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

   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

   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)
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)

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

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

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

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

*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

*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

*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 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Thursday, May 28, 2015.

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

General Manager Lamb led the pledge of allegiance.

Present: Director Hernandez
Director Martin
Director Sannella
Director Evans

Absent: Director Elitharp

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

Others Present: James Copeland, Counsel, Sidley Austin
Tom Demars, CIPFA, Principal, Fieldmann Rolapp
Cameron Parks, Director, Citigroup
Scott Mano, CPA CGMA, Rogers, Anderson, Malody & Scott LLP
Kevin Hardy, General Manager, Encina Wastewater Authority
Mike Steinlicht, Assistant General Manager, Encina Wastewater Authority

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 3, 2015

15-06-01 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to adopt the agenda for the Regular Board Meeting of June 3, 2015.

ORAL COMMUNICATIONS

Mike Hunsaker, member of the public, addressed the Board, stating he would like to continue the question of eminent domain. He mentioned the case of Hetch Hetchy and also found out that some use of eminent domain was taking place back then. The Spring Valley Water Company was also using eminent domain back then in order to expand their water company and their monopoly. One of the problems was corruption and a great deal of properties being taken by eminent domain far below the true value in order to expand the monopoly. To the question of pollution, he noticed in Lake San Marcos there’s been a question of whether or not Lake San Marcos would be a potential reservoir for VWD. It would be in some respects an ideal reservoir for non-potable water for a relatively quick period of time. If there is any intention, future or present, to
use Lake San Marcos as a reservoir it should be stated now, plainly and fairly, and the most appropriate public use would be to take it by eminent domain. He thinks these are issues that need to be brought before the public and fairly discussed. He thanked the Board.

CONSENT CALENDAR

15-06-02 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes
   A. Regular Board Meeting – May 20, 2015
   B. Board Workshop Meeting – May 27, 2015

1.2 Warrant List through June 3, 2015 - $1,106,341.19

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)

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)

Resolution No. 1470 - the roll call vote was as follows:

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

ACTION ITEMS

BOND REFUNDING DOCUMENTS AND RESOLUTION

Assistant General Manager Scaglione stated that on March 18 the Board authorized staff to formulate the team to facilitate the bond refunding. He introduced James Copeland, Sidley Austin; Tom Demars, Fieldmann Rolapp; and, Cameron Parks, Citigroup. An adopted resolution is required in order to move forward with the refinancing and is included for the Board’s consideration. A resolution is to be adopted and contracts and agreements authorized by the Board so that staff can execute the agreements. The team is planning for July 9 or sooner for closing and legal counsel has reviewed all of the documents. On May 12, the District’s financial advisor and staff participated in rating agency presentations. 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.
Mr. Parks facilitated the presentation as follows:

- 2005 COPs issued in adjustable rate mode
- In 2007, 2005 COPs were converted to fixed interest rates
- Recent interest rate movement patterns
- Current savings estimate
- Sensitivity analysis

General discussion took place.

15-06-03 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Director Elitharp absent, to adopt the resolution and authorize staff to execute the necessary contracts, agreements and documents for the refunding.

Resolution No. 1471 - the roll call vote was as follows:

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

CERTIFIED PUBLIC ACCOUNTING FIRM AUDIT ENTRANCE MEETING

Finance Manager Fusco introduced Scott Manno, partner with Rogers, Anderson, Malody & Scott, LLP who was present to facilitate the entrance meeting.

Mr. Manno facilitated the presentation as follows:

- Audit objective
- Audit standards to be followed
- Responsibilities
- Interim phase of audit
- Year-end phase I – substantive testing
- Year-end phase II - reporting

General discussion took place.

No action was required; this initiated the Audit process.

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

General Manager Lamb stated that all Encina Wastewater Authority (EWA) committees as well as all member agencies have reviewed the proposed operating and capital
improvement budget. The Encina Basic Agreement requires approval of the EWA budget by member agencies in the form of a resolution.

Mr. Hardy, General Manager, presented the recommended FY 2016 Operating and Capital Improvement budget. The overall recommended Operating budget is $14,588,641 - up 2.9% including a significant increase in revenue due to biosolids sales. The Capital budget is $15,096,330 - a significant increase due to investments across the infrastructure. He reviewed the operating changes, operating revenue, and the business values. VWD’s share of the operating and capital improvement budget is approximately $5,800,000.

General discussion took place.

15-06-04 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Director Elitharp absent, to adopt the resolution.

Ordinance No. 1472 - the roll call vote was as follows:

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

COMMUNICATION AND OUTREACH PROGRAM – COMMUNICATION PLAN

Public Information/Conservation Supervisor Robbins stated that in October the Board had selected Katz and Associates to develop an updated outreach program that furthers the Board’s strategic plan. Katz and Associates completed the customer survey as well as the communications audit of District materials and developed a key message platform with was shared with the Board on April 8, 2015.

He further stated that Katz and Associates developed a draft Communication Plan which was provided to the Board on May 26. The 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, a Speaker’s Bureau will be developed. He provided some edits/comments on the Communications Plan to Tina Malott.

Public Information/Conservation Supervisor Robbins stated that Tina Malott is relocating to Massachusetts to obtain her Master’s Degree. He spoke with Tina and Patricia Tennyson regarding this. He would like to see Tina continue on with the project as he works very well with her and she has had a full chance to evaluate the District as a
whole. She would not be able to attend Board meetings, however, she is willing to continue with the project.

General discussion took place regarding the time this has taken to move forward and the Board would like to see its completion soon.

Following general discussion, the consensus of the Board was to have a local Katz and Associates staff member resume the project.

General Manager Lamb stated that staff will confer with Ms. Tennnyson and provide a status update on the project progress, the schedule and what still needs to be completed.

Mike Hunsaker, member of the public, addressed the Board, stating that he is doing much the same thing in the City of San Diego that the Board is trying to do - setting up a series of talks, forums, workshops. He is a little concerned about how this is being approached. Each of the Board members represents a specific Division. They should be representing their Division and the rate payers. Getting a unified, common voice doesn’t exactly inspire confidence that they are representing their Division rather than some agenda. He is also concerned about the calling of special meetings on short notice. This is becoming a common way through many government agencies to work around the three day Brown Act requirement. Special meetings are supposed to be for special emergency type of situations.

One of the complaints he is getting about most outreach programs is that they are becoming too politically correct and sometimes are not particularly useful. One of the things coming up is the likelihood of further restrictions on irrigation. That could potentially be July 1. Having some outreach on things that are coming up beforehand would be useful.

There has been a big push about turf replacement subsidies. This generates a lot of interest, but most of it apparently has already been called for even though there is almost a ten-fold expansion of the program. He would like to see a series of discussions / videos on how to do low water landscaping. He will probably be starting two different websites concerning water, mostly Vallecitos Water District, over the next two months. There are some things that are very useful that Vallecitos doesn’t have yet. He thinks the Board packets should be posted.

He stated he agrees with all the complaints the Board has had so far, we should do better. He thanked the Board.

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

General Manager Lamb stated that the Board, at the May 20 Board meeting, voted unanimously to nominate Director Martin to the ACWA Region 10 Board. The resolution formalizes this action.
15-06-05 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to adopt the resolution.

Ordinance No. 1473 - the roll call vote was as follows:

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

REPORTS

GENERAL MANAGER

None.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott referenced two articles in the Union Tribune: 1) the drought and how the various districts and cities are doing on their cutbacks; 2) Logan Jenkins’ article about the drought. He further stated that Metropolitan Water District (MET) deposited $350 million into the turf removal program last week and eliminated the one-time restrictions.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated that the $350 million that MET deposited into the turf removal program was from money that was set aside for water transfers. They have also discovered that turf replacement is the least effective conservation measure, the least verifiable that it saves water over the long term and if people install turf but do not change the irrigation system, they won’t save any water.

On June 25, the SDCWA will be holding a public hearing on rates. They are proposing to raise the rates 5.4% for treated water and 6.6% for untreated water. Discussion also took place on the San Vicente Pump Storage Facility. SANDAG provided a brief presentation on the upcoming regional plan and the San Diego Forward program.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated that the Capital Improvement Committee has not yet met this month.
DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Sannella stated that Logan Jenkins has agreed to be the moderator at the SDNEDC Water Summit. In addition, Hunter Industries has agreed to participate as one of the panel speakers and will be a sponsor as well.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

CLOSED SESSION

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

15-06-06 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to move into Closed Session pursuant to Government Codes 54956.9(d)(2).

The Board reconvened to Open Session at the hour of 6:16 p.m. The Board, in Closed Session, discussed a potential litigation matter and took no action.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 6:17 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 17, 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