CALL TO ORDER – PRESIDENT HERNANDEZ

PLEDGE OF ALLEGIANCE – GENERAL MANAGER LAMB

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 25, 2013

INTRODUCTION

Human Resources Technician Anderson will introduce new employee – Steve Vuoso, Financial Analyst.

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 – NOVEMBER 4, 2013
B. REGULAR BOARD MEETING – NOVEMBER 6, 2013

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes
1.2 WARRANT LIST THROUGH NOVEMBER 25, 2013 – $3,904,870.80

Recommendation: Approve Warrant List

1.3 FINANCE REPORTS

A. WATER METER COUNT – OCTOBER 31, 2013
B. WATER PRODUCTION/SALES REPORT – 2013/2014
C. WATER REVENUE AND EXPENSE REPORT – OCTOBER 31, 2013
D. SEWER REVENUE AND EXPENSE REPORT – OCTOBER 31, 2013
E. RESERVE FUNDS ACTIVITY – OCTOBER 31, 2013
F. INVESTMENT REPORT – OCTOBER 31, 2013

1.4 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SAN ELIJO HILLS PHASE 3, P.A. “K”, UNIT 15 (SAN ELIJO HILLS DEVELOPMENT COMPANY)

San Elijo Hills Development Company has completed the installation of water and sewer facilities.

Recommendation: Final Acceptance

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

ACTION ITEMS

2.1 APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN ELIJO HILLS PHASE 3, P.A. “T”, UNIT 7 (SAN ELIJO HILLS ESTATES, LLC)

San Elijo Hills Estates, LLC, new owner of the project, is requesting approval of a new construction agreement for the completion of the installation of water and sewer facilities.

Recommendation: Approve construction agreement

2.2 FISCAL YEAR 2012/13 ANNUAL AUDIT REPORT

Annual audit of the District’s financial statements.

Recommendation: Accept the Fiscal Year 2012/13 audited financial statements

2.3 LEGISLATIVE POLICY GUIDELINES RESOLUTION

Establishes guidelines for supporting or opposing proposed federal and state legislation that may impact the water and wastewater industry as well as the District.

Recommendation: Adopt Resolution
2.4 PROJECT ACCEPTANCE FOR 12-INCH FAILSAFE REPLACEMENT REDWING STREET PROJECT

The project is complete with one change order for changing the southerly connection point and rerouting the pipeline due to existing pipeline conflicts.

**Recommendation:** 1) Accept the project; 2) file a Notice of Completion, and 3) authorize release of retention funds to the contractor following the 30-day notice period, provided no claims are filed

2.5 FINAL ACCEPTANCE FOR RICHLAND TANK NO. 1 REFURBISHMENT PROJECT

All work has been completed including recoating of the interior of the tank, structural and safety upgrades and modifications, a new center vent and new ladder guard.

**Recommendation:** 1) Accept the project; 2) file a Notice of Completion, and 3) authorize release of retention funds to the contractor following the 30-day notice period, provided no claims are filed

2.6 REJECTION OF CONSTRUCTION BIDS FOR AND RE-ADVERTISEMENT OF THE LINDA VISTA EAST SEWER PROJECT

The project involves the construction of approximately 2,980 feet of new 15-inch pipe and the abandonment of approximately 1,470 feet of existing 8-inch pipe.

**Recommendation:** Reject all construction bids and authorize staff to re-advertise the project for public bid

2.7 ACWA ELECTION OF OFFICERS

ACWA will issue one proxy card for voting purposes to each member agency present based on the designated voting representative identified by the member agency.

**Recommendation:** Request Board direction on Board member authorized to vote on behalf of the district

2.8 CALIFORNIA URBAN WATER CONSERVATION COUNCIL GROUP 1 BOARD OF DIRECTORS REPRESENTATIVES ELECTION

The California Urban Water Conservation Council is conducting their 2013 Board of Directors Election.

**Recommendation:** Request Board direction
2.9 CONDUCTING THE BUSINESS OF THE BOARD

Ordinance No. 189 is the current policy of the Board on conducting the business of the Board.

Recommendation: This item was placed on the agenda at the request of Director Evans

*****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 QUARTERLY BOARD EXPENSES

For information only.

Recommendation: No action required

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

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

6.1 ADJOURNMENT OF REGULAR VWD BOARD MEETING

*****END OF AGENDA FOR THE REGULAR VWD BOARD MEETING*****
AGENDA FOR THE REGULAR MEETING OF THE FINANCING CORPORATION
OF THE VALLECITOS WATER DISTRICT
MONDAY, NOVEMBER 25, AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT HERNANDEZ

ROLL CALL

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 25, 2013

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES
A. REGULAR MEETING OF THE VALLECITOS WATER DISTRICT
   FINANCING CORPORATION – DECEMBER 5, 2012

   Approved minutes become a permanent public record of the District.

   Recommendation: Approve minutes

*****END OF FINANCING CORPORATION CONSENT CALENDAR*****

ACTION ITEMS

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

REPORTS

2.1 FISCAL YEAR 2012/13 ANNUAL AUDIT REPORT

   Required annual reporting of the Vallecitos Water District audited financial
   statements and selected financial and operating data.

   Recommendation: Note and file report

*****END OF FINANCING CORPORATION REPORTS*****

3.1 ADJOURNMENT OF FINANCING CORPORATION MEETING

*****END OF FINANCING CORPORATION AGENDA*****
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., Thursday, November 21, 2013.

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

General Manager Lamb 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 Jackson
Director of Engineering & Operations Gerdes
Administrative Services Manager Emmanuel
Finance Manager Fusco
Capital Facilities Engineer Scholl
Human Resources Technician Anderson
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 25, 2013

13-11-07 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of November 25, 2013.

INTRODUCTION

Human Resources Technician Anderson introduced Steve Vuoso, Financial Analyst.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

13-11-08 MOTION WAS MADE by Director Poltl, seconded by Director Evans, and carried unanimously, to approve the Consent Calendar as presented.

1.1 A. Regular Board Meeting – November 4, 2013
B. Regular Board Meeting – November 6, 2013

1.2 Warrant List through November 25, 2013 - $3,904,870.80
Minutes of the Vallecitos Water District Regular Meeting  
November 25, 2013  

1.3 Finance Reports  

A. Water Meter Count – October 31, 2013  
B. Water Production/Sales Report – 2013/2014  
C. Water Revenue And Expense Report – October 31, 2013  
D. Sewer Revenue And Expense Report – October 31, 2013  
E. Reserve Funds Activity – October 31, 2013  
F. Investment Report – October 31, 2013  

1.4 Final Acceptance of Water and Sewer Improvements for San Elijo Hills Phase 3,  
P.A. “K”, Unit 15 (San Elijo Hills Development Company)  

Director Martin referred to Item 1.1 minutes, page 28 of the Board packet, stating that  
Vice President Ferguson made the motion, he started to make the motion and then it  
was taken over by the Chair.  

General Manager Lamb stated that staff will verify the record for correctness.  

Director Martin referred to the rain barrel purchase listed on the Warrant List and asked  
if the amount listed was the District’s share or the total cost, to which staff responded  
they would check and follow-up.  

ACTION ITEMS  

APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN ELIJO HILLS PHASE 3,  
P.A. “T”, UNIT 7 (SAN ELIJO HILLS ESTATES, LLC)  

Director of Engineering & Operations Gerdes stated that the project has been inactive  
until California Cove recently sold the project back to San Elijo Hills Estates, LLC. The  
original construction agreement with California Cove has expired. San Elijo Hills  
Estates, LLC is requesting approval of a new construction agreement for the completion  
of the installation of water and sewer facilities for the project.  

All water and wastewater capital facility fees have been paid, as well as engineering  
and inspection fees and deposits. The owner has submitted standard surety bonds to  
guarantee completion of the project.  

Staff recommended approval of the construction agreement.  

13-11-09 MOTION WAS MADE by Director Evans, seconded by Director Martin,  
and carried unanimously, to approve the construction agreement.  

FISCAL YEAR 2012/13 ANNUAL AUDIT REPORT  

Assistant General Manager Scaglione introduced Mr. David Forman with White Nelson  
Diehl Evans LLP stating that Mr. Forman and Finance Manager Fusco will present the  
annual audit report.
Mr. Forman stated that the evidence they obtained is sufficient and appropriate to render their audit opinion and are rendering a clean opinion. He discussed the audit letter detailing management’s responsibility for the financial statements, the auditor’s responsibility as well as the auditor’s opinion. He also reviewed the statements of net position, statements of revenues, expenses and changes in the net position, statements of cash flows, the notes to the basic financial statements as well as the significant audit findings. Mr. Forman also discussed a couple of items where they felt some improvements could be made with respect to processes/internal control.

Finance Manager Fusco stated that on September 18, 2012, Standard and Poor’s reaffirmed the District’s AA credit rating with a stable outlook. And on July 24, 2013, Fitch Ratings reaffirmed the District’s AA+ rating with a stable outlook. He reviewed management’s discussion and analysis which included the financial highlights and the financial statements which included the statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows; analysis of financial position and results of operations; current to prior year analysis for these positions; restrictions, commitments and limitations; capital assets and long-term debt.

General discussion took place.

This item was for note and file.

LEGISLATIVE POLICY GUIDELINES RESOLUTION

General Manager Lamb stated that historically, the Board has discussed establishing legislative guidelines for supporting or opposing proposed federal and state legislation that may impact the water and wastewater industry as well as the District. The primary purpose of the policy would be to provide staff with a guidance document that allows timely and appropriate responses to the various topics that can suddenly arise, as well as provide clear long term direction for the District. Due to the nature of the policy, it is anticipated that it will have items added, removed or modified therefore, the policy will be brought back to the Board periodically for updates and approval.

General discussion took place.

13-11-10 MOTION WAS MADE by Director Martin, seconded by Director Poltl, and carried unanimously, to adopt the Resolution.

Resolution No. 1435 - The roll call vote was as follows:

AYES: Evans, Ferguson, Martin, Poltl, Hernandez
NOES:
ABSTAIN:
ABSENT:
PROJECT ACCEPTANCE FOR 12-INCH FAILSAFE REPLACEMENT REDWING STREET PROJECT

Director of Engineering & Operations Gerdes stated that the project is complete with one change order in the amount of $62,731 for changing the southerly connection point due to existing pipeline conflicts. The Board approved the change order and a budget increase of $54,397 at the November 6, 2013 meeting. Staff has received final acceptance clearance from the County of San Diego for repaving Redwing Street.

Staff recommended the Board accept the project; file a Notice of Completion; and, authorize release of retention funds to the contractor following the 30-day notice period, provided no claims are filed.

General discussion took place.

13-11-11 MOTION WAS MADE by Director Ferguson, seconded by Director Martin, and carried unanimously, to accept the project; file a Notice of Completion; and, authorize release of retention funds to the contractor following the 30-day notice period, provided no claims are filed.

FINAL ACCEPTANCE FOR RICHLAND TANK NO. 1 REFURBISHMENT PROJECT

Director of Engineering & Operations Gerdes stated that all work has been completed including the recoating of the interior of the tank, structural and safety upgrades and modifications, a new center vent and new ladder guard. Change orders included the replacement of all interior rafters due to excessive corrosion and a credit change order for the removal of dehumidification from the contract which was not necessary because of favorable weather conditions.

District staff performed upgrades and repairs to the site while the tank was out of service. The electrical/SCADA system was upgraded including the installation of a new antenna and electoral conduit. Two leaking valves were also replaced as well as the existing tank drain which was severely corroded.

Staff recommended the Board accept the project; file a Notice of Completion; and, authorize release of retention funds to the contractor following the 30-day notice period, provided no claims are filed.

13-11-12 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to accept the project; file a Notice of Completion; and, authorize release of retention funds to the contractor following the 30-day notice period, provided no claims are filed.
REJECTION OF CONSTRUCTION BIDS FOR AND RE-ADVERTISEMENT OF THE LINDA VISTA EAST SEWER PROJECT

Capital Facilities Engineer Scholl stated the Linda Vista East Sewer Project (Project) is intended to remedy a potential surcharging condition within the District’s sewer collection system in Linda Vista Drive between Las Posas Road and Via Vera Cruz, and within an industrial area between Via Vera Cruz and Grand Avenue. The Project involves the construction of approximately 2,980 feet of new 15-inch pipe and the abandonment of approximately 1,470 feet of existing 8-inch pipe. The alignment commences at the intersection of Linda Vista Drive and Las Posas Road, travels east in Linda Vista Drive to Via Vera Cruz, turns north on Via Vera Cruz, and then east through a private parking lot where it will connect to a new sewer pipeline relocated and installed by the City of San Marcos as part of its drainage channel improvement project. The alignment also includes a crossing under State Route 78 from the intersection of Bingham Drive and Furniture Row to Grand Avenue.

The Project has been identified in the 2008 Master Plan. The existing 8-inch pipeline exhibits significant inflow and infiltration problems and is severely undersized in meeting future wastewater demands. The new pipeline will be sized to handle ultimate build-out wastewater flows within its upstream collection area.

Staff advertised a notice inviting sealed bids for construction of the Project on September 16, 2013. A total of seven sealed bids were received and opened at 2:00 p.m. on October 30, 2013. The bids ranged from $1,577,751.00 to $2,458,650.00.

On November 6, 2013, the District received a letter from DMI, the lowest bidder, requesting bidder’s relief due to a clerical error. In the letter, DMI explained that they made a data entry error when entering the unit price for one of the bid items. DMI intended a bid total of $1,676,151.00. However, the clerical error resulted in an underbid of $98,400.00 compared to their intended bid price. Staff requested supporting documentation of this clerical error, which DMI provided on November 7, 2013.

Staff requested that District legal counsel review the bid packages submitted by DMI and the other six bidders on the Project. Upon completion of its review, legal counsel concluded that DMI’s bid irregularity presents them with two options:

1. DMI can perform the work at its bid price of $1,577,751.00, or
2. DMI can opt for bidder’s relief which would disqualify their bid and also disqualify DMI from participating in further bidding on the Project.

Staff met directly with DMI representatives on November 14, 2013 to discuss their intentions. DMI confirmed that they are requesting bidder’s relief and disqualification of their bid.
District legal counsel noted during review of the bids that there are demonstrated work experience issues with the two lowest bidders, and the third bidder did not provide all required documentation in their bid. If the District were to disregard the three (3) lowest bids, the fourth-lowest bid yields a difference in bid price of over $450,000 from the lowest bid. This represents a cost difference of nearly 30%. Because of the large bid price discrepancy and the issues with the lowest three bids, legal counsel has recommended that the District reject all bids submitted and re-advertise the Project for public bid.

Staff recommended the Board reject all construction bids received for the Linda Vista East Sewer Project, and authorize staff to re-advertise the Project for public bid.

General discussion followed.

13-11-13 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to reject all construction bids and authorize staff to re-advertise the project for public bid.

ACWA ELECTION OF OFFICERS

General Manager Lamb stated that ACWA will be holding a General Session Membership Meeting at their fall conference on Wednesday, December 4. The purpose of the meeting is to formally nominate and elect ACWA’s President and Vice President for the 2014-2015 term. ACWA will issue one proxy card for voting purposes to each member agency present based on the designated voting representative identified by the member agency.

General discussion followed.

13-11-14 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried unanimously, to designate President Hernandez the District’s proxy delegate to vote on behalf of the District.

CALIFORNIA URBAN WATER CONSERVATION COUNCIL GROUP 1 BOARD OF DIRECTORS REPRESENTATIVES ELECTION

General Manager Lamb stated that the California Urban Water Conservation Council (CUWCC) is conducting their 2013 Board of Directors election. The District is a member of the CUWCC as a member agency of the San Diego County Water Authority. The election is for the 2014-2015 term.

General discussion followed.

13-11-15 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried unanimously, to vote for Jason Foster.
CONDUCTING THE BUSINESS OF THE BOARD

Director Evans stated that she has had questions about policy practices and procedures regarding Ordinance 189 since the beginning of the year. She recently attended the CSDA Leadership Academy and a point that was reiterated throughout the program was the importance of clear, precise policy statements and the necessity of reviewing them often to ensure that the Board procedures and actions were indeed meeting the policy expectations and the policy’s expectations continue to meet the District’s needs. She requested that the Board discuss Section 1.9, Board Reorganization, Part B of the Ordinance.

General discussion took place regarding the historic practice of the Board in following a normal rotation for the annual Board Reorganization and the ability of every Board member having the opportunity to serve as the Chair during their first term as well as the verbiage and intent of Section 1.9 of the Ordinance.

During discussion, Director Evans made a motion that the Board accept the policy as it is. Director Martin seconded the motion.

During discussion on the motion, Director Evans amended her motion that the Board “follow the policy of Section 1.9, Section B, of Ordinance 189 as written.” Discussion on this amended motion continued. During continued discussion, Director Evans amended her motion to “follow the policy of Section 1.9 B, of Ordinance 189 as written with the addition of the word “first” between “their” and “four year term”

13-11-16 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried 3-2, with Director Ferguson abstaining and Director Pottl voting no, to follow the policy of Section 1.9 B as written with the addition of the word “first” between “their” and “four year term”.

REPORTS

GENERAL MANAGER

General Manager Lamb stated that the new webpage will hopefully go live next Wednesday. This will then allow the District to proceed with the Transparency certification process. Staff will provide a presentation on the webpage in January.

General Manager Lamb provided an update on the issue of SDG&E’s attempt to make revisions with respect to solar power and make changes to the rates. He received word today that the preliminary decision by the CPUC is to deny SDG&E’s change to go to their PAT and commodity rates. The final decision should be made next week.

DISTRICT COUNSEL

None.
SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that she has a book that is produced by the SDCWA titled To Quench a Thirst. It is a brief history of water in the San Diego region. There are extra copies for any Board member who would like one. She further stated that there will be legislative issues coming up in the next year that she thinks the Board would like to offer support to. She also stated that the MWD trial is set for December 13.

ENCINA WASTEWATER AUTHORITY

Director Poltl reported on the Board meeting at which a pyrolysis demonstration was given and the South Parcel was discussed. A Policy and Finance Committee meeting is scheduled for tomorrow.

President Hernandez stated that the State awarded $300,000 of $2.4 million for the pyrolysis project. The company is putting up 95% of the proceeds and EWA is putting in $68,000. The South Parcel RFQ was prepared by the engineers and Rob Quigley was the architect selected.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin reported on his attendance to the CSDA Leadership Academy conference. A variety of topics were covered during the training.

President Hernandez reported on his attendance to the WateReuse Direct Potable Conference. Indirect and direct potable is here and now.

President Hernandez reported on his attendance to the CSDA Quarterly Dinner meeting at which Dan McAllister, San Diego County Treasurer - Tax Collector was the speaker.

President Hernandez reported on his attendance to the SDNEDC meeting with the Maritime Alliance.

Director Evans stated she attended the WateReuse Direct Potable Conference and will provide a written report. She liked that they are looking at use of a single term that can be used by all agencies for direct, indirect, recycled, etc.

Director Poltl reported on his attendance to the Council of Water Utilities at which Mary Ann Dickinson, President and CEO of the Alliance for Water Efficiency was the speaker. Her presentation included discussion on connections between water and energy.

OTHER BUSINESS

QUARTERLY BOARD EXPENSES

This information was provided per Ordinance 189; no action required.
DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 7:04 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Thursday, December 12, 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