AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
MONDAY, NOVEMBER 4, 2013, AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT HERNANDEZ

PLEDGE OF ALLEGIANCE – DIRECTOR EVANS

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 NOVEMBER 4, 2013

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

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

ACTION ITEMS

2.1 TIMING OF PAYMENT OF WATER AND SEWER CAPACITY FEES PRESENTATION

*****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

*****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 Vallecitos de Oro, San Marcos, California by 3:00 p.m., Thursday, October 31, 2013.

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

Director Evans led the pledge of allegiance.

Present: Director Evans
Director Ferguson
Director Martin
Director Poltl
Director Hernandez

Staff Present: General Manager Lamb
Assistant General Manager Scaglione
Legal Counsel Scott
Director of Engineering & Operations Gerdes
Executive Secretary Posvar
Administrative Secretary Rogers

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 4, 2013

13-11-01 MOTION WAS MADE by Director Ferguson, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of November 4, 2013.

ORAL COMMUNICATIONS

None.

ACTION ITEMS

TIMING OF PAYMENT OF WATER AND SEWER CAPACITY FEES PRESENTATION

General Manager Lamb facilitated a presentation on the Timing of Payment of Water and Sewer Capacity Fees as follows:

- Existing Capacity Fee Payment Policy
  - Resolution No. 1343 adopted February 10, 2010, was in response to prior discussions with the development community in late 2009. Previous policy required full payment of all fees prior to project approval (map approval).
  - Allows payment of all Water & Sewer Capacity fees prior to issuance of building permit (single family homes).
  - Allows payment of Water & Sewer Capacity fees prior to issuance of building permits in an approved phase (multi-tenant)
• Statutory Requirements
  o Government Code Section 66013 defines the legal requirements for collection of water and sewer capacity fees. The fees are not charged as a condition of development and are not subject to the provisions of the Mitigation Fee Act (AB 1600 et seq.). The statute contemplates that the capacity fees will be collected in advance for orderly planning/construction and provides for the establishment of a separate fund to track and monitor that the fees are spent for the purpose collected.

• Drought Response Program
  o Ordinance No. 162, adopted May 6, 2009, governs District drought response and is based upon a model Ordinance developed in coordination with the San Diego County Water Authority and all member agencies.
  o Drought Response Level 3 – Drought Critical
    ▪ Section 5 (b): No new temporary or permanent meters shall be provided or installed…., except under the following circumstances:
    ▪ Section 5 (b) (1): A valid, unexpired building permit has been issued for the property as of the date of adoption of Drought Response Level 3 and meter capacity fees have been paid for.

• Water & Sewer Capacity Fee Inflationary increases
  o District obligated to collect SDCWA Water Capacity Fees (rates adjusted periodically by SDCWA)
  o Ordinance No. 176, sewer capacity fee annual adjustments on January 1.
    ▪ Adjusted annually to reflect construction costs based on ENR Index.
  o Ordinance No. 175, water capacity fee annual adjustments on January 1.
    ▪ Adjusted annually to reflect construction costs based on ENR Index.

• Multiple Permitting Agencies within VWD Service Boundary
  o City of Carlsbad
  o City of Escondido
  o City of San Marcos
  o City of Vista
  o County of San Diego
  o Buena Sanitation District

• BIA Survey Matrix (BIA deferral/reduction matrix dated July 2010)
  o 132 agencies total
    ▪ 79 Cities (5 with water and/or sewer)
    ▪ 34 School districts
    ▪ 8 Counties (1 with sanitation district)
    ▪ 6 Other (conservation, transportation, APCD)
    ▪ 5 Special districts (water and/or sewer)
• Of the agency deferral/reduction programs listed:
  ▪ 30 expired prior to the date of the matrix
  ▪ 15 expired since the date of the matrix
  ▪ 55 reduced fees, predominantly school districts
  ▪ Status of remainder is undetermined, ongoing, or permanent

• Examples of Deferral Programs Provided by the BIA
  o City of Santee (Lien Agreement sample provided by BIA) – Council voted not to continue fee deferral program as of July 1, 2013. Deferred fees did not include water or sewer fees.
  o City of San Diego – All fees (including water & sewer capacity fees) are due prior to issuing a building or construction permit, however:
    ▪ Developer Impact Fees (DIF) may be deferred for two years or final inspection, whichever occurs first, provided a Fee Deferral Agreement is approved. DIF's include park fees, drainage, etc., same as other cities, but do not include water & sewer capacity fees or infrastructure.
    ▪ Facilities Benefit Assessments (FBA) are due prior to issuance of any construction permit. Payment of FBA’s may be deferred until December 31, 2014, with approval of a Development Fee Agreement. Payment is deferred for a maximum of two years from the Agreement or final inspection request, whichever occurs first. FBA’s are community assessments for planned or already constructed infrastructure such as buildings for police, library, fire, etc.; water & sewer capacity fees are not included.

• Water and/or Sewer Agencies listed in BIA matrix
  o City of Chula Vista – The fee deferral program started in 2010 and is in an Ordinance. It has been extended every year and currently expires on December 31, 2013. Staff anticipates approval of a one year extension. Fees are due prior to issuance of a building permit or final map approval unless the developer/builder participates in the deferral program, which requires fees to be paid prior to scheduling a final inspection. Sewer Participation Fees are included in the deferral program.
  o City of Encinitas – No fee deferral program. City fees are due prior to scheduling a final inspection. Collection of fees is included in an ordinance passed after incorporation in 1986. Words such as “deferral” and “delay” do not appear in relevant ordinances of the City.
  o City of Oceanside – Water and sewer buy-in fees are due prior to building permit. Water and sewer not included in Developer Impact Fee. No deferral program.
  o Coachella Valley Water District – Implementation of fee increase was delayed until 2010. Fees are due prior to setting the meter. They do not defer fees.
Eastern Municipal Water District - Implementation of fee increase was delayed until 2009. Fees are due prior to setting the meter. They do not defer fees.

City of San Diego – All fees (including water and sewer capacity fees) are due prior to issuing a building or construction permit.

- Local Agency Contacts within VWD Boundary
  - County of San Diego – All fees (including Sanitation District fees) are due prior to issuance of building permit unless a deferral agreement is executed prior to June 30, 2013. The program is being extended for another 2 year period. Fees are then paid prior to scheduling a final inspection.
  - City of Carlsbad – Recently started a fee deferral program that expires March 1, 2015. Fees include parks, local facilities management, traffic, sewer, drainage, and housing impact in lieu. Payment of fees is due prior to requesting final inspection. Water capacity fees, which are governed by the Carlsbad Municipal Water District, are not included in the program.
  - City of Vista – As of May 2013, fees may be paid prior to final inspection, sewer included.
  - Buena Sanitation District - Fees are due prior to issuance of a building permit.
  - City of San Marcos – In lieu fees are due prior to issuance of a grading permit. Public Facilities Fees are due prior to issuance of a building permit.
  - City of Escondido – Developer fees are due prior to scheduling a final inspection. Utility fees ("will-servce" letter) are due prior to issuance of a building permit.

- Potential Developer Interest Savings
  - Construction Loan Rates 3.5% -10% (based on industry contacts)
  - Sample Calculation (per unit)
    - $15,000 @ 10% interest = $1,500 annually
    - 6 months to payment = $750 savings per unit
  - Sample Calculation (per unit)
    - $15,000 @ 5% interest = $750 annually
    - 6 months to payment = $375 savings per unit

- Examples of Lien Agreements from BIA
  - BIA referenced 12-15% interest rates.
  - Range provided by staff contacts is 3½-10%.
  - City of San Diego FBA fee: Pardee Homes (91 Units)
    - $675,000 @ 10% interest = $67,500 annually
    - 4 months to payment = $247 savings per unit
  - City of Santee DIF fee: McMillan Homes (46 Units)
    - $20,000 @ 10% interest = $2,000 annually
    - 7 months to payment = $25 savings per unit
• Rating Agency Impact
  o Deferring payment of fees increases the likelihood of accelerated borrowing.
  o Borrowing is inevitable, but currently both rating agencies consider this District’s debt to be close to average, putting downward pressure on the rating.
  o The District’s debt levels are close to average, but high when attributing SDCWA’s and MWD’s debt to VWD ratepayers.
  o Deferring fees would not be looked upon favorably by credit rating agencies.

• Current Capacity Fee Balances
  o Separate funds are maintained for debt service and capital expenditures related to growth. These separate capacity funds currently have net negative balances totaling $4.3 million ($4.3 million paid for growth by ratepayers, not development).
  o Capital expenditures and debt repayment for growth are currently being funded by ratepayers through transfers.
  o Reserves are being transferred to cover capital expenditures for growth, which is not the intended purpose of reserves.
  o Reserve policy states that replacement reserves are maintained for the payment of related debt service, asset acquisitions, and draws for unusual occurrences such as drought management.
  o Request for deferral of payment is essentially asking ratepayers to subsidize development even further.

• Payment Vehicle/Risk
  Security Options/Alternatives:
  o Performance Bond Certificate of Deposit (purchased by developer, held by District, developer receives interest)
  o Set Aside Letter (similar to Letter of Credit – specific to development, generally costs less than commercial bond)
  o Instrument of Credit (no actual funds deposited or secured)
  o Letter of Credit (developer pays significant bank fee, risk to District is limited to credit worthiness of bank)
  o Lien Agreement (minimal cost to developer for preparation and filing; no actual funds deposited or secured; may take significant time to collect fees if development is stalled or sold)

• Policy Questions consist of:
  o What is the goal of the Policy/District?
  o Does it benefit the District ratepayers?
  o Who does the policy benefit?
  o Is the deferral and potential risk justified?
General discussion took place during the presentation. General discussion following the presentation included the risk associated with implementing a capacity fee deferral program, how the deferral program would be an option not mandatory, program effects on rates for the ratepayers, and how a deferral program would affect the District’s reserve funds.

Mr. Leon Hayden, with San Elijo Hills Development Company, addressed the Board stating he supports the deferral of fees. It seems like there is layer after layer of issues that follow that. Some of the examples that were used about the savings, this is a very recent fee letter from the District that one of his builders on 13 units, the sewer and water capacity fees are $258,000. He is buying 63 units and pays his sewer and water capacity fees with two or more capacities, that is $1.2 million. He thanked the Board.

Director Evans asked Mr. Hayden to repeat the numbers that he stated.

Mr. Hayden stated that this is one of his builders that is buying 63 lots at San Elijo Hills and just on one phase of that is 13 lots. He’s paying $146,000 for water capacity fees and $111,000 on sewer capacity. That is $258,000 for 13 lots. He’s buying 63 lots at $20,000 a lot which is $1.2 million over the life of the project. Assuming that they take them down in phases they sell and they get reimbursed from the sale of the homes, it isn’t a huge amount of interest he’s paying on that, but he is paying up front money and the numbers seem a little more compelling than just the minor amounts of savings that he’s losing on interest rates.

President Hernandez asked on the 63 unit lot building timeline, how long would it take to build.

Mr. Hayden responded assuming 4 - 6 months per phase over a period of a year or more. To develop 63 lots, he will probably take down one of these phases at a time of 13 - 16 units per phase times 6 months. That is well over a year.

Director Martin stated that currently all City fees are due at the same time with water. My Hayden responded yes.

Director Martin asked Mr. Hayden what those fees are.

Mr. Hayden responded that he does not know what all the fees are off the top of his head.

General Manager Lamb stated that Mr. Hayden is correct and that that was the example he gave to the Board and he picked just one home. The amount of interest saved per unit is the same. Staff did use six months. The City fees for a single family home includes circulation, Highway 78, storm drain fee, parks, habitat, conservation, etc. which equates to $16,570. Water and sewer would be approximately $14,800, he used $15,000 per as an average. Commercial would be $186,000 per acre and multi-family would be $12,590.
Director Martin asked that if all the agencies were to do the same thing with fees, it would be quite a savings to the homeowner.

Mr. Hayden stated that he wasn’t sure that would be passed down to the homeowner.

Mr. Jim Simmons, member of the public, addressed the Board stating to build a house in San Marcos, with all of the fees that have to be paid, it’s $58,000 per house, including the District’s fees. That is for single family, multi-family is about $52,000.

Mr. Michael McSweeney, Senior Public Policy Advisor for the Building Industry Association (BIA), addressed the Board stating that he would like to facilitate a presentation to the Board. He facilitated the presentation as follows:

Deferring Capacity & Impact Fees Until Final Inspection:
- Current VWD policy on CIP/development impact fees
  - Originally collected these fees at final map recordation
  - Changed policy to payment at building permit issuance in 2010
  - Existing policy mirrors many cities’ existing policies
- State Law requires 66007. (a) Except as otherwise provided in subdivisions, any local agency that imposes any fees or charges on a residential development for the construction of public improvements or facilities shall not require the payment of those fees or charges, notwithstanding any other provision of law, until the date of the final inspection, or the date the certificate of occupancy is issued, whichever occurs first.
  - A local agency may defer the collection of one or more fees up to the close of escrow.

Legal Counsel Scott stated that statute 66007 does not apply to the District.

- Fees paid at permit issuance increases the cost of a residential unit.
  - Combined water/sewer charged by VWD is $19,470/unit @ 12% simple interest is $2,336.40/year over 6 month construction time frame = $1,168.20/home in added cost, financed over 30 years is $3,504.60.
- Fees paid at permit issuance increases the cost of a residential unit.
  - Combined water/sewer charged by VWD is $19,470/unit at 10% simple interest is $1,947.year – 6 month construction time frame = $973.50/home in added cost, financed over 30 years is $2,920.50.
- Why does the industry need this policy change?
  - Development done on borrowed money.
  - Current system is a pre-payment system.
  - Other cities/jurisdictions do this, Carlsbad and Vista recently adopted fee deferrals.
  - Other water sewer districts allow this practice.
  - Not all developers will access this option, if fees go up during deferral, applicant pays higher fee.
• Arguments against change in policy:
  o Someone will escape paying their fees – this assumes that only pre-payment solves this and that staff might forget to collect at a later date.
  o It will cost the district money.
  o Need the fees early to pay for ongoing projects – false, CIP projects are funded with bond financing, not pay as you go.

• Protection for the District (against payments not being paid by applicants)
  o Set aside letter from construction lender.
  o Lien filed against the property (at permit issuance) – Cities of Santee, San Diego, Chula Vista all use this method – it insures payment of fees.
  o County of San Diego and Carlsbad have a one sheet form to fill out at issuance
  o Title Insurer on the hook to ensure fees paid.
  o No Certificate of Occupancy – if fees not paid.

• Conclusions:
  o The intent of State law clear.
  o Other water/sewer districts adjacent to our county have these policies.
  o Unnecessarily increases development costs.
  o Might help push stalled projects forward.

• Request District to bring forward a fee deferral policy containing:
  o Payment at final inspection.
  o A simple, user friendly policy.
  o Work with BIA to ensure industry acceptance.
  o Review after 2 years to assess policy success.

Mr. McSweeney thanked the Board.

Mr. Jim Simmons, member of the public, addressed the Board stating that he wanted to try and clarify a few things before they deliberate. He stated this doesn’t just apply to developers this applies to public agencies as well. For instance, the School District has to buy sewer and water capacity from the Water District. They spent taxpayer dollars a year and a half or two years ahead for the high school. When are they going to use the capacity? Nobody gets capacity unless they pay. Doesn’t cost the Water District anything, doesn’t cost the ratepayers anything if they are not providing service. What happens is, just like SDG&E comes to the door and says they are going to put the meter in. They are not going to do that until the City of San Marcos says they are going to give them occupancy. It’s the same thing with the Water District. There are ways that this saves the taxpayer money, there are ways that it saves the building industry money. What it does allow for is it’s not a hard cost. Once they take out the interest, that leaves the flexibility in home prices and to change rents, to change the prices of houses to qualify people who might miss it by $2,000, and it gives them more flexibility – it gets more people in homes. It isn’t just this District. They’re paying $60,000 in fees to build a house in San Marcos. They are trying to talk to all the agencies into extending this. It turns out to be a fair amount of money. It could be $7,000 or $8,000; financing a mortgage over a 30 year period it turns out to be $20,000. It is a fair amount of money and they are asking for the District’s cooperation and hopefully they will get it from other
agencies. It will make a difference for what people pay for homes. He thanked the Board.

Director Ferguson asked Mr. Simmons if they are going to ask the other entities to do the same thing.

Mr. Simmons responded yes, they are in the process of doing that right now – they are meeting with the City.

Director Ferguson asked Mr. Simmons why they were approaching the Water District first.

Mr. Simmons stated that the Water District brought it to the Board first. They are trying to get this to the City of San Marcos City Council in the next few weeks. They have initiated discussions with the School District as well. It just happened that Mr. Hernandez brought it up before everybody else put it in front of a Board.

Director Ferguson stated that the Board has been given a lot of information to try to absorb today and requested the Board consider tabling this issue until they have had a chance to consider this and get some questions lined up so they can be asked at a subsequent meeting. She also stated that she would like to find out what the other entities are that Mr. Simmons spoke about - that they are approaching to request deference of the fees. She doesn’t feel comfortable being the first person in the water. She recommended a 30 day continuance.

President Hernandez stated due to meeting schedules, this item will not be brought back immediately.

General Manager Lamb stated that the Board, after seeing Mr. McSweeney’s presentation, has seen the similarities between his presentation and Mr. McSweeney’s. Whether it’s 10% or 12% or whether it’s the total fee at the SDCWA or not. As Mr. Hayden indicated, whether it’s one house or ten; he didn’t think there was a lot of difference between the facts presented. It comes down to what is the purpose and benefit of the program. Again, what Mr. McSweeney presented, there may be a legal interpretation over which section governs the District, but that is for a different issue. He doesn’t think there is a silver bullet that points out right or wrong on this process, it’s whether or not this is something the District chooses to pursue.

Director Poltl stated that what Director Ferguson was suggesting, to him it’s just taking up more staff time. He stated that he doesn’t like being compared to cities because they have a conflict of interest as far as what the District has. The District’s interest to the ratepayers has to do with providing basic services, sewer and water, at the best price. That’s all it is. It has nothing to do with land use, it has nothing to do with helping out developers or anything of that nature. One can go down the list which is pretty simple; to say what is the goal of the policy of the District. It has nothing to do with development and he thinks discussion has gone on about how we pay - is development
critical to the District? He doesn’t think so. He doesn’t think his obligation to the people who voted him in has anything to do with…. He never once had a ratepayer come up to him and say “I think you ought to help out the developers”. What he sees here is it’s not about how much the fees are. It’s somebody coming up to him and saying “I know we all use the money, but how about if I pay you in five months and I’m not going to pay you any interest, but let me pay you in five months”. Why would he do that? What the District has now, the policy is a good policy as far as to the ratepayer and to the District. There is no risk, it’s what’s always been done. People come in and say they would like this, we say fine, this is how much it’s going to cost, you get your money and we’re done. We don’t have anything else to look at. His question would be, why would we want to change a policy that works for us right now? Essentially, we are putting more risk, whatever it might be. We’re guaranteed they’ll be there, but we’re saying the money that we would have gotten, and we would have gotten it sooner it would have helped the debt service, we’re not going to get for another five months or so. We are actually going to lose a little bit of money on that. Why would we do this? Is there a ratepayer out there who agrees to us transferring the risk? Whatever risk how big it is, we’re actually transferring risk.

Director Martin stated that he has never had the honor or privilege of being a staffer so he doesn’t understand things from a staffer’s way of looking at things. He has had the privilege of serving on a few different boards. The purpose and intent of most governmental or quasi-governmental agencies is to look out for the people it serves, in this case its ratepayers. He looks at the bigger picture, he looks at economic stimulus, he looks at bigger picture things but economic stimulus doesn’t happen because President Obama says it’s going to happen. It makes all the smaller governmental agencies to work together to try to make that happen. He doesn’t see transferring risk, he doesn’t think he likes if there’s a risk involved. Like Director Ferguson, he too has been on a board where they've had homeowners show up very upset because they couldn’t get their certificate of occupancy from the City. That was Ryland Homes when they first started building the houses on the golf course. The City didn’t issue certificate of occupancy because certain things weren’t done by the developer. He understands both sides but then he wouldn’t go out and buy a car today and pay for it and have them tell him he couldn’t pay them for three or four months. He wouldn’t go out and get a mortgage today and say he has the mortgage but he can’t move in the house for five or six months. He thinks Director Ferguson’s suggestion was a great suggestion for the Board to think about it for 30 days because there are a lot of sides to this.

Director Evans stated that if it’s going to be tabled, can they give a little direction. She stated that she agrees that this is a very complex issue. It seems like it would be a simple answer, there’s validity to both sides of it. She agrees that it be delayed, but would like to see if there’s a possibility that they could determine what amount of interest the District is forgoing, if they were to defer. She would like to see what the harm would be to the District. She is not convinced that she can see a benefit to the District, but sometimes it’s not the benefit, it’s you avoid harm. In this sense, she agrees that, although they can’t make land use issues, it has a great impact on the District and she agrees that they all need to work on this locally. She doesn’t want to
close her mind that she doesn’t have to address anything but water because she
doesn’t think it’s that simple. She would like to know what risk she is really putting in
that because she can’t decide otherwise.

President Hernandez stated this item will not be coming back until after the first of the
year due to meeting date conflicts in November and December. He stated he would like
to take a little different direction and stated that he is building a little unit on his property,
an 850 square foot unit. The fees that he is paying, $32,822, before he can set a shovel
into the ground. He’s using no power, no water, no sewer, no electric, no gas, nothing.
He has children that have already gone through school, he’s paid those fees and he’s
happy to pay them because that’s the law of the land. But $32,000 of this whole unit is
only going to cost $60,000 so he was appalled when he got that number. It would have
been much more beneficial to him personally had he been able to defer that to the end.
He is taking a different tact than Director Poltl, we are in fact a member of this
community. This agency is the life blood of this community. You can throw the City
over the bridge. Without the District, this City stops, this community stops. The people
that are involved in our District, Carlsbad, Encinitas and Vista, would stop without this
agency. The District is a major force within this community and he thinks what needs to
be done is ensure that the ratepayers are protected and that it is acknowledged that the
District is a part of this community. The timeframe to look at this further is absolute. He
would like to get this information about the amount of interest. Also, he would throw
almost all of the payment vehicles out because he doesn’t want to have this District put
through the long delay of bond processes. He wants to ensure that whatever vehicle is
discussed, when and if they want to discuss it, is instantaneous when the District asks
for it. He requested when this comes back for further discussion, that he be provided
with whatever that is so he can check off some of the other lien agreements and
instruments.

General Manager Lamb stated that staff will refine what is more secure.

President Hernandez asked the General Manager if this were brought back after the
first of the year, would it give him enough time.

General Manager Lamb stated yes, staff will provide a range. With respect to the
security forms, staff will review to determine what is bullet proof. He further stated that
he will get the information back sooner than January.

Director Ferguson asked that General Manager Lamb also check with all the other
entities that are involved in this huge fee, $32,000 fee, and find out if they are going to
be considering deferring fees.

General Manager Lamb clarified that those would be the San Marcos Unified School
District and the City of San Marcos.
President Hernandez stated that Director Ferguson wasn’t able to attend the joint meeting with the City, but the City has acknowledged that they are looking at that as well.

REPORTS

GENERAL MANAGER

None.

DISTRICT COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Hernandez stated there will potentially be a lack of quorum for the November 20 Board meeting and requested that the meeting be moved to a different date. Following discussion, the consensus was that the November 20 Board meeting be moved to Monday, November 25.

General Manager Lamb stated that the December 4 Board meeting will not have a quorum due to attendance at the ACWA Conference. Following discussion, the consensus was that the December 4 Board meeting be moved to Thursday, December 12.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 5:54 p.m.
A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 6, 2013, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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