CALL TO ORDER – PRESIDENT HERNANDEZ

PLEDGE OF ALLEGIANCE – PRESIDENT HERNANDEZ

ROLL CALL

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity which severely imperils public health, safety, or both. Also, items which arise after the posting of the Agenda may be added by a two-thirds vote of the Board of Directors.

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 2, 2013

INTRODUCTIONS

Human Resources Technician Anderson will introduce new employees – Ivan Murguia, Treatment Plant Operator 1; Mike Garcia, Systems Collection Worker 1; and David Saavedra, Systems Collection Worker 1.

PRESENTATIONS

President Hernandez will present Plant Operator I Blake Bechtold with his Certificate of Competence as a Wastewater Treatment Plant Operator Grade II.

President Hernandez will acknowledge Safety Award winners Dennis Bowman, Warehouse Assistant II, and Lydon Miniter, Warehouse Assistant I, recognizing their commitment to safety.

Accounting, Purchasing and Warehouse Department Presentation.

ORAL COMMUNICATIONS

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy.

NOTICE TO THE PUBLIC

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.
CONSENT CALENDAR

1.1 APPROVAL OF MINUTES

A. REGULAR BOARD MEETING – SEPTEMBER 18, 2013

*Approved minutes become a permanent public record of the District.*

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH OCTOBER 2, 2013 – $ 4,868,913.58

Recommendation: Approve Warrant List

*****END OF CONSENT CALENDAR*****

ACTION ITEMS

2.1 WATER, WASTEWATER SERVICE, AND PUMP ZONE RATES ORDINANCES

*Proposed rate changes in the Prop. 218 Notice were based on recommendations from a Cost of Service Study prepared by Black & Veatch Consultants.*

Recommendation: Adopt Ordinances

2.2 RULES, REGULATIONS, AND MISCELLANEOUS FEES FOR WATER AND WASTEWATER ORDINANCE

*The Cost of Service Study report included proposed changes to the miscellaneous fees and customer deposit requirements.*

Recommendation: Adopt Ordinance

2.3 TIMING OF PAYMENT OF WATER AND SEWER CAPACITY FEES

*Resolution No. 1343 is the current document that governs the timing of payment for water and sewer capacity fees.*

Recommendation: This item was placed on agenda at the request of Board President Hernandez

2.4 MONTHLY BOARD MEETINGS

*Ordinance No. 178 is the current policy of the Board on conducting the business of the Board.*

Recommendation: This item was placed on the agenda at the request of Director Martin

*****END OF ACTION ITEMS*****
REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

3.4 ENCINA WASTEWATER AUTHORITY

3.5 DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****

OTHER BUSINESS

4.1 MEETINGS

UWI Spring Water Conference
February 19 - 21, 2014 – Hilton Hotel, Palm Springs CA

*****END OF OTHER BUSINESS*****

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*****END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*****

6.1 ADJOURNMENT

*****END OF AGENDA*****

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Valleceitos de Oro, San Marcos, California by 3:00 p.m., Friday, September 27, 2013.

Diane Posvar
President Hernandez called the Regular meeting to order at the hour of 4:00 p.m.

President Hernandez led the pledge of allegiance.

Present: Director Evans
Director Martin
Director Poltl
Director Hernandez

Absent: Director Ferguson

Staff Present: General Manager Lamb
Assistant General Manager Scaglione
Legal Counsel Scott
Director of Engineering & Operations Gerdes
Administrative Services Manager Emmanuel
Finance Manager Fusco
Accounting Supervisor Owen
Public Information/Conservation Supervisor Urabe
Risk Management Supervisor Janus
Accounts Analyst Kirby
Human Resources Technician Anderson
Public Information Representative Webb
Executive Secretary Posvar
Administrative Secretary Rogers

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 2, 2013

13-10-01 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, with Director Ferguson absent, to adopt the agenda for the Regular Board Meeting of October 2, 2013.

INTRODUCTIONS

Human Resources Technician Anderson introduced new employees – Ivan Murguia, Treatment Plant Operator 1; Mike Garcia, Systems Collection Worker 1; and David Saavedra, Systems Collection Worker 1.

PRESENTATIONS

President Hernandez presented Plant Operator I Blake Bechtold with his Certificate of Competence as a Wastewater Treatment Plant Operator Grade II.
President Hernandez acknowledged Safety Award winners Dennis Bowman, Warehouse Assistant II, and Lydon Miniter, Warehouse Assistant I, recognizing their commitment to safety.

Purchasing and Warehouse Department Presentation

Lydon Miniter, Warehouse Assistant I, introduced staff members Kevin McKelvey, Purchasing & Warehouse Supervisor; Dennis Bowman, Warehouse Assistant II; and Erik Warner, Building & Grounds Worker. He facilitated the presentation as follows:

- Staff supported
- Facilities supported
- Purchasing
- Warehouse – receive/distribute materials
- Inventory Control
- Shipping
- Regulatory Requirements
- Other Duties – special projects/emergency response

General discussion took place during and after the presentation. This presentation was for information only.

Accounting Department Presentation

Wes Owen, Accounting Supervisor, introduced staff members Fabiola Real, Accounting Technician; Sally Sheets, Accounting Technician; and Debbie Johnson, Accountant. He facilitated the presentation as follows:

- Cash receipts, accounts payable/receivable
- Payroll
- General Ledger
- Financial Statement preparation (Audit)
- Annual Budget Preparation
- Monthly Reporting

General discussion took place during and after the presentation. This presentation was for information only.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR
13-10-02  MOTION WAS MADE by Director Poltl, seconded by Director Evans, and carried unanimously, with Director Ferguson absent, to approve the Consent Calendar as presented.

1.1  A.  Regular Board Meeting – September 18, 2013

1.2  Warrant List through October 2, 2013 - $4,868,913.58

Director Martin requested clarification on the warrant list with respect to San Diego Gas & Electric (SDG&E), RJ Safety Supply Company, and Ken Grody Ford to which staff responded.

ACTION ITEMS

WATER, WASTEWATER SERVICE, AND PUMP ZONE RATES ORDINANCES

Assistant General Manager Scaglione stated that a Notice of Public Hearing was mailed to all account holders of the District in accordance with Proposition 218 notice requirements and advised District customers of the Public Hearing and of proposed changes to water commodity rates, Ready-to-Serve (RTS), sewer service charges and pump zone charges.

Proposed rate changes in the 218 Notice were based on recommendations from a Cost of Service Study prepared by Black & Veatch Consultants accepted by the Board on August 21, 2013. The Board of Directors considered alternatives to rates proposed in the 218 Notice and considered written responses to the 218 Notice as well as comments from the public at the Public Hearing held September 18, 2013.

The proposed 10¢-per-unit increase in the Tier 1 Water Commodity Rate effective January 1, 2014, includes an 8¢ increase from passing through a wholesale water rate increase from the San Diego County Water Authority. The Tier 1 increase effective January 1, 2015, is also 10¢, including estimated wholesale rate increases.

The Tier 2 and Tier 3 rates are to be maintained at 125% and 150%, respectively, of the Tier 1 (base) rate for 2014. These multiples are proposed to increase to 140% and 230% effective January 1, 2016. The increase is phased in over the two-year period of 2015 and 2016.

Proposition 26 no longer supports a subsidized discount, therefore, the frugal use discount for residential customers using five units of water or less in any month will be eliminated. The sewer portion of the discount will remain until July 2014.

The four-tiered structure was proposed as a means to help mitigate the elimination of the frugal user discount and makes the Tier 1 rates available to all customers (except
temporary meters). The rates for Tiers 2, 3 and 4 would be a little higher than what was listed in the Prop. 218 Notice.

The Board adopted Ordinance No. 181 on June 5, 2013, establishing sewer service charges through June 30, 2014, with no change in rates. Proposed increases to the monthly charge for a single-family residence of $1.54 effective July 1, 2014, and July 1, 2015.

Pump zone charges are based upon recovery of the actual costs of power to pump water to customers in higher elevations. Pump zone charges collected versus actual power costs incurred are tracked annually and any deficiencies or surpluses are considered in the next rate setting process. Only one-third of the change required to recover projected costs is recommended in an effort to reduce rate volatility.

General discussion took place.

13-10-03  MOTION WAS MADE by Director Poltl, seconded by Director Evans, and carried unanimously, with Director Ferguson absent, to adopt the Ordinance.

Ordinance No. 183 - The roll call vote was as follows:

AYES:   Evans, Martin, Poltl, Hernandez
NOES:   
ABSTAIN: Ferguson
ABSENT: Ferguson

13-10-04  MOTION WAS MADE by Director Evans, seconded by Director Poltl, and carried unanimously, with Director Ferguson absent, to adopt the Ordinance.

Ordinance No. 184 - The roll call vote was as follows:

AYES:   Evans, Martin, Poltl, Hernandez
NOES:   
ABSTAIN: Ferguson
ABSENT: Ferguson

13-10-05  MOTION WAS MADE by Director Martin, seconded by Director Poltl, and carried unanimously, with Director Ferguson absent, to adopt the Ordinance.

Ordinance No. 185 - The roll call vote was as follows:
Assistant General Manager Scaglione stated that at the Board Committee meeting of July 24, 2013, Black & Veatch Consultants and staff presented a Cost of Service Study report. The report was accepted by the full Board on August 21, 2013. The Report included proposed changes to the miscellaneous fees and customer deposit requirements.

Black & Veatch assessed the District’s existing procedures and fees related to establishing new accounts, terminating service, sign ups, lock-offs and providing miscellaneous services. The purpose of the review was to ensure the District recovers reasonable costs of providing service.

The draft ordinance for consideration also contains revised procedures related to delinquent accounts contemplated at the July 8, 2013, Board Committee meeting during the Customer Service staff presentation. The draft ordinance establishes a timeline of courtesy notices and reminders leading to a potential lock-off 32 days after bill presentation, as opposed to the current procedure of 43 days. Procedures related to delinquent fire services are defined in the draft ordinance as well.

General Discussion took place.

Director Martin requested clarification on sections one through three in the ordinance to which staff provided clarification.

Director Martin further requested an amendment to the ordinance allowing the new service fee to be waived for new customers who sign up for electronic payments.

13-10-06 MOTION WAS MADE by Director Poltl, seconded by Director Evans, and carried unanimously, with Director Ferguson absent, to adopt the Ordinance with the amendment.

Ordinance No. 186 - The roll call vote was as follows:

AYES: Evans, Martin, Poltl, Hernandez
NOES:
ABSTAIN:
ABSENT: Ferguson
TIMING OF PAYMENT OF WATER AND SEWER CAPACITY FEES

General Manager Lamb stated that this item was placed on the agenda for discussion at the request of Board President Hernandez. The Board has been provided with a copy of Resolution No. 1343 which was adopted by the Board on February 10, 2010, and is the current document that governs the timing of payment of water and sewer capacity fees.

Director Hernandez stated that his premise is to be fair and equitable and to come up with a solution that ensures the water district is going to get their money and also how to be fair and equitable to those developers that are paying the fees. His research has indicated that the banking industry has a set aside letter, which based on the loan or based on the group or individual or whatever financial vehicle is being used, can be identified to a group, an owner, a district that the money that is owed to, is set aside regardless of what happens with the development or project; it is their money. His personal feeling is that taking the money at the building permit phase when projects that were seen of magnitude, are twelve to eighteen months long and there is no service being given, is not a fair and equitable situation.

Mr. Leon Hayden, with San Elijo Hills Development Company, addressed the Board stating that he is a project manager for San Elijo Hills Development Company. They have to date paid more than $35 million in sewer and water capacity fees including builder contributions. They have built more than $50 million dollars in sewer and water facilities including three multi-million gallon tanks, 2 pump stations, and more than 15 miles of pipe and that does not include builder contributions. On this issue, after listening to Dennis Lamb’s explanation, it does make a lot of sense from the District’s standpoint, but from a builder’s standpoint he would like to interject as being a partner with many builders on their project. They feel that there is some merit in paying fees at certificate of occupancy. Builders have many upfront fees that they have to pay; buy the land, pay the fees and they do not really get to use the facilities until after they have the completed product. During that construction phase, water is metered through construction meters and they use very little during the actual construction of the home. It sounds like the District does have options as far as install and permit meters and charging a usage fee, but as long as that was not part of the capacity fees that had to be paid up front. He thanked the Board for their time and for taking the issue under consideration.

Mr. Michael McSweeney, Senior Public Policy Advisor for the Building Industry Association (BIA), addressed the Board stating that he wanted to lay out a case for how they view this policy. There was a law passed in the 1980’s called the Mitigation Fee Act, it’s AB 1600. Permits today are less than half of what they were a few years ago during the height of building, and it’s less than half of what it would take to just maintain normal growth rates. Basically providing enough units based on population growth. Second, development is almost always done on borrowed money. Therefore, developers borrow the money to pay the District in advance and pay interest on that
money during construction. The current system is in effect a prepayment system because they are prepaying for an impact that will not take place for a designated period of time. Other cities and jurisdictions in California do this and he’ll provide a list of over 150 cities and jurisdictions in California that have a fee deferral program at the end of his presentation.

Mr. McSweeney stated that recently, local jurisdictions in the county have re-adopted, sometimes for the third time, a fee deferral program. Many of them, when asked to set it up, they set it up for a two year period with a review period at the end of that to see if it worked, and if it did, they could adopt it or it would go back to the way it was. City of San Diego, the County of San Diego - the least business friendly jurisdiction in the region, Chula Vista and Santee have all extended their fee deferral programs because quite frankly it works well. What is the cost to a single family home built by a developer? Typically developers are paying anywhere between 9% and 15% interest on construction loans. The combined water and sewer charges, based on their fee survey, which the District provided the information to them a year ago and are currently updating, is $19,470 per unit. At 12% simple interest that comes to $2,336 of interest for a year. It takes about 6 months to build a house, therefore, it comes to $1,168.20 added interest costs on that particular home. They pay that but they add that to the cost of their product. Typically, when you buy a house and you finance it over 30 years, you pay three times what you paid for the amount of money you borrowed. Therefore, over 30 years that $1,100 the homeowner pays $3,500 so that the District can have that money before they start construction. They would like the District to defer the fees until final inspection. This is before certificate of occupancy, which is the earliest anybody could actually move in to the house. Staff may argue that someone could escape paying fees. They do not think that that is a valid argument for a couple of reasons. This assumes that the prepayment policy that is in place now is the only way to overcome somebody not paying a fee. It also says that if you do not have a prepayment policy, staff does not feel comfortable that they can collect fees on time. He doesn’t believe that is true; the District has an excellent staff. It will cost the District money… It won’t. If the District takes money that someone is paying 12% on and puts it in the investment portfolio, and he believes the District gets half percent or maybe one percent. So it is really a miss allocation of capital. Why would somebody borrow money at 12 so that the District could sit on it for a half percent? Another argument may be that the fees are needed for the ongoing projects. They were here before the Board a year ago talking about the capital improvement plans and studies and the District actually goes into the market place and borrow money, because when they do their CIP they talk about the interest rates. So they borrow the money to do these projects but developer impact fees do go to pay for them over time.

Mr. McSweeney stated let’s talk about how to protect the District. Chairman Hernandez talked about a set aside letter. That’s where the construction lender basically would hand the District a letter that says they are going to hold a certain amount of money aside. The developer can’t spend it; it’s only going to be used to pay the fees. He will
give documentation for that at the close of his comments. Basically, a lien agreement is
filed with the developer on each property. Santee does this and City of San Diego does
this. How does that protect the District? Before that escrow can close, the title insurer
has to make sure that all the liens are satisfied. If for some reason that does not
happen, who is on the hook?

Mr. McSweeney stated he will leave the Board with a couple of visuals and will provide
them with a staff report from the City of San Diego. This basically gives an evaluation
when they first reauthorized the program in 2011. The number of satisfied deferrals,
outstanding deferrals, it shows basically how long does it take. It takes anywhere
between 9 and 4 months over a year for facility benefits, developer impact fees.
Basically its 6 months at the outset a year. If they read the report, they will see there
was one project in southeast San Diego that it was at 20 months, and that's obviously
some sort of a problem happened. But there again, there was no impact because the
project, people were not living there. This shows how it worked citywide (he showed a
prepared chart), the number of communities participating in San Diego, the ones that
are doing it. The actual permits issued and then the fee deferrals entered into. Keep in
mind not every developer is going to take advantage of this process. So it is not quite
half. There again, if a developer decides to defer fees and in between while he is
building there is a fee increase, they're paying the higher fee. That is a risk that they're
willing to take. Mr. McSweeney showed another chart by revenue which showed the
fee revenue without the value of fee referrals. He stated it is not all projects taking
advantage of it. They have had a number of jurisdictions locally that have tried this, it's
continued to work, it works well for them. He thinks all have a responsibility where
possible, that policy changes can be done that make it more efficient to build homes
and reduce the cost, all will benefit. They only front the impact fees, the homebuyers
actually pay for them.

Mr. McSweeney provided the Board President with a package of information to share
with staff. He stated that there is a White Paper on fee deferrals that they wrote, a list of
all the jurisdictions and the types of fees deferred in California which is from 2010, the
County's fee deferral ordinance which Carlsbad recently adopted, both Santee and City
of San Diego's lien agreements and releases, and the staff report from the City of San
Diego.

Director Martin asked Mr. McSweeney if he has any Special Districts that have done
this.

Mr. McSweeney responded that off the top of his head no, but he has not memorized
the 150. He stated it is a very common question that most Cities will ask when they go
in because no one wants to be the first. But there are some water districts that do this.

General Manager Lamb stated that when the District looked at this several years ago
this was discussed and was part of the impetus that the District move forward with the
policy that is currently in place. Staff did listen to the development community and a survey was conducted. An informal inquiry that staff has done to date, based upon the past history, staff cannot find a special district in the county that does it. The fees that were tracked down based on the study that had been provided before, a lot of them were park and recreation fees and other fees that were mitigated in some other way. He stated that staff will take a look at that based upon the direction that the Board gives him. If the Board wants him to look at it then he will and it will be brought back.

Mr. Jim Simmons, member of the public, addressed the Board stating that he represents 17 builders and developers that are doing business with the District, including himself. They all have the same problem, it isn’t just the District, it is all the fees that they have to pay to go through the process. They are working with the City of San Marcos to try to come up with the same kind of process with them. It is a significant amount of money. He has an 80 unit project that he’s hoping to be able to build this year and the water fees are about a million dollars. If he has to borrow that in the front end and it takes him a year and a half to get to his occupancy, then he is going to be paying $80,000 on top of that in interest that he has to distribute out. It’s more money out of his pockets and more money out of the people that have to buy the homes that he is trying to build. It gets to be really big when they have a lot of units; it’s really a tremendous amount of money. He thinks there are mechanisms that can protect the District. He knows that one of the things that bothers agencies and cities is that if they get themselves in a situation where they have mom and kids standing in the street waiting to get in the house and the meters not on and they can’t get in the house. They all come down and see the water district at 11 o’clock at night and say why won’t they turn the water meter on. Well the fees are not paid. That does not turn out to be a developer’s problem, it turns out to be the District’s problem. There are some mechanisms that can avoid that and he thinks the City of San Marcos has put some things into effect because of a similar incident that happened to them a few years ago. There are ways to take care of that. He thinks the set-aside letter is one letter of credit where the loan is not drawn upon until the District draws it. If it’s certificate of occupancy or final inspection, it is before... you have an arrangement with the City that says it’s going to be a go or miss. Before the City can issue a building permit, it has to be demonstrated that the fees are paid. Before they can issue a certificate of occupancy, it has to be demonstrated that the fees are paid. It’s the same mechanism. He thinks that getting that cooperation is very possible and it could be something that is done that will directly reduce the cost of purchasing new homes. They will bring projects forward perhaps a little more rapidly. People will not have to borrow as much money. For the little guys, it’s really hard to borrow a lot of money or even a little money. He hoped the Board will think about that and that they will look at ways it can be done rather than ways it can’t be done. He thinks it is important to the community to help reduce the cost of housing. It would show some leadership in this part of the North County to head in that direction. He hopes they look at it that way. He thanked the Board.
Director Martin stated that he’s assuming all of Palomar station’s fees are paid up front.

Mr. Simmons responded yes. Some of the circumstances that they had a way to get through the process where they did not have to pay a densification fee and other things, they took advantage of that. That was a decision that they had to make. Every developer has a different circumstance and they are going to have to make those choices. If the policy is set up in such a way that people can depend on it, look at it, and say this is how they’re going to plan to do this, than there can be significant savings that derive from that. And when special circumstances arise that they are going to have to pay a fee that’s going to change in a huge way, all changes are huge from their perspective, than they have to make a choice. If they want to avoid this, pay the fees. That is a direct choice. But if they could do it on a regular basis, where they would defer, he thinks they would see a big benefit to the homeowner.

Mr. James Schmid, member of the public, addressed the Board stating that he lives in Encinitas and works in Carlsbad. He is the incoming chair of the BIA but he is here in connection with his day job, which is an affordable housing developer. They are in the business of pinching pennies so these sums are very important to them; they try to squeeze a nickel and find an extra penny. The reason is every project that they build has a financial gap. The City, like all other Cities, has obligations to build affordable housing and that’s his specialty. Paying fees at the certificate of occupancy versus the building permit is worth about a $1,000 per unit for him. That may not sound like so much, but they typically do 100 units at a time. That would equate to $100,000. When they build a project, they typically have a financing gap, in other words a difference between what they can borrow and raise as equity. That gap is usually $30,000 to $40,000 per unit. In a 100 unit project, if they are able to defer fees, they could build 3 extra units. That’s very simple math. That may not sound like a big deal, but it really is to the families that move into those units. It is a very big deal to him; they use this in many jurisdictions and hopes this agency will do some pioneering and maybe do the fee referral for water and sewer fees. He thanked the Board.

Director Poltl stated that he would recommend that the Board put this item off until the staff can do research, there is a lot of paperwork that they haven’t even seen yet, and defer it to another Board meeting when there is a full Board.

Director Hernandez stated that at the next Board meeting there will not be a quorum and this will be addressed later. He wants to personally vet this topic thoroughly so that it is a fair and equitable position. He would like to see this item moved to the Board meeting after next. It gives staff more time to get more information available to everybody.

Director Evans stated that she thinks that is an excellent recommendation because they do need to see the information. She thanked the speakers and think they did a very good presentation of their side of it and she would like to see both of the issues and
have time to digest it. She hopes the District can look at ways to see if it can be made possible rather than ways to not make it happen. She does feel that in the end it does help the individual buying the home.

General Manager Lamb stated that he would suggest staff take a look at the information provided, will do an updated survey of the area to show what is currently in practice. Staff will then bring it back to let the Board know what is going on. As far as finding ways good or bad again, that is not really the District’s purpose. He will follow the direction of the Board as far as the policy decision. Staff will provide the information and the choices that the Board will have. Staff will review the information provided by the BIA, take the other comments into consideration, and return to the Board with options and with a survey of what is currently being done.

Mr. McSweeney addressed the Board stating that they chose to come to the District because even though they started off perhaps a bit contentious over last year’s capacity fee study, were very upset about the capacity charge increases. But the worked with staff, they respect them, they came to a resolution that they felt was fair to them. They didn’t everything they asked for. But they picked this water district to come to first because of the people in this room. They like to work with them, they trust them and they are fair. He can save them the time, there are no other water districts doing this. There are other City governments and they have a laundry list, as was pointed out, of different impact fees. Whether it's a capacity charge or park fee, all these things are paid up front. It's is a thousand dollars a house for this, by the time you put the parts and everything, you are talking sometimes $5,000 a house all the way across the board.

Director Martin stated that he would like to see the Board give direction to staff to bring this back as an action item. As was said, and he's seen it done before, staff will have the opportunity to do a time sensitive action item, to give them the information to make a decision. If you try it for a year or two, you put a sunset on it. If it works, great. If they have a problem, they can change it.

Following general discussion on this topic and when it should be brought back before the Board, the consensus of the Board was to schedule an extra Board meeting on November 4 at 4:00 p.m. to discuss this item only.

MONTHLY BOARD MEETINGS

General Manager Lamb stated that this item was placed on the agenda for discussion at the request of Director Martin. Ordinance 178 governs the current policy with respect to normal Board meetings. The direction that the Board provided two meetings ago was if there is an item that requires an extra meeting, the Board can direct him to hold another meeting. As the policy states, the Chair and General Manager establish the agenda. If there is something that is coming up that is time sensitive, the direction was to all for a special meeting, which is 24-hour notice. If it is just that there are more items that need
to be discussed, the Board can direct him to add an additional Board meeting.

Discussion ensued on the difference between special Board meetings, other Board meetings, Committee of the Whole meetings, and workshop meetings. In this discussion, Legal Counsel Scott explained the differences in the meetings, Brown Act requirements and how they relate to the meetings, as well as provided examples for the different meetings.

General Manager Lamb provided history on the standing individual committee meetings (finance, engineering, etc.), the evolution of the Committee Meeting of the Whole, previous Board decision to calendar specific meeting dates in the event the Committee Meeting of the Whole was needed - not intended to be regularly scheduled Board meetings, the recent decision to currently maintain only the two regularly scheduled Board meetings - Committee Meeting of the Whole no longer necessary, as well as the Board’s ability to schedule an additional regular Board meeting whenever needed for discussion on a specific item.

General discussion among the Board and staff also included whether or not action would or would not be taken on a specific item or defer to a future meeting at their discretion as well as the need to modify Ordinance 178 which governs the Board meetings.

Following general discussion, the Board directed staff to modify Ordinance 178 to reference the ability of the Board to call a special meeting if needed to address items as necessary, remove all references to “Committee Meeting of the Whole” and to bring the modified Ordinance back to the Board in November.

Mr. Michael Hunsaker, member of the public, addressed the Board stating that he agrees with much of what Director Martin says. He has seen a situation where he saw that a Special meeting was abused, a 6:30 Friday night meeting on a controversial interest raising situations (not at this District). He is concerned about the ability of citizens to both access their government and to provide information. They can have a special workshop on the issues before them on the fees, it would qualify for that. If you only have 24 hour notice, citizens can’t readily see and attend the meetings. Also, they may have information they want to gather and make their own presentations. So if they only give 24 hour notice, they disenfranchise some individuals from being able to present information and they will inevitably favor special interests in that sort of situation. He would hope that would be addressed and he would hope the workshop on the fee deferment be one of those that would be considered as 72 hour situation. He thanked the Board.

REPORTS

GENERAL MANAGER
General Manager Lamb stated there will not be a quorum for the October 16th Board meeting and requested an alternate date from the Board.

Following discussion, the consensus was to reschedule the October 16 meeting to October 23.

DISTRICT COUNSEL

Legal Counsel Scott passed out a written report on recent revisions to FPPC regulations relating to changes to the definition of “gifts” which will become effective January 1, 2014. Most of the changes relate to the reporting requirements for statutory travel exceptions.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that the Colorado River Basin is still in the midst of its 14-year drought. The recent parts around Boulder dropped an astronomical amount of water. It was so much water it was called a 1000 year flood. Most of the water fell on the other side of the Rockies, but it is believed it will result in 800,000 acre feet and is expected to raise Lake Powell by 2 feet of water. Due to the deadlines on the cutoffs, it will not have any effect on the release of the water from Lake Powell to Lake Mead. Everything will still be very tight and it is not known if that was an anomaly. Early talks are that we will be looking at drought in 2015/2016. The EIR/EIS will be postponed until the middle of November.

ENCINA WASTEWATER AUTHORITY

Director Poltl reported on the special meeting held this morning do discuss the South Parcel. Encina Wastewater Authority owns the property and is probably the largest parcel of vacant land in coastal San Diego. Encina is trying to determine what is the best value for that, is it ever going to be used, and if not is there a way to get value out of it so that it is profitable to all the member agencies. Different options were discussed.

President Hernandez stated that at the end of that meeting General Manager Hardy stated there was direction as to what they could do and what they should do. The Board gave some direction and should be receiving options next month from staff on what could be done as well as additional discussion as to the next steps.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Written reports were provided electronically. The reports are on file.

OTHER BUSINESS
DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Poltl stated that he has read reports on the lawsuit between the San Diego County Water Authority (SDCWA) and the Metropolitan Water District (MWD) regarding the fees MWD is charging. Some of the things that he read should make this District feel secure about what it has done. MWD has not conducted a Cost of Service Study (COSS) to support their fees. This District has conducted a COSS which validates the District’s fees.

Director Evans stated that she agreed with Director Poltl. A COSS is amazing and she is glad the District did this. She also agreed that the SDCWA has worked really hard to be transparent.

Director Martin stated rules have not been developed regarding the video taping of their meetings. He asked if this is a future item.

General Manager Lamb stated that staff is currently working on approximately nine policies that will be brought back before the Board. One of those items is the Records Retention Policy which will include the filming of the Board meetings. This item will be brought back to the Board in November.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 6:50 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, October 23, 2013, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

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Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District