

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 17, 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 OCTOBER 17, 2012

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 3, 2012
- B. COMMITTEE MEETING OF THE WHOLE SPECIAL BOARD MEETING – OCTOBER 8, 2012

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH OCTOBER 17, 2012 - \$874,945.74

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

- A. WATER METER COUNT – SEPTEMBER 30, 2012
- B. WATER PRODUCTION/SALES REPORT – 2012/2013
- C. WATER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2012
- D. SEWER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2012
- E. RESERVE FUNDS ACTIVITY – SEPTEMBER 30, 2012

1.4 PROJECT ACCEPTANCE FOR SAGEWOOD WAY WATERLINE REPLACEMENT

All work has been completed.

- Recommendation:**
- 1) **Accept project**
 - 2) **File Notice of Completion**
 - 3) **Authorize release of all retention funds to the contractor within the 30-day notice period, provided no claims are filed**

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

ACTION ITEMS

2.1 RECOMMENDATION FOR 2012 FINANCING

The District's adopted 2012/13 budget includes a financing of \$7.1 million for the capacity portions of the San Marcos Interceptor and Linda Vista Sewer Projects.

- Recommendation:** **Authorize staff to execute loan documents with Bank of America**

2.2 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
News & Notes – October 2012

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: JULY – SEPTEMBER, 2012

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

CLOSED SESSION

5.1 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION
54956.9(a) CONFERENCE WITH LEGAL COUNSEL – EXISTING PUBLIC
EMPLOYMENT RELATIONS BOARD CASE

Case No. LA-SV-171-M

Claimant: Vallecitos Water District Public Services Employees

5.2 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957
PUBLIC EMPLOYEE PERFORMANCE EVALUATION – GENERAL MANAGER

*******END OF CLOSED SESSION*******

6.1 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, October 12, 2012.

Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 17, 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 Poltl
Director Shell (4:02 pm)
Director Gentry

Absent: Director Hernandez

Staff Present: General Manager Lamb
Assistant General Manager Scaglione
Legal Counsel Scott
Finance Manager Fusco
Administrative Services Manager Taylor
Principal Engineer Gumpel
Water Operations Supervisor Pedrazzi
Public Information/Conservation Supervisor Urabe
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 17, 2012

12-10-05 MOTION WAS MADE by Director Poltl, seconded by Director Ferguson, and carried unanimously, with Directors Hernandez and Shell absent, to adopt the agenda for the Regular Board Meeting of October 17, 2012.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

12-10-06 MOTION WAS MADE by Director Poltl, seconded by Director Ferguson, and carried unanimously, with Directors Hernandez and Shell absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – October 3, 2012

B. Committee Meeting of the Whole Special Board Meeting – October 8, 2012

1.2 Warrant List through October 17, 2012 - \$874,945.74

1.3 Financial Reports

- A. Water Meter Count – September 30, 2012
- B. Water Production/Sales Report – 2012/2013
- C. Water Revenue and Expense Report – September 30, 2012
- D. Sewer Revenue and Expense Report – September 30, 2012
- E. Reserve Funds Activity – September 30, 2012

1.4 Project Acceptance for Sagewood Way Waterline Replacement

ACTION ITEMS

RECOMMENDATION FOR 2012 FINANCING

Assistant General Manager Scaglione stated that the financing in concept was approved at the October 3, 2012, Board meeting. A proposed bank loan from Bank of America for \$7.1 million at a fixed rate of 1.98% was presented at the October 8, 2012, Board Committee meeting. The \$7.1 million loan replaces the need to borrow the \$6.1 million budgeted in the 2011/2012 budget year to pay of the CalPERS side fund and also to fund the OPEB. Both of these were done through reserves. Rather than further deplete reserves, this loan will help fund the San Marcos Interceptor and Linda Vista Sewer projects. These portions would have normally come from the capacity funds.

The \$7.1 million, along with deferring later phases of the San Marcos Interceptor, eliminated \$47 million in debt from the ten-year projection in the 2011/2012 budget. Staff and the District's financial advisor, Mr. Robert Porr, Senior Vice President at Fieldman, Rolapp & Associates, worked together to evaluate financing options, including some proposals received from an RFP for banks for loans. The most favorable rate was Bank of America.

Staff recommended the Board authorize staff to execute loan documents with Bank of America at a fixed rate of 1.98%.

12-10-07 MOTION WAS MADE by Director Poltl, seconded by Director Shell, and carried unanimously, with Director Hernandez absent, authorizing staff to execute loan documents with Bank of America.

QUARTERLY INVESTMENT REPORT

Assistant General Manager Scaglione provided the quarterly investment report. Investment activity for the quarter ended in September saw \$0.5 million in agencies mature, \$0.5 million in agencies called, and \$1.4 million in agencies purchased; \$0.5 million in commercial paper matured, \$0.5 million in commercial paper purchased, and \$0.74 million in CD's purchased. Investment returns increased to 0.468% from 0.454% in the previous quarter. The District continues to maintain a diverse portfolio with

investments in LAIF, federal agency obligations, commercial paper, FDIC backed corporate notes, the San Diego County Investment Pool, and certificates of deposit. He also reviewed the weighted average maturity in days and the relationship of liquidity to adopted reserve levels as well as investments by fund and by investment type.

This item was presented for information only.

REPORTS

GENERAL MANAGER

General Manager Lamb presented pictures taken inside of the 21" pipe (San Marcos Interceptor project) which revealed inflow of water occurring at the joints, one of which was broken. The pipe was originally installed in 1968 and has reached its 50-year useful life. Staff has been working very closely with the City of San Marcos in the development of the San Marcos Creek project. The City granted the District new right-of-ways so that when the new pipe is installed, it will be within the future roadways so that the pipe will not be impacted and will not have to be moved again.

DISTRICT COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

President Gentry stated that the News & Notes was provided in agenda packet.

General Manager Lamb reported on the last public hearing held at the City of Carlsbad on October 10, 2012, for the Carlsbad Desalination Plant. The hearing was well attended. An additional Board Workshop was held the following day at the SDCWA to again review the rates and rate structure as well as the options for applying the rates. The District's impact on any of the four rate structures is less than 1%. Another Board meeting will be held on October 25.

ENCINA WASTEWATER AUTHORITY

Director Poltl reported on the Policy and Finance Committee meeting held on October 9.

President Gentry reported on the Capital Improvement Committee meeting held this morning. He also stated that an all-day workshop on Strategic Planning will take place tomorrow and the next Board meeting will take place on October 24.

ACWA REGION 10

President Gentry stated that preparations continued this month on the Regions 9 & 10 joint program scheduled on October 19 and the Issue Forum which will be held at the ACWA Fall Conference in December.

LAFCO

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

The Public Affairs Activity Report for July – September, 2012, was provided for information only.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)
CONFERENCE WITH LEGAL COUNSEL – EXISTING PUBLIC EMPLOYMENT
RELATIONS BOARD CASE

Case No. LA-SV-171-M

Claimant: Vallecitos Water District Public Services Employees

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957 PUBLIC
EMPLOYEE PERFORMANCE EVALUATION – GENERAL MANAGER

12-10-08 MOTION WAS MADE by Director Ferguson, seconded by Director Shell, and carried unanimously, with Director Hernandez absent, to move into closed session pursuant to Government Code Sections 54956.9(a) and 54957.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 5:10 p.m. The Board, in Closed Session, directed staff to take appropriate action concerning the existing Public Employment Relations Board case. The Board also discussed the evaluation of the General Manager.

ADJOURNMENT

There being no further business to discuss, President Gentry adjourned the Regular Meeting of the Board of Directors at the hour of 5:11 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 7, 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, Secretary
Board of Directors
Vallecitos Water District