AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 21, 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 OCTOBER 21, 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 – OCTOBER 7, 2015

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH OCTOBER 21, 2015 – $977,991.37

Recommendation: Approve Warrant List
1.3 FINANCIAL REPORTS

A. WATER METER COUNT – SEPTEMBER 30, 2015
B. WATER PRODUCTION/SALES REPORT – 2015/2016
C. WATER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2015
D. SEWER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2015
E. RESERVE FUNDS ACTIVITY – SEPTEMBER 30, 2015

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

ACTION ITEMS

2.1 DROUGHT UPDATE

Recommendation: For information only

2.2 RESOLUTION REVISING THE PURCHASING POLICY

Resolution No. 1423 established the current purchasing policy.

Recommendation: Adopt resolution

2.3 RESOLUTION ESTABLISHING FRAUD IN THE WORKPLACE POLICY

The Government Finance Officers Association recommends every government establish policies and procedures to encourage and facilitate the reporting of fraud or abuse.

Recommendation: Adopt resolution

2.4 ANNEXATION POLICY, ORDINANCE NO. 153

Presented for Board discussion.

Recommendation: No action required

2.5 SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL (SDNEDC)

The SDNEDC will hold its annual business luncheon on November 13, 2015.

Recommendation: Request Board direction

2.6 QUARTERLY INVESTMENT REPORT

Recommendation: No action required

*****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 QUARTERLY BOARD EXPENSES

   For information only.

   Recommendation: No action required

*****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

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, October 16, 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
Director Evans

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
Development Services Senior Engineer Scholl
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 21, 2015

15-10-05 MOTION WAS MADE by Director Sannella, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Regular Board Meeting of October 21, 2015.

ORAL COMMUNICATIONS

Michael McSweeney, representing the Building Industry Association (BIA), distributed copies of a letter and addressed the Board stating the letter was sent to General Manager Lamb via email at the end of August requesting the ability to participate with the District on the upcoming Master Plan. The BIA intends to work with the District’s consultant and staff going into the Master Plan but has yet to receive a single phone call from the District or its consultant. He asked the Board to direct staff to engage with the building industry, stating that he represents the people who pay the capacity fees to the District and they want their voice to be heard. He thanked the Board.

General discussion took place. During general discussion, it was asked where the District is in the Master Plan process. General Manager Lamb provided a time line of what has taken place to date, and stated that the Capital Improvement program will be
presented to the Board in December and work on the draft Program Environmental Impact Report (PEIR) will begin at that time. In late January or February, a document will be ready for the Board’s review and the PEIR will be available to the public for a 30-day review period during which a series of Public Hearings will be held.

General Manager Lamb stated that the District has no choice on what is built into the Master Plan; the City and County decide on land use. The fee development process and the Master Plan are two separate documents.

Legal Counsel Scott further explained the Master Plan process stating that it is a lengthy process which gives all interested parties the opportunity to provide input. When the capital facilities necessary to serve the population have been determined, a separate process takes place to determine the capacity fees. This is also a lengthy process which will allow all interested parties to provide input.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board stating his concerns about the District’s models including overcharging seniors in mobile home parks for water and facilities. Sewer charges should be billed on a water-consumption basis. The facilities fees and consumption fees considered together is more equitable. It is not appropriate that a senior can’t get any subsidies or special breaks on water, while they over pay with the current model.

He further stated that a bonus and a subsidy for the water and sewer are entirely inappropriate. Some of the investors have already been given relief from impact fees. He expressed concern over development on Mission Road. The District’s Water Plan should not be closed for a five-year period. He hopes the District will consider changing the model and not provide indirect subsidies to these rich developers on the backs of senior citizens and ordinary households. He thanked the Board.

General discussion took place.

CONSENT CALENDAR

15-10-06 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – October 7, 2015

1.2 Warrant List through October 21, 2015 - $977,991.37
1.3 Financial Reports

A. Water Meter Count – September 30, 2015  
D. Sewer Revenue and Expense Report – September 30, 2015  
E. Reserve Funds Activity – September 30, 2015

ACTION ITEMS

DROUGHT UPDATE

Public Information/Conservation Supervisor Robbins stated the 2015 water year, October 1 through September 30, has just ended. According to the California Department of Water Resources, Water Year 2015 will go down in history as having the least amount of snowpack and highest temperatures in the Sierras on record. Water Year 2015 data includes the following statistics:

- The statewide snowpack on April 1 held only 5% of the average water content for that date in records dating to 1950.
- Of the nine April 1 snowpack values below 50% of average since 1950, three have occurred in the past three years of drought.
- At the end of the water year, the state’s 154 reservoirs held only 54% of their historic average.
- The U.S. Bureau of Reclamation’s Central Valley Project clocked record low deliveries of zero project water to its north-of-Delta and south-of-Delta agricultural contractors and to agricultural contractors in its Friant Division.
- The State Water Project provided only 20% of its urban and agricultural contractors’ requested amounts.

Public Information/Conservation Supervisor Robbins provided the following update:

- The District's September 2015 water production decreased 25.42% from September 2014 and 33.9% from September 2013.
- For the month of October, water production has decreased 32% as compared to October of 2013.
- In September 2015, customers used 82.7 gallons per day compared to September 2014, when customers used 107.3 gallons per day.
- The number of drought-related phone calls received by the District has decreased dramatically.
- The District hosted a WaterSmart Landscape Design Workshop on Saturday, October 17, which 101 customers attended.
- The High User Ranking and Letters (HURL) program has been in operation since July 2015, resulting in conservation from HURL customers increasing in relation to District-wide conservation.
General discussion took place.

This item was presented for information only.

RESOLUTION REVISING THE PURCHASING POLICY

General Manager Lamb stated that staff has reviewed the District’s current purchasing policy and recommends changes to the policy that include:

- Providing flexibility of department supervisors to procure lower cost items up to $1500 without a formal bidding process.
  - Also included is a new “internal review” section to ensure compliance with the policy in regard to the new flexibility afforded department supervisors above.
- Adjusting the authorization limits to coincide with the capitalization policy.

Staff recommended the Board adopt the resolution revising the purchasing policy.

General discussion took place.

15-10-07 MOTION WAS MADE by Director Elitharp, seconded by Director Martin, and carried unanimously, to adopt the resolution.

Resolution No. 1481 - The roll call vote was as follows:

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

RESOLUTION ESTABLISHING FRAUD IN THE WORKPLACE POLICY

General Manager Lamb stated the Government Finance Officers Association (GFOA) recommends every government agency establish policies to encourage and facilitate the reporting of fraud or abuse. The proposed policy has been developed based on information received from the GFOA and has been reviewed by the District’s legal counsel and independent audit firm for their input. The policy provides guidance in regard to reporting suspected fraud, investigation and resolution.

Staff recommended the Board adopt the resolution establishing the fraud in the workplace policy.

General discussion took place. During general discussion, Director Sannella requested the titles of all District policies that pertain to financial and fiduciary matters.
15-10-08  MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the resolution.

Resolution No. 1482 - The roll call vote was as follows:

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

ANNEXATION POLICY, ORDINANCE NO. 153

General Manager Lamb stated that this Ordinance was modified in March, 2008, at the direction of the Board and that this item was requested by Director Hernandez.

Director Hernandez stated that it’s been brought to his attention that there are projects and individuals who come to the Board for annexation and can only use a small portion of the property. The policy specifically mentions open space and that all of the property will be annexed at the rate. He doesn’t think it’s appropriate to charge for all acreage of a property when only a small portion is going to be used for the actual development. He feels that a more equitable way to annex properties into the sewer district should be explored.

General Manager Lamb stated that the District has worked with developers in the past in which they are not developing a portion of the land in their boundary adjustment and they are not charged for it. Should they develop that portion in the future, they will then be required to annex that portion of land.

General discussion followed. Following general discussion, General Manager Lamb stated staff will consider alternatives, review other agencies’ practices and return to the Board for additional discussion.

Mike Hunsaker, member of the public, addressed the Board stating projects like Newland Sierra will have some massive increases required for new water and other things. He thanked General Manager Lamb and the Board regarding the question of impacts of new developments, but he has also seen at Vista Irrigation District where one large development was pushed through. To build facilities to manage this new development, they imposed a property tax on everyone in the district. These people had to pay twice to transfer their own project and then they had to pay again to support this development. He thinks if there are any annexation projects, it has to be that these people pay the full freight. There are no indirect subsidies by smoothing out the cost over the whole district.

He further stated that he is also concerned about fire protection districts with agriculture exempted from any mandatory cutbacks. This becomes a particularly bad problem
when in likelihood recreational marijuana is approved. Marijuana is an extremely high water consuming plant. The Water Plan and annexations should account for any possible changes from low water use to ultra-high water use. These plants need to be leached with very pure water in order to keep the optimum growth. The only people who have water to spare after mandatory cuts is San Diego County. The only water district that has access to very pure water is Vallecitos Water District. The effect of having fire protection zones or agriculture in general without some sort of limitation can be catastrophic. There is one assertion that if a plan is adopted by a city or the county, the District has to annex them. He also heard there was a court case that went through the appellate court which said the land does not have to be annexed. What is the discrepancy, what is the current law on annexation? Are we bound and determined and constricted to take any project no matter how much it impacts water and sewage? How are we going to protect people from double paying? How are we going to keep developers from paying their fair share? He thanked the Board.

General Manager Lamb stated that LAFCO is the authority related to annexations. Every 3 – 5 years LAFCO conducts a service area review for each agency. They look at the sphere of influence and if changes need to be made. This is what identifies the ultimate service boundary and sphere of influence. That forms the basis of the Master Plan and basis for demands.

Counsel Scott stated that annexation is one of the few areas that the Board has total, absolute discretion and sets the terms and conditions for annexations.

General discussion followed.

SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL (SDNEDC)

General Manager Lamb stated the Board authorized joining SDNEDC at the Board level which was a $10,000 contribution. Of the $10,000, $5,000 was a portion of the membership with the other $5,000 being utilized to sponsor events, etc. at the discretion of the Board. The Board had voted to expend $2,500 of the $5,000 on the Water Summit held on July 16, which leaves a balance of $2,500 at which the District has a commitment to expend this year. Director Sannella requested this item be placed on the agenda.

Director Sannella stated that the end of the year is coming near and there is only one primary event remaining on SDNEDC’s calendar for an opportunity to pay for a table or sponsorship or both. There is a $2,500 sponsorship level that includes a table for the event.

President Evans asked Director Sannella if he will be presenting a report to the Board at the end of the year on who the agencies have been, membership, and what he feels the District and ratepayers have gained from this membership.
Director Sannella stated he wouldn’t mind giving an overall annual recap. He thought the Water Forum was really good and that the community did benefit from it. There was also news press that came out of the Water Forum.

President Evans clarified that she would like to know who the investors are, who is receiving the online Pulse newsletter, how much money has been spent on staff time and per diems, and how much was spent on the Water Forum.

15-10-09 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve sponsoring a table in the amount of $2,500 at the Innovation to Market: Information, Communications Technology & Energy Innovations Annual Business Luncheon.

QUARTERLY INVESTMENT REPORT
This item was presented for information only.

REPORTS

GENERAL MANAGER

General Manager Lamb stated that on May 20, 2015, the Board adopted an emergency Ordinance adopting the Governor’s mandate for 2 days a week for irrigation. This Ordinance was adopted by the Governor in the last duration of the Governor’s order which is through late February. In the District’s normal policy, we would be going back to one day a week of irrigation starting November 1. The District will be maintaining the 2 days a week irrigation based on the emergency ordinance adopted.

General Manager Lamb provided and reviewed a map of the South Lake and surrounding areas – Phase 1, Phase 2, and Open Space.

DISTRICT LEGAL COUNSEL
None.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the Board meeting will be held tomorrow. She provided information on Pipeline 3, which was built in 1959 and is the pipeline between Highway 78 and Highway 56. The Board will be considering authorizing $1.4 million to Pure Technology for a magnetic flux machine which checks for leaks.

President Evans reported on her attendance to the Legislative Roundtable at which Assembly Speaker Tony Atkins was present.
ENCINA WASTEWATER AUTHORITY

The Capital Improvement Committee as well as the Policy and Finance Committee meeting were cancelled this month.

Director Hernandez stated he was asked to participate as an observer to the water audit for the NPDES.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin reported on his attendance to the San Diego North Economic Development Council (SDNEDC) Investor meeting, California State University San Marcos (CSUSM) Water Forum, and SDCWA Drought or El Niño Symposium.

Director Sannella reported on his attendance to the State Water Project/San Joaquin Bay Delta tour, CSUSM Water Forum, SDNEDC Investor and Board meetings, and Council of Water Utilities (COWU) meeting.

Director Hernandez reported on his attendance to the COWU meeting.

Director Elitharp reported on his attendance to the CSUSM Water Forum, SDCWA Drought or El Niño Symposium, SDNEDC Investor meeting, and COWU meeting.

President Evans reported on her attendance to the SDCWA Drought or El Niño Symposium.

OTHER BUSINESS

QUARTERLY BOARD EXPENSES

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

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Sannella requested a copy of the El Niño presentation. General Manager Lamb stated that it will be emailed and Operations and Maintenance Manager Ed Pedrazzi will present this at the next Board meeting.

Director Martin requested the Atmospheric River presentation at the next meeting. President Evans distributed a memo to the Board regarding the Board reorganization for 2016.

Director Martin asked what the North County Group is. General Manager Lamb responded that it is a coalition of north county SDCWA Board representatives who meet the day before the SDCWA Board meeting to review the agenda.
Director Hernandez stated that he thought there was going to be a report relative to the North San Diego County Water Reuse Coalition meeting. General Manager Lamb stated he thought it was cancelled but will confirm.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)
CONFERENCE WITH LEGAL COUNSEL – EXISTING 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 6:07 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 4, 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