

**MINUTES OF A SPECIAL ADJOURNED MEETING OF THE BOARD OF DIRECTORS  
OF THE  
LAKESIDE WATER DISTRICT  
HELD ON DECEMBER 9, 2014**

At the time and place provided by law for the holding of the Regular Meeting of the Board of Directors of the Lakeside Water District; to-wit at the meeting place of said Board at 10375 Vine Street, Lakeside, California, at 6:00 p.m. the Board duly convened, the following members present.

Directors: Frank Hilliker  
Pete Jenkins  
Steve Johnson  
Eileen Neumeister

Secretary: Brett Sanders

1) The meeting was called to order by Vice President Hilliker.  
The District was notified on December 2, 2014 that Division 4 Director and current Board President Bruce Robertson passed away on November 17, 2014 (See Agenda Item #10).

2) Pledge of Allegiance was led by Administrative Services Supervisor Jeanne Swaringen  
A moment of silence was observed in memory of Director Bruce Robertson

3) Minutes of the Regular Meeting on November 4, 2014. Motion by Director Johnson to approve the minutes as presented.

Motion: Johnson                      Second: Jenkins

Vote:	Ayes	4	Hilliker, Neumeister, Johnson, Jenkins
	Noes	0	
	Abstain	0	
	Absent	0	

4) The Treasurer's Report for the October 2014 was noted filed for audit.

5) Opportunity for Public Comment; No Comments

6) Leaf & Cole Audit Report and Accept the Annual Audit for Fiscal Year 2013-14. Mike Zizzi of Leaf & Cole presented the District's annual audit for years 13/14. Motion by Director Jenkins to accept the Audit Report as submitted.

Motion: Johnson                      Second: Neumeister

Vote:	Ayes:	4	Hilliker, Neumeister, Johnson, Jenkins
	Noes	0	
	Abstain	0	

Absent 0

- 7) Approve Upgrade of Billing Software and Hardware. Administrative Services Supervisor Jeanne Swaringen presented a summary of billing software/hardware options to upgrade the District's billing system that improves customer service and account access. Motion by Director Jenkins to approve the purchase of the billing software and hardware from Harris iCIS as outlined in an amount not to exceed \$72,000.

Motion: Johnson                      Second: Jenkins

Vote:        Ayes:        4    Hilliker, Neumeister, Johnson, Jenkins  
              Noes        0  
              Abstain     0  
              Absent      0

- 8) Award Contract for the Vista Camino 8" Water Line Replacement Project. Resolution 14-06. Motion by Director Johnson to approve the low bid from Underground Pipeline Solutions Inc. in the amount of \$363,971.

Motion: Johnson                      Second: Jenkins

Vote:        Ayes:        4    Hilliker, Neumeister, Johnson, Jenkins  
              Noes        0  
              Abstain     0  
              Absent      0

- 9) Approve Purchase of Small Fleet Truck Not to Exceed \$15,500. Motion by Director to approve the purchase as presented.

Motion: Robertson                    Second: Hilliker

Vote:        Ayes:        4    Hilliker, Neumeister, Johnson, Jenkins  
              Noes        0  
              Abstain     0  
              Absent      0

- 10) Declare Board of Directors Vacancy in Division 4, Approve Resolution 14-07 to Fill Vacancy by Appointment. Motion by Director Neumeister to approve Resolution 14-07 with minor corrections.

Motion: Neumeister                    Second: Johnson

Vote:        Ayes:        4    Hilliker, Neumeister, Johnson, Jenkins  
              Noes        0  
              Abstain     0  
              Absent      0

- 11) CWA Report. Director Hilliker reported that the Water Authority Board will not meet in December. Steady successes in MWD litigation. WA Board approved annual statement of investment policy. WA hired new lobbying firm for Sacramento that may be more responsive to the Board. Extended contract with Washington D.C. lobbying firm of Carpi & Clay.
- 12) Director's Report and Ad Hoc Sub-Committees Reports. None
- 13) Operations Report. The Superintendent reported that:
  - 1) Vista Camino 10" Cast Iron Main: District crews to install one valve assembly later this month in advance of the project.
  - 2) Lakeside Ave. Rehabilitation project. Prepping site for the coating contractor to get mobilized and started.
  - 3) One new meter installation.
  - 4) Lakeside Conservancy contractor has started the water main extension into the project at Industry Road
  - 5) District crews replaced 1 polyethylene service that had been temporarily repaired after a leak.
  - 6) District crews repaired one water main failure on Sapota (non-emergency).
- 14) Manager's Quarterly Report. The General Manager reported on:
  - 1) San Diego county Water Authority Rates and Charges for 2016. Discussions are continuing with the Water Authority and the member agencies concerning the 2016 rates and charges, and how to bring the Carlsbad Desalination costs in the WA rate structure. Three primary considerations are #1 How the Water Authority will pay for its long term obligations for new sources such as the Carlsbad Desalination Plant and increasing Imperial Irrigation District transfer deliveries #2 How to value investments in new water sources some agencies are planning to make. #3 Methods for the Water Authority to collect its needed revenue, i.e.; through a new supply reliability charge or through supply charges. Discussions are ongoing and expected to be concluded by March/April of 2015.
  - 2) Water Supply Outlook. Usage continues to be higher than last year and conservation levels are not at the voluntary recommended cutback level of 20%. Plans are being made to prepare for more restrictive conservation measures that may be needed if the dry conditions persist. If conservation is not able to be accomplished locally, the State Water Resources Control Board may make decisions that will force Metropolitan Water District to allocate deliveries to its member agencies, which includes the Water Authority.
  - 3) Investment Yields: Yields are still stagnant. District reserve level has been steady and the yearly allocation goals are near the 20% target level, with 2016 at 29% of the portfolio. This may prove beneficial if low interest rates continue through 2015. We are now purchasing investments with maturity in 2020. We continue to capitalize on any investment offerings above market yields.

Items of Note:

Water Demand Update: Our current demand in November was 299 acre feet, the same as last year. 81 acre feet was produced from groundwater.

News articles of two current issues were summarized:

- Officials increase water allocations as rain hits, drought persists.
- San Diego Region Attracts More Than \$15 Million for Water Projects

- 15) Demands of the Treasurer for October 2014. Motion by Director Johnson to approve demands as presented.

Motion: Johnson                      Second: Jenkins

Vote:	Ayes:	4	Hilliker, Neumeister, Johnson, Jenkins
	Noes	0	
	Abstain	0	
	Absent	0	

- 16) Closed Session: Personnel Exception: Government Code Section 54957. Director Hilliker announced that the General Manger has met his performance goals and was awarded incentive compensation as per the employment contract.

- 17) Adjourn; There being no further business the meeting adjourned to January 6, 2015 at 5:30 p.m.

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VICE-PRESIDENT (Acting President)  
Director Hilliker

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SECRETARY  
Brett Sanders