

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 6, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Vice President Martin called the Regular meeting to order at the hour of 5:08 p.m.

Director Elitharp led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Sannella
Director Martin

Absent: Director Hernandez

Staff Present: General Manager Pruiam
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Public Information/Conservation Supervisor Robbins
Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 6, 2018

18-06-03 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, with Director Hernandez absent, to adopt the agenda for the Regular Board Meeting of June 6, 2018.

PRESENTATION

Vice President Martin presented Jeremy Scott, Senior Wastewater Collections Systems Worker, and Dennis Richardson, Wastewater Collections Systems Worker II, with the H.R. LaBounty Safety Award from ACWA/Joint Powers Insurance Authority for creating and installing a restraint system to protect employees from potential hazardous falls while performing monthly maintenance on a solids wet well. Matt Wiese, Senior Wastewater Treatment Plant Operator, also received the award but was unable to attend the presentation.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating he is the President of the Twin Oaks Valley Property Owners Association. He commented on AB 1668 stating he believes it will be problematic and looked forward to General Manager Pruiam's insights of the bill and its challenges. He noted that the indoor residential limit

will be targeted at 55 gallons per day. The biggest challenge will be apartments as they are largely on master meters with no individual accountability. SB7X requires the elimination of master meters in new construction sometime this year. He would appreciate knowing when that is going to begin. He expressed his concerns regarding the average apartment water usage being well over the 55 gallons per day limit, water waste, excessive water use, and leaks in apartments.

CONSENT CALENDAR

Vice President Martin stated he received a request for discussion of Item 1.3.

18-06-04 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Hernandez absent, to approve the Consent Calendar as presented with the exception of Item 1.3.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – May 16, 2018
- B. Regular Board Meeting – May 16, 2018
- C. Board Workshop Meeting – May 21, 2018
- D. Board Workshop Meeting – May 22, 2018

1.2 Warrant List through June 6, 2018 - \$1,288,773.79

1.3 Approval of Construction Agreement for Rancho Coronado MU-4 Sunstone Drive Improvements (Brookfield Rancho Coronado, LLC)

1.4 Approval of Construction Agreement for Rancho Coronado MU-4 Site Phase 1 (Brookfield Rancho Coronado, LLC)

1.5 Approval of Construction Agreement for Rancho Coronado MU-4 Site Phase 2 (Brookfield Rancho Coronado, LLC)

Mike Hunsaker, member of the public, addressed the Board regarding Item 1.3, stating he appreciated receiving the information regarding the number of units in the development and amount of facility fees that are paid. He noted that water facility fees are much higher than wastewater treatment fees, but this development is paying far less for water than it is for waste treatment, and questioned the number of units on the two-acre parcel. He thanked the Board.

District Engineer Gumpel stated Items 1.3, 1.4, and 1.5 relate to the entire development which totals 4.1 to 4.3 acres with approximately 200 total units. The capital facilities fees for sewer are considerably higher than for water as indicated in Items 1.4 and 1.5 and were separated at the developer's request for phasing of the project. Item 1.3

addresses the main line for slope irrigation of the project.

18-06-05 MOTION WAS MADE by Director Sannella, seconded by Director Evans, and carried unanimously, with Director Hernandez absent, to approve Item 1.3 of the Consent Calendar as presented.

ACTION ITEMS

DISPOSITION OF DISTRICT VEHICLE #9

Public Information/Conservation Supervisor Robbins provided background on District vehicle #9, a 1946 "Willys" CJ2A Jeep, its historical relevance to the District, and its current condition. He stated that at a meeting of the Public Awareness/Personnel/Policy Committee on February 12, 2018, President Hernandez and Director Evans expressed interest in using the District's Jeep for public outreach purposes.

Public Information/Conservation Supervisor Robbins further stated the District mechanics estimate the Jeep would require approximately \$10,000 of maintenance for it to run properly, be street legal and meet safety standards. Given the condition of the vehicle, the amount of money it would cost to address maintenance and safety issues, and the fact that the vehicle is not currently being utilized, staff is seeking direction regarding the future of this vehicle. Several suggestions for the Jeep were offered such as continuing to store it as it is currently, selling it as surplus property, donating it to a non-profit organization, budgeting funds to update and maintain it, or display it in the lobby of the District office as a historical piece.

Staff recommended the Jeep be moved to the lobby of the District office to serve as a historical display. The Jeep has too much market value to donate and too much historic/sentimental value to sell; however, it doesn't have enough worth as a parade vehicle to continue the required ongoing maintenance.

General discussion took place during which Director Evans suggested staff research the costs involved in either donating the vehicle or moving it to the District garden area. General Manager Pruum suggested this item be delegated to the Public Awareness/Personnel/Policy Committee for discussion before bringing it back to the Board for further consideration.

ADOPTION OF RESOLUTION BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING ENCINA WASTEWATER AUTHORITY'S FISCAL YEAR 2019 OPERATING AND CAPITAL IMPROVEMENT BUDGET

General Manager Pruum stated Vallecitos Water District is a member agency of the Encina Wastewater Authority (EWA) and 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 unanimous approval of the EWA budget by member agencies prior to the budget becoming effective. The EWA Board will be considering final budget adoption at its meeting scheduled for June 27, 2018.

General Manager Pruim further stated the fiscal year ending 2019 budgets of EWA, as unanimously approved by the EWA Board of Directors and the Joint Advisory Committee on April 25, 2018, are approximately \$22.1 million for the total capital budget and \$16.0 million for the total operating budget. Vallecitos' share of EWA's operating and capital budgets (\$7.6 million) has been incorporated into the District's recommended 2018/2019 budget which the Board will also consider at this meeting.

Staff recommended the Board adopt a resolution approving the Encina Wastewater Authority's Fiscal Year 2019 Operating and Capital Improvement Budgets.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board inquiring if the increasing amount of brewery waste is contributing to the increase of solids being delivered to EWA.

General Manager Pruim stated that EWA staff is aware of the growing number of local breweries and part of EWA's expansion of the solids handling capacity of the plant is intended to address this issue and other high-solids producing businesses.

18-06-06 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Hernandez absent, to adopt the resolution.

Resolution No. 1538 - the roll call vote was as follows:

AYES: Elitharp, Evans, Sannella, Martin

NOES:

ABSTAIN:

ABSENT: Hernandez

VALLECITOS WATER DISTRICT RECOMMENDED FISCAL YEAR 2018/2019 BUDGET

Finance Manager Owen stated the Board's recommendations discussed at the May 21 Board budget workshop have been incorporated into the recommended Fiscal Year (FY) 2018/2019 Budget. He reviewed the budget process which began in December 2017 and included staff budget requests, compiling FY 2018 projections, payroll

estimates, drafting the operating and capital improvement budgets and incorporating Board requested items. The budget calendar included several Finance/Investment Committee meetings and a Board workshop for the purpose of reviewing, refining and revising the budget.

Finance Manager Owen reviewed the operating expenses and salary and benefits of the recommended FY 2018/2019 Budget.

Financial Analyst Arthur reviewed projected water purchases of approximately 16,700 acre feet in the amount of \$32.25 million, which is an approximate 3.4% increase over the current FY 2017/2018. He also discussed sewer revenues which are flat due to no changes to the sewer rates in the previous year. Sewer revenue is projected to be approximately \$17.9 million assuming 0.3% growth.

Finance Manager Owen continued his review of the recommended FY 2018/2019 Budget which included the capital improvement budget and reserves balance.

Staff recommended the Board adopt the recommended FY 2018/2019 Budget.

General discussion took place.

18-06-07 MOTION WAS MADE by Director Elitharp, seconded by Director Evans, and carried unanimously, with Director Hernandez absent, to approve the recommended Fiscal Year 2018/2019 Budget.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Two “open house” public outreach events took place at Stargaze Court and River Run Circle this week to educate interested customers about the water main rehabilitation projects that will be starting soon in those areas. The events were well received by the public.
- The contract for the Boardroom audiovisual and lighting upgrade project has been awarded. A pre-construction meeting has been scheduled and the construction schedule is being prepared.
- He provided an update on the Golden Door lawsuit against the District regarding its water supply assessment for the Newland Sierra project. The Court of Appeals denied Golden Door’s claim and determined that the proper venue for the claim is the California Environmental Quality Act process. Golden Door’s ability to appeal to the State Supreme Court has lapsed. The San Diego County Planning Commission will hear the environmental impact report (EIR) for the

Newland Sierra project on June 28-29, and assuming it is approved, the Board of Supervisors will consider the certification of the EIR for the project in September. The lawsuit against the District has concluded and all of the District's legal costs have been reimbursed by Newland Sierra.

- Diamond Environmental Services was indicted by the Environmental Protection Agency for illegal discharge of sewage they collected into municipal sewer facilities. At the sentencing trial in May, the company and three of its top officials were all found guilty. The CEO will be serving five months in federal prison with three years' probation and was fined \$15,000. The COO received five years' probation and 200 hours of community service. The company is on five years' probation, was collectively fined \$2.64 million, must pay restitution to five agencies including Vallecitos in the amount of \$2.25 million, and must forfeit illegal profits of \$2.2 million. The District's share of the \$2.25 million has not been determined.
- Governor Brown signed AB 1668 and SB 606 which impose new or expanded requirements on California water agencies and suppliers, are primarily related to water use efficiency, and require the State Water Resources Control Board (SWRCB) to work with the Department of Water Resources (DWR) to establish long-term urban water use efficiency standards by June 30, 2022. There will be components for indoor and outdoor residential use, water loss and other categories. The indoor use limit will start at 55 gallons per person per day from the date of institution through January 1, 2025. After that date, the limit will decrease toward 50 gallons per capita per day. Numbers for outdoor use standards have not been determined; however, a process has been established which requires the DWR to conduct landscape and climate studies throughout the state by 2021 to help develop the standards. Study results will be made available to the SWRCB and water agencies that supply water to customers for the development of water use objectives. Water agencies will be required to prepare annual reports on how they are complying with the standards, five-year drought risk assessments, and water shortage contingency plans must be incorporated into urban water management plans. Beginning in 2027, suppliers who violate the standards are subject to fines of up to \$1,000 per day during non-drought years and up to \$10,000 per day during declared drought emergency conditions.
- The City of San Marcos Chamber of Commerce has scheduled its fourth annual "Meet Your Elected Officials" event for Thursday, July 26 at the San Marcos Community Center.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin commented that in regard to AB 1668 and SB 606, he believes the state will not manage the implementation and enforcement of the regulation but will look to the local agencies to do so.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the SDCWA awarded \$1,000 to the Del Mar Fair last week for an exhibit in the garden section that portrays water wise usage and irrigation.

Director Evans reported on the May 24 Board meeting at which the Board adopted a resolution calling for a public hearing in June on a rate increase. Funds were transferred from reserves to keep the increase to less than 2%. Discussion took place regarding rumors of some form of harassment at SDCWA, which the Board is currently investigating, and how to move forward to a resolution of the ongoing litigation.

ENCINA WASTEWATER AUTHORITY

Director Elitharp stated the Policy and Finance Committee will meet on June 12.

STANDING COMMITTEES

Vice President Martin commented on the Finance/Investment Committee's involvement with the budget process and expressed his appreciation to everyone involved.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Sannella and Evans reported on their attendance to the San Diego Chapter California Special Districts Association quarterly dinner meeting on May 17.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Vice President Martin stated the District received a plaque of appreciation from the San Marcos Boys and Girls Club for its contribution to their annual charity auction.

Director Evans commented that she received praise for District staff for recent work done at Discovery Lake.

Vice President Martin asked if uniform type shirts are provided to all District staff. General Manager Pruiim stated no; however, he is considering providing shirts for the Board and staff who make presentations on the District's behalf.

ADJOURNMENT

There being no further business to discuss, Vice President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 6:26 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 20, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, Vice President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District