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 17, 2015

PRESENTATION

President Evans will present Art Alvarez, Meter Service Worker II, with his Certificate for Backflow Prevention Assembly Tester from the American Backflow Prevention Association.

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 - JUNE 3, 2015

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JUNE 17, 2015 – $3,426,808.63

Recommendation: Approve Warrant List
1.3 FINANCIAL REPORTS

A. WATER METER COUNT – MAY 31, 2015
B. WATER PRODUCTION/SALES REPORT – 2014/2015
C. WATER REVENUE AND EXPENSE REPORT – MAY 31, 2015
D. SEWER REVENUE AND EXPENSE REPORT – MAY 31, 2015
E. RESERVE FUNDS ACTIVITY – MAY 31, 2015
F. INVESTMENT REPORT – MAY 31, 2015

1.4 APPROPRIATIONS LIMIT FOR FISCAL YEAR 2015/16

The District is required by Proposition 4 to establish an Appropriations Limit each fiscal year.

Recommendation: Adopt the Resolution

1.5 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR LEVEL 15 CONDOMINIUMS (DEVELOPMENT SOLUTIONS PAC, LLC)

Installation of water and sewer facilities has been completed.

Recommendation: Final Acceptance

1.6 VALLECITOS WATER DISTRICT 2014 CONSUMER CONFIDENCE REPORT

This is the 2014 Water Quality Report provided to customers in the Vallecitos Water District.

Recommendation: Approve the 2014 Water Quality Report

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

ACTION ITEMS

2.1 DROUGHT UPDATE

Recommendation: For information only

2.2 RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT “A” FOR FISCAL YEAR JULY 1, 2015 TO JUNE 30, 2016 COLLECTED ON THE TAX ROLL

The District is required to hold a Public Hearing for the collection of sewer service fees for Improvement District “A”.

Recommendation: Adopt Resolution authorizing collection of Improvement District “A” sewer service fees and set Public Hearing for Regular Board meeting on July 15, 2015
2.3 RECOMMENDED VALLECITOS WATER DISTRICT BUDGET FOR FISCAL YEAR 2015/2016

Vallecitos Water District budget is presented for full Board review and approval.

Recommendation: Approve Fiscal Year 2015/2016 Vallecitos Water District Budget

2.4 BOND REFUNDING UPDATE

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

Recommendation: For information only

2.5 CALIFORNIA SPECIAL DISTRICTS ASSOCIATION 2015 BOARD ELECTIONS

Ballots have been distributed for voting to elect a representative to the CSDA Board of Directors for the Southern Network, Seat A.

Recommendation: Vote for one candidate

*****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

Urban Water Institute’s Annual Water Conference
August 26-28 – Hilton San Diego Resort & Spa

*****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(a) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (ONE CASE)
Citizens Development Corporation, v. County of San Diego, et al.
United States District Court, for the Southern District of California
Case No. 12CV0334 IEG RBB

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

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 3:00 p.m., Friday, June 12, 2015.

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

Legal Counsel Scott led the pledge of allegiance.

Present: Director Elitharp
Director Hernandez
Director Martin
Director Sannella (Arrived 4:39)
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
Financial Analyst Arthur
Public Information Representative Cardenas
Executive Secretary Posvar
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 17, 2015

15-06-07 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Director Sannella absent, to adopt the agenda for the Regular Board Meeting of June 17, 2015.

PRESENTATION

President Evans presented Art Alvarez, Meter Service Worker II, with this Certificate for Backflow Prevention Assembly Tester from the American Backflow Prevention Association.

ORAL COMMUNICATIONS

Mike Hunsaker, member of the public, addressed the Board stating he is speaking as spokesman for the Twin Oaks Valley Property Owners Association. A general meeting was held last Sunday at which he was elected spokesman as well as a member of their Board. One of the issues that is very sensitive to this association is developments in Newland and San Marcos Highlands. There is concern about facility fees and possible special considerations given to Newland. He is here to petition the Board formally to close a possible loop hole that would allow Newland to get quite a bit of water that is related to landscaping for their fire protection zone. Newland has recommended having the area on the western border either landscaping or agriculture.
He further stated that the District’s ordinances state that any portion of a fire protection zone is exempted from restrictions. This is a potential for landscaping and agriculture when it should be zero water consuming landscaping, nothing that involves water at all. The District’s restrictions have heavily hit citizens and ordinary ratepayers for landscape watering. There should be some effort made to make sure that we don’t have a bleeding of water that is going to be seen as very politically insensitive or inconsistent. The Association is petitioning the Board on the question of unintended consequences and ask that this possible loop hole be closed. There is an EIR coming out; water is a big issue and there have been letters from VWD, but this ordinance contradicts what all of the citizens have to take care of. He thanked the Board.

CONSENT CALENDAR

15-06-08 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Sannella absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes
   A. Regular Board Meeting – June 3, 2015

1.2 Warrant List through June 17, 2015 - $3,426,808.63

1.3 Financial Reports
   A. Water Meter Count – May 31, 2015
   B. Water Production/Sales Report – 2014/2015
   D. Sewer Revenue and Expense Report – May 31, 2015
   E. Reserve Funds Activity – May 31, 2015

1.4 Appropriations Limit for Fiscal Year 2015/16

Resolution No. 1474 - the roll call vote was as follows:

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

1.5 Final Acceptance of Water and Sewer Improvements for Level 15 Condominiums (Development Solutions PAC, LLC)

1.6 Vallecitos Water District 2014 Consumer Confidence Report
Director Martin requested clarification on the warrant list with respect to payment made to AH Water, Inc., to which staff responded.

ACTION ITEMS

DROUGHT UPDATE

Public Information/Conservation Supervisor Robbins provided an update on the drought and noted the following:

- On May 11, the District initiated drought patrols looking for water waste throughout the District’s service area, particularly in the early morning hours. Approximately 98% of the violations being found are for sprinkler runoff.
- The District’s May 2015 water production decreased 44.38% from May 2014 and 38.27% from May 2013.
- In May 2015, customers used 72 gallons of water per day compared to May 2014, when customers used 131.2 gallons per day.
- A reminder of the drought restrictions will be printed in red on the outside of VWD billing envelopes, front and back.
- The number of drought related phone calls increased dramatically in May.
- Experienced an unfavorable budget variance of $0.4 million based on the reduction in revenues.

General discussion took place.

This item was presented for information only.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT “A” FOR FISCAL YEAR JULY 1, 2015 TO JUNE 30, 2016 COLLECTED ON THE TAX ROLL

General Manager Lamb stated the District elects to have its sewer service fees for Improvement District “A” collected on the tax roll. The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees for Improvement District “A”. These fees are added to the tax bill of each resident and are paid through the regular property taxes. The County of San Diego then transfers this revenue to the District. As part of this procedure, the District is required to hold a Public Hearing.

Staff recommended the Board approve the resolution which sets the Public Hearing for the Regular Board meeting on July 15, 2015.

15-06-09 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried unanimously, with Director Sannella absent, to adopt the resolution.
Ordinance No. 1475 - the roll call vote was as follows:

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

President Evans stated that Director Sannella is delayed due to an emergency at his work and postponed the Budget item to the end of the Action Items.

BOND REFUNDING UPDATE

Assistant General Manager Scaglione provided an update on the refunding of the District’s 2005 Certificates of Participation (bonds). The bonds priced on June 11 with $103 million in orders on the $45.4 million that were offered, resulting in savings of approximately $3.47 million for the District. He stated that a press release was issued on June 16, the Official Statement will post on June 18, and the bonds will close on July 9. He further stated that the sale of the bonds was very successful due to the District’s AA+ credit ratings.

General discussion took place. During general discussion, the Board commended staff and the consultants involved for the efficient manner in which the bond refunding was accomplished.

This item was presented for information only.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION 2015 BOARD ELECTIONS

General Manager Lamb stated the CSDA is conducting its election to fill the CSDA Board of Directors Southern Network, Seat A position for the term ending in 2018. The District is entitled to vote for one Director to represent its network.

15-06-11 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Director Sannella absent, to vote for candidate Jo MacKenzie.

General Manager Lamb stated he had not heard from Director Sannella and as he had indicated he may or may not make the meeting and suggested the Board move forward with the Budget item.

Director Martin stated that the budget is the most important thing and would hate to move forward without having a Director here and suggested this item be tabled to the next meeting.

Director Hernandez stated that he didn’t mind moving the item to the end of the agenda, however, he believed it is important that this item be accomplished at this meeting.
The consensus of the Board was to continue with the agenda and move the Budget item to the end.

REPORTS

GENERAL MANAGER

General Manager Lamb responded to a question Director Hernandez raised concerning the project to widen Interstate 5, stating that the District has been approached by a group that may be doing part of the project through CalTrans. The group has asked the Encina Wastewater Authority for permission to place a rock crushing and material processing plant on the South Parcel. He further stated that this is an issue for the City of Carlsbad as the location is within their jurisdiction.

General Manager Lamb said he would reach out to the EWA General Manager and ask that if any Coastal Commission process was started, could they try and include the long term use of the South Parcel in that process.

General Manager Lamb stated that there is a new door at Lift Station No. 1 and the odor scrubber is now operational. He also reported that on June 5, 2015, the State Water Resources Control Board put restrictions on pre-1913 primary water rights holders, and are now looking at those with 1903-1914 primary water rates to reduce their deliveries.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans reported on her attendance to a two-day budget workshop for the SDCWA budget to be presented to their Board at their next meeting. The total budget is 1.5 billion for two years, which is approximately 2% higher than the current budget. The operating budget has decreased 4% and water sales are anticipated to be 18% lower. In addition, a supply reliability charge was established for the first time to cover the cost for any water resources outside of Metropolitan Water District. She further stated that the SDCWA recently approved an amendment being added to the ocean plan law which addresses desalination discharge and brine zones.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting today at which a presentation was given pertaining to the inspection of the outfall and a recommendation was approved concerning implementation of professional services for master planning of the complete facility.
Director Elitharp stated he was not able to attend the June 9 Policy and Finance Committee meeting.

Upon arrival of Director Sannella, the Board resumed discussion on the Budget item.

RECOMMENDED VALLECITOS WATER DISTRICT BUDGET FOR FISCAL YEAR 2015/2016

Finance Manager Fusco stated that all of the changes that were discussed at the budget workshop meetings on April 29 and May 27, 2015 have been incorporated into the recommended budget. Since presentation to the Board on May 27, two proposed positions were deferred one fiscal year and other net personnel changes amount to a $93,000 decrease including benefits; one capital project was added in the Capital Budget section for $465,000; and the Audio Visual Upgrade was spread over two years. The budget now totals $140,694,000. This is composed of $43,788,000 for operational expenses and a commitment of $96,906,000 for capital projects. In addition, $9,822,000 from operations is being set aside for capital replacement, rate stabilization and debt service.

General discussion followed during which the pass-through policy and rates that have already been adopted and their effect on the overall rate were discussed in detail.

Staff recommended the Board approve the recommended Vallecitos Water District budget for Fiscal Year 2015/2016.

15-06-10 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to approve the budget.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Sannella reported on his attendance to the San Diego North Economic Development Council (SDNEDC) meeting. He also provided an update on the water summit that is being planned for July 16 at the Vista Community Center.

Director Martin reported on his attendance to the SDNEDC meeting.

Director Hernandez reported on his attendance to the SDNEDC and COWU meetings.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin inquired about how water usage compares between newer constructed buildings (hotels, etc.) and older existing buildings. General Manager Lamb stated that a five-year analysis of water demands will be included in the new Master Plan which will be presented to the Board in July.

Director Hernandez thanked staff for the detailed budget presentations.
Director Sannella thanked all in involved in the budget process for their efforts. He stated that he and James Gumpel will be speaking at the Palomar West Mobile Home Estates Homeowners Association meeting this evening.

Director Hernandez requested an update on grey water and rainwater storage at a future Board meeting.

General Manager Lamb stated that the State has drafted new landscape design criteria. As part of the new standards, the cities of San Marcos, Carlsbad, Vista and Escondido are responsible for the enforcement of landscape plans and determination of water consumption. The District will help the cities check this so that they don’t approve more water than allowed.

CLOSED SESSION

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

The closed session was not needed and did not take place.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 5:46 p.m.

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

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

ATTEST:

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