AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JANUARY 18, 2012 AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT GENTRY

PLEDGE OF ALLEGIANCE – DIRECTOR FERGUSON

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 JANUARY 18, 2012

PRESENTATIONS

President Gentry will present Electrical/Instrumentation Technician, David Joiner with the H.R. LaBounty Safety Award from ACWA/Joint Powers Insurance Authority for designing an adjustable mount for float switches.

President Gentry will present Larry McDougle with the H.R. LaBounty Safety Award from ACWA/Joint Powers Insurance Authority for fabricating an adjustable mount for float switches.

Frank Belock, San Diego County Water Authority Deputy General Manager, will give a presentation on their rate case against Metropolitan Water District.

Ken Weinberg, Director of Water Resources for San Diego County Water Authority, will give a presentation on the status of negotiations relative to the desalination project.

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 – JANUARY 4, 2012
B. COMMITTEE MEETING OF THE WHOLE SPECIAL BOARD MEETING – JANUARY 9, 2012

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JANUARY 18, 2012 - $1,785,915.02

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

A. WATER METER COUNT – DECEMBER 31, 2011
B. WATER PRODUCTION/SALES REPORT – 2011/2012
C. WATER REVENUE AND EXPENSE REPORT – DECEMBER 31, 2011
D. SEWER REVENUE AND EXPENSE REPORT – DECEMBER 31, 2011
E. RESERVE FUNDS ACTIVITY – DECEMBER 31, 2011

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

ACTION ITEMS

2.1 RESOLUTION OF THE BOARD OF DIRECTORS SUPPORTING THE SAN DIEGO COUNTY WATER AUTHORITY’S LAWSUIT AGAINST THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

The San Diego County Water Authority filed a lawsuit against Metropolitan Water District’s 2011 and 2012 water rates and has requested member support.

Recommendation: Request Board direction

2.2 OTHER POST EMPLOYEE BENEFIT (OPEB) TRUST FUND CUSTODY AND FINANCIAL SERVICES

The Board of Directors authorized staff to establish an irrevocable trust to fund the District’s OPEB obligation.

Recommendation: 1) Approve the Agreement and Election to Prefund Other Post-Employment Benefits with CERBT

2) Adopt a resolution for the Delegation of Authority to Request Disbursements
2.3 ASSOCIATION OF CALIFORNIA WATER AGENCIES HEALTH BENEFITS AUTHORITY (ACWA HBA) BOARD OF DIRECTORS ELECTION

_The ACWA HBA is conducting an election to fill one Board of Director position._

**Recommendation:**
Request Board direction

2.4 QUARTERLY INVESTMENT REPORT

_For information only._

**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

3.5 ACWA/REGION 10

3.6 LAFCO

3.7 DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****

**OTHER BUSINESS**

4.1 PUBLIC AFFAIRS ACTIVITY REPORT FOR DECEMBER 2011

4.2 MEETINGS

_ACWA Washington D.C. Conference_
February 28 – March 1, 2012 – Washington Court Hotel

*****END OF OTHER BUSINESS*****

5.1 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.

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, January 13, 2012.

Diane Posvar
MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JANUARY 18, 2012, AT 4:00 PM AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Director Ferguson led the pledge of allegiance.

Present: Director Ferguson
Director Hernandez
Director Shell
Director Pollt
Director Gentry

Staff Present: General Manager Lamb
Legal Counsel Scott
Finance Manager Scaglione
Administrative Services Manager Caudle
District Engineer Gerdes
Operations and Maintenance Manager Arrant
Principal Engineer Gumpel
Capital Facilities Engineer Scholl
Public Information/Conservation Supervisor Urabe
Public Information Specialist Yerman
Public Information Specialist Webb
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JANUARY 18, 2012

12-01-03 MOTION WAS MADE by Director Ferguson, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of January 18, 2012.

PRESENTATION

President Gentry presented David Joiner with the H.R. LaBounty Safety Award from ACWA/Joint Powers Insurance Authority.

President Gentry presented Larry McDougle with the H.R. LaBounty Safety Award from ACWA/Joint Powers Insurance Authority.

Frank Belock, Deputy General Manager for San Diego County Water Authority (SDCWA), provided a presentation on their rate case against the Metropolitan Water District (MWD). The presentation included the following information: MWD water sales;
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SDCWA paid $203,000,000 to MWD last year; MWD rate increases; MWD proposed 2013 and 2014 rates; SDCWA 2011 rate forecasts; $1.3 billion to $2.1 billion at stake in the SDCWA’s rate lawsuit against MWD (over 45 years); SDCWA is MWD’s largest customer and largest source of revenue; SDCWA reducing water purchases from MWD through supply diversification; Colorado River quantification settlement agreement transfers; MWD’s rate structure to preserve revenues from SDCWA; how MWD’s rate structure should be; 2012 impact of misallocated rates on MWD member agencies; MWD’s escrow account holds disputed payments (by end of 2012, escrow balance will grow to approximately $78 million); status of litigation; long-term impact on SDCWA ratepayers ($1.3 to $2.1 billion); comparison of current and past regional urban water management plans; MWD proposed 2013 and 2014 rates; and, how VWD can help.

Ken Weinberg, Director of Water Resources for SDCWA, provided a presentation on the status of negotiations relative to the desalination project. The presentation included information on the negotiation and approval process; status of conditions precedent for negotiation of a water purchase agreement; status of negotiations for a water purchase agreement; proposed aqueduct connection facilities; project delivery method; status of conditions precedent for Board consideration of a water purchase agreement; desal conveyance and SDCWA distribution system improvements; updated prices from Poseidon; breakdown of the cost of desalination; estimated impact of desalination on imported supply mix; estimated impact of desalination on rates; and, schedule and immediate next steps.

ORAL COMMUNICATIONS

Mr. Elliott Edelman, member of the public, addressed the Board regarding a situation on his property. He stated that he has small acreage just south of Lake San Marcos which is within this water district. A few months ago he bought 40 2-gallon plants and 3 15-gallon trees which he had planted. After reading literature about drip systems, he bought and had one installed on his property in an effort to save water. He followed recommended settings from the San Diego website and had his landscaper set the timers.

Mr. Edelman stated that before planting all this, his water bill averaged $74 per month. Shortly after, he discovered that his property was oversaturated and was like a marsh. His first water bill after having the drip system installed was over $1,000. He contacted staff regarding this situation and staff did provide him assistance with his bill as well as timer information for the system. The next bill he received was still very high. He has readjusted the timers several times over the last few months and has now received a bill that is tolerable. Due to the very high bills received previously, he has asked staff if the water can be sold to him at the Tier I or Tier II rate, since the district isn’t paying any more for the water whether he is at Tier I or Tier II. Mr. Edelman stated that he had wanted to do what was right by installing the drip system and has ended up paying
thousands of dollars on his water bills. He further stated that he followed instructions with regard to the timers and shouldn’t have to absorb the cost for following posted instructions. He asked the Board for assistance with his water bills stating that he doesn’t have a lot of money, has an adult autistic son living with him and is all alone. He stated that he is not looking for charity but also doesn’t feel the District should make a profit off of something like this because he followed instructions that he thought would reduce the amount of water he used. He thanked the Board.

President Gentry asked Mr. Edelman if he has had his property checked for leaks.

Mr. Edelman stated that staff have met with him at his property and were very kind and that the District has beautiful people working for it. General Manager Lamb asked Finance Manager Scaglione to convey to the Board the steps staff has taken already to assist Mr. Edelman.

Finance Manager Scaglione addressed the Board stating that the District considered the two months the highest usage and only charged the wholesale rate, which resulted in approximately a $320 reduction in his bill.

General Manager Lamb stated that staff will continue to work with Mr. Edelman to determine what else could possibly be done. Staff has already waived the District component, however, the water was purchased from the San Diego County Water Authority.

CONSENT CALENDAR

12-01-04  MOTION WAS MADE by Director Hernandez, seconded by Director Shell, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – January 4, 2012
B. Committee Meeting of the Whole Special Board Meeting – January 6, 2012

1.2 Warrant List through January 18, 2012 - $1,785,915.02

1.3 Financial Reports

A. Water Meter Count – December 31, 2011
B. Water Production/Sales Report – 2011/2012
C. Water Revenue And Expense Report – December 31, 2011
D. Sewer Revenue And Expense Report – December 31, 2011
E. Reserve Funds Activity – December 31, 2011
ACTION ITEMS

RESOLUTION OF THE BOARD OF DIRECTORS SUPPORTING THE SAN DIEGO COUNTY WATER AUTHORITY’S LAWSUIT AGAINST THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

General Manager Lamb stated that the District received a request from the San Diego County Water Authority (SDCWA) requesting support of the District by adoption of a resolution and any other means possible such as the District’s website, twitter, etc. The resolution does not bind the District in any way as far as participating in the lawsuit, absorbing any costs, etc.

12-01-05  MOTION WAS MADE by Director Poltl, seconded by Director Hernandez, and carried unanimously, to adopt a resolution supporting the SDCWA’s lawsuit against MWD.

The roll call vote was as follows:

AYES:  Ferguson, Hernandez, Poltl, Shell, Gentry
NOES:  
ABSENT: 
ABSTAIN: 

OTHER POST EMPLOYEE BENEFIT (OPEB) TRUST FUND CUSTODY AND FINANCIAL SERVICES

General Manager Lamb stated this item was presented at the January 9 Board Committee meeting. The recommendation from the Committee was to present this item to the full Board for action, with one addition requested by Director Gentry related to a fee for PARS or PFM. The requested information has been included in the staff report presented at this meeting.

General Manager Lamb stated that the two recommendations are to approve an agreement with CERBT and to adopt a resolution delegating the authority to request disbursements.

12-01-06  MOTION WAS MADE by Director Hernandez, seconed by Director Shell, and carried unanimously, to approve the agreement and election to prefund other post-employment benefits with CERBT.

12-01-07  MOTION WAS MADE by Director Poltl, seconded by Director Hernandez, and carried unanimously, to adopt a resolution for the delegation of authority to request disbursements.
The roll call vote was as follows:

AYES: Ferguson, Hernandez, Poltl, Shell, Gentry
NOES:
ABSENT:
ABSTAIN:

ASSOCIATION OF CALIFORNIA WATER AGENCIES HEALTH BENEFITS AUTHORITY (ACWA HBA) BOARD OF DIRECTORS ELECTION

President Gentry stated that at the last Board meeting Director Ferguson requested this item be brought back to the Board for reconsideration.

Director Ferguson stated that Joan Finnegan is very competent and asked that the Board support her in the vote.

12-01-08 MOTION WAS MADE by Director Ferguson, seconded by Director Hernandez, and carried unanimously, to vote for Joan Finnegan.

QUARTER INVESTMENT REPORT

Finance Manager Scaglione stated that all requirements and provisions of the investment policy have been met. He reviewed the investment activity for the quarter ended December stating that that no agencies matured, approximately $1.5 million in new agencies settled, and $500,000 in CD’s that matured. The yield increased from 0.656% at the end of the previous quarter to 0.714% at the end of December. The weighted average maturity also increased from 114 to 138 days. The objectives for safety, liquidity and yield were met by diversifying the portfolio and maintaining minimum liquidity targets. He reviewed investments by fund and by type. All are within the policy guidelines for investments.

This item was presented for information only.

REPORTS

GENERAL MANAGER

General Manager Lamb stated that he provided the Board with a copy of the article that was released by the San Diego County Taxpayers Association (SDCTA) with respect to the SDCWA’s labor rates. He further stated that the SDCTA responded to his comments that were provided to them regarding their report on the District's OPEB. The SDCTA stated they will correct factual errors and take into consideration the technical issues.
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General Manager Lamb stated that a Public Records request from the Union Tribune was received today for information related to costs paid for by the District for employee Christmas/Holiday parties. General Manager Lamb stated that the Christmas party is fully funded through the Employees’ Association by way of employee contributions.

General Manager Lamb stated that he has been sworn in as the Board representative for the SDCWA and thanked the Board for this opportunity to represent the District.

General Manager Lamb stated that invitations for the annual Report to the Community by CSUSM have been received. The event is being held on February 2, 2012 at 7:00 a.m.

General Manager Lamb stated that letters have been received from ACWA confirming that Director Gentry has been appointed to the Local Government and the Federal Affairs Committees, and Director Hernandez has been appointed to the Groundwater Committee.

General Manager Lamb stated that he has received correspondence from Best, Best & Krieger stating that a ruling has been given rejecting the proposed solar rates with SDG&E, which would have resulted in a 200% - 300% increase for solar projects. SDG&E has the opportunity to return with a modified proposal. Two other components being considered could still relate to a 40% – 80% increase and Best Best & Krieger continue to monitor the proposals and work towards minimizing any potential increases.

General Manager Lamb stated that SSC has withdrawn their objection.

DISTRICT COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Ferguson stated that the Board meeting will be held on January 26 and the next report will come from the General Manager.

ENCINA WASTEWATER AUTHORITY

Director Polfi stated he attended the Policy and Finance Committee meeting. The Comprehensive Annual Financial Report was discussed.

Director Gentry stated the next Board meeting will be held on January 25. He further stated that he attended the Capital Improvement Committee meeting today. Capital projects and contracts for engineering services were reviewed.
ACWA REGION 10

President Gentry stated that he provided a meeting report and that the Board meeting will be held on the 30th of this month.

LAFCO

Director Hernandez stated that a meeting date has not yet been selected.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

President Gentry noted that written reports were provided electronically as well as at today’s meeting. The reports are on file.

OTHER BUSINESS

The Public Affairs Activity Report for December 2011 was provided in the Board agenda packet for information.

ADJOURNMENT

There being no further business to discuss, President Gentry adjourned the Regular Meeting of the Board of Directors at the hour of 5:15 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, February 1, 2012, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Darrell Gentry, President
Board of Directors
Vallecitos Water District

ATTEST:

Dennis O. Lamb, General Manager
Board of Directors
Vallecitos Water District