AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 20, 2011 AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – VICE PRESIDENT GENTRY

PLEDGE OF ALLEGIANCE – VICE PRESIDENT GENTRY

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 JULY 20, 2011

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 – JULY 6, 2011
B. COMMITTEE MEETING OF THE WHOLE SPECIAL BOARD MEETING – JULY 11, 2011

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JULY 20, 2011 - $651,992.87

Recommendation: Approve Warrant List
1.3 FINANCIAL REPORTS

A. WATER METER COUNT – JUNE 30, 2011
B. WATER PRODUCTION/SALES REPORT – 2010/2011
C. WATER REVENUE AND EXPENSE REPORT – JUNE 30, 2011
D. SEWER REVENUE AND EXPENSE REPORT – JUNE 30, 2011
E. APPROPRIATED FUND BALANCE ACTIVITY – JUNE 30, 2011

1.4 FINAL ACCEPTANCE OF LA COSTA OAKS NORTH BUILDER IMPROVEMENTS, NEIGHBORHOOD 3.4 & 3.5 (PULTE HOMES)

Installation of water and sewer facilities has been completed.

Recommendation: Final Acceptance

1.5 FINAL ACCEPTANCE OF COSTCO WHOLESALE (COSTCO WHOLESALE CORPORATION)

Installation of water and sewer facilities has been completed.

Recommendation: Final Acceptance

1.6 FINAL ACCEPTANCE OF BARHAM PROPERTIES/REDEL ROAD WATER & SEWER IMPROVEMENTS

Installation of water and sewer facilities has been completed.

Recommendation: Final Acceptance

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

PUBLIC HEARING

2.1 PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT “A” FOR THE FISCAL YEAR JULY 1, 2011, TO JUNE 30, 2012

The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees.

Recommendation: 1) Hold Public Hearing
    2) Adopt Resolution

2.2 PUBLIC HEARING ON PROPOSED CHANGE IN WATER, WASTEWATER SERVICE AND PUMP ZONE CHARGES

Rate increases are necessary to cover the increased cost of wholesale water, lost revenue from decreased water usage, inflationary costs, and escalating costs to comply with increasingly stringent environmental regulations.
Recommendation: 1) Hold Public Hearing
2) Approve increase in water, wastewater service and pump zone charges

**ACTION ITEMS**

3.1 PROJECT UPDATE AND APPROVAL OF CHANGE ORDER FOR CENTER DRIVE SEWER REPLACEMENT

*Additional sags or flat areas of the sewer pipe have been identified adjacent to the area. The project was modified to replace approximately 235 feet of 8-inch sewer line with a 12-inch sewer line.*

Recommendation: Approve Change Order No. 2 in the amount of $19,817.64

3.2 APPROVAL OF CONSTRUCTION AGREEMENT FOR LAKE SAN MARCOS RESIDENTIAL CONDOMINIUMS, TM 5353-1, LOT 1, PHASE 2 (THE COVE)

*The project is located in Lake San Marcos, southeast of the intersection of San Marino Drive and Lake San Marcos Drive.*

Recommendation: Approve Construction Agreement

3.3 COMMUNITY OUTREACH PROJECTS

*The District has been requested to participate in the Palomar College GEAR UP Partnership Program and the San Diego Heart Gallery mobile exhibit.*

Recommendation: Approve District participation with the Palomar College GEAR UP Program and the San Diego Heart Gallery

3.4 NORTH SAN DIEGO COUNTY RECYCLED WATER GROUP (NSDCRWG) – APPROVAL OF PER DIEM FOR DISTRICT BUSINESS TRIP

*The Furman Group, authorized lobbyist, has scheduled meetings with several elected officials in Washington D.C.*

Recommendation: Approve payment of per diem for attendance

3.5 QUARTERLY INVESTMENT REPORT

*For information only.*

Recommendation: No action required

*****END OF ACTION ITEMS*****
REPORTS

4.1 GENERAL MANAGER
4.2 DISTRICT LEGAL COUNSEL
4.3 SAN DIEGO COUNTY WATER AUTHORITY
4.4 ENCINA WASTEWATER AUTHORITY
4.5 ACWA/REGION 10
4.6 LAFCO
4.7 DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

5.1 MEETINGS

WEF San Diego Water Tour
September 8-9, 2011 – Begins and ends at SDCWA

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

CLOSED SESSION

6.1 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (ONE CASE)
Crosser v. Vallecitos Water District
San Bernardino Superior Court Case No. CIVSS 707286

*****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.
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, July 15, 2011.

Diane Posvar
MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 20, 2011, AT 4:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Vice President Gentry led the pledge of allegiance.

Present:  Director Ferguson
Director Gentry
Director Hernandez
Director Shell

Absent:  Director Poltl

Staff Present:  General Manager Lamb
Legal Counsel Scott
Finance Manager Scaglione
Administrative Services Manager Caudle
District Engineer Gerdes
Operations & Maintenance Manager Arrant
Accounting Supervisor Fusco
Customer Service Supervisor Arcia
Public Information & Conservation Supervisor Urabe
Public Information Specialist Webb
Public Information Specialist Yerman
Engineering Technician Koonce
Accounts Analyst Stalker
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 20, 2011

11-07-08  MOTION WAS MADE by Director Hernandez, seconded by Director Shell, and carried unanimously, with Director Poltl absent, to adopt the agenda for the Regular Board Meeting of July 20, 2011.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

11-07-09  MOTION WAS MADE by Director Ferguson, seconded by Director Hernandez, and carried unanimously, with Director Poltl absent, to approve the Consent Calendar as presented.
1.1 Approval of Minutes

A. Regular Board Meeting – July 6, 2011
B. Committee Meeting of the Whole Special Board Meeting – July 11, 2011

1.2 Warrant List through July 20, 2011 - $651,992.87

1.3 Financial Reports

A. Water Meter Count – June 30, 2011
D. Sewer Revenue and Expense Report – June 30, 2011
E. Appropriated Fund Balance Activity – June 30, 2011

1.4 Final Acceptance of La Costa Oaks North Builder Improvements, Neighborhood 3.4 & 3.5 (Pulte Homes)

1.5 Final Acceptance of Costco Wholesale (Costco Wholesale Corporation)

1.6 Final Acceptance of Barham Properties/Redel Road Water & Sewer Improvements

Paul Metcalf, member of the public, thanked staff for their assistance with the Barham Properties/Redel Road project.

PUBLIC HEARING

PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT “A” FOR THE FISCAL YEAR JULY 1, 2011, TO JUNE 30, 2012

Vice President Gentry opened the hearing as duly noted and posted. The hearing was opened at 4:01 pm.

General Manager Lamb stated that the District elects to have the sewer service fees from sewer only customers collected on the tax roll. State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees.

Staff recommended the Board approve the resolution authorizing the sewer service fees to be collected on the tax roll.

There being no persons wishing to address the Board, Vice President Gentry closed the hearing at 4:02 pm.
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11-07-10  MOTION WAS MADE by Director Ferguson, seconded by Director Shell, and carried unanimously, with Director Poltl absent, to adopt the resolution authorizing sewer service fees to be collected on the tax roll.

Resolution No. 1383 - The roll call vote was as follows:

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

PUBLIC HEARING ON PROPOSED CHANGE IN WATER, WASTEWATER SERVICE AND PUMP ZONE CHARGES

Vice President Gentry opened the hearing as duly noted and posted. The hearing was opened at 4:03 pm.

Finance Manager Scaglione facilitated a presentation explaining the budget process and the Prop. 218 Hearing notice process. The presentation included information on the following:

- The background of the District
- District's water and sewer systems
- Meadowlark Water Reclamation Facility
- Proposed combined average water/sewer bill for a single family resident using 14 units of water for FY ending 2012 and 2013 and estimated average water/sewer bill for FY ending 2014, 2015 and 2016
- Why rate increases are necessary
- 2011 San Diego Grand Jury Report
- The Public Hearing Notice process
- Concerns from protest letters
- District's budget theme of bridging, reforming, transforming
- Water and sewer rate comparison with other water agencies

Staff recommended the Board take action on the three proposed Ordinances.

Legal Counsel Scott noted that in addition to the 218 Notice of the proposed rates, a summary of each of the proposed ordinances was published in a local newspaper.

Mr. Harkins, member of the public, addressed the Board stating he realizes the Finance Manager has zero control of the wholesale rate and that his comments are not directed at him. Mr. Harkins stated that approximately a year and a half ago, Metropolitan Water District had long hearings over the rate increase and the wholesale water rates. They found that most of their wholesale costs were going to have to be increased because of
their manpower issues and their retirement issues. Mr. Harkins stated that he is aware
the Board does not have control over that. The Board does have some control over
some things, though. He stated he has been on the payment issues for about 15 years.
Every month he gets an envelope from the District telling him to send the District
money. Why should he send money when the District is already taking it out of his
checking account? He doesn’t know how many other people are involved in this, but he
is sure that this might be a dollar savings and might help the District in savings. Mr.
Harkins stated he has another issue about wonderful, glossy things the District sends to
him. He understands that these cost more than if put on porous paper. He is not a
printer but he does use a lot of paper and it’s less expensive if you use a different type
of paper which could save money. Mr. Harkins stated that he is presenting these issues
as cost saving opportunities. Mr. Harkins stated that he puts a label and a stamp on the
envelopes and uses them to mail to someone else.

There being no other persons wishing to address the Board, Vice President Gentry
closed the hearing at 4:34 pm.

Director Ferguson asked Finance Manager Scaglione to address Mr. Harkins’ issue of
the envelopes being included in the monthly billing statement.

Finance Manager Scaglione stated that the District is transitioning to a company called
Info Send for billing services. The company currently being used cannot do online
billing and payment options. When the transition takes place to electronic billing, the
envelope issue will go away for any person choosing to have an electronic bill sent to
them. With the current billing process, it would actually cost more money to interrupt
the billing process to have an individual selectively remove envelopes; the billing
process is one large file which is sent to the mailers and they insert the envelopes in the
billing. The process is one large cycle; it is not a divided cycle process. In recognition
of this issue and as a cost saving measure, the District chose to switch to the electronic
cycle. The change should take place by the end of this fiscal year.

11-07-11  MOTION WAS MADE by Director Hernandez, seconded by Director
Ferguson, and carried unanimously, with Director Poltl absent, to adopt
the ordinance approving an increase in water services rates.

Ordinance No. 171 - The roll call vote was as follows:

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

11-07-12  MOTION WAS MADE by Director Ferguson, seconded by Director Shell,
and carried unanimously, with Director Poltl absent, to adopt the
ordinance approving an increase in pump zone rates.
Ordinance No. 172 - The roll call vote was as follows:

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

11-07-13 MOTION WAS MADE by Director Hernandez, seconded by Director Shell, and carried unanimously, with Director Poltl absent, to adopt the ordinance approving an increase in sewer rates.

Ordinance No. 173 - The roll call vote was as follows:

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

ACTION ITEMS

PROJECT UPDATE AND APPROVAL OF CHANGE ORDER FOR CENTER DRIVE SEWER REPLACEMENT

General Manager Lamb stated that the proposed change order in the amount of $19,817.64 is associated with unstable soil conditions that were found, the trench being larger than anticipated and some extra rock removal. The proposed change order was presented to the Board Committee at its July 11, 2011 meeting and it was recommended this request be presented to the full Board for consideration and approval.

Staff recommended approval of Change Order No. 2 in the amount of $19,817.64.

11-07-14 MOTION WAS MADE by Director Shell, seconded by Director Ferguson, and carried unanimously, with Director Poltl absent, to approve Change Order No. 2 in the amount of $19,817.64.

APPROVAL OF CONSTRUCTION AGREEMENT FOR LAKE SAN MARCOS RESIDENTIAL CONDOMINIUMS, TM 5353-1, LOT 1, PHASE 2 (THE COVE)

General Manager Lamb stated that the project as approved was not completed and has since been taken over by a new developer. The new developer has posted the required bonds to complete the improvements for a 150-unit residential condominium project and related facilities.

Staff recommended the Board approve the construction agreement as presented.
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11-07-15 MOTION WAS MADE by Director Hernandez, seconded by Director Shell, and carried unanimously, with Director Poltl absent, to approve the construction agreement.

COMMUNITY OUTREACH PROJECTS

General Manager Lamb stated that the Palomar College GEAR UP Program is a U.S. Department of Education grant program that allocates resources to provide early college awareness, improve academic performance for all students, increase high school graduation rates, and improve the transition/preparation of all students from middle schools to high schools and from high schools to college, particularly at-risk, low-income, and first-generation students. The District, as a staff contribution, would provide mentoring on future careers, etc. The San Diego Heart Gallery is an adoption program supported by and run by the County of San Diego. The Heart Gallery is a mobile exhibit to showcase children and sibling groups who need a adoptive family. Staff is proposing to display the San Diego Heart Gallery in the District’s lobby for approximately one month.

These items were presented to the Board Committee at its July 11, 2011 meeting and it was recommended this request be presented to the full Board for consideration and approval.

Staff recommended approval to participate in the two programs.

11-07-16 MOTION WAS MADE by Director Ferguson, seconded by Director Shell, and carried unanimously, with Director Poltl absent, to approve District participation with the Palomar College GEAR UP Program and the San Diego Heart Gallery.

NORTH SAN DIEGO COUNTY RECYCLED WATER GROUP (NSDCRWG) – APPROVAL OF PER DIEM FOR DISTRICT BUSINESS TRIP

General Manager Lamb stated that the District is part of a group consisting of eight public agencies that are working towards a large scale program in North San Diego County in an effort to maximize the use of recycled water. The Board recently approved a lobbyist agreement with the Furman Group to represent the NSDCRWG in Washington, D.C. The Furman group will be meeting with several Senators from the region next week in Washington, D.C. General Manager Lamb stated that he was initially going to attend the meeting on behalf of the District, however, he has commitments that preclude him from attending. Director Gentry has represented the District several times with elected officials while attending prior conferences and is available to attend this meeting. Ordinance No. 170 requires Board approval for per diem and travel expenses for a Board member if it is not part of an organization the District belongs to. General Manager Lamb stated that the only difference in travel cost with Director Gentry attending would be the payment of per diem.
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Director Hernandez stated, in the interest of the public's knowledge, that a Board Committee meeting has taken place prior to this meeting in which all items are discussed at great detail before being presented at a Board meeting.

11-07-17 MOTION WAS MADE by Director Ferguson, seconded by Director Hernandez, and carried unanimously, to approve per diem and travel expenses for attendance.

QUARTERLY INVESTMENT REPORT

Finance Manager Scaglione provided an overview of the report. Staff is required by policy to present the report to the Board on a quarterly basis. Investment activity for the quarter includes approximately $1,350,000 CD's maturing of which $100,000 was rolled over; $200,000 of agencies matured; $1,700,000 in agencies were called. Two large payments took place at the end of the year: $2.9 million for debt service and $3 million for the CalPERS Side Fund payoff. The current yield is 0.716% compared to 0.749% from the previous quarter. The District has a very liquid portfolio with 132 days on the average maturity. The most recent valuations of LAIF and SDCIP, which are used in this report, is as of June 30, 2011.

Finance Manager Scaglione reviewed investment levels in the State of California's Local Agency Investment Fund (LAIF), federal agency obligations, FDIC backed corporate notes, the San Diego County Investment Pool (SDCIP) and certificates of deposit. He also reviewed the weighted average maturity in days; the relationship of liquidity to adopted reserve levels; the District's effective yield to LAIF, SDCIP, San Diego County Water Authority and the average 91-day Treasury bill for each month; and investments by fund and by type.

This item was for information only; no action was needed.

REPORTS

GENERAL MANAGER

General Manager Lamb stated that staff attempted to address the public's questions in the responses to letters received on the proposed rate increases in a more human nature and less technical manner.

General Manager Lamb commented on an article reporting record exports at 80+% through the Bay-Delta this year. This has happened very seldom in the history of the Bay-Delta and the entire supply system.
DISTRICT COUNSEL

Legal Counsel Scott reported on the California Supreme Court's important guidance involving the procedures required by Prop. 218 for the adoption of property related fees and the required election for fees. In the case of Greene vs. Marin County Flood Control District related to storm drainage/property related fees, the Court upheld the original 1997 pact and also concluded that the local government may adopt rules to conduct the election among property related fees as long as the rules do not come in conflict with Prop. 218.

SAN DIEGO COUNTY WATER AUTHORITY

Director Ferguson stated the next meeting will be held on July 28.

ENCINA WASTEWATER AUTHORITY

Director Gentry stated that he attended the Capital Improvement Committee meeting this morning. The capital improvement progress report was presented and the Committee reviewed a resolution for the operating budget.

ACWA REGION 10

None.

LAFCO

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Vice President Gentry noted that written reports were provided electronically. The reports are on file.

OTHER BUSINESS

None.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (ONE CASE)
Crosser v. Vallecitos Water District
San Bernardino Superior Court Case No. CIVSS 707286

The Closed Session was not needed and did not take place.
ADJOURNMENT

There being no further business to discuss, President Poltl adjourned the Regular Meeting of the Board of Directors at the hour of 4:56 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 3, 2011, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Darrell Gentry, Vice President
Board of Directors
Vallecitos Water District

ATTEST:

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