in at half the size from what was previously studied, it seems like that's a decrease in flow and decrease in water. Why is the sewer study needed after the Master Plan already looked at this?

District Engineer Gumpel stated that the Master Plan looks at the SANDAG projections for 30 years. The maximum development of the projects and maximum density happens in the ultimate. That is not time definitive. Staff wants to make sure each project is reviewed holistically, in other words we are not affecting our existing ratepayers by this new project – it's a neutral project. The project pays for itself as far as from an infrastructure standpoint without affecting our existing ratepayers and their pocketbooks as well as the existing infrastructure. The Master Plan also does not look at a single replacement project. Every single project in the Master Plan is growth-related. There may be replacement components, but no pure replacement projects. The water and sewer study starts with the Master Plan but also identifies projects that are pure replacement projects based on the existing flow rates and then flow rates of the project needs. The Master Plan itself does not identify what their project may be affecting on the existing sewer lines that do not need upsizing. Staff sets conditions to something that is realistic for your project to ensure that we have a nexus for conditioning you and can prove not just you as a developer, but to any citizen that comes in that we are appropriately conditioning a project without hurting the community at large.

Mr. Samandari addressed the Board stating he is afraid they have to start at the beginning.

Director Hernandez addressed Mr. Samandari asking if he understands that he would need to increase 137 feet of 8" pipe to 15" pipe. Mr. Samandari stated he understands that. His opinion is that the \$3,000 study is not going to make or break this project. Until they know if there is any difference in conditions, he feels Mr. Samandari needs to do the study and then get with staff or come back.

President Evans concurred with Director Hernandez. They will not know until the study is completed. She hopes they will come back when they have the results.

Mr. Whittington stated in a project recently, the LUPA project, the District waived the water annexation and only made them apply for sewer and they were wondering since they are not going to utilize the District's water, if they can do the same.

District Engineer Gumpel stated that VID's own planning document has that area to annex into Vallecitos. LAFCO direction was for that whole area, since it's in Vallecitos' sphere, to annex into Vallecitos. All ordinances are ready to support that. Mr. Lupas' property was unique because it was two separate APNs with one APN was grandfathered in prior to those actions. It ended up being two different tax bases which he was combining the APN into a single lot. It became a State Board of Equalization issue as one cannot have two properties in two different tax basis converted to a single, legal lot. Mr. Samandari's property that he is developing fits the statutes of the intent of LAFCO, the long-range planning documents of VID, and Vallecitos' ordinance which are all in alignment.

Director Sannella stated he understands the challenges they are facing. Also need to be mindful that whatever impact they bring new into the District, that they burden some of the cost that current residents and customers that live here have already paid. He recommended they go through the process and the study.

Director Martin stated he appreciates the situation they are in and understand it. Staff is not going to go out of its way to try to get them to do something they don't have to. Staff worked diligently in getting the exact numbers they need.

Development Services Senior Engineer Scholl needs written authorization that staff are authorized to move forward with the sewer study.

ADJUSTMENT TO GENERAL MANAGER'S COMPENSATION

Legal Counsel Norvell stated that the Brown Act requires specific notice and oral summary of a recommendation when something concerns the compensation of benefits of an executive level individual at the District.

Recently the Board conducted the annual performance review for General Manager Pruiim.

The item before the Board is a proposed one-time bonus based on his performance evaluation. Under the Brown Act, the Board is required to provide an oral summary of the recommended salary or compensation change of the District Executive. The proposed action is a one-time lump sum bonus in the amount of \$10,000. It will not be included in the calculation of his CalPERS retirement benefit. No other changes to the General Manager's compensation or benefits are proposed.

20-03-05 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve a one-time lump sum bonus.

REPORTS

GENERAL MANAGER

District Engineer Gumpel provided an update on the litigation that was filed with the District in Santa Clara County for cost of service based on water use for fire protections and the proper allocation of it. A summons was received today.

Staff is working on rescheduling the goal setting workshop.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated there was a meeting last week. There are two Bills being sponsored by the Water Authority. One is introducing a place holder legislation to ensure there is an opportunity during 2020 to determine whether there is a statutory path available so San Vicente Dam can be used for energy storage.

Senator John Moorlach has introduced SB 11386 that is being cosponsored by the Water Authority and Irvine Ranch Water District. Its purpose is intended to clarify existing law regarding the imposition of fire related water service charges being implemented across the customer base in compliance with Proposition 218. The legal action that the attorney - they are saying that the cost of the water should be paid for by the fire departments, not the citizens. The Water Authority is trying to reaffirm that existing water service charge practices are relative to the situation.

Public Safety Issues:

- Price gauging prohibition related to purchases for generators in an emergency situation.
- A bill is coming forward for including de-energization events as a condition constituting a state emergency.

- Exempt the operation of emergency backup generators from local, regional and state regulations regarding operation.
- Sales tax exemptions for local government entities purchasing backup generators.
- Provide flexibility for use of emergency backup generators during a PSPS event.

There were 2,200 new bills introduced on February 21.

Discussions took place on Metropolitan Water District. There also was an article in the paper regarding the offer that the San Diego County Water Authority gave to Metropolitan Water District.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee is scheduled for March 18.

STANDING COMMITTEES

Director Hernandez stated the Engineering Committee will be having a meeting on March 9. Director Martin stated the Finance Committee discussed the budget for next year. The finance committee gave an excellent report going back six years and looking at the budget versus the actuals. Budget to Actuals: sewer keeps doing a fantastic job of coming in under budget. Their new I.T. gentleman saved the agency \$100,000 last year. Are receiving more money for the purple pipe water. Are on schedule to continue paying down PERS.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Special Meeting of the Board of Directors at the hour of 6:01 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, March 18, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Betty D. Evans, President
Board of Directors
Vallecitos Water District

ATTEST:

James Gumpel, District Engineer
Board of Directors
Vallecitos Water District