AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 3, 2015, AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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 JUNE 3, 2015

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 (pp. 5-19)

A. REGULAR BOARD MEETING - MAY 20, 2015
B. BOARD WORKSHOP MEETING – MAY 27, 2015

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JUNE 3, 2015 – $1,106,341.19 (pp. 20-23)

Recommendation: Approve Warrant List

1.3 APPROVAL OF CONSTRUCTION AGREEMENTS FOR DOUBLE PEAK
ELEMENTARY SCHOOL, APN: 222-121-23, 24, 25, 26, 04 AND 679-221-16
(SAN MARCOS UNIFIED SCHOOL DISTRICT) (pp. 24-26)
The San Marcos Unified School District is proposing to build an elementary school on the south side of San Elijo Road, north of Attebury Road and east of Ledge Street.

Recommendation: Approve Construction Agreements

1.4 ADOPTION OF RESOLUTION ORDERING THE ANNEXATION INTO THE SEWER IMPROVEMENT DISTRICT FOR SAN MARCOS DOUBLE PEAK ELEMENTARY SCHOOL, APN: 222-121-23, 24, 25 AND 26 (SAN MARCOS UNIFIED SCHOOL DISTRICT) (pp. 27-31)

The request for sewer annexation was approved at the April 1, 2015 Board of Directors meeting.

Recommendation: Adopt Resolution

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

ACTION ITEMS

2.1 BOND REFUNDING DOCUMENTS AND RESOLUTION (pp. 32-38)

The Board authorized staff to move forward with contracts necessary to refund the District’s $53.8 million in 2005 Certificates of Participation.

Recommendation: Adopt Resolution and authorize staff to execute the necessary contracts and agreement for the refunding

2.2 CERTIFIED PUBLIC ACCOUNTING FIRM AUDIT ENTRANCE MEETING (pp. 39)

The Board approved the agreement for three years of audit services provided by Rogers, Anderson, Malody & Scott, LLP Certified Accountants.

Recommendation: No action required; this meeting initiates the Audit process

2.3 ADOPTION OF RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING ENCINA WASTEWATER AUTHORITY’S FISCAL YEAR 2016 OPERATING AND CAPITAL IMPROVEMENT BUDGET (pp. 40-45)

The Encina Basic Agreement requires approval of the budget for Encina Wastewater Authority by member agencies.

Recommendation: Adopt resolution
2.4 COMMUNICATION AND OUTREACH PROGRAM – COMMUNICATION PLAN (pp. 46-66)

*Katz & Associates has developed a draft Communication Plan that can be revised annually.*

**Recommendation:** For information only

2.5 RESOLUTION PLACING IN NOMINATION HAL J. MARTIN AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 BOARD OF DIRECTORS (pp. 67-68)

*The Region 10 Nominating Committee is seeking ACWA members who are interested in leading the direction of ACWA Region 10 for the 2016-2017 term.*

**Recommendation:** Adopt Resolution

*****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
   - Capital Improvement Committee
   - Policy and Finance Committee

3.5 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

4.1 MEETINGS (pp. 69)

*Council of Water Utilities*
June 16 - StoneRidge Country Club – Poway, CA

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

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

6.1 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2) CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION (ONE CASE)

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

7.1 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 5:30 p.m., Thursday, May 28, 2015.

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

Director Elitharp 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  
Director of Engineering & Operations Gerdes  
Administrative Services Manager Emmanuel  
District Engineer Gumpel  
Finance Manager Fusco  
Operations & Maintenance Manager Pedrazzi  
Public Information/Conservation Supervisor Robbins  
Human Resources Technician Anderson  
Executive Secretary Posvar  
Administrative Secretary Johnson  

Jonathan Ash, Citigroup  

ADOPT AGENDA FOR THE REGULAR MEETING OF MAY 20, 2015

15-05-01 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of May 20, 2015.

INTRODUCTION

Human Resources Technician Bridget Anderson introduced new employee, Misael Garcia, Meter Services Worker.

Director Hernandez recognized the Customer Service staff for the excellent service they provide to the District’s customers and expressed his appreciation.

President Evans noted that several of the participants of the recent Water Academy commented on how knowledgeable, friendly and courteous staff was during the event.
PRESENTATION

Public Information/Conservation Supervisor Robbins introduced the California Friendly Landscape Contest Winners: Third Place: Pamela Kass; Second Place: Irene Acosta (not present); First Place: Bruce and Patti Tait. The winners received a gift card to a local nursery and a California Native Plant book.

ORAL COMMUNICATIONS

Carl Weise, member of the public, addressed the Board stating he is the general manager of the LaCosta Oaks Community Association in Carlsbad. He recently moved from one of the District’s largest water users, Emerald Heights. The main reason he attended the meeting was to thank President Evans and the Operations staff, in particular, Director of Engineering & Operations Gerdes, for their response to a problem area near the Mahr Reservoir. The issue was directed to the right person at the right time. He stated that he and Director of Engineering & Operations Gerdes went to the site and saw that the graffiti has been cleaned up. The area has been a hangout for teens however, older individuals are beginning to use the area. It’s taken a little bit of pressure on Carlsbad Police Department so he is asking for continued support with Carlsbad police about enforcement out there.

He further stated that the community has 3,000 residents all around the reservoir. Some of the homes are very, very close and residents are very concerned about fire activity out there. Obviously the dry brush in that area is a big concern.

Mr. Weise stated that currently his community is working on approximately 500,000 square feet of turf replacement. When the City of Carlsbad initially allowed the La Costa Oaks development, they requested grass strips between the curb and sidewalk. The SoCal water smart rebate will virtually take care of their replacement costs. Now, it’s a matter of getting the homeowners who bought with grass in front of their homes to be okay with the idea of changing to something different. He thanked the Board.

General discussion took place regarding possible security enhancements and increased police presence at the reservoir.

Malcolm Matheson, member of the public, addressed the Board to discuss the proposed water allotment and their cutbacks as they pertain to agricultural customers participating in the Transitional Special Agricultural Water Rate (TSAWR) program. As a commercial farmer, his business is water conservation. He fully understands the need for water restrictions and he was one of many local growers subject to mandatory 30% water cutbacks in 2010 and 2011. He complied by stump the four acres of mature avocado producing trees that year and subsequently began re-watering them. In 2012, VWD approached him to participate in the TSAWR program. By signing the agreement, he elected to comply with any mandatory water cutbacks that may exist in 2013 and
beyond. That’s what it states. The agreement states specifically each customer's allotment would be based on usage and the base year 2006/2007.

Mr. Matheson further stated that to date, he irrigates and operates his 10 acre avocado grove based on this TSAWR agreement. Two years ago he removed four acres of production, and did the good agricultural practices and replanted in the high density planning in 2014. Basically, he did not water these four acres for almost a full year, which is 2013 and 2014. If 2012/2013 was used, this would not be an issue. In recertifying the agricultural customers, which he assumes is going to happen for the new TSAWR program, how many growers actually remain, and how much of that water can be reallocated to hardship cases? He thanked the Board.

General discussion took place.

General Manager Lamb stated that the District just received information on its allocation last Thursday which goes into effect June 1. The amount of water the District actually has for agricultural customers will need to be determined, as well as if there is any extra water that can be moved around. It will be July, August or September before this can be determined. He will keep the Board informed of this issue.

Mike Hunsaker, member of the public, addressed the Board, thanking General Manager Lamb and Executive Secretary Posvar for providing information he had requested. They were very helpful and it was quite quantitative. He also thanked Mr. Hernandez for his presentation on smart meters.

He stated that there are some indications that there is interest in recycling and reclaiming more water, but there is a question of where to put the reservoirs. Considering the farsightedness of this District, he thinks that this should be addressed immediately and that it be factored into any CDC settlement. He thanked the Board.

CONSENT CALENDAR

15-05-02 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – April 15, 2015
B. Board Workshop Meeting – April 29, 2015

1.2 Warrant List through May 20, 2015 - $4,675,322.92

1.3 Financial Reports

A. Water Meter Count – April 30, 2015
B. Water Production/Sales Report – 2014/2015
C. Water Revenue and Expense Report – April 30, 2015  
D. Sewer Revenue and Expense Report – April 30, 2015  
E. Reserve Funds Activity – April 30, 2015  
F. Investment Report – April 30, 2015

1.4 Final Acceptance of Water Improvements for Perkins Single Family Residence, APN: 178-170-45 (David A. Perkins)

ACTION ITEMS

BOND REFUNDING UPDATE

Assistant General Manager Scaglione stated that on March 18, 2015, the Board authorized staff to move forward with contracts necessary to refund the District’s $53.8 million in 2005 Certificates of Participation (COPs). Since that time, a team has been formed to achieve this, consisting of Citigroup for investment banking/underwriter services, Sidley Austin as bond counsel, Stradling, Yocca, Carlson & Rauth for bond disclosure counsel, and Union Bank for trustee services. Legal documents, including the resolution and Preliminary Official Statement (POS), will be presented for the Board’s consideration at the Board meeting on June 3. He requested any comments on the POS be directed to him in advance of the June 3 Board meeting.

He further stated that staff and the District’s Financial Advisor, Fieldman Rolapp, presented to Fitch Ratings and S&P on May 12. Ratings are anticipated to be received by May 26. Assistant General Manager Scaglione provided a timeline of the refunding process with an anticipated closing date of July 9, 2015. He then introduced Robert Porr of Fieldman Rolapp who provided an update on current market conditions which included background of the 2007 COPs, general market conditions, and current savings estimates and options.

General discussion took place.

This item was presented for information only.

REVISED DEBT MANAGEMENT POLICY RESOLUTION

Assistant General Manager Scaglione presented proposed revisions to the District’s existing debt management policy in response to changes in the SEC rules regarding bond disclosure requirements. Proposed additions identify responsibilities of parties involved with debt financing of the District in regard to reporting and disclosures, and detail disclosure procedures that will ensure compliance with obligations and requirements under the federal securities laws.

Staff recommended the Board adopt the revised debt management policy resolution.
General discussion took place.

15-05-03 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the resolution.

Resolution No. 1468 - the roll call vote was as follows:

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

ORDINANCE ADOPTING EMERGENCY DROUGHT REGULATIONS

General Manager Lamb provided a brief chronology of events that have taken place since Governor Brown issued Executive Order No. B-29-15 on April 1, 2015, calling for a statewide 25% reduction in potable urban water use. He stated that all of the rules and laws contained in the Executive Order went into effect on May 15. On May 14, the San Diego County Water Authority (SDCWA) held a special meeting and took action on several items. Discussion at the meeting included:

- April 1 Northern Sierra snowpack at record low (5% of normal)
- Average Water Year Statewide Runoff – fourth consecutive dry year
- Lake Oroville storage
- San Luis Reservoir storage
- Prolonged Colorado River drought
- Temperature outlook – above normal
- Supply availability – Metropolitan Water District (MWD)
- SDCWA allocation from MWD – TSAWR and municipal and industrial (M&I)
- Estimated FY 2016 M&I potable supply scenario

He stated that at the May 14 meeting, the SDCWA allocated 99% to San Diego County. This means that the District will remain in Level 2 Drought Alert; however the District is still required to cut back urban potable water usage by 24%, which will be stored at Olivenhain Municipal Water District.

He further stated that new rules required by the State Water Resources Control Board are not included in Ordinance No. 162 and need to be adopted and enforced by the District. The new rules prohibit the following:

- Use of potable water for irrigation of ornamental turf within public street right of ways including adjacent landscape strips;
- Use of potable water outside of newly constructed homes and buildings inconsistent with regulations established by the California Building Standards Commission;
• Application of potable water to outdoor landscaping during and after 48 hours of a measurable rain event; and
• All leaks must be repaired within 48 hours of notification by the District unless other arrangements are made with the District General Manager.

The proposed ordinance also limits all outdoor irrigation, excluding certified agricultural or commercial growers, during the months of June through October to two days per week on a schedule to be determined. If significant reductions in demand are not achieved by limiting outdoor irrigation to two days per week by July 1, the District may reduce outdoor irrigation to one day per week and no more than 8 minutes per water station. Nurseries and commercial growers would remain exempt, as would systems using water-efficient devices, including but not limited to, weather based controllers with drip/micro-irrigation systems and stream rotors. In addition, the proposed ordinance includes violations and penalties.

Staff recommended the Board adopt the proposed ordinance adopting emergency drought regulations to be consistent with the State and SDCWA’s actions.

General discussion took place.

15-05-04 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried 4-1, to adopt the ordinance as submitted.

Ordinance No. 195 - the roll call vote was as follows:

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

DROUGHT UPDATE

Public Information/Conservation Supervisor Robbins provided an update on what the District is doing in response to the mandated 24% reduction of water usage. He stated that on May 11 the District initiated drought patrols throughout its service area during pre-dawn hours as well as during the day. Staff is looking for drought ordinance violations such as overspray and runoff into gutters, watering between 10:00 a.m. and 6:00 p.m., watering during and 48 hours after a rain event, and hosing down hard surfaces such as driveways. The District will send a warning to first time violators, prescribing corrective measures, and will work with these customers to educate them about the drought and water restrictions. The District is required to report these activities to the State Water Resources Control Board to show that the District is making efforts to enforce the drought restrictions.

He noted the following:
• The District’s April 2015 water production decreased 6.92% from April 2014 and 11.91% from April 2013.
• Residential customers used 92.1 gallons per day in April 2015, compared to April 2014, when customers used 99.1 gallons per day.
• The Water Academy Tour and H2O for HOAs were two recent community events presented by the District.
• There was a dramatic increase in the number of drought-related phone calls received in April, demonstrating an upswing in public awareness.
• During the first week of the District’s drought patrols, approximately 158 water waste violations were observed.

General discussion took place.

This item was presented for information only.

AWARD OF CONSTRUCTION CONTRACT FOR SOUTH LAKE SLUICE GATE REPLACEMENT

Operations & Maintenance Manager Pedrazzi stated that the existing sluice gate valve at the South Lake Dam is inoperable and needs to be replaced. The lake cannot be drained for environmental reasons; therefore, the replacement of the valve must be performed under water by a dive team. In February 2013, the District contracted with Metropolitan Water District (MWD) for the replacement; however, MWD’s dive team determined that the work was beyond their capabilities. MWD provided the District with an estimate of $171,513 for budget purposes and contact information for dive companies qualified to perform this type of highly specialized work.

He further stated that the District requested proposals from three dive companies. Only one company, C&W Diving Services, Inc., responded and provided a bid of $160,900. Staff completed the evaluation of qualifications and determined that C&W Diving Services, Inc. was the lowest responsive, responsible bidder.

Staff recommended the Board award the contract for the South Lake sluice gate replacement to C&W Diving Services, Inc. in the amount of $160,900, subject to the provisions of the contract.

General discussion took place.

15-05-05  MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to award the contract to C&W Diving Services, Inc. in the amount of $160,900, subject to the provisions of the contract.
COMMUNICATIONS SITE LICENSE AGREEMENT WITH THE COUNTY OF SAN DIEGO FOR THE INSTALLATION, USE, MAINTENANCE AND REPAIR OF RADIO COMMUNICATION FACILITIES

Operations & Maintenance Manager Pedrazzi stated the District has been contacted by a representative of the University of California San Diego (UCSD) requesting the installation of radio communication facilities at the District’s Coronado Hills Tank site. The project will install an Ethernet radio link as part of a network for the benefit of public safety communities, especially firefighters in San Diego County, and will improve internet communications and emergency communications during major events such as the fires of last May.

He further stated that staff met with a network engineer from the Area Situational Awareness for Public Safety Network (ASAPnet), a public/private partnership-based extension of the UCSD’s High Performance Wireless Research and Education Network (HPWREN), and determined that the Coronado Hills Tank site where the District currently has a radio repeater would be an ideal location for a new radio repeater to be added to the network. Project partners include the County of San Diego, the California Department of Forestry and Fire Protection (CAL FIRE), the United States Forest Service, San Diego Gas & Electric, University of California San Diego, and San Diego State University.

Staff recommended the Board authorize the execution of a communications site license agreement with the County of San Diego for the installation, use, maintenance, and repair of radio communication facilities on the Coronado Hills Tank site.

General discussion took place.

15-05-06 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to authorize the execution of the agreement.

ACCEPTANCE OF THE LINDA VISTA EAST SEWER PROJECT

District Engineer Gumpel stated that the project constructed approximately 3,280 feet of new 15-inch sewer pipe and abandoned approximately 1,470 feet of existing 8-inch pipe. The existing 8-inch pipeline exhibited significant inflow and filtration problems and was severely undersized in meeting future wastewater demands. The project also involved crossing under State Route 78 from the intersection of Bingham Drive and Los Vallecitos to Grand Avenue.

An additional 749 feet of 15-inch pipeline and appurtenances that were originally going to be constructed by the City of San Marcos were added to the project. Upon completion of the project, the City of San Marcos will reimburse $200,728 to the District in accordance with the Cost Sharing Agreement between the two entities.

He further stated that all work has been completed with one small change order.
resulting in a small credit to the District.

Staff recommended the Board accept the project, file a Notice of Completion, and authorize the release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

15-05-07 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried unanimously, to accept the project, file a Notice of Completion, and authorize the release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

RESOLUTION TO ADOPT THE 2013 SAN DIEGO INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

District Engineer Gumpel stated the District is eligible for State funding under Proposition 84 to be utilized for the Lift Station No. 1 pump improvement project and other projects considered for the next fiscal year. In order to receive funding, the District must adopt the 2013 update to the Integrated Water Management Plan (IRWM) drafted by the San Diego Regional Water Management Group.

He further stated that the District is seeking reimbursement in the amount of $338,300 for the Lift Station No. 1 pump improvement project and will also be seeking funding for future capital projects at the Meadowlark Treatment Plant and the Mahr Reservoir.

Staff recommended the Board adopt the proposed resolution to adopt the 2013 San Diego IRWM update.

General discussion took place.

15-05-08 MOTION WAS MADE by Director Sannella, seconded by Director Elitharp, and carried unanimously, to adopt the resolution.

Resolution No. 1469 - the roll call vote was as follows:

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

ACWA REGION 10 NOMINATING COMMITTEE SEEKING REGION 10 BOARD CANDIDATES

General Manager Lamb stated that the ACWA Region 10 Nominating Committee is seeking candidates for the Region 10 Board of Directors, which is comprised of a Chair, Vice Chair and up to five Board Member positions.
Director Martin stated he is currently serving on the Region 10 Board of Directors and would like to continue in that roll. A nomination form must be completed and a resolution of support from the candidate’s Board of Directors is also required.

General discussion took place.

15-05-09 Motion was made by Director Hernandez, seconded by President Evans, and carried unanimously, to nominate Director Martin for the ACWA Region 10 Board of Directors.

SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL (SDNEDC)

Director Sannella stated the District joined the San Diego North Economic Development Council (SDNEDC) on February 4, 2015 at the Board level which required the dues payment of $10,000. Of that amount, $5,000 was for membership, with the remaining $5,000 to be applied toward sponsorship of events of the Board’s choosing. The consensus of the Board at that time was that there was interest in sponsoring a water-themed event.

He further stated that the SDNEDC is in the preliminary planning stages for a water summit to be held on July 16 at the Vista Civic Center. Olivenhain Municipal Water District is agreeable with co-sponsoring the event with the District.

Director Sannella asked the Board to authorize him to make commitments on the District’s behalf pertaining to the water summit and allow up to $3,500 to be spent toward the event.

General discussion took place.

15-05-10 Motion was made by Director Elitharp, seconded by Director Martin, and carried unanimously, to authorize up to $3,500 towards sponsorship of the SDNEDC water summit.

REPORTS

GENERAL MANAGER

General Manager Lamb stated that the Board had questions about several items that were discussed at the April 29 Board Budget Workshop. Additional information about those items was provided to the Board for further discussion at the Board Budget Workshop scheduled on May 27.

He also stated Palomar College’s Gear-Up Program has an Emmy Award winning multimedia group that will be producing a documentary about the drought. The group has requested the District to work with them on the documentary.
DISTRICT LEGAL COUNSEL

Legal Counsel Scott reported on the recent case of Los Angeles Supervisors versus the ACLU in which the court of appeals held that because the California Public Records Act expressly exempts attorney-client communications from the Public Records Act and therefore, attorney invoices are confidential communications exempt from disclosure under the Act. Mr. Scott also distributed a memo summarizing the recent Capistrano case related to tiered water rates. He indicated it was important that the Board familiarize itself with the case and legal principles.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans commented that a lengthy discussion of the drought and mandate took place at the SDCWA Board meeting.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting today at which discussion included finalizing contracts for inspection of the outfall and staffing needs.

Director Elitharp reported on his attendance to the Policy and Finance Committee meeting on May 12 at which discussion took place regarding the EWA operating budget, labor issues, and recommendation for approval of a shared employee leasing agreement between EWA/San Elijo and the Joint Powers Authority.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Elitharp’s written report on his attendance to the Council of Water Utilities meeting was provided electronically and is on file.
Director Martin reported on his attendance to the ACWA Annual Conference at which he also attended the JPIA insurance meeting and Region 10 Energy Committee meeting.

Directors Elitharp and Hernandez reported on their attendance to the ACWA Annual Conference. Director Hernandez also reported on his attendance to the Groundwater Committee meeting while at the conference.

Director Sannella reported on his attendance to the CASA Public Policy Forum in Sacramento.

Directors Hernandez and Sannella reported on their attendance to the San Diego North Economic Development Council (SDNEDC) investor’s meeting.

OTHER BUSINESS
QUARTERLY BOARD EXPENSES

This information was provided per Ordinance 194; no action required.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez inquired about the security guard stationed in the District’s lobby area. General Manager Lamb stated that the guard is there during the Customer Service remodel and will no longer be needed after Friday, May 21.

Director Hernandez requested a list of employee telephone extensions. Director Martin asked when an update from Katz and Associates will be provided to the Board. General Manager Lamb stated that an update on the communication plan will be on the June 3 Board agenda.

Director Martin also asked if there are any security upgrades planned for the Engineering counter. General Lamb responded that the security upgrades for the Customer Service counter were mainly because of the cash transactions that occur. After conducting a vulnerability assessment, no practical solutions for the Engineering counter have been identified to accommodate the large number of people who visit Engineering to look at plans, maps, etc.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95 LIABILITY CLAIM

Claimant: Wayne Boyer/Adele Boyer

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

15-05-11 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to move into Closed Session pursuant to Government Codes 54956.95 and 54956.9(a).

The Board reconvened to Open Session at the hour of 7:20 p.m. The Board, in Closed Session, rejected the claim of Wayne and Adele Boyer and directed staff to transmit the claim to ACWA/JPIA.

The closed session regarding existing litigation was not needed.
ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 7:21 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 3, 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
President Evans called the Board Workshop to order at the hour of 4:00 p.m.

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

Staff Present: General Manager Lamb
Assistant General Manager Scaglione
Legal Counsel Scott
Director of Engineering and Operations Gerdes
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Financial Analyst Arthur
Executive Secretary Posvar
Administrative Secretary Johnson

ORAL COMMUNICATIONS

None.

DISCUSSION ITEM

PROPOSED FISCAL YEAR 2015/2016 BUDGET

Assistant General Manager Scaglione provided opening comments. Finance Manager Fusco presented additional information to address questions that were raised at the April 29 Board Workshop meeting and discussed the proposed FY 2015/2016 budget as follows:

- Revenue Increase Impact
- Salaries and Benefits
- Increase in Information Technology
- Capital Improvement Budget
- Average Single Family Residence – Water and Wastewater Bill Summaries
- Average Single Family Residence Bill at 6.5% Overall Increase
- Increase Percentage Year-to-Year
- Combined Water/Wastewater Reserve Levels
- Combined Water/Wastewater Percentage of Reserve Ceiling
- Revisions – Major Changes Between Proposed and Preliminary Draft Budgets
- Debt Service Coverage
- Reserve Budget and Projection Operating Transfers
• FY 2014/15 to FY 2015/16 Budget Comparison
• Operating Budget – By Division
• 2015/16 Water Operating Budget
• Water Operating Budget-to-Budget Comparison
• 2015/16 Wastewater Operating Budget
• Sewer Operating Budget-to-Budget Comparison
• Salaries and Benefits – Budget-to-Budget Comparison
• Operating Budget – Distribution of Expenses
• Capital Budget-to-Budget Comparison
• Next Steps

General discussion took place.

Director Hernandez left the meeting at 5:27 p.m.

Following general discussion, the Board requested General Manager Lamb and staff review the proposed budget to look for additional ways to further reduce expenses.

General Manager Lamb stated that the final recommended budget will be presented to the Board at the June 17 Board meeting. President Evans proposed holding another Board workshop meeting on June 15, 2015. The meeting was tentatively scheduled for that date and will be confirmed by General Manager Lamb.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Workshop of the Board of Directors at the hour of 5:54 p.m.

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

ATTEST:

________________________________
Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District
VALLECTOS WATER DISTRICT
WARRANTS LIST SUMMARY
June 3, 2015

Summary
- June Warrants: $1,106,341 *
- YTD Warrants: $51,574,337 *
- FY2015 Budget: $62,742,800

* Excludes Debt Service

June
- 2% 2015 Budget

FYTD
- 82% 2015 Budget

Historical Warrants by Month

Invoices Processed
- Current: 6%
- July 1-to-May 22: 94%
- 5,314

Top 10 Vendors - FYTD
- SDCWA: $21.8M
- ENCINA WASTEWATER AUTHORITY: $5.2M
- CB&T/ACWA-JPIA: $2.0M
- CHARLES KING CO INC: $1.8M
- PERS: $1.6M
- SAN DIEGO GAS & ELECTRIC: $890.7K
- ACWA/JOINT POWERS INSURANCE: $581.5K
- PACIFIC TITAN INC: $385.1K
- CANYON SPRINGS ENTERPRISES: $329.8K
- AH WATER INC: $329.4K
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<td>Hach Company</td>
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<td>104578</td>
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<td>Infosend Inc</td>
<td>Postage &amp; Printing Apr, Support Fee Apr</td>
<td>104579</td>
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<td>Interstate Batteries</td>
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<td>104580</td>
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<td>MSA</td>
<td>Sensor &amp; Calibrator MRF</td>
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<td>North County Auto Parts</td>
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<td>Plumbers Depot Inc</td>
<td>CCTV Supplies, Misc Hardware Supplies</td>
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<td>RJ Safety Supply Co Inc</td>
<td>Safety Harness Equipment</td>
<td>104584</td>
<td>1,382.02</td>
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## WARRANTS LIST
### June 3, 2015

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<th>PAYEE</th>
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<td>Rodney Hunt-Fontaine Inc.</td>
<td>Floor Stands &amp; Stem Covers MRF</td>
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<td>San Marcos Unified School Dist</td>
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<td>M20 Marketing LLC DBA Signarama</td>
<td>Sign Dangler Prj 20151-37</td>
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<td>Standard Automation &amp; Control LP</td>
<td>Flow Report Trouble Shooting MRF</td>
<td>104588</td>
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<td>State Water Resources Control</td>
<td>Water System Fees 7-14 to 12-14</td>
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<td>Talley Communications</td>
<td>Hardware Supplies</td>
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<td>Trench Plate Rental Prj 20141-5</td>
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<td>IT Support VWD Reporting - Gems, Northstar, elogger</td>
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<td>Unifirst Corporation</td>
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<td>GNI Waterman LLC</td>
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<td>Xerox Corporation</td>
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**Total Disbursements (145 Checks)**

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<tr>
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## WIRES

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<td>Public Employees Retirement System</td>
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## PAYROLL

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<td>AETNA</td>
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**Total May 13, 2015 Payroll Disbursements**

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<tr>
<th>Description</th>
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<tr>
<td>Total May 13, 2015 Payroll Disbursements</td>
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**TOTAL DISBURSEMENTS**

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<td>Total Disbursements</td>
<td>1,106,341.19</td>
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23
DATE: JUNE 3, 2015
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENTS FOR DOUBLE PEAK ELEMENTARY SCHOOL, APN: 222-121-23, 24, 25, 26, 04 AND 679-221-16 (SAN MARCOS UNIFIED SCHOOL DISTRICT)

BACKGROUND:
The San Marcos Unified School District is proposing to build an elementary school on the south side of San Elijo Road, north of Attebury Road and east of Ledge Street. Two separate construction agreements are required for onsite and offsite improvements.

DISCUSSION:
The onsite project will construct approximately 407 feet of 16-inch diameter ductile iron water main, 117 feet of 8-inch PVC water main and abandon an existing 16-inch highline. The offsite project will construct 32 feet of 16-inch diameter ductile iron water main along Attebury Road and connect to an existing 6-inch water main.

All engineering fees and inspection deposits have been paid. Water and wastewater capital facility fees are due and payable prior to issuance of the first building permit per Resolution No. 1343.

The owner has submitted standard surety bonds to guarantee completion of the project.

The following bond amounts have been reviewed and approved by staff:

- Onsite Improvements Labor and Materials $187,680.00
- Onsite Improvements Faithful Performance $187,680.00
- Offsite Improvements Labor and Materials $35,243.00
- Offsite Improvements Faithful Performance $35,243.00

FISCAL IMPACT:
Future water and sewer revenues.

RECOMMENDATION:
Approve the construction agreements for the San Marcos Unified School District Double Peak Elementary School.
APPROVAL OF CONSTRUCTION AGREEMENTS FOR DOUBLE PEAK ELEMENTARY SCHOOL, APN 222-121-23, 24, 25, 26, 04, 679-221-16 (SAN MARCOS UNIFIED SCHOOL DISTRICT)

NEW 16" WATER (ON-SITE IMPROVEMENT)

NEW 8" WATER (ON-SITE IMPROVEMENT)

EXIST. 16" WATER TO BE ABANDONED

NEW 16" WATER (OFF-SITE IMPROVEMENT)

NEW SEWER BOUNDARY

SAN ELIJO RD

TWIN OAKS VALLEY RD

SMUSD DOUBLE PEAK K-8

222-121-23

222-121-24

222-121-25

222-121-26

222-121-04

679-221-16
APPROVAL OF CONSTRUCTION AGREEMENTS FOR DOUBLE PEAK ELEMENTARY SCHOOL, APN 222-121-23, 24, 25, 26, 04, 679-221-16 (SAN MARCOS UNIFIED SCHOOL DISTRICT)

NEW 16" WATER (ON-SITE IMPROVEMENT)

NEW 8" WATER (ON-SITE IMPROVEMENT)

EXIST. 16" WATER

EXIST. 8" SEWER

EXIST. 10" SEWER

SMUSD DOUBLE PEAK K-8

NEW SEWER BOUNDARY

NEW SEWER BOUNDARY

NEW 16" WATER (OFF-SITE IMPROVEMENT)

EXIST. 16" WATER TO BE ABANDONED

222-121-04

222-121-23

222-121-24

222-121-25

222-121-26

679-221-16
DATE: JUNE 3, 2015
TO: BOARD OF DIRECTORS
SUBJECT: ADOPTION OF RESOLUTION ORDERING THE ANNEXATION INTO THE SEWER IMPROVEMENT DISTRICT FOR SAN MARCOS DOUBLE PEAK ELEMENTARY SCHOOL APN: 222-121-23, 24, 25, & 26 (SAN MARCOS UNIFIED SCHOOL DISTRICT)

BACKGROUND:
The San Marcos Unified School District is proposing to build an elementary school on the south side of San Elijo Road, north of Attebury Road and east of Ledge Street. The request for sewer annexation was approved at the April 1, 2015 Board of Directors meeting.

DISCUSSION:
The school site totals 22.486 acres which is within the District boundaries for water service. Of the 22.486 acre site, 7.59 acres (APN: 679-22-16) is within the sewer service boundary. The remaining 11.297 acres (APN: 222-121-23, 24, 25 & 26) and 3.599 acre portion of an adjacent parcel were approved for sewer annexation.

The San Marcos Unified School District has completed the conditions of the annexation per District policy and paid annexation fees for all properties being annexed, including the 3.599-acre portion of APN: 222-121-04 per an agreement executed between San Marcos Unified School District and Vallecitos Water District on May 4, 2015.

FISCAL IMPACT:
None.

RECOMMENDATION:
Adopt the resolution, completing the referenced annexation.
ADOPTION OF RESOLUTION ORDERING THE ANNEXATION INTO SEWER IMPROVEMENT DISTRICT FOR APN # 222-121-23, 224, 25 & 26 (SAN MARCOS UNIFIED SCHOOL DIST. DOUBLE PEAK K-8 SCHOOL)

DISTRICT SEWER BOUNDARY

NEW SEWER BOUNDARY

APPROXIMATE LOCATION OF FUTURE PROPERTY ANNEXATION

PARCELS TO BE ANNEXED

SMUSD DOUBLE PEAK K-8
679-221-16

222-121-04
(PEARSON)

222-121-18

222-121-23

222-121-24

222-121-25

222-121-26

IN

OUT
ADOPTION OF RESOLUTION ORDERING THE ANNEXATION INTO SEWER IMPROVEMENT DISTRICT FOR APN # 222-121-23, 224, 25 & 26 (SAN MARCOS UNIFIED SCHOOL DIST. DOUBLE PEAK K-8 SCHOOL)

DISTRICT SEWER BOUNDARY

PARCELS TO BE ANNEXED

NEW SEWER BOUNDARY

APPROXIMATE LOCATION OF FUTURE PROPERTY ANNEXATION

SMUSD DOUBLE PEAK K-8
679-221-16

TWIN OAKS VALLEY RD

SAN ELIJO RD

IN

OUT

222-121-04 (PEARSON)

Item 1.4
RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ORDERING THE ANNEXATION INTO SEWER IMPROVEMENT DISTRICT FOR SEWER SERVICE OF CERTAIN PROPERTY DESIGNATED AS APN: 222-121-23, 24, 25 & 26 SAN MARCOS UNIFIED SCHOOL DISTRICT DOUBLE PEAK ELEMENTARY SCHOOL

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT as follows:

SECTION 1: The following facts are hereby found and determined to be true:

Section 1.1: That the Vallecitos Water District owns, operates, and maintains a sewage disposal system under and by virtue of Improvement District of the Vallecitos Water District.

Section 1.2: That the owners of the land described in this resolution have given their written consent to the annexation of said lands to the Improvement Districts hereinafter designated and have, in writing, requested the annexation of said lands to said Improvement Districts.

Section 1.3: That the owners of the land described in this resolution have advanced to the Secretary of the Vallecitos Water District the costs of this annexation, including, but not limited to, advertising, engineering and attorney's fees.

Section 1.4: The inclusion of said land within the designated Improvement Districts will be for the best interest of the designated Improvement District.

Section 1.5: The inclusion of said land within said Improvement Districts will be for the best interest of the land, and the owners thereof consent to the inclusion of said land in the designated Improvement Districts of the Vallecitos Water District.

Section 1.6: The Board of Directors determines that all the land hereinafter described shall be included in the designated Improvement Districts; that the proceedings had for the annexation and inclusion herein and above referred to were genuine and sufficient and in all respects complied with the Water Code of the State of California commencing at Section 32550.

Section 1.7: That the land herein described is within the boundaries of the Vallecitos Water District and said lands are not a part of an Improvement District constituted for a purpose similar to the purpose of Improvement District of the Vallecitos Water District.

Section 1.8: All of the owners of the land within the territory to be annexed have given their written consent to such annexation and the Board is thereby authorized to order the annexation by resolution without notice and hearing by the Board and without an election.

SECTION 2: The Board of Directors of the Vallecitos Water District does hereby order the annexation of all the lands hereinafter described to Improvement District of the Vallecitos Water District pursuant to this resolution and the proceedings above referred to, which description contained in Exhibit “A” attached hereto and made a part hereof, is sufficient to identify the land.
SECTION 3: The condition of said annexation to Improvement District of the Vallecitos Water District are as follows:

Section 3.1: Payment by petitioners of the sum of $7,680.00 per acre or fraction thereof for annexation of the territory into Improvement District for the use or right of use of the existing property in the Improvement Districts.

Section 3.2: Payment by the petitioners of the sum of $2,800.00 to cover costs of annexation, which includes attorney fees, publication, filing fees and miscellaneous costs of annexation.

Section 3.3: The lands annexed to an Improvement District shall be subject to existing bond issues and indebtedness of the Improvement District from and after the filing with the San Diego County Assessor of a certified copy of this resolution as set forth in Section 32553 of the Water Code of the State of California.

SECTION 4: This resolution shall become effective immediately upon its final passage; this resolution being adopted pursuant to Section 32552 of the Water Code of the State of California. This resolution being adopted without notice and hearing and without an election being conducted in said territory, all in accordance with Section 32552 of the Water Code of the State of California. The Secretary of this District shall comply with the provisions of the Water Code, Section 32553, and shall file a certified copy of this resolution together with a map of the territory thus annexed with the San Diego County Assessor and the San Diego County Tax Collector and with the State Board of Equalization.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 3rd day of June, 2015 by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:  

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

ATTEST:

______________________________
Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District
DATE:       JUNE 3, 2015  
TO:         BOARD OF DIRECTORS  
SUBJECT:    BOND REFUNDING DOCUMENTS AND RESOLUTION

BACKGROUND:
On March 18, 2015, the Board authorized staff to move forward with contracts necessary to refund the District’s $53.8 million in 2005 Certificates of Participation (COPs). The Finance Team has prepared and reviewed appropriate documentation to effect the refunding of the District’s COPs. The 2005 bonds are being refunded in order to realize savings due to current market conditions.

DISCUSSION:
The refunding requires a resolution to be adopted by the Board of Directors. A list of other documents associated with the refunding follow and will be sent electronically to Board members and hard copies made available upon request:

- Preliminary Official Statement
- Indenture
- First Supplement to the Indenture
- Escrow Agreement
- Continuing Disclosure Agreement
- Bond Purchase Contract

The resolution needs to be adopted, and contracts and agreements authorized by the Board of Directors to be executed by staff, in order to close the refunding on July 9, 2015. Some of the documents contain blanks or estimates of numbers that cannot be determined until the final pricing of the bonds at the point of issuance. Legal Counsel has reviewed the various bond documents. District staff and the District’s Financial Advisor participated in rating agency presentations on May 12th. Fitch has affirmed the District’s AA+ rating with a stable outlook. S&P upgraded the District’s rating from AA to AA+ with a stable outlook.

FISCAL IMPACT:
Potential savings over the remaining life of the bonds cannot be precisely determined as market conditions (interest rates) change daily. The present value of the savings at this point in time will likely be in excess of $3 million.

RECOMMENDATION:
Staff recommends the Board of Directors consider adopting the resolution for the refunding and authorizing staff to execute the necessary contracts and agreements for the refunding.
RESOLUTION NO. ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT PROVIDING FOR THE ISSUANCE OF REFUNDING REVENUE BONDS, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $57,000,000, THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR THE BONDS, AND AUTHORIZING THE EXECUTION OF CERTAIN RELATED DOCUMENTS AND THE TAKING OF CERTAIN RELATED ACTIONS

Water and Wastewater Enterprise
2015 Refunding Revenue Bonds

WHEREAS, this District and the Vallecitos Water District Financing Corporation (the “Corporation”) entered into a Master Installment Purchase Contract (the “Master Contract”), dated as of June 15, 2005, as supplemented by the First Supplemental Installment Purchase Contract, dated as of June 15, 2005 (the “First Supplemental Contract” and collectively, with the Master Contract, the “2005 Contract”), whereby the Corporation agreed to assist the District by refinancing certain improvements to the District’s Water System and by acquiring and constructing certain additions, betterments, extensions and improvements to the District’s Water System and Wastewater System (the “Enterprise”) described therein (collectively, the “2005 Project”), and by selling the 2005 Project to the District as provided therein;

WHEREAS, under the First Supplemental Contract, the District agreed to make scheduled installment payments (the “2005 Installment Payments”) to the Corporation for the purchase of the 2005 Project from the Corporation;

WHEREAS, pursuant to a trust agreement dated as of June 15, 2005 among the District, the Corporation and MUFG Union Bank, N.A., as trustee (the “Trustee”) (the “Original Trust Agreement”), the Corporation assigned to the Trustee, without recourse, certain of its rights under the 2005 Contract (including its right to receive the 2005 Installment Payments to be made by the District under the First Supplemental Contract);

WHEREAS, in consideration of such assignment and the execution and entering into of the Original Trust Agreement, the Trustee executed and delivered certificates of participation (the “2005 Certificates”) in an aggregate principal amount equal to the aggregate principal amount of the 2005 Installment Payments, each evidencing and representing a proportionate, undivided interest in the 2005 Installment Payments;

WHEREAS, the 2005 Certificates, in the aggregate principal amount of $66,700,000, were executed and delivered as Auction Rate Certificates (“ARCs”);

WHEREAS, the District did, pursuant to its Resolution No. 1285, adopted on June 6, 2007, adjust the interest rate on the 2005 Certificates to a Long-Term Interest Rate, and cause the Certificates to be remarketed as authorized by the Original Trust Agreement;
WHEREAS, this Board hereby determines that it would be in the best interest of the District to refinance its obligations under the 2005 Contract, as amended, and thereby cause the prepayment of the 2005 Certificates;

WHEREAS, this Board is authorized, and hereby determines to issue refunding revenue bonds (the “2015 Refunding Bonds”) pursuant to the California County Water District Law (commencing at California Water Code Section 30,000) and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (together, the “Law”) to refinance its obligations under the 2005 Contract, as amended, and thereby to prepay all of the 2005 Certificates;

WHEREAS, in furtherance of the refinancing this Board desires to authorize the execution and delivery of a Bond Purchase Contract (the “Purchase Contract”), the form of which is on file with the Secretary of the Board, pursuant to which Citigroup Global Markets Inc. (the “Underwriter”) will purchase the 2015 Refunding Bonds;

WHEREAS, this Board also desires to authorize the execution and delivery of an Escrow Agreement (the “Escrow Agreement”), the form of which is on file with the Secretary of the Board, pursuant to which the District will deposit a portion of the proceeds of the 2015 Refunding Bonds in trust for the prepayment of the 2005 Contract, as amended, and thereby the prepayment of the 2005 Certificates;

WHEREAS, Fieldman, Rolapp & Associates, will serve as financial advisor to the District, and, in that capacity, will solicit bond insurance companies for commitments with respect to surety bonds for funding the reserve requirement with respect to the 2015 Refunding Bonds;

WHEREAS, a form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is on file with the Secretary of the Board;

WHEREAS, a form of Preliminary Official Statement describing the Bonds is on file with the Secretary of the Board;

WHEREAS, Sidley Austin, LLP will serve as Bond Counsel to the District, and Stradling Yocca Carlson & Rauth will serve as Disclosure Counsel to the District;

WHEREAS, this Board has been presented with the form of each document hereinafter referred to relating to the Bonds, and the Board has examined each document and desires to authorize and direct the execution and delivery thereof and the consummation of the refinancing; and

WHEREAS, the District has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Vallecitos Water District, as follows:
Section 1. The District hereby finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the District, and that the statements, findings and determinations of the District set forth above are true and correct.

Section 2. The District hereby authorizes the issuance and sale, by negotiated sale, of not to exceed $57,000,000 aggregate principal amount of 2015 Refunding Bonds. The 2015 Refunding Bonds may be issued in one or more series or subseries and shall be designated the “Vallecitos Water District Water and Wastewater Enterprise 2015 Refunding Revenue Bonds”, with such additional designations as the President or Secretary of the Board, the General Manager or the Assistant General Manager, and such other officers of the District as the General Manager may designate, each referred to herein as an “Authorized Officer”, may deem necessary or desirable.

Section 3. The form of the Indenture of Trust and the First Supplement thereto, by and between the District and MUFG Union Bank, N.A., as Trustee (the “Trustee”), on file with the Secretary of the Board, are approved. Any Authorized Officer, on behalf of the District, is authorized and directed to execute and deliver the Indenture and First Supplement thereto, in substantially such form, with changes therein as an Authorized Officer may require or approve, the approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of the Purchase Contract by and between the Underwriter and the District, is approved. Any Authorized Officer, on behalf of the District, is authorized and directed to execute and deliver the Purchase Contract in substantially such form, with changes therein as an Authorized Officer may require or approve, the approval to be conclusively evidenced by the execution and delivery thereof, and, pursuant thereto, to sell the 2015 Refunding Bonds to the Underwriter for the purchase price set forth in the Purchase Contract, provided that the price shall be not less than the principal amount of the 2015 Refunding Bonds less an underwriting discount of not exceeding .134% (exclusive of any original issue discount or premium), the 2015 Refunding Bonds shall not mature later than July 1, 2035, and the true interest cost of the 2015 Refunding Bonds shall not exceed 3.65%.

Section 5. (a) The form and substance of the Preliminary Official Statement related to the sale of the 2015 Refunding Bonds is approved. Any Authorized Officer is authorized to approve corrections and additions to the Preliminary Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by such Authorized Officer as necessary to cause the information contained therein to conform to facts material to the 2015 Refunding Bonds or to the proceedings of this Board related thereto, or that such corrections or additions are in form rather than in substance

(b) This Board finds and determines that the Preliminary Official Statement in preliminary form is, and as of its date shall be deemed “final” for purpose of Rule 15c(2)-12 of the Securities and Exchange Commission (the “Rule”), and any Authorized Officer is authorized to execute a certificate to such effect in the customary form.

(c) Any Authorized Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the
“Official Statement”), and, if required by the Underwriter, to execute a statement that the facts contained in the final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the 2015 Refunding Bonds, true and correct in all material respects and that the final Official Statement did not, on the date of sale of the 2015 Refunding Bonds, and does not, as of the date of delivery of the 2015 Refunding Bonds, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The execution and delivery by the District of the final Official Statement, which shall include such changes and additions thereto deemed advisable by an Authorized Officer and information that was permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the District.

(d) The Official Statement shall be executed by either the President of this Board or the General Manager, either of whom is authorized and directed to execute the Official Statement on behalf of the District.

(e) The Underwriter is authorized to distribute the Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with sale and distribution of the 2005 Certificates.

Section 6. The form of the Escrow Agreement by and between the District and MUFG Union Bank, N.A., as Escrow Agent, is approved. Any Authorized Officer, on behalf of the District, is authorized and directed to execute and deliver the Escrow Agreement in substantially such form, with changes therein as an Authorized Officer may require or approve, the approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of the Continuing Disclosure Agreement by and between the District and the dissemination agent is approved. Any Authorized Officer, on behalf of the District, is authorized and directed to execute and deliver the Continuing Disclosure Agreement in substantially such form, with changes therein as an Authorized Officer may require or approve, the approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. Any Authorized Officer, on behalf of the District upon a determination that the best interests of the District will be served, is authorized to accept a commitment from a bond insurance company to issue a commitment to issue a debt service reserve surety bond with respect to any reserve requirement for the 2015 Refunding Bonds, and to execute and deliver the documents required with respect thereto.

Section 9. The Authorized Officers are authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions authorized by this Resolution, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. Any Authorized Officer and any other officers of the District, on behalf of the District, are each authorized and directed to execute and deliver any and all certificates and representations, including but not limited to signature certificates, no-litigation certificates, tax and rebate certificates, a letter of representations to The Depository
Trust Company, and certificates concerning the contents of the Official Statement distributed in connection with the sale of the 2015 Refunding Bonds, necessary and desirable to accomplish the transactions authorized by this Resolution.

Section 10. All actions heretofore taken by such officers with respect to the sale, execution and delivery of the 2015 Refunding Bonds are approved and confirmed.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 3rd day of June, 2015, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

ATTEST:

Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District
I, Dennis O. Lamb, Secretary of the Board of Directors of the Vallecitos Water District, certify that the foregoing is a full, true and correct copy of Resolution No. _ duly adopted at a regular meeting of the Board of Directors duly and regularly held at the regular meeting place thereof on June 3, 2015, of which meeting all of the members of the Board of Directors had due notice and at which a majority thereof were present; and that at the meeting the Resolution was adopted by the following roll call vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

An agenda of the meeting was posted at least 72 hours before the meeting at 201 Vallecitos de Oro, San Marcos, California, a location freely accessible to members of the public, and a brief general description of the Resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of the meeting on file and of record in my office; that the foregoing Resolution is a full, true and correct copy of the original Resolution adopted at the meeting and entered in the minutes; and that the Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: _________________, 2015

Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District
DATE: JUNE 3, 2015
TO: BOARD OF DIRECTORS
SUBJECT: CERTIFIED PUBLIC ACCOUNTING FIRM AUDIT ENTRANCE MEETING

BACKGROUND:
On January 22, 2015, District staff requested proposals from qualified audit firms by posting the Request for Proposal (RFP) on the District’s website, on the California Society of Municipal Finance Officers’ website and advised firms by email about the RFP.

The Finance Committee interviewed three firms between March 23rd and March 25th. Results of the interviews yielded consensus of the Committee members to present the firm, Rogers, Anderson, Malody & Scott, LLP Certified Public Accountants, to the full Board of Directors to provide audit services over the next three fiscal years.

On April 15, 2015, the full Board of Directors approved the agreement for three years of audit services provided by Rogers, Anderson, Malody & Scott, LLP Certified Public Accountants.

DISCUSSION:
The first interaction between the Auditors and the Board is this Audit Entrance meeting and is per direction provided by the Board during the January 19, 2015, Board meeting when the audit schedule and process was discussed by the Board. Subsequent status meetings and updates were to be conducted through the Finance Committee at dates to be determined.

Topics normally discussed during the meeting may include but are not limited to: the purpose of the audit; time period under audit; methodology of audit; areas under audit; instances of fraud; and any areas of concern the Board of Directors may have.

Scott Manno, CPA CGMA, Partner with Rogers, Anderson, Malody & Scott, LLP Certified Public Accountants will be present to facilitate the meeting.

FISCAL IMPACT:
None.

RECOMMENDATION:
This meeting initiates the Audit process which will take place over the coming months, with a final audit presentation anticipated in December 2015.
DATE: JUNE 3, 2015
TO: BOARD OF DIRECTORS
SUBJECT: ADOPTION OF RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING ENCINA WASTEWATER AUTHORITY’S FISCAL YEAR 2016 OPERATING AND CAPITAL IMPROVEMENT BUDGET

BACKGROUND:
The Vallecitos Water District is a party to the Encina Joint Powers Basic Agreement entered into on July 13, 1961, for the acquisition, construction, ownership, operation, and maintenance of the Encina Joint Sewer System. The Encina Basic Agreement requires approval of the budget for Encina Wastewater Authority (EWA) by member agencies. The EWA General Manager is here today to address the Board and briefly present the EWA Approved Budget.

DISCUSSION:
Attached, for your information, are excerpts from the final EWA recommended budget. The fiscal year ending 2016 budgets of EWA as approved by the EWA Board of Directors on May 27, 2015, are $15.1 million for the total capital budget and $14.6 million for the total operating revenue and expense budget. The full budget document is available for review at the District office and online at www.encinajpa.com.

RECOMMENDATION:
Staff joins the EWA representatives in recommending that the Board of Directors of the Vallecitos Water District review and adopt a Resolution approving the Fiscal Year 2016 recommended Operating and Capital Improvement Budget.
Date: May 27, 2015
To: Honorable Chair and Members of the Board of Directors
Encina Joint Advisory Committee
Boards and Councils of the Encina Member Agencies
From: Kevin M. Hardy, General Manager
Subject: Transmittal of FY2016 Recommended Operating & Capital Budgets

This letter transmits the Encina Wastewater Authority’s (EWA) Recommended Fiscal Year 2016 Operating and Capital budgets. In conformance with the Revised Basic Agreement for Ownership, Operations and Maintenance of the Encina Joint Sewage System, this Recommended budget estimates both the amount of money required to operate, maintain and administer the Joint System during Fiscal Year 2016; and, the proportionate amount to be paid by each Member Agency. Following this transmittal are Policy Briefs intended to provide readers with additional information regarding critical 2020 Business Plan driven investments in: (a) Encina staffing; and, (b) enhancing the reliability of Encina’s locally produced energy.

OPERATING BUDGET OVERVIEW

The Recommended FY2016 Operating Budget is comprised of seven (7) operational programs that provide services to the Encina Member Agencies. Each operational program includes direct personnel and non-personnel expenses and related internal service fund (ISF) charges. The Recommended Fiscal Year 2016 budgets reflect management’s strategies and objectives to ensure continued achievement within each of the seven (7) Business Values identified in the 2020 Business Plan: Protect the Pacific Ocean; Preserve Public Health; Develop Encina’s Water Resources; Conduct Sound Planning; Remain Efficient, Fiscally Responsible, and Innovative; Provide Meaningful Transparency; Invest Appropriately.

The FY2016 Recommended Operating Budget is summarized below:

<table>
<thead>
<tr>
<th>Operating Program</th>
<th>FY2014 Actual</th>
<th>FY2015 Budget</th>
<th>FY2016 Recommended</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encina Water Pollution Control Facility</td>
<td>$11,012,498</td>
<td>$11,717,016</td>
<td>$12,279,446</td>
<td>4.8%</td>
</tr>
<tr>
<td>Environmental Compliance Source Control</td>
<td>$664,209</td>
<td>$707,724</td>
<td>$737,071</td>
<td>4.1%</td>
</tr>
<tr>
<td>Agua Hedionda Pump Station</td>
<td>$269,050</td>
<td>$304,559</td>
<td>$320,703</td>
<td>5.3%</td>
</tr>
<tr>
<td>Buena Vista Pump Station</td>
<td>$395,013</td>
<td>$428,362</td>
<td>$438,268</td>
<td>2.3%</td>
</tr>
<tr>
<td>Buena Creek Pump Station</td>
<td>$297,139</td>
<td>$330,973</td>
<td>$354,649</td>
<td>7.2%</td>
</tr>
<tr>
<td>Carlsbad Water Recycling Facility</td>
<td>$650,499</td>
<td>$852,703</td>
<td>$879,232</td>
<td>3.1%</td>
</tr>
<tr>
<td>Raceway Basin Pump Station</td>
<td>$158,216</td>
<td>$192,549</td>
<td>$196,025</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Sub-Total: Expenses</strong></td>
<td>$13,446,624</td>
<td>$14,533,886</td>
<td>$15,205,395</td>
<td>4.6%</td>
</tr>
<tr>
<td>Anticipated Operating Revenue</td>
<td>-</td>
<td>$(381,200)</td>
<td>$(646,753)</td>
<td>69.7%</td>
</tr>
<tr>
<td><strong>Total Operating Budget</strong></td>
<td>$13,446,624</td>
<td>$14,152,686</td>
<td>$14,558,641</td>
<td>2.9%</td>
</tr>
</tbody>
</table>
The FY2016 Recommended Operating Budget reflects EWA’s continuing commitment to provide sustainable and fiscally responsible wastewater services to the communities it serves while maximizing the use of alternative and renewable resources. The Recommended FY2016 EWPCF Operating Budget includes $250,000 in contingency funding to help each of the Member Agencies make sufficient appropriations for their share of EWA expenditures as part of their annual budgeting processes.

CAPITAL BUDGET OVERVIEW

The Recommended FY2016 Recommended Capital Budget totals approximately $15.1 million for the three (3) established EWA capital programs summarized below.

<table>
<thead>
<tr>
<th>Capital Program</th>
<th>FY2014 Actual</th>
<th>FY2015 Budget</th>
<th>FY2016 Recommended</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAMP Improvement Projects</td>
<td>$3,405,957</td>
<td>$7,114,000</td>
<td>$11,340,000</td>
<td>59.4%</td>
</tr>
<tr>
<td>Planned Asset Replacement (PAR)</td>
<td>$633,184</td>
<td>$831,350</td>
<td>$776,500</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>$616,703</td>
<td>$904,255</td>
<td>$930,732</td>
<td>2.9%</td>
</tr>
<tr>
<td>Allocated Personnel Expenses</td>
<td>$1,845,206</td>
<td>$2,013,213</td>
<td>$2,049,098</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total Capital Budget</strong></td>
<td><strong>$6,501,050</strong></td>
<td><strong>$10,862,818</strong></td>
<td><strong>$15,096,330</strong></td>
<td><strong>39.0%</strong></td>
</tr>
</tbody>
</table>

Improvement Projects are planned, scoped, and prioritized through the Comprehensive Asset Management Program (CAMP). The CAMP is updated annually prior to developing the recommended capital budget and considers anticipated changes in regulatory requirements, prospective operational efficiencies, funding availability and other factors.

The Recommended FY2016 Capital Budget includes $2,049,098 in funding for 12.93 full-time equivalent (FTE) positions. These positions include full- and part-time efforts of EWA executives, professionals, managers, and technical staff who plan, direct, and support EWA’s Capital Program.

Significant Improvement Projects recommended for FY2016 funding include: Aeration Basin Efficiency and Safety Improvements ($5,594,000); Dryer Safety Upgrades – Phase 2 & 3 ($1,839,000); Grit and Screenings Handling Facility Rehabilitation ($800,000).

PAR reflects minor plant rehabilitation efforts undertaken by EWA staff to maintain the $358 million invested by the Member Agencies in Joint System assets. Recommended PAR Projects total $776,500.

Recommended Capital Acquisitions total $930,732 and reflect appropriate investment in plant control and information systems, vehicles, and equipment.

Please join me in recognizing the staff whose efforts produced this document. Administrative Services Manager LeeAnn Warchol and Management Analyst Mike Marshall led the production team with the counsel of Assistant General Manager Mike Steinlicht and the assistance of Financial Management Consultant Joseph Spence. The Executive Leadership Team coordinated the budget development processes within their respective departments. Accounting Technicians Sally Samra and Claudia Barranon made certain our constantly developing ideas were presented clearly, consistently and accurately.

Respectfully Submitted,

[Signature]
Kevin M. Hardy, General Manager
## REVENUE and EXPENSE SUMMARY

### Revenue Summary

<table>
<thead>
<tr>
<th></th>
<th>2014 Actual</th>
<th>2015 Original</th>
<th>2015 Projected</th>
<th>2016 Recommended</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Vista</td>
<td>$3,415,378</td>
<td>$3,519,417</td>
<td>$3,651,839</td>
<td>$3,698,973</td>
<td>$179,556</td>
<td>5.1%</td>
</tr>
<tr>
<td>City of Carlsbad</td>
<td>$3,801,706</td>
<td>$4,197,484</td>
<td>$4,386,101</td>
<td>$4,228,256</td>
<td>$30,772</td>
<td>0.7%</td>
</tr>
<tr>
<td>Buena Sanitation District</td>
<td>$1,338,393</td>
<td>$1,387,595</td>
<td>$1,443,144</td>
<td>$1,474,040</td>
<td>$86,445</td>
<td>6.2%</td>
</tr>
<tr>
<td>Vallecitos Water District</td>
<td>$2,499,407</td>
<td>$2,612,173</td>
<td>$2,767,115</td>
<td>$2,614,971</td>
<td>$2,798</td>
<td>0.1%</td>
</tr>
<tr>
<td>Leucadia Wastewater District</td>
<td>$1,804,515</td>
<td>$1,841,919</td>
<td>$1,959,879</td>
<td>$1,915,644</td>
<td>$73,725</td>
<td>4.0%</td>
</tr>
<tr>
<td>City of Encinitas</td>
<td>$587,225</td>
<td>$594,098</td>
<td>$631,233</td>
<td>$626,758</td>
<td>$32,660</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>$13,446,624</td>
<td>$14,152,686</td>
<td>$14,839,311</td>
<td>$14,558,641</td>
<td>$405,955</td>
<td>2.9%</td>
</tr>
<tr>
<td>Estimated Revenue</td>
<td></td>
<td>$381,200</td>
<td>$294,765</td>
<td>$646,753</td>
<td>$265,553</td>
<td>69.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$13,446,624</td>
<td>$14,533,886</td>
<td>$15,134,076</td>
<td>$15,205,395</td>
<td>$671,509</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

*2014 Actual total is net of revenue

### Operating Revenues from Member Agencies by Program

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>2014 Actual</th>
<th>2015 Original</th>
<th>2015 Projected</th>
<th>2016 Recommended</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encina Water Pollution Control Facilities</td>
<td>$11,012,498</td>
<td>$11,335,816</td>
<td>$12,104,576</td>
<td>$11,632,693</td>
<td>$296,877</td>
<td>2.6%</td>
</tr>
<tr>
<td>Source Control</td>
<td>$664,209</td>
<td>$707,724</td>
<td>$644,423</td>
<td>$737,071</td>
<td>$93,347</td>
<td>4.1%</td>
</tr>
<tr>
<td>Agua Hedionda Pump Station</td>
<td>$269,050</td>
<td>$304,559</td>
<td>$300,150</td>
<td>$320,703</td>
<td>$16,144</td>
<td>5.3%</td>
</tr>
<tr>
<td>Buena Vista Pump Station</td>
<td>$395,013</td>
<td>$428,362</td>
<td>$427,280</td>
<td>$438,268</td>
<td>$9,906</td>
<td>2.3%</td>
</tr>
<tr>
<td>Buena Creek Pump Station</td>
<td>$297,139</td>
<td>$330,973</td>
<td>$329,167</td>
<td>$354,649</td>
<td>$23,676</td>
<td>7.2%</td>
</tr>
<tr>
<td>Carlsbad Water Recycling Facility</td>
<td>$650,499</td>
<td>$852,703</td>
<td>$859,785</td>
<td>$879,232</td>
<td>$26,529</td>
<td>3.1%</td>
</tr>
<tr>
<td>Raceway Basin Pump Station</td>
<td>$158,216</td>
<td>$192,549</td>
<td>$173,930</td>
<td>$196,025</td>
<td>$3,476</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$13,446,624</td>
<td>$14,152,686</td>
<td>$14,839,311</td>
<td>$14,558,641</td>
<td>$405,955</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

### Operating Budget Expense Summary by Program

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>2014 Actual</th>
<th>2015 Original</th>
<th>2015 Projected</th>
<th>2016 Recommended</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encina Water Pollution Control Facilities</td>
<td>$11,012,498</td>
<td>$11,717,016</td>
<td>$12,399,341</td>
<td>$12,279,446</td>
<td>$562,430</td>
<td>4.8%</td>
</tr>
<tr>
<td>Source Control</td>
<td>$664,209</td>
<td>$707,724</td>
<td>$644,423</td>
<td>$737,071</td>
<td>$93,347</td>
<td>4.1%</td>
</tr>
<tr>
<td>Agua Hedionda Pump Station</td>
<td>$269,050</td>
<td>$304,559</td>
<td>$300,150</td>
<td>$320,703</td>
<td>$16,144</td>
<td>5.3%</td>
</tr>
<tr>
<td>Buena Vista Pump Station</td>
<td>$395,013</td>
<td>$428,362</td>
<td>$427,280</td>
<td>$438,268</td>
<td>$9,906</td>
<td>2.3%</td>
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<tr>
<td>Buena Creek Pump Station</td>
<td>$297,139</td>
<td>$330,973</td>
<td>$329,167</td>
<td>$354,649</td>
<td>$23,676</td>
<td>7.2%</td>
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<tr>
<td>Carlsbad Water Recycling Facility</td>
<td>$650,499</td>
<td>$852,703</td>
<td>$859,785</td>
<td>$879,232</td>
<td>$26,529</td>
<td>3.1%</td>
</tr>
<tr>
<td>Raceway Basin Pump Station</td>
<td>$158,216</td>
<td>$192,549</td>
<td>$173,930</td>
<td>$196,025</td>
<td>$3,477</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$13,446,624</td>
<td>$14,533,886</td>
<td>$15,134,076</td>
<td>$15,205,395</td>
<td>$671,509</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

### Combined Operating Budget Expense

<table>
<thead>
<tr>
<th>Category</th>
<th>2014 Actual</th>
<th>2015 Original</th>
<th>2015 Projected</th>
<th>2016 Recommended</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$5,211,732</td>
<td>$5,413,607</td>
<td>$5,574,581</td>
<td>$5,668,862</td>
<td>$255,256</td>
<td>4.7%</td>
</tr>
<tr>
<td>Non-Personnel</td>
<td>$3,352,572</td>
<td>$4,127,828</td>
<td>$4,453,037</td>
<td>$4,221,545</td>
<td>$93,717</td>
<td>2.3%</td>
</tr>
<tr>
<td>Internal Service Fund</td>
<td>$4,882,320</td>
<td>$4,992,451</td>
<td>$5,106,458</td>
<td>$5,314,987</td>
<td>$322,536</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$13,446,624</td>
<td>$14,533,886</td>
<td>$15,134,076</td>
<td>$15,205,395</td>
<td>$671,509</td>
<td>4.6%</td>
</tr>
</tbody>
</table>
# SUMMARY of CAPITAL EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2014 Actuals</th>
<th>2015 Budget</th>
<th>2016 Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Improvements</td>
<td>$3,405,957</td>
<td>$7,114,000</td>
<td>$11,340,000</td>
</tr>
<tr>
<td>Planned Asset Replacement</td>
<td>$633,184</td>
<td>$831,350</td>
<td>$776,500</td>
</tr>
<tr>
<td>Capital Acquisitions</td>
<td>$616,703</td>
<td>$904,255</td>
<td>$930,732</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$4,655,844</strong></td>
<td><strong>$8,849,605</strong></td>
<td><strong>$13,047,232</strong></td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$1,845,206</td>
<td>$2,013,213</td>
<td>$2,049,098</td>
</tr>
<tr>
<td><strong>Total Capital Expense</strong></td>
<td><strong>$6,501,050</strong></td>
<td><strong>$10,862,818</strong></td>
<td><strong>$15,096,330</strong></td>
</tr>
</tbody>
</table>

**ESTIMATED REVENUES**

<table>
<thead>
<tr>
<th></th>
<th>2014 Actuals</th>
<th>2015 Budget</th>
<th>2016 Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Vista</td>
<td>$1,706,110</td>
<td>$2,833,913</td>
<td>$4,046,831</td>
</tr>
<tr>
<td>City of Carlsbad</td>
<td>$1,646,204</td>
<td>$2,601,958</td>
<td>$3,747,191</td>
</tr>
<tr>
<td>Buena Sanitation District</td>
<td>$569,027</td>
<td>$852,180</td>
<td>$1,153,761</td>
</tr>
<tr>
<td>Vallecitos Water District</td>
<td>$1,462,290</td>
<td>$2,374,511</td>
<td>$3,013,630</td>
</tr>
<tr>
<td>Leucadia Wastewater District</td>
<td>$1,111,446</td>
<td>$1,755,860</td>
<td>$2,501,842</td>
</tr>
<tr>
<td>City of Encinitas</td>
<td>$280,242</td>
<td>$444,396</td>
<td>$633,076</td>
</tr>
<tr>
<td><strong>Total Capital Revenue</strong></td>
<td><strong>$6,775,319</strong></td>
<td><strong>$10,862,818</strong></td>
<td><strong>$15,096,330</strong></td>
</tr>
</tbody>
</table>

**CAPITAL IMPROVEMENT PROGRAM MULTI-YEAR PROJECTS**

<table>
<thead>
<tr>
<th></th>
<th>2015 Total</th>
<th>2016 Total</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid Process Improvements</td>
<td>$720,000</td>
<td>$6,482,000</td>
<td>800%</td>
</tr>
<tr>
<td>Outfall</td>
<td>$255,000</td>
<td>-</td>
<td>-100%</td>
</tr>
<tr>
<td>Solids Process Improvements</td>
<td>$2,208,000</td>
<td>$1,839,000</td>
<td>-17%</td>
</tr>
<tr>
<td>Energy Management</td>
<td>$440,000</td>
<td>$275,000</td>
<td>-38%</td>
</tr>
<tr>
<td>General Improvements</td>
<td>$884,000</td>
<td>$716,000</td>
<td>-19%</td>
</tr>
<tr>
<td>Technology Master Plan</td>
<td>$1,798,000</td>
<td>$613,000</td>
<td>-66%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$749,000</td>
<td>$1,415,000</td>
<td>89%</td>
</tr>
<tr>
<td><strong>Total Capital Improvement Projects</strong></td>
<td><strong>$7,054,000</strong></td>
<td><strong>$11,340,000</strong></td>
<td>61%</td>
</tr>
<tr>
<td>Remote Facilities</td>
<td>$60,000</td>
<td>-</td>
<td>-100%</td>
</tr>
<tr>
<td>Planned Asset Replacements</td>
<td>$831,350</td>
<td>$776,500</td>
<td>-7%</td>
</tr>
<tr>
<td>Capital Acquisitions</td>
<td>$904,255</td>
<td>$930,732</td>
<td>3%</td>
</tr>
<tr>
<td>Personnel</td>
<td>$2,013,213</td>
<td>$2,049,098</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Capital Expense</strong></td>
<td><strong>$10,862,818</strong></td>
<td><strong>$15,096,330</strong></td>
<td><strong>39%</strong></td>
</tr>
</tbody>
</table>
RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT
APPROVING THE FISCAL YEAR ENDING IN 2016
OPERATING AND CAPITAL IMPROVEMENT BUDGETS
OF THE ENCINA WASTEWATER AUTHORITY
IN ACCORDANCE WITH THE JOINT POWERS BASIC AGREEMENT

WHEREAS, the Vallecitos Water District is a party to the Encina Joint Powers Basic agreement entered into on July 13, 1961, for the acquisition, construction, ownership, operation, and maintenance of the Encina Joint Sewer System; and

WHEREAS, the Encina Basic Agreement requires approval of the budget of the Encina Wastewater Authority (EWA) by the member agencies following the recommendation of the Joint Advisory Committee (JAC); and

WHEREAS, the JAC thereafter approved the Fiscal Year 2016 budget of the EWA on May 27, 2015; and

WHEREAS, the Board of Directors of the Vallecitos Water District desires to approve said budget and provide for payment of its share of such expenses in accordance with the allocation provided in the Basic Agreement as modified;

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Vallecitos Water District as follows:

SECTION 1: The fiscal year ending in 2016 capital budget of the EWA, as approved by the JAC on May 27, 2015, in the amount of $15.1 million is hereby approved.

SECTION 2: The fiscal year ending in 2016 operating revenue and expense budget of the EWA, as approved by the JAC on May 27, 2015, in the amount of $14.6 million is hereby approved.

SECTION 3: The Vallecitos Water District General Manager is hereby authorized to make payments on behalf of this agency to EWA in accordance with the budget, as approved by the JAC, and in accordance with the Encina Basic Agreement.

SECTION 4: A certified copy of this resolution shall be forwarded to EWA immediately upon its approval.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 3rd day of June, 2015 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District
DATE: JUNE 3, 2015
TO: BOARD OF DIRECTORS
SUBJECT: COMMUNICATION AND OUTREACH PROGRAM – COMMUNICATION PLAN

BACKGROUND:
On October 16, 2014, the Board of Directors selected Katz & Associates (K&A) to develop an updated outreach and communication program that furthers the Board’s Strategic Plan. In December, staff held a kick-off meeting with K&A and discussed all project elements in detail. K&A completed the customer survey as well as the communications audit of District materials. K&A developed a “Key Message Platform” which was shared with the Board on April 8, 2015.

DISCUSSION:
K&A has developed a draft Communication Plan (Plan) that can be revised annually based on evaluation of the effectiveness of communication activities, along with evolving stakeholder communication needs. The draft Plan was provided for the Board’s review under separate cover on May 26th.

The draft Plan contains: Communication Objectives; Audiences; Key Messages; Strategies and Tactics; and a Social Media guide. Portions still under development include: Measures of Effectiveness as well as a Timeline.

Once the Plan is complete and receives Board approval, development of a Speaker's Bureau will follow. Through an organized Speaker’s Bureau, the District will be proactively ensuring that important water information is continually available and communicated to the public.

KATZ STAFFING UPDATE:
Tina Malott is relocating to Massachusetts. Both she and Katz are willing to keep her assigned to this project; however, she will be unavailable to meet in person with Vallecitos staff and the Vallecitos Board.

FISCAL IMPACT:
Tasks remain within budget.

RECOMMENDATION:
For information only.
Vallecitos Water District
Communication Plan

2015
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Purpose

The purpose of this document is to identify communication goals and strategies to meet the strategic needs of Vallecitos Water District. In the 2014 Strategic Plan, public education and outreach was identified as one of the six strategic focus areas for the district. The fifth goal within the Strategic Plan is to actively promote Vallecitos to its customers, both the value of what we provide and an understanding of how we provide it.

This Communication Plan will lay out a plan to meet that goal. The following plan will identify the following:

- Communication objectives
- Key messages
- Key audiences and stakeholders
- Strategies and tactics
  - Social media best practices
- Measures of effectiveness
- Schedule

Vallecitos At A Glance

Vallecitos Water District has been providing water, wastewater and reclamation services to its more than 97,000 customers throughout San Marcos, the community of Lake San Marcos, parts of Carlsbad, Escondido, and Vista, as well as other unincorporated areas in north San Diego County.

The district imports 100% of its drinking water from Northern California and the Colorado River. In 2015, California had its hottest and driest three years in recorded history. With low snow pack levels and increasing limits on imported water supplies, conservation is mandatory and must become a way of life.

Part of the district’s vision is to continue providing exceptional and sustainable services by providing continuous outreach and education to customers on issues and topics that impact the services they provide and their role as water and wastewater specialists. The following infographic provides a picture of Vallecitos customers’ current levels of awareness and communication preferences as reported in the 2015 public poll conducted by Rea and Parker.
Customers at a Glance

Average residency: 8 years
Median age: 53 years old
59% homeowners
41% renters
51% consider San Diego County’s water supply unreliable
35% don’t see their water bills since it’s paid for by an outside source
80% are unaware of rebates for water-efficient appliances and irrigation systems

83% satisfied with their water and sewer services
42% can’t name their water district
73% are unaware that VWD is taking steps to increase supply reliability
59% use Facebook, but not as their primary source of community news
62% read the newsletter

Primary News Source:
58% Television/Local News
26% Newspapers
80%
Communication Objectives

INFORM CUSTOMERS ABOUT VALLECITOS WATER DISTRICT AND THE SERVICES IT PROVIDES

WHY IT'S IMPORTANT

We live in a conscious society. We are knowledgeable of how food gets to our table, how our trash impacts the earth, and how our carbon emissions affect the atmosphere. Yet, a majority of people do not know where their water comes from. It is equally important for people to understand who is responsible for getting the water to their taps and how. Vallecitos Water District is literally and figuratively part of the fabric of the community. The infrastructure that we build and maintain, as well as the services we provide, has created the foundation for a thriving community.

WHAT'S AT STAKE

True appreciation for services can only be accomplished when people are fully aware of those services and of the critical nature of those services. If water service is not appreciated, it is not considered valuable, which can lead to people distancing themselves from vital community issues, such as conservation, and can also negatively impact levels of community support.

EDUCATE CUSTOMERS ON DISTRICT EFFORTS TO INCREASE THE RELIABILITY AND DIVERSITY OF OUR WATER SUPPLIES

WHY IT’S IMPORTANT

In Southern California, drought is a highly recognized community issue. Relying only on imported water and limited groundwater supplies results in an unreliable supply and residents are aware of this. While Vallecitos continues to invest in diversifying its water supply and increasing the reliability of those sources, many residents (73%) are not aware of those efforts.

WHAT’S AT STAKE

In a recent public poll, a large portion of Vallecitos residents considered San Diego’s water supply to be unreliable and were unaware that Vallecitos was working to protect the supply for its residents and businesses. If the volume of vital district investments, which directly affect customers’ water rates, are not recognized by customers, it may create water rate confusion and a low level of community support/satisfaction.
Communication Objectives

INCREASE AWARENESS AMONG CUSTOMERS OF THE COMPLEX AND IMPRESSIVE WATER SUPPLY SYSTEM

WHY IT’S IMPORTANT

Knowing who your water and sewer system provider is and what they do, in addition to being aware of the investments and efforts taking place beyond regular service, are both critical to appreciating and valuing a water agency. The bigger picture understanding of how exactly water gets to homes and businesses, where that water comes from, and what it takes to get clean, high-quality water for our community is an additional component that leads to true appreciation and understanding.

WHAT’S AT STAKE

The cost of infrastructure upgrades and maintenance is included in water rates. When our customers don’t have a clear understanding of how complex and critical that infrastructure is to our communities, economic viability and quality of life, they won’t have a clear understanding of what they pay for each month. With infrastructure maintenance costs continuously rising, it is imperative for our customers to fully understand why and how it affects their monthly bills.
Audiences

In the broadest sense, Vallecitos ratepayers are the primary audience for this communication and outreach program. However, sound communication planning recognizes that every audience is made of many smaller unique audience segments that receive and respond to information differently, and/or play a unique role in the community.

A comprehensive audience database will be maintained separate from this plan to ensure that we are reaching all of our core audiences. For the purposes of this plan, the audience categories are listed below.

**STAFF AND EMPLOYEES**
Our talented staff and employees serve as representatives of the district. Communication with this internal audience must be effective from the outset. Because staff and employees liaise with external audiences, staff and employees must be knowledgeable about district programs and be able to communicate the district’s key messages. Frequent and effective communication with this internal audience will also enhance feelings of ownership and pride from our skilled team.

**BOARD OF DIRECTORS**
Vallecitos’ board of directors not only represent the community to the district, but they are leaders that represent the district to our community. It is imperative that the board of directors have their fingers on the pulse of the programs, key messages and community involvement of the district. They are considered a priority audience for district communication.

**DIRECT RATEPAYERS**
Approximately 59% of the residents within the district’s service area own their own home and therefore receive the direct bill from Vallecitos. Oftentimes, the bill will serve as a vehicle for district communications (newsletters, bill inserts, bill messaging). These are the customers that receive the most direct communication from the district and are considered a high priority audience.

**INDIRECT RATEPAYERS**
A large portion (41%) of residents within the district’s service area are renters and either receive a water bill through a third party payment distribution center, an HOA, or a landlord of some sort. This means that the communications we distribute with bills do not necessarily fall in the hands of this audience. Additional means of communication methods need to be considered to effectively reach this audience.
Audiences

COMMUNITY
Regardless of whether a resident receives a bill directly from Vallecitos, it is not our only, nor our primary, communication method. As a part of the fabric of our community, it is our responsibility to engage the public in issues pertaining to the water supply and services. A comprehensive audience database will be maintained separate from this plan to ensure that we are reaching all of our core audiences, which include:

- Schools
- Community organizations (Rotary, Kiwanis, etc.)
- Neighborhood planning groups
- Libraries, community centers
- Hospitals/health-related groups and professionals
- Faith-based organizations

BUSINESS/INDUSTRY
The economic viability of our community depends on the success of our local business and industry. Those businesses require reliable water and sewer services and must be well-informed of water-related issues as pillars of our community. In addition to individual businesses, such as hotels and restaurants (conservation), the organizations that are important to have in our communication audiences include:

- San Marcos Chamber of Commerce
- North County Economic Development Council
- Homeowners’ Associations

MEDIA
Traditional media is still the leading source of community news. Local and regional broadcast, print media and digital news sources are included as a primary audience and are also considered a communication vehicle to deliver information to the community.

ELECTED OFFICIALS/GOVERNMENT
Federal, state and local elected officials have an active interest in district activities and have legislative authority over environmental, regulatory and land use issues. Elected officials are interested in district programs and activities from both an economic perspective (because of benefits to their districts and constituents) and a regional water supply perspective. These individuals often receive inquiries about water supply and service. It is imperative that elected officials understand the critical importance of the district, its water system and its operations.

- City of San Marcos
- City of Escondido
- City of Vista
- City of Carlsbad
Key Messages

The public education and outreach process follows a logical sequence: first, why does Vallecitos want to communicate with the public (objectives); next, who does Vallecitos want to communicate with (audiences). The next step is to decide what to communicate (clear messages).

To support the program objectives, the district will incorporate strategic messages into all communication efforts. Consistently using succinct and understandable key (or core) messages in all communication and outreach tools will ensure more effective communication with audiences. Messages for specific issues and situations (specific conservation mandates, rate increases) should be developed as needed, but should complement, not replace, the key messages below.

MESSAGES

1. Vallecitos Water District is your local water and wastewater specialist. Its team of more than 100 skilled professionals reliably provides water and sewer services 24/7 to approximately 95,000 customers within 45 square-miles, which includes San Marcos, parts of Carlsbad, Escondido, Vista and other nearby unincorporated areas.

2. Maximizing use of recycled water reduces our dependence on increasingly scarce and expensive imported water. Vallecitos Water District cleans and recycles up to 75% of the wastewater collected and redistributes it to neighboring water agencies.

3. San Diego County's semi-arid climate and limited local water supply has made efficient use of water a permanent way of life.

4. Tap water is still the best value around, costing less than a penny per gallon - a true bargain considering the energy required to import water hundreds of miles to us.

5. Vallecitos Water District actively pursues ways to increase the reliability of our water supply.
Key Messages

MESSAGE #1: VALLECITOS WATER DISTRICT IS YOUR LOCAL WATER AND WASTEWATER SPECIALIST.

→ Its team of more than 100 skilled professionals reliably provides water and sewer services 24/7 to approximately 95,000 customers within 45 square-miles, which includes San Marcos, parts of Carlsbad, Escondido, Vista and other nearby unincorporated areas.

→ Vallecitos Water District's service area is uniquely challenging for moving water because of the vast difference in elevation throughout the area. Providing fresh drinking water to you requires bringing water from distant areas and pumping it through the district's water distribution system to your tap. Then the wastewater from your home or business is cleaned and recycled to provide irrigation water to golf courses, flower fields, and more.

→ The District moves water through more than 350 miles of pipe, 10 pump stations, and 19 reservoirs. The District also maintains and services the wastewater system and its 272 miles of pipes.

MESSAGE #2: MAXIMIZING USE OF RECYCLED WATER REDUCES OUR DEPENDENCE ON INCREASINGLY SCARCE AND EXPENSIVE IMPORTED WATER.

→ Vallecitos Water District cleans and recycles up to 75% of the wastewater collected and redistributes it to neighboring water agencies.

→ These agencies include Carlsbad and Encinitas. Legoland, Carlsbad City Hall and the Carlsbad Flower Fields are all irrigated with Vallecitos' recycled water.

→ Recycled water, also referred to as reclaimed water, is wastewater that has been cleaned so that it can be used again. Recycled water is a reliable, locally controlled, drought-proof supply of new water.

→ By simulating the filtration, decomposition and disinfection processes, recycled water facilities speed the recycling process that occurs in nature. All recycled water facilities, and the sites that use recycled water, are regulated to meet regional water quality control board and state public health department standards.

→ The District recycles an average of 3.5 million gallons of water each day at its Meadowlark Treatment Facility.
Key Messages

MESSAGE #3: SAN DIEGO COUNTY’S SEMI-ARID CLIMATE AND LIMITED LOCAL WATER SUPPLY HAS MADE THE EFFICIENT USE OF WATER A PERMANENT WAY OF LIFE.

→ In August 2014, Vallecitos Water District declared a Level 2 Drought Alert calling for mandatory water conservation.

→ For a full list of mandatory conservation measures, go to the drought update page on our website vwd.org.

→ Making the most of every drop of water helps maintain our region’s vibrant economy and preserves our quality of life.

→ Approximately 50% to 80% of water usage in the District is dedicated to outdoor use. Mandatory conservation measures include limits on residential and commercial landscape irrigation to no more than 10 minutes, three days per week from June through October, and no more than once per week from November through May.

→ Take advantage of the many conservation programs available, such as rebates for replacing your water guzzling lawn with drought-tolerant plants, or get a free landscape irrigation audit to find leaks and other potential water wasting points on your property. Visit the conservation rebates page on our website vwd.org.

MESSAGE #4: TAP WATER IS STILL THE BEST VALUE AROUND, COSTING LESS THAN A PENNY PER GALLON - A TRUE BARGAIN CONSIDERING THE ENERGY REQUIRED TO IMPORT WATER HUNDREDS OF MILES TO US.

→ For your money you are receiving:
  - Reliable service
  - Ongoing maintenance
  - Sophisticated water quality testing
  - Clean and safe drinking water delivered right to your home or business
  - Highly trained personnel on the job 24/7/365

→ The cost of treating and delivering water is going up for several reasons:
  - Increasingly stringent drinking water regulations add to the cost of providing water.
  - Rising costs for energy directly affect the cost of delivering water to you. It takes lots of electricity to pump, clean and deliver water.
  - Repairing and upgrading aging pipelines, pumps and other facilities accounts for a portion of monthly water bills as well.

→ Since Vallecitos currently has no local water supplies, 100% of the water we provide is imported. Therefore, when our wholesalers raise the water rates, your water bill is significantly affected.
Key Messages

MESSAGE #5: VALLECITOS WATER DISTRICT ACTIVELY PURSUES WAYS TO INCREASE THE RELIABILITY OF OUR WATER SUPPLY.

→ Desalination is a key component of the region's supply diversification plan.

→ By 2016 the District is in line to receive 3,500 acre feet (1 acre foot is 325,851 gallons) annually from Poseidon Resources' 50 million-gallon-per-day desalination facility constructed on the Carlsbad coast. This will take the place of 20% of the water we currently use.

OTHER IMPORTANT MESSAGES

Fats, Oils and Grease

→ Sewer overflows and backups can cause health hazards, damage the interiors of homes and businesses, and threaten the environment. A common cause of overflows is sewer pipes blocked by grease. Grease gets into the sewers from household drains, as well as from poorly maintained grease traps in restaurants and other businesses.

→ Too often, grease is washed into the plumbing system, usually through the kitchen sink. It sticks to the insides of sewer pipes - both on your property and the streets.

→ Garbage disposals, soaps and detergents, and hot water do not dissolve or stop the grease from flowing down the drain into the sewer lines.

→ Keep grease out of the sewer system by never pouring grease down the sink. Scrape grease and food scraps from plates, pans, utensils and cooking surfaces into the trash for disposal, or recycling where available.
Strategies and Tactics

The following section describes the strategies and tactics that Vallecitos Water District will implement throughout the year to meet communication objectives. Each strategy below will be aimed at the specific audiences previously defined within this plan. The audiences are denoted with assigned icons.

AUDIENCES

- Staff and Employees
- Community
- Board of Directors
- Business/Industry
- Direct Ratepayers
- Media
- Indirect Ratepayers
- Elected Officials/Government

FACT SHEETS AND FAQs

When fact sheets and FAQs are kept updated and relevant, they are an effective tool to communicate with the community at events as well as visitors of the district headquarters. Staff will draft and maintain these informational materials, which may include:

- District Services Overview Brochure
- Facility One Sheets
- District Services FAQ
- Sewer FAQ
- Conservation FAQ
- About Your Water Bill FAQ
- Engineering FAQ
Strategies and Tactics

DIRECT MAIL/EMAIL

Communication materials will be developed and included with regularly scheduled district mailing (bills) in order to maximize efficiency and minimize potential postage costs. If an issue arises that merits its own mailing, staff may mail communication material directly to ratepayers separate from bills.

→ The Splash quarterly newsletter
→ Bill stuffers and bill messages
→ Specialty mailers (e.g. conservation campaigns during drought alerts)

MEDIA RELATIONS

A large majority of customers continue to rely on the media to stay up to date on community issues. Proactively maintaining relationships with media representatives is the most effective way to maximize the likelihood of media coverage, which increases the amount of reach district communications can attain. The media will remain a key audience in district communications and will be kept updated and knowledgeable about district and water supply issues affecting the community.

→ Press releases
→ Media tour of district facilities
→ Quarterly commentary in local newspapers (Union Tribune, Coast News, The Cougar Chronical, The Paper)
→ Advertising
Having a presence in the community is essential to maintaining relationships with the public. As a part of the fabric of the community, the district will remain committed to participating in events and festivals. Additionally, face-to-face communication can be the most effective and meaningful way to connect with the public. A speakers bureau will be part of the strategic plan. This group will present to a variety of groups throughout the service area and maintain relationships while keeping community leaders and stakeholders informed of district and water supply issues.

- Street fairs and community festivals – sponsorships, advertising, and in-person communication
- Speakers bureau
  - Create multiple videos/video scribes to use at presentations
  - Develop succinct and effective PowerPoints and/or Prezis
- Lobby displays. Keep district lobby displays fresh and relevant. Leverage partner agency (e.g. CWA) resources for artwork and campaign messaging.
- Service vehicle graphics. Create vehicle magnets with district key messaging and place on all service vehicles to act as billboards for the district.

**DIGITAL COMMUNICATION**

The district’s online presence will mirror all messaging and branding strategies. In order to do so, efforts will be dedicated to actively maintain the website and other online forms of communication.

- Website. Maintain content on the district website. Ensure accuracy and consistency with messaging strategies. Include all district announcements and water supply information.
- Social media engagement (see next section for social media guide). Being a part of the community means getting involved in community discussions, which often happen on social media platforms. We have developed a social media engagement guide that details efforts and activities planned for efforts related to Facebook and Twitter.
Strategies and Tactics

SCHOOL OUTREACH

Educating young water users and future ratepayers will remain a strategic focus in communication efforts. The district has been extremely successful in maintaining relationships with local school districts and will continue to develop in-class visits and field trips for local youth.

STAKEHOLDER/COMMUNITY LEADER OUTREACH

Community leaders remain a key audience for the district to ensure that they are knowledgeable about local water supply issues and district happenings. Regular communication with elected officials and other influential members of the community will continue.

→ Elected official breakfast and briefing. Each year, or more frequently if needed, we will plan to invite the staff of local elected officials to the district for a state of the district briefing. This update will include local water supply issues, upcoming rate notices, capital improvement project updates and any other pertinent news from the district.

→ Community leader updates. On a quarterly basis, the district will draft and distribute district updates to community leaders. These will be in email format and distributed to a select database of civic and business leaders, faith-based organization leaders, planning and neighborhood groups, and other relevant organizations.

INTERNAL COMMUNICATION

As district representatives that serve as the face of the district for much of the community, district staff and employees will be kept up to date on all water supply and district issues.

→ Between the Pipes. Continue to draft and distribute the internal newsletter on quarterly basis.

→ Board reports and presentations. As district leaders and community liaisons, staff will keep the board of directors informed of communication efforts through regular reporting during board meetings.
Social Media Guide

OBJECTIVES:

→ To build trust with the community by engaging them as a fellow community member
→ To provide live updates during times of emergency

ENGAGING THE COMMUNITY ON SOCIAL MEDIA

When the public views the district as an integral and relatable member of the community it strengthens our relationships with the public. These relationships are imperative to maintaining an environment of mutual trust and support.

1. Interact as a real, personable, fellow community member. Our tone and approach to content has a personal feel. Personal one-on-one connection is key to developing a strong relationship. The district’s social media posts include the use of personal pronouns, which has yielded personal engagement with customers. For example, we had a recent Facebook conversation with a resident about our returning savings policy. This is a great accomplishment for a government agency to communicate in a personal manner via social media, and not too common amongst other Facebook pages similar to ours.

2. Share dynamic and relatable content. We’ve already begun creating and building relationships on social media through consistently posting content that relates to our customers, primarily on Facebook and Twitter. We will continue to post dynamic and engaging images as well. Posts with pictures receive 120% more engagement than those without so the more pictures that we post, the better.

3. Post an appropriate amount of content. Most social media algorithms keep the most highly engaged content at the top however there are rules. With Facebook, we try not to post more than once a day. 2012 Track Social research revealed that when Facebook pages posts twice a day, those posts only receive 57% of the likes and 78% of the comments per post. Twitter does not have the same rules. The shorter display life (the amount of time content is displayed near the top of the newsfeed) of a tweet means that it is effective to post multiple times per day if content is relevant and appropriate. Three tweets a day seems to be the most consistently successful.

AREAS TO EXPLORE AND GROW

Though we’ve had great success on Facebook and Twitter so far, there is still room to grow. We need to be evolving as the platforms evolve and stay up to date on the trends. Facebook tends to lean towards more personal content while Twitter towards more news oriented content, such as construction alerts or articles. Keeping this in mind, we will divvy content appropriately between each channel. This will help us increase engagement on each platform which will increase our social media influence as a whole.

District video content. Rather than posting mostly meeting videos, we will expand our uses on this platform by also creating “how tos,” interviews and virtual tour videos. Visual content is king on social media and we will continue to develop this material. For example, in tandem with
posting articles, we will explore creating videos discussing our perception on article topics among other content strategies.

Social Media Guide

Though social media is extremely effective and beneficial for government agencies, it should not replace traditional communication channels. Newspaper articles, public meetings and the like still play an important role in government agency communication programs. Social media should work in tandem with other initiatives to maximize our community impact.

MEASURING EFFECTIVENESS

One of the many benefits of social media is the easy ability to measure impact. Through analytics as well as the number of “likes,” comments, retweets and shares, we can easily see how the community is engaging with our content. We will also be able to see overall community sentiment towards the agency as expressed through social media and be able to refine strategies and communication messages to maintain a positive environment. We will measure and report these impacts on a quarterly basis in order to ensure that the district is being most effective online.
Measures of Effectiveness

Will include measures and table here.
Timeline

Annual timeline here.
DATE:  JUNE 3, 2015
TO:  BOARD OF DIRECTORS
SUBJECT:  ACWA REGION 10 NOMINATING COMMITTEE SEEKING REGION 10 BOARD CANDIDATES

BACKGROUND:
The Region 10 Nominating Committee is seeking ACWA members who are interested in leading the direction of ACWA Region 10 for the 2016-2017 term. The Nominating Committee is currently seeking candidates for the Region 10 Board, which is comprised of Chair, Vice Chair and up to five Board Member positions.

DISCUSSION:
The Board of Directors, at the May 20, 2015, Board meeting, voted unanimously to nominate Director Martin for the ACWA Region 10 Board.

A nomination form must be completed and a resolution of support from the agency candidate’s Board of Directors is also required. The deadline to submit the requested information is Tuesday, June 30, 2015.

The Region 10 Nominating Committee will announce their recommended slate on July 31, 2015, which will mark the start of the election. The election will be completed by September 30, 2015. On October 5, 2015, election results will be announced. The newly elected Region 10 Board members will begin their two-year term on January 1, 2016.

RECOMMENDATION:
Adopt the Resolution.
RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
PLACING IN NOMINATION HAL J. MARTIN AS A MEMBER OF THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES
REGION 10 BOARD OF DIRECTORS

WHEREAS, The Board of Directors of the Vallecitos Water District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA); and

WHEREAS, Director Hal J. Martin is currently serving as a Board member for ACWA Region 10; and

WHEREAS, Hal J. Martin has indicated a desire to serve as a Board member of ACWA Region 10.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Vallecitos Water District does place its full and unresolved support in the nomination of Hal J. Martin for Board member of ACWA Region 10.

BE IT FURTHER RESOLVED that the Board of Directors of the Vallecitos Water District does hereby determine that the expenses attendant with the service of Hal J. Martin in ACWA Region 10 shall be borne by the Vallecitos Water District.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 3rd day of June, 2015, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

________________________________________
Betty D. Evans
Board of Directors
Vallecitos Water District

ATTEST:

________________________________________
Dennis O. Lamb, Secretary
Board of Directors
Vallecitos Water District
COUNCIL OF WATER UTILITIES, SAN DIEGO COUNTY

Cari Dale, Chair
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

Phone: 760.753.6466
Fax: 760.753.1578
www.olivenhain.com

Chuck Muse, Vice Chair
Helix Water District
7811 University Ave.
La Mesa, CA 91942

Phone: 619.466.0585
Fax: 619.667.6221
www.hwd.com

MEMBER AGENCIES

City of Escondido
City of Oceanside
City of Poway
City of San Diego
San Diego County Water Authority
Metropolitan Water District of So. California
Borrego Water District
Carlsbad Municipal Water District
Elsinore Valley Municipal Water District
Encina Wastewater Authority
Fallbrook Public Utility District
Helix Water District
Lakeside Water District
Leucadia Wastewater District
Olivenhain Municipal Water District
Otay Water District
Padre Dam Municipal Water District
Rainbow Municipal Water District
Ramona Municipal Water District
Rancho California Water District
Rincon del Diablo Municipal Water District
Riverview Water District
San Dieguito Water District
Santa Fe Irrigation District
South Bay Irrigation District
Sweetwater Authority
Vallecitos Water District
Valley Center Municipal Water District
Vista Irrigation District
Yuima Municipal Water District

Agenda

Tuesday, June 16, 2015
7:15 – 8:45 a.m.

StoneRidge Country Club
17166 StoneRidge Country Club Lane
Poway, CA 92064

1. Call to Order
2. Flag Salute
3. Introductions/Announcements
4. Program:
   “Recycled and Indirect Potable Use in San Diego”
   Presented by Lani Lutar, Water Reliability Coalition
5. Adjournment

Attachments

❖ Reservations/Invoice for June 16, 2015 meeting
❖ Minutes and Attendance Roster of the May meeting