CALL TO ORDER – PRESIDENT EVANS

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 MARCH 18, 2015

PRESENTATIONS

President Evans will recognize retiree, Clifford Cross, Meter Services Worker II, for his years of service with the District.

President Evans will present Brian “Joey” Shore, Water Systems Operator II, with his Certificate for Water Distribution Operator Grade V from the State Water Resources Control Board.

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 - MARCH 3, 2015

   Approved minutes become a permanent public record of the District.

   Recommendation: Approve Minutes
1.2 WARRANT LIST THROUGH MARCH 18, 2015 – $950,925.77

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

A. WATER METER COUNT – FEBRUARY 28, 2015
B. WATER PRODUCTION/SALES REPORT – 2014/2015
C. WATER REVENUE AND EXPENSE REPORT – FEBRUARY 28, 2015
D. SEWER REVENUE AND EXPENSE REPORT – FEBRUARY 28, 2015
E. RESERVE FUNDS ACTIVITY – FEBRUARY 28, 2015
F. INVESTMENT REPORT – FEBRUARY 28, 2015

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

PUBLIC HEARING

2.1 PUBLIC HEARING TO CONSIDER ORDINANCE INCREASING BOARD MEMBER PER DIEM RATE

Public Hearing to discuss increase in Board member per diem.

Recommendation: 1) Hold Public Hearing
2) Consider adoption of Ordinance increasing the per diem rate

ACTION ITEMS

3.1 COMMUNICATION AND OUTREACH PROGRAM – DRAFT 2015 RESIDENT OPINION AND AWARENESS SURVEY

The survey was conducted February 10 – 19, 2015.

Recommendation: Presented for Board information, discussion and direction

3.2 POTENTIAL DEBT REFUNDING

Current market conditions allow for significant savings if the callable outstanding Certificates of Participation are refunded.

Recommendation: Direct staff to obtain proposals and contracts necessary to move forward with refunding callable 2005 Certificates of Participation

3.3 DROUGHT UPDATE

Recommendation: No action required
3.4 CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS – SEAT A

CSDA is conducting a call for nominations for Seat A Directors for the 2016-2018 term.

Recommendation: Request Board direction

3.5 NORTH SAN DIEGO WATER REUSE COALITION (NSDWRC) – APPROVAL OF TRAVEL EXPENSES AND PER DIEM FOR DISTRICT BUSINESS TRIP

The Furman Group, authorized lobbyist, has scheduled meetings with several elected officials in Washington D.C.

Recommendation: Request Board direction

*****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 MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

5.1 MEETINGS

CSDA Legislative Days
May 19 - 20 – Sheraton Grand Hotel, Sacramento, 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

*****END OF CLOSED SESSION*****

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, March 13, 2015.

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

Assistant General Manager Scaglione led the pledge of allegiance.

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

Staff Present: General Manager Lamb
              Assistant General Manager Scaglione
              Legal Counsel Scott
              Legal Counsel Dodson
              Director of Engineering & Operations Gerdes
              Administrative Services Manager Emmanuel
              District Engineer Gumpel
              Finance Manager Fusco
              Operations & Maintenance Manager Pedrazzi
              Public Information/Conservation Supervisor Robbins
              Executive Secretary Posvar
              Administrative Secretary Johnson

Others Present: Dr. Richard Parker, Rea and Parker Research
               Dr. Louis Rea, Rea and Parker Research
               Tina Malott, Katz and Associates, Inc.
               Tom DeMars, Fieldman, Rolapp and Associates

ADOPT AGENDA FOR THE REGULAR MEETING OF MARCH 18, 2015

15-03-08 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of March 18, 2015.

PRESENTATION

President Evans recognized retiree Clifford Cross, Meter Services Worker II, for his 13 years of service with the District.

President Evans presented Water System Operator II Brian “Joey” Shore with his Certificate for Water Distribution Operator Grade V from the State Water Resources Control Board.
ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

15-03-09  MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – March 3, 2015

1.2 Warrant List through February 18, 2015 - $950,925.77

1.3 Financial Reports

A. Water Meter Count – February 28, 2015
B. Water Production/Sales Report – 2014/2015
D. Sewer Revenue and Expense Report – February 28, 2015
E. Reserve Funds Activity – February 28, 2015

Director Sannella requested clarification on the warrant list with respect to a payment made to the San Diego North Economic Development Council, to which staff responded.

PUBLIC HEARING

PUBLIC HEARING TO CONSIDER ORDINANCE INCREASING BOARD MEMBER PER DIEM RATE

President Evans opened the hearing as duly noted and posted. The hearing was opened at 4:08 p.m.

General Manager Lamb stated that at the February 18, 2015 Board meeting, the Board considered an increase to the per diem from $150 to $200 per meeting and a motion was made to consider approving an ordinance modifying the per diem rate. In compliance with public notice requirements, notice of the Public Hearing was published in the Union Tribune on Thursday, March 5 and Thursday, March 12, 2015. He further stated that if the Board adopted the ordinance today, the per diem increase would not take effect for 60 days.

Patrice Kromack, member of the public, addressed the Board inquiring about the public notification process for Public Hearings, to which staff responded.
There being no other persons wishing to address the Board, President Evans closed the hearing at 4:15 p.m.

General Manager Lamb stated that in addition to the per diem increase, at the Board’s direction, Section 2.5 of the existing ordinance was modified to state that Board members are eligible to receive the same benefits as employees as allowable by law. Additional changes to the ordinance state the Board may consider an increase to the per diem annually, up to five percent or the San Diego Consumer Price Index, and must comply with the public notification requirements if an increase is to be considered.

General discussion took place.

15-03-10 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried 4-1, to adopt the ordinance.

Ordinance No. 194 - The roll call vote was as follows:

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

ACTION ITEMS

COMMUNICATION AND OUTREACH PROGRAM – DRAFT 2015 RESIDENT OPINION AND AWARENESS SURVEY

Public Information/Conservation Supervisor Robbins stated that at the October 16, 2014 Board meeting, the Board selected Katz & Associates to develop an updated outreach and communication program for the District. Their first task, a customer survey to be conducted by Rea and Parker Research (R&P) in an effort to assist the District in its annual communication program planning, has been completed. The survey was conducted between February 10 and February 19, 2015. He introduced Dr. Richard Parker and Dr. Louis Rea of R&P who provided their results of the Resident Opinion and Awareness Survey to the Board which highlighted the following:

- Demographic characteristics of the Vallecitos Water District (VWD)
- Awareness of water and sewer agency
- Awareness and/or use of
  - The services provided by VWD
  - That VWD is taking steps to increase reliability of the water supply
  - Rebates for water conservation offered by VWD
  - VWD educational services
- Overall satisfaction with service from VWD
- VWD services most appreciated
• Household awareness of the drought during the past year
• Household water usage during the past year
• Motivating factors in reducing water usage
• Major causes of increasing water rates
• Reliability of San Diego County water supply
• Most critical things that can be done to ensure a reliable water supply
• Main news media sources for learning about community issues
• Social media websites used
• News media – television, newspapers, online news
• Frequency respondents read the newsletter that accompanies their monthly bill
• Frequency respondents read the District’s annual water quality report

Public Information/Conservation Supervisor Robbins provided the Board with his recommendations on the areas the District’s outreach program should focus on:

• Enhance outreach to condominiums, apartments, mobile home parks and HOAs
• Educate its customers about the District’s efforts to increase water supply reliability
• Grow social media outreach
• Educate customers that the District also provides sewer services
• Educate customers on how they can conserve and take advantage of available rebates

General discussion took place.

Public Information/Conservation Supervisor Robbins stated that Katz and Associates will be working with staff to develop a communications plan which will include development of a speakers’ bureau. He will provide the Board with a timeframe for items included in the communication plan to keep the Board updated on the progress being made. Director Elitharp suggested water reclamation efforts be added to the list of areas of focus in conjunction with the topic of desalination.

POTENTIAL DEBT REFUNDING

Assistant General Manager Scaglione stated that the District has debt in the amount of $66.7 million of which $53.8 million are from Certificates of Participation (COPs) that were issued in 2005 to refinance debt from the first Twin Oaks reservoir, fund construction of the second Twin Oaks reservoir, and fund expansion and improvement at the Meadowlark Reclamation Facility. Current market conditions allow for significant savings if the callable COPs (bonds) are refunded. He introduced Mr. Tom DeMars of Fieldman, Rolapp and Associates, the District’s financial advisor, who provided a presentation to the Board on several options for consideration. Mr. DeMars’ presentation included discussion on the following:

• Background of the COPs
• General market conditions  
  o Overview of recent market conditions  
  o Recent interest rate movement patterns  
• Current savings estimates  
• Refunding options  
  o Do nothing  
  o Advance refunding as soon as possible  
  o Advance refunding in 12 months (June, 2016)  
  o Current refunding in 24 months (June, 2017)  
• Sensitivity analysis  
• Refunding schedule

Staff recommended the Board direct staff to obtain proposals and contracts necessary to move forward with refunding callable 2005 COPs.

General discussion took place regarding the costs and risks of the options presented. The consensus of the Board was to direct staff to move forward with the refunding of the COPs. Staff will monitor the market before locking into a fixed rate and provide updates to the Board as necessary.

15-03-11 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to direct staff to obtain proposals and contracts necessary to move forward with refunding callable 2005 Certificates of Participation.

DROUGHT UPDATE

Public Information/Conservation Supervisor Robbins stated that the State Water Resources Control Board (SWRCB) adopted emergency regulation for water conservation effective July 28, 2014, which is set to expire on April 25, 2015. At their meeting on March 17, 2015, the SWRCB extended the emergency regulation adding the following three new restrictions that apply to all Californians:

• Outdoor watering is prohibited during and up to 48 hours after measurable rainfall.  
• Restaurants will only serve water upon request.  
• Hotels/motels must offer guests the option of not laundering linens/towels and display appropriate signage to reflect this.

He further stated that the modified regulation also requires water agencies that do not already have limits on the number of days for outdoor irrigation to implement two days per week (extending into the summer months), and suppliers must promptly notify customers of leaks. Additionally, water agencies are required to report descriptive statistics on water conservation compliance and enforcement efforts, and the number of days that outdoor irrigation is allowed.
He commented briefly on the District’s water production, residential gallons-per-day usage, the number of drought related customer calls received, and the fiscal impacts of the drought to the District.

General discussion took place.

This item was presented for information only.

CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS – SEAT A

General Manager Lamb stated that the CSDA Board of Directors is calling for nominations for Seat A Directors for the 2016-2018 term. Jo MacKenzie of the Vista Irrigation District is the incumbent for the Southern Network, Seat A, and is running for re-election.

There were no nominations from the Board. No action was taken.

NORTH SAN DIEGO WATER REUSE COALITION (NSDWRC) – APPROVAL OF TRAVEL EXPENSES AND PER DIEM FOR DISTRICT BUSINESS TRIP

General Manager Lamb stated that at the April 20, 2011 Board meeting, the Board approved an agreement with seven other North County public agencies authorizing the Furman Group to lobby on behalf of the agencies in an effort to secure Prop. 84 grant funding. Meetings have been scheduled with the Furman Group and several elected officials in Washington, D.C. on April 13-14. Director Hernandez has attended previous meetings on behalf of the District and has once again been invited by the coalition to attend. Per Ordinance No. 194, this is not an approved meeting and requires Board approval for per diem and expense reimbursement for attendance.

General discussion took place.

15-03-12 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to authorize payment of travel expenses and per diem.

REPORTS

GENERAL MANAGER

General Manager Lamb reported on the following:

- He is awaiting the finalized desalination contract from the San Diego County Water Authority (SDCWA).
- Staff is preparing for increased drought monitoring and public awareness. Drought-themed, stand-alone signs have been placed in the lobby at City Hall
and at the County library, and staff is working with school district officials to obtain permission to place signs in the schools as well. In addition, work hours will be modified for Operations & Maintenance staff in order to monitor for water usage violations between the hours of 4:00 a.m. and 6:30 a.m. when outdoor irrigation is at its peak.

- Director Sannella conveyed he will be unable to attend the April 1 Board meeting.

General Manager Lamb provided a brief presentation on updated drought conditions throughout the state which included:

- Northern Sierra precipitation
- Northern Sierra snowpack as of March 16, 2015
- Reservoir conditions – Lake Oroville
- Average water year statewide runoff
- Colorado River hydrologic conditions
- Water year inflow to Lake Powell on the Colorado River
- Actual versus normal rainfall at Lindbergh Field
- Average daily maximum temperature at Lindbergh Field
- Fiscal year potable water use in the SDCWA service area
- Precipitation outlook for March 2015 – May 2015
- Precipitation outlook for March 24 – March 30, 2015
- Temperature outlook for March 2015 – May 2015

He stated that Metropolitan Water District’s Board of Directors will announce water allocations in April or May which will go into effect in July.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott responded to a question Director Hernandez had raised earlier regarding whether tuition reimbursement is available to Board members. He advised the Board that Statute AB 1234 does not allow it.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the March 18 Capital Improvement Committee meeting at which topics of discussion included the pyrolysis pilot study, emergency procedures update, receipt of insurance reimbursement from a recent heating element fire, the facility Master Plan, and carbon replacement.
Director Elitharp reported on his attendance to the Policy and Finance Committee meeting on March 10 at which discussion took place regarding amendments to their purchasing policy. A closed session was also held.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Elitharp’s written report on his attendance to the Urban Water Institute Spring Water Conference was provided electronically and is on file.

Director Sannella reported on his attendance to the Council of Water Utilities meeting and the San Diego North Economic Development Council Board meeting.

Directors Martin and Hernandez reported on their attendance to the Urban Water Institute Spring Water Conference and the WateReuse Annual Conference.

President Evans reported on her attendance to the Urban Water Institute Spring Water Conference.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

CLOSED SESSION

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

15-03-13 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to move into Closed Session pursuant to Government Code 54956.9(a).

The Board reconvened to Open Session at the hour of 7:33 p.m. The Board, in Closed Session, directed counsel to take appropriate action concerning the potential litigation matter.
ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 7:34 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, April 1, 2015, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

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