AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 6, 2013, AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT HERNANDEZ

PLEDGE OF ALLEGIANCE – DIRECTOR POLTL

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 NOVEMBER 6, 2013

PRESENTATIONS

Meter Department Presentation.

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 23, 2013

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes
1.2 WARRANT LIST THROUGH NOVEMBER 6, 2013 – $4,524,470.07

Recommendation: Approve Warrant List

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

ACTION ITEMS

2.1 F.O.G. CONTROL PROGRAM PRESENTATION

Recommendation: For information only

2.2 RESERVE POLICY RESOLUTION

The Cost of Service Study Report included a recommendation to account for the impending water wholesale cost increase from desalinated water in the reserve policy.

Recommendation: Adopt Resolution

2.3 OTHER POST-EMPLOYMENT BENEFITS VALUATION REPORT

Accounting standards require the District to prepare an actuarial valuation bi-annually of the liability the District incurs to provide Other Post-Employment Benefits to retirees.

Recommendation: For discussion only

2.4 ADDENDUM TO FINAL WATER, WASTEWATER, AND RECYCLED WATER MASTER PLAN PROGRAM ENVIRONMENTAL IMPACT REPORT: SAN ELIJO HILLS PUMP STATION PROJECT

The District needs to design, build, operate, and maintain a pump station in order to receive treated water from Olivenhain Municipal Water District.

Recommendation: Adopt Resolution

2.5 APPROVAL OF CHANGE ORDER AND BUDGET INCREASE FOR 12-INCH FAILSAFE REPLACEMENT REDWING STREET PROJECT

The pipeline replacement needed to be rerouted and extended around the thrust blocks due to an inconsistency with the actual thrust block locations in comparison with the as-built construction plans.

Recommendation: Approve change order and budget increase
2.6  CIP QUARTERLY UPDATE PRESENTATION

Recommendation: For information only

2.7  REQUEST FOR WAIVER OF METER REQUIREMENT

North County Health Services leases adjacent City-owned property for use as a parking lot.

Recommendation: This item was placed on the agenda for discussion at the request of Board President Hernandez.

*****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  DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

4.1  MEETINGS

CASA 2014 Winter Conference
January 15 - 17, 2014 – Renaissance Esmeralda, Indian Wells, CA

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

5.1  DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*****END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*****

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.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

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, November 1, 2013.

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

Director Poltl led the pledge of allegiance.

Present: Director Evans
Director Ferguson
Director Martin
Director Poltl
Director Hernandez

Staff Present: General Manager Lamb
Assistant General Manager Scaglione
Legal Counsel Scott
Director of Engineering & Operations Gerdes
Administrative Services Manager Emmanuel
Finance Manager Fusco
Accounting Supervisor Owen
Meter Services Supervisor Garcia
Principal Engineer Gumpel
Capital Facilities Engineer Scholl
Water Operations Supervisor Pedrazzi
Public Information/Conservation Supervisor Urabe
Public Information Representative Webb
Public Information Representative Yerman
FOG Program Technician Harrell
Accounts Analyst Kirby
Human Resources Technician Anderson
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 6, 2013

13-11-02 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of November 6, 2013.

PRESENTATIONS

Meter Department Presentation

Meter Department Supervisor Garcia facilitated the presentation as follows:

- Overview of department staff
- Number of meters in the district
- Meter reading/daily reads
• Meter repairs and Maintenance
• Meters – re-reads, service request calls, construction meters, backflow, GPS locations, new construction MXU’s, future of meter reading

General discussion took place. This presentation was for information only.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

13-11-03  MOTION WAS MADE by Director Poltl, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

1.1 A.  Regular Board Meeting – October 23, 2013

1.2  Warrant List through November 6, 2013 - $4,524,470.07

ACTION ITEMS

F.O.G. CONTROL PROGRAM PRESENTATION

FOG Program Technician Harrell provided an overview of his first presentation to the Board and presented an update to the Fats Oil Grease Control program as follows:

• What’s next for the FOG Control Program (fee structure, ordinance, public outreach/education, inspections)
• Recovering cost of FOG Control Program
• Comparable agencies
• Proposed FOG Program fee
• Estimated FOG Control Program costs year 1 and year 2+
• FOG Control Ordinance
• Outreach and education for food service establishments (FSE)
• FOG guidance manual
• Continued outreach and education
• FSE inspection

General discussion took place. This item was for information only.

RESERVE POLICY RESOLUTION

Assistant General Manager Scaglione stated that the Cost of Service Study (COSS) Report included a recommendation to account for the impending water wholesale cost increase from desalinated water in the reserve policy. Resolution 1395 establishes the reserve policy for the District. The District maintains operating reserves, OPEB reserves, replacement reserves and rate stabilization funds.
Currently, the water replacement reserve balance is $8.3 million below the adopted ceiling. There are no water stabilization funds. It is the District’s intent to accumulate reserves in excess of the ceiling in order to establish a water rate stabilization fund. After commencement of deliveries of desalinated water, the District will use the rate stabilization funds and some of the replacement reserves to mitigate the impact of the wholesale price increase from desalinated water. At the recommendation of the COSS consultants, the reserve policy revisions include language that articulates the District’s desalinated water cost mitigation strategy. Other minor clarifying revisions are also included in the proposed resolution.

Staff recommended the Board consider and adopt the Reserve Policy resolution.

General discussion took place.

Mr. Michael Hunsaker, member of the public, addressed the Board stating he had a couple of questions regarding the policy. The first question related to replacement costs and he read from the proposed resolution as follows: “replacement costs equal net additional to infrastructure and system assets increased according to the published Construction Cost Indices…” he isn’t sure which indices are being talked about. He asked if it’s for San Diego County, State of California, Federal, is it for residential or architectural? Which indices?

General Manager Lamb responded it’s referring to the Engineering News Record of Los Angeles.

Mr. Hunsaker stated that he is a fan of reserves, or some degree of rate stabilization. Using it for largely specifically for desalinized water he is not so sure is appropriate. He would, whenever a rate structure analysis is done, that these reserve policies and those reserve amounts that go into the billing should be clearly defined and separated so that they can be tracked. Most of the reserves are limited. There is a limit to how much you collect, but for the rate stabilization you have to act in order to lower them. There is no net limit as to how high they can go. That disturbs him a little bit but yes, some reserves are needed. He would like to see it for definitely defined, more limited and some transparency in the financial reporting. He thanked the Board.

13-11-04 MOTION WAS MADE by Director Poltl, seconded by Director Ferguson, and carried unanimously, to adopt the Resolution.

Resolution No. 1433 - The roll call vote was as follows:

AYES: Evans, Ferguson, Martin, Poltl, Hernandez
NOES: 
ABSTAIN: 
ABSENT: 
OTHER POST-EMPLOYMENT BENEFITS VALUATION REPORT

Assistant General Manager Scaglione stated that in September of 2013, Nicolay Consulting provided the District with their report on the Actuarial Valuation of Post-employment Medical Benefits dated January 1, 2013. Accounting standards require the District to prepare an actuarial valuation bi-annually of the liability the District incurs to provide Other Post-Employment Benefits (OPEB).

Assistant General Manager Scaglione discussed projected trends in OPEB liabilities, costs, and other relevant information. The greatest variance is due from funding a trust, capping the amount of medical insurance premiums paid by the District, and negotiating longer vesting schedules. He also discussed graphs that showed the total liability for OPEB; the annual cost of OPEB as projected by the actuarial consultants in the 2009, 2011, and 2013 reports; the District’s actual and projected group insurance costs, including amounts paid for retiree medical premiums; the increase in health care costs assumptions in the actuary’s 2009, 2011, and 2013 reports as well as the increases assumed by the District in the current budget; and amounts of the OPEB liability that are funded in a trust compared to the unfunded portion.

General discussion took place.

This item was for information only.

ADDENDUM TO FINAL WATER, WASTEWATER, AND RECYCLED WATER MASTER PLAN PROGRAM ENVIRONMENTAL IMPACT REPORT: SAN ELIJO HILLS PUMP STATION PROJECT

Capital Facility Engineer Scholl stated that Olivenhain Municipal Water District (OMWD) is under contract to treat and deliver water to the San Diego County Water Authority (SDCWA) until March of 2014. Upon completion of the contract, OMWD will have additional treatment capacity available to this District at a rate discounted from SDCWA’s melded municipal and industrial treatment rate. VWD needs to design, build, operate, and maintain a pump station in order to take treated water from OMWD.

On November 21, 2012, the Board authorized staff to execute a Water Purchase Agreement (WPA) with OMWD for the purchase of at least 2,750 acre-feet of treated water per year. VWD’s 2008 Master Plan evaluated this purchase of surplus treated water from OMWD’s treatment plant. However, this evaluation was only conceptual and did not consider infrastructure modifications that would be necessary to physically transfer the water to the District’s service area.

The pump station is currently being designed through an engineering services agreement with Infrastructure Engineering Corporation (IEC), which the Board approved on February 6, 2013, in the amount of $264,566.00. On May 29, 2013, the District approved an addendum to IEC’s scope of services in the amount of $20,658.00 to include the preparation of an addendum to the 2008 Master Plan’s PEIR to evaluate the potential impacts that the pump station may have on the environment. The addendum
finds that no new significant effects will result from the project that were not examined in the PEIR, no significant effects will have substantially increased in severity as a result of the project, and that the project does not require any new mitigation measures. The addendum and findings require adoption by a resolution of the Board before a decision is made to approve the San Elijo Hills Pump Station project.

Staff recommended approval of the resolution taking the following actions: 1) Adopt Addendum No. 1 and Findings set forth in the resolution; 2) Approve the Mitigation Monitoring and Reporting Program included in Addendum No. 1; and 3) Approve the San Elijo Hills Pump Station Project and require implementation of the Mitigation Measures and Mitigation Monitoring and Reporting Program.

General discussion took place.

13-11-05 MOTION WAS MADE by Director Ferguson, seconded by Director Evans, and carried unanimously, to adopt the Resolution.

Resolution No. 1434 - The roll call vote was as follows:

AYES: Evans, Ferguson, Martin, Poltl, Hernandez
NOES:
ABSTAIN:
ABSENT:

APPROVAL OF CHANGE ORDER AND BUDGET INCREASE FOR 12-INCH FAILSAFE REPLACEMENT REDWING STREET PROJECT

Principal Engineer Gumpel stated that the District's failsafe line conveys secondary effluent and/or recycled water that does not meet Title 22 requirements to the Encina ocean outfall. A section of the line in Redwing Street is prone to failure. There is also a lot of utilities in the area as well as a lot of turns in the pipe due to all of the utilities. While performing trenching operations within the easement area of the failsafe pipeline, the contractor uncovered a significant amount of broken concrete and asphalt mixed with fill dirt. This caused trenching operations to slow and led to damage to an existing 8-inch diameter sewer line, which was repaired by the contractor.

The contractor also uncovered two large concrete thrust blocks in close proximity to the southerly connection point. This made it difficult or impossible to make the connection at the proposed location without disturbing the thrust blocks. The thrust blocks provide thrust support for the existing 18-inch diameter sewer force main, which is a critical pipeline for the Meadowlark Treatment Plant and cannot be taken out of service without causing a major interruption at the plant. The 18-inch pipeline is shown on the project construction plans, however, the actual thrust block locations are not consistent with the 18-inch pipeline as-built construction plans. The pipeline replacement, therefore, needed to be rerouted and extended around the thrust blocks.
In order to avoid a significant delay, District staff directed the contractor to pothole and find a new connection point further to the south on the existing pipeline alignment. District staff worked with the contractor to find an alternate pipeline alignment that included crossing under and/or over at least four existing pipelines as well as other onsite utilities. This work resulted in a significant change order for the project. As a result, however, more of the deep pipeline was raised to a shallower depth.

The total change order cost exceeds 10% of the contract value. Therefore, approval of the change order requires Board action per District Ordinance No. 146. Due to the timing and nature of the construction work, staff directed the contractor to proceed with the intention of presenting the change order at the next Board meeting for consideration. Waiting for Board action would have resulted in additional standby charges for equipment and labor by the contractor.

All construction work has been completed. However, final acceptance of the project by the County of San Diego is still pending. District acceptance of the project will be presented to the Board after County approval is received.

Staff recommended the Board approve the change order amount of $62,731 and a budget increase of $54,397.

General discussion took place.

13-11-06 MOTION WAS MADE by Director Martin, seconded by Director Ferguson, and carried unanimously, to approve the change order and budget increase.

CIP QUARTERLY UPDATE PRESENTATION

Principal Engineer Gumpel presented the CIP Quarterly Update as follows:

- Richland Tank No. 1 Refurbishment
  - Contract awarded to Pacific Titan, Inc.
  - Exterior work and interior coating mostly completed
  - One Change Order in the amount of $10,725 for additional steel rafter repairs

- Rock Springs Sewer Replacement
  - This project is in design
  - Administrative Draft Mitigated Negative Declaration completed
  - CEQA environmental studies completed
  - Appraisal continuing for required easements
  - Design contract completion date – 05/14
  - Construction completion date – 02/15
• San Marcos Interceptor Phase 1
  o Project is in construction
  o Tunneling work under SR 78 freeway is complete
  o Tunneling work under Johnson Lane will begin in approximately 2 weeks
  o Potential change order for rock in the trench zone
  o Invasive species removal has begun at the corner of Twin Oaks and San Marcos Blvd.
  o Estimated contract start date – 7/1/13
  o Estimated completion date – 3/28/14

• Linda Vista East Sewer
  o Bids opened on October 30; in process of evaluating bids
  o Design contract completion date – 07/13
  o Construction completion date – 03/14

• Lift Station 1 Pump Improvements
  o 90% Construction Plans and Specifications continuing
  o Design Contract Completion Date – 01/14
  o Construction Completion Date – 6/14

• 12” Failsafe Replacement at Redwing Street
  o Notice to Proceed date September 12
  o Majority of street work completed
  o Change Order No. 1 will be submitted for Board approval
  o Board Award Date – 8/12/13
  o Estimated Completion Date – 10/13

• MRF Solids Force Main Replacement
  o 50% Construction Plans and Specifications received
  o Met with City of Carlsbad staff regarding traffic requirements
  o Reviewing odor control strategies
  o Construction Plans and Specifications 90% complete
  o Additional scope to replace Influent Sewer and Solids Influent line requested
  o Design contract completion date – 01/14
  o Construction completion date – 11/14

• San Elijo Hills Pump Station
  o Board approved Programmatic EIR
  o Continued preliminary design and sizing of pumps
  o Received 50% design plans
  o Obtain Agreement and easement from Center for Natural Lands Management with approval from wildlife agencies
  o Design contract completion date – 12/13
  o Construction completion date – 10/14
• Project Totals
  o 16 CIPs concurrently in the works
  o Budget total is $31,644,000 (not all of this active this fiscal year)
  o $7.6 million currently in construction contracts
  o Currently one change order
  o Percentage of change orders is -0.28%

This item was presented for information only.

REQUEST FOR WAIVER OF METER REQUIREMENT

President Hernandez stated that in order to avoid any perception of conflict of interest, he will recuse himself from discussion and action on this item. He turned the meeting over to Vice President Ferguson.

Vice President Ferguson stated that this item was placed on the agenda for discussion at the request of President Hernandez.

Mr. Ron Withall, Vice President of Facilities for North County Health Services (NCHS), addressed the Board stating that he is here to request a waiver from the requirement to provide a water meter on a piece of property that is owned by the City of San Marcos, adjacent to their property, and it's a property they are currently leasing for parking for their staff. NCHS is a nonprofit community clinic public benefit corporation providing health services to the uninsured and underinsured living in North County. Their funding is derived primarily from governmental sources and patients.

Mr. Withall stated that the property is owned by the City and they've been told that the City will never sell the property to them. There is a water source within 20 feet of the City property providing service to their current building. They would like to tap into that source to provide irrigation to the landscape area of the parking lot. The water usage for the landscaping on a monthly basis is projected to be roughly 10-15 units per month. They are using a drought tolerant landscaping to keep the water uses as low as possible. He knows the Water District has a policy stating that a meter is required, but he is asking them to consider the circumstances and reason for this request and waive the requirement for a meter in this instance. He thanked the Board.

General Manager Lamb stated that for clarification purposes, the request is not to waive the fees, it's just to waive the requirement of installing a meter. This conversation has been taking place for approximately two years. District Engineer Ken Gerdes has worked with the City and the proponents over the past two years. It managed to work itself out over the last year and a half. NCHS planted the landscaping and has done great without irrigation. He believes they have additional irrigation they now have to put in. Now that NCHS is paving the parking lot, the City has told them they have to irrigate the property.
General Manager Lamb stated that Ordinance No. 49 of the District requires that separate parcels under separate ownership must have their own meter. He stated that in this case he can understand the owner's request and suggested as an alternative, that the Board consider, as a simple solution to this and because of the fact it's a government owned piece of property that will not be transferred and that the District does try to work with other agencies whenever there is an accommodation that can be made, that the District enter into an agreement with the City, that the City would acknowledge that the water is being provided by an adjacent parcel of land and there is no entitlement to that property by virtue of the District providing the service. He would like to see the agreement recorded, if it is a recordable agreement, to where whoever does own the property, it acknowledges that if the property is sold, transferred, or any type of title change, this accommodation will no longer be provided. He also recommended that this be brought back before the Board on an annual basis or similar for review by the Board. This would provide the relief to NCHS to not have to actually pay for the meter until several years down the road. He believes NCHS plans to build a daycare center on the property in approximately five years.

Director Evans asked Mr. Withall if he didn't have to pave this, this would never have come up, it's because he wants to improve the paving; this is when the City stepped in and said that now they want the property irrigated.

General Manager Lamb clarified that these are conditions of the City, not the District.

Mr. Withall responded that they have made the decision to upgrade that area for their staff. One of the requirements in doing that with the City is that they provide irrigation to the landscape.

Vice President Ferguson stated that the motion requested by General Manager Lamb is that the Board consider entering into an agreement with the City of San Marcos to allow water service provided with no entitlement and would like to see the agreement recorded, if possible, and that the agreement be reviewed annually by the Board.

13-11-07 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, with President Hernandez recused, to enter into an agreement with the City of San Marcos for water service with no entitlement, to record the agreement if possible, and the Board to review the agreement annually.

REPORTS

GENERAL MANAGER

None.
DISTRICT COUNSEL

Legal Counsel Scott stated that he will be attending the CASA Attorneys meeting at which the topics will be the use of cell phones and emails in the public agency context, reviewing legislation that was passed last year and turned into 2-year bills which affects special districts, as well as recent cases.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that a special meeting for Water Planning, Imported Water and Administrative and Finance Committees will be held on November 14.

ENCINA WASTEWATER AUTHORITY

Director Poltl reported on the Policy and Finance Committee meeting at which the South Parcel was discussed as well as pyrolysis, which is another step in creating their fertilizer pellets.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Evans stated that she went to the Green Thumb Nursery on Saturday where the “Going Native” joint garden event was held. It was absolutely wonderful, well attended and well done. She complimented the District for supporting it and staff for the amazing job they did.

Director Martin asked if the next meeting in November is when they will be discussing policy as far as videoing.

General Manager Lamb responded that if staff completes the Record Retention Policy, it may be on the December 12 meeting agenda.

Director Poltl stated that on November 13 the City is having a community meeting at the Community Center at 6:00 p.m. at which they will be discussing the Creekside development and San Marcos Blvd.
Director Ferguson stated that the 13th is a regular meeting of the Creekside Task Force and all are welcome to attend. She and Director Hernandez are members of the Task Force and will be attending that meeting.

Director Martin asked General Manager Lamb if there will be any more meetings or reports on Lake San Marcos.

General Manager Lamb stated they are currently continuing through the mediation process. They think they have reached a very close agreement on putting the bankruptcy to rest. Once the process is complete, then everybody can focus on completing the study. The RFP for the modeling has been completed. The modeling is supposed to start and be completed by early January. They think the creek and everything else will be done approximately by March. It is anticipated that an additional mediation will take place sometime after that. They are getting closer to the apportionment. Probably still looking at September of next year before the Study is completed and apportionment.

**ADJOURNMENT**

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 5:51 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Monday, November 25, 2013, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

James Hernandez, President  
Board of Directors  
Vallecitos Water District

**ATTEST:**

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