CALL TO ORDER – PRESIDENT MARTIN

PLEDGE OF ALLEGIANCE

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 JULY 16, 2014

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 – JULY 2, 2014

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JULY 16, 2014 – $3,242,842.65

Recommendation: Approve Warrant List
1.3 FINANCIAL REPORTS

A. WATER METER COUNT – JUNE 30, 2014
B. WATER PRODUCTION/SALES REPORT – 2013/2014
C. WATER REVENUE AND EXPENSE REPORT – JUNE 30, 2014
D. SEWER REVENUE AND EXPENSE REPORT – JUNE 30, 2014
E. RESERVE FUNDS ACTIVITY – JUNE 30, 2014

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

PUBLIC HEARING

2.1 PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT “A” FOR THE FISCAL YEAR JULY 1, 2014 TO JUNE 30, 2015

The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees.

Recommendation: 1) Hold Public Hearing
2) Adopt Resolution

ACTION ITEMS

3.1 FATS, OILS AND GREASE (FOG) PROGRAM UPDATE

Ordinance No. 191 established the rules and regulations for FOG control and provided for the recovery of reasonable costs associated with program compliance.

Recommendation: Continue fee deferral

3.2 APPROVAL OF CONSTRUCTION AGREEMENT FOR REDEL ROAD WATER AND SEWER RELOCATIONS (URBAN VILLAGES AN MARCOS, LLC)

The existing facilities are located on property that is proposed to be developed by Urban Villages San Marcos, LLC and those facilities are in conflict with the proposed development.

Recommendation: Approve agreement

3.3 ORDINANCE FOR ADMINISTRATIVE CHARGES TO RECOVER INDIRECT COSTS FOR FISCAL YEAR 2014-2015

The District accepted a Cost of Service Study which included a recommended method to calculate an annual overhead rate to recover indirect costs.

Recommendation: Adopt ordinance
3.4  20X2020 WATER USE REPORTING

Water conservation bill SBX7-7 requires all water providers in California to reduce water usage 20% by the year 2020.

Recommendation: For information only

3.5  CHAMBER OF COMMERCE MIXER

Presented at the request of Director Sannella.

Recommendation: Request Board direction

3.6  PUBLIC WORKS CONTRACTS – PREVAILING WAGE

Presented at the request of Director Hernandez.

Recommendation: Request Board direction

3.7  CAPITAL IMPROVEMENT PROJECTS UPDATE

Recommendation: For information only

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

REPORTS

4.1  GENERAL MANAGER

4.2  DISTRICT LEGAL COUNSEL

4.3  SAN DIEGO COUNTY WATER AUTHORITY

4.4  ENCINA WASTEWATER AUTHORITY
    - Capital Improvement Committee
    - Policy and Finance Committee

4.5  DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

5.1  MEETINGS

WEF RUSSIAN RIVER TOUR
October 9-10 – Begins and ends in Santa Rosa, CA

*****END OF OTHER BUSINESS*****
6.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

CLOSED SESSION

7.1 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (ONE CASE)
Citizens Development Corporation, v. County of San Diego, et al.
United States District Court, for the Southern District of California
Case No. 12CV0334 IEG RBB

8.1 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., Friday, July 11, 2014.

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

Member of the public Brooke Sannella led the pledge of allegiance.

Present: Director Poltl
         Director Sannella
         Director Martin

Absent: Director Evans
        Director Hernandez

Staff Present: General Manager Lamb
              Assistant General Manager Scaglione
              Legal Counsel Scott
              Director of Engineering & Operations Gerdes
              Administrative Services Manager Emmanuel
              Finance Manager Fusco
              District Engineer Gumpel
              Operations & Maintenance Manager Pedrazzi
              Capital Facilities Senior Engineer Hubbard
              Development Services Senior Engineer Scholl
              Accounting Supervisor Owen
              Risk Management Supervisor Janus
              Executive Secretary Posvar
              Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 16, 2014

President Martin requested Action Items 3.1, 3.5, 3.6, and 7.1, Closed Session, be continued to the next Regular Board of Directors meeting.

14-07-05 MOTION WAS MADE by Director Sannella, seconded by Director Poltl, and carried unanimously, with Directors Evans and Hernandez absent, to adopt the agenda for the Regular Board Meeting of July 16, 2014.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

14-07-06 MOTION WAS MADE by Director Sannella, seconded by Director Poltl, and carried unanimously, with Directors Evans and Hernandez absent, to approve the Consent Calendar as presented.
1.1 Approval of Minutes
   A. Regular Board Meeting – July 2, 2014

1.2 Warrant List through July 16, 2014 - $3,242,842.65

1.3 Financial Reports
   A. Water Meter Count – June 30, 2014
   B. Water Production/Sales Report – 2013/2014
   D. Sewer Revenue and Expense Report – June 30, 2014
   E. Reserve Funds Activity – June 30, 2014

   The roll call vote was as follows:

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

PUBLIC HEARING

PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT "A" FOR THE FISCAL YEAR JULY 1, 2014, TO JUNE 30, 2015

President Martin opened the hearing as duly noted and posted. The hearing was opened at 4:03 p.m.

General Manager Lamb stated that the District elects to have the sewer service fees from sewer only customers collected on the tax roll. State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees.

Staff recommended the Board approve the resolution authorizing the sewer service fees to be collected on the tax roll.

There being no persons wishing to address the Board, President Martin closed the hearing at 4:05 p.m.

14-07-07 MOTION WAS MADE by Director Poltl, seconded by Director Sannella, and carried unanimously, with Directors Evans and Hernandez absent, to adopt the resolution authorizing sewer service fees to be collected on the tax roll.
Resolution No. 1454 - The roll call vote was as follows:

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

ACTION ITEMS

APPROVAL OF CONSTRUCTION AGREEMENT FOR REDEL ROAD WATER AND SEWER RELOCATIONS (URBAN VILLAGES SAN MARCOS, LLC)

Development Services Senior Engineer Scholl stated that the District maintains existing water and sewer facilities within Vallecitos Water District easements located in Redel Road. The existing facilities are located on property that is proposed to be developed by Urban Villages San Marcos, LLC, and those facilities are in conflict with the proposed development.

The project will construct approximately 163 feet of 12-inch diameter water main and 277 feet of 8-inch sewer main and appurtenances within the existing District easements. No new water or sewer services are being constructed with the improvements and no Capital Facility fees are required. The developer has paid all required engineering and inspection fees and deposits, and provided a cash payment in lieu of the required performance and payment bonds.

Staff recommended the Board approve the construction agreement for Redel Road water and sewer relocations.

General discussion followed.

14-07-08 MOTION WAS MADE by Director Poltl, seconded by Director Sannella, and carried unanimously, with Directors Evans and Hernandez absent, to approve the agreement.

The roll call vote was as follows:

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

ORDINANCE FOR ADMINISTRATIVE CHARGES TO RECOVER INDIRECT COSTS FOR FISCAL YEAR 2014-2015

Finance Manager Fusco stated that on August 21, 2013, the District accepted a Cost of Service Study titled, “Water Validation, Cost of Service & Rate Design Analysis; Wastewater Validation & Rate Analysis; Miscellaneous Fees & Overhead Rate Analysis
(Report)\textsuperscript{\textdagger} which included a recommended method to calculate an annual overhead rate to recover indirect costs. The report recommended a single overhead rate applied to direct labor costs and the rate be adjusted annually using the approved District budget in accordance with methodology established in the Report.

The proposed ordinance includes the new recommended overhead rate of 188\% which is a decrease from the previous fiscal year’s rate of 195\%. The new rate was calculated using the recommended method that was included in the Report.

Staff recommended the Board consider and adopt the proposed ordinance repealing Ordinance No. 182 and adjusting the overhead rate.

General discussion followed.

14-07-09 MOTION WAS MADE by Director Sannella, seconded by Director Poltl, and carried unanimously, with Directors Evans and Hernandez absent, to adopt the ordinance.

Ordinance No. 192 - the roll call vote was as follows:

- **AYES:** Poltl, Sannella, Martin
- **NOES:**
- **ABSTAIN:**
- **ABSENT:** Evans, Hernandez

20 x 2020 WATER USE REPORTING

Assistant General Manager Scaglione stated that water conservation bill SBX\textsuperscript{7-7} mandates all water providers in California to reduce water usage 10\% by 2015 and 20\% by the year 2020. Vallecitos' Urban Water Management Plan lists the District’s strategy to achieve compliance with the mandates.

Assistant General Manager Scaglione further stated that staff has calculated the 2020 target at 159.4 gallons per capita per day (GPCD) using one of the methods noted in SBX\textsuperscript{7-7}, which uses a ten-year average GPCD. The 2015 target is 179.3 GPCD. At 160.9 GPCD for 2014, the District is well under the 2015 target but slightly above the 2020 goal if usage continues at this rate.

Staff has planned outreach to help the District achieve the conservation goal for 2020. Vallecitos has partnered with the City of San Marcos to host water-wise firescaping workshops for residents and an “H\textsubscript{2}O to HOA” class for homeowners associations and their landscapers. Both workshops will highlight conservation programs, rebates and tools which are available to help residents reduce their outdoor water use. In addition, staff will continue to monitor water usage to determine the effectiveness of the workshops. If usage continues to increase, a letter will be sent to customers with the highest usage within each meter category. The letter will inform the customers of all the ways the District can help them conserve.
General discussion followed.

This item was presented for information only.

**CAPITAL IMPROVEMENT PROJECTS UPDATE**

District Engineer Gumpel facilitated the update as follows:
- North PRS Upgrades
- South PRS Upgrades
- Desalination Water Connection
- Linda Vista East Sewer
- Knoll Road Sewer Main Replacement
- Rock Springs Sewer Replacement
- Lift Station 1 Pump Improvements
- San Marcos Interceptor Phase 1
- San Marcos Interceptor Phase 2
- MRF Solids Force Main Replacement
- Meadowlark Tanks 1 and 2 Refurbishment
- San Elijo Hills Pump Station

This item was presented for information only.

**REPORTS**

**GENERAL MANAGER**

General Manager Lamb distributed to the Board a copy of an article pertaining to the FOG Program that the District placed in the City of San Marcos’ “360 Newsletter”.

General Manager Lamb stated that the CASA Annual Conference scheduled for August 20-22 conflicts with the regularly scheduled Board of Directors meeting on August 20 and that a quorum would not be met for the Board meeting. This will be brought back to the August 6 Board meeting for a decision on whether to reschedule or cancel the meeting.

General Manager Lamb indicated that the voter packets that the District received from the Registrar of Voters have been distributed to Board members who are up for re-election, and any other persons contacting the District will be referred directly to the Registrar of Voters.

General Manager Lamb stated that on July 9, the State Water Resources Control Board, at the direction of the Governor, issued new water conservation edicts to all water agencies statewide. The concern is that the State of California normally collects and distributes approximately 5,000,000 AF of water; this year they distributed 200,000 AF. This puts into prospective how severe the drought is and how much the curtailment has been. At the urging of the Governor, the District went to Voluntary Level 1 several months ago.
The Regional Board is now mandating a standard reporting procedure requiring every agency to submit their demands to the State by the 15th of the month. The hope is that the San Diego County Water Authority (SDCWA) will be allowed to submit all member agencies’ demands as an aggregate in one report so that individual agencies will not be looked at unfairly.

General Manager Lamb further stated that mandated water conservation will be a topic at the SDCWA Board meeting on July 24. The State is not asking for additional reduction; they are asking for mandatory restrictions and conservation with the ability to enforce those restrictions. If the SDCWA Board takes action, the District will recommend that the Board approve going to Drought Response Level 2 – Drought Alert, as detailed in Section 4 of Ordinance No. 162.

General Manager Lamb referred to Resolution No. 1441 which pertains to actions the Board would have to take if the District had to go to Level 3 Drought Response; specifically, mandating no new water connections. With respect to developments, any developer who has not obtained a valid building permit and has not paid District and SDCWA fees prior to Level 3 being activated would have no guarantee of water.

General discussion followed. This topic will be placed on an August Board agenda for the Board's consideration.

During general discussion Director Sannella requested that communication to developers regarding payment of capacity fees be discussed at a Board meeting in the fourth quarter of fiscal year 2014-15.

General Manager Lamb stated Orange Grove Energy contacted him to see if Board members are interested in touring their facility.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott reported on AB194 (Campo) which is a bill related to the Brown Act and is left over from last year. Among other things, the bill would require that members of the public have an opportunity to address the Board prior to and during consideration of an item. Legal Counsel Scott indicated the bill was unnecessary as the protections are currently in the Brown Act.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Poltl reported on his attendance at the Policy and Finance Committee meeting on July 8 at which discussion included: auditor’s communication with those charged with governance; investment policy annual review; revised purchasing policy and procedure;
and a resolution appropriating funds for fiscal year 2015 operating capital program budgets and establishing controls thereon. The Board meeting will be held on July 23.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Sannella, Martin, and Poltl reported on their attendance at the Council of Water Utilities meeting held on July 15 at which Dr. Steve Albrecht, PHR, CPP, provided a presentation, “Coaching, Mentoring and Succession Planning”.

Director Martin reported on his attendance today at the San Vicente Dam Raise Dedication ceremony.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin requested a future agenda item to discuss the District’s process of sending notifications to business owners regarding payment of their balances.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 5:10 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 6, 2014, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:

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