AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MARCH 19, 2014, AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT MARTIN

PLEDGE OF ALLEGIANCE

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 MARCH 19, 2014

PRESENTATION

Jo MacKenzie, Board member for the California Special District Association San Diego Chapter, will present the Board with the District Transparency Certificate of Excellence from the Special District Leadership Foundation.

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 – MARCH 5, 2014
   B. WORKSHOP BOARD MEETING – MARCH 11, 2014

   Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes
1.2 WARRANT LIST THROUGH MARCH 19, 2014 – $1,119,569.22

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

A. WATER PRODUCTION/SALES REPORT – 2013/2014
B. WATER REVENUE AND EXPENSE REPORT – FEBRUARY 28, 2014
C. SEWER REVENUE AND EXPENSE REPORT – FEBRUARY 28, 2014
D. RESERVE FUNDS ACTIVITY – FEBRUARY 28, 2014
E. INVESTMENT REPORT – FEBRUARY 28, 2014

1.4 SPRING 2014 SPLASH! – VALLECITOS WATER DISTRICT QUARTERLY NEWSLETTER

Recommendation: Approve the Spring 2014 SPLASH Newsletter

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

ACTION ITEMS

2.1 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE “DEVELOPMENT SOLUTIONS PAC, LLC ANNEXATION” – APN 228-171-20 INTO THE SEWER IMPROVEMENT DISTRICT (DEVELOPMENT SOLUTIONS PAC, LLC)

The property is currently within the water service boundaries of the District.

Recommendation: Approve the annexation with conditions

2.2 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE “CORTEZ PROPERTY” – APN 228-171-11 (DEVELOPMENT SOLUTIONS PAC, LLC)

The property is currently within the water service boundaries of the District.

Recommendation: Approve the annexation with conditions

2.3 REQUEST FOR SEWER ANNEXATION – APN: 182-310-44 (NEW POINTE INVESTMENT GROUP, LLC)

The property is currently within an area referred to as the “Boot” area and is generally located in the center of the water service boundaries of the District.

Recommendation: Approve the annexation with conditions
2.4 APPROVAL OF CONSTRUCTION AGREEMENT FOR LEVEL 15 CONDOMINIUMS (DEVELOPMENT SOLUTIONS PAC, LLC)

The project is located on Montiel Road, north of SR78 and west of Interstate 15.

Recommendation: Approve the construction agreement

2.5 DISTRICT LEGAL COUNSEL

The Board of Directors has requested review of District Legal Counsel’s rates and expenses.

Recommendation: Board discussion

*****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
   - Capital Improvement Committee
   - Policy and Finance Committee

3.5 DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

4.1 MEETINGS

CASA Public Policy Forum
April 28 - 29, 2014 – Sheraton Grand Hotel, Sacramento, CA

ACWA Spring Conference
Portola & Marriott Hotels and Conference Center – May 6 – 9, 2014

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

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

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

6.2 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957-
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
TITLE: GENERAL COUNSEL

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

ACTION ITEMS - CONTINUED

7.1 RESOLUTION MODIFYING GENERAL MANAGER’S SALARY

The Board of Directors has completed the process of evaluating the General
Manager.

Recommendation: Request Board direction

8.1 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, March 14, 2014.

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

Finance Manager John Fusco led the pledge of allegiance.

Present: Director Evans
Director Hernandez
Director Poltl
Director Sannella
Director Martin

Staff Present: General Manager Lamb
Assistant General Manager Scaglione
Legal Counsel Scott
Director of Engineering & Operations Gerdes
Administrative Services Manager Emmanuel
Finance Manager Fusco
Principal Engineer Gumpel
Capital Facilities Engineer Scholl
Accounting Supervisor Owen
Water Operations Supervisor Pedrazzi
Public Information/Conservation Supervisor Urabe
Public Information Representative Webb
Executive Secretary Posvar

General Manager Lamb stated that California State University San Marcos (CSUSM) has a new program starting this year which will bring students into the water industry by teaching them all the various aspects of the industry. The kick-off meeting was held last night and the class will be held on Tuesdays for the next eight weeks. The class will include two tours which will include visits to Vallecitos Water District, San Diego County Water Authority, and Encina Wastewater Authority. This program was developed in collaboration with Vallecitos Water District, Encina Wastewater Authority, and CSUSM. Mr. Lamb introduced and welcomed three students who were in attendance at this meeting.

Director Hernandez stated that at the Encina Wastewater Authority will lose 44% of their staff to retirement over the next five years.

ADOPT AGENDA FOR THE REGULAR MEETING OF MARCH 19, 2014

14-03-04 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of March 19, 2014.

PRESENTATION
Jo MacKenzie, immediate Past President of the California Special District Association and Treasurer for the Special District Leadership Foundation, presented the Board with the District Transparency Certificate of Excellence from the Special District Leadership Foundation.

ORAL COMMUNICATIONS

Mr. Michael Hunsaker, member of the public, addressed the Board stating he deals with a number of citizen groups and is on a committee to help a mobile home park, San Marcos View Estates. They have some severe problems with the utilities. The utilities were established somewhere in the early 70’s and according to fairly loose County standards. All the utilities – water, sewer, gas, electric – are all in the same trench. It appears it was not done properly. There have been many gas leaks and there have been questions at the state level of two mobile home parks in particular. One, he believes in San Bruno, blew up from a gas leak. There is a program being developed to help mobile home parks redo their utility lines. There is even a state requirement coming soon that they do so. There is some question whether or not park residents can afford such. The number two problem recognized in the state – out of 5,000 mobile home parks is San Marcos View Estates mobile home park. It has many leaks; it has had to be shut down from gas leaks a number of times. Its residents can ill afford a $5,000 - $8,000 assessment per lot to pay for this. The proposed program is a pilot and is to convert the utility lines at 10% of mobile home parks in the state. San Marcos View Estates is to be the pilot for the pilot. It requires a great deal of coordination between the City and the utilities for easements and the question of how far do you take these lines. There is also the question of, in current code you have to bury water and sewer separate from gas and electric. This means a very massive program. The program they are talking about covers only gas and electric. But you can’t do those separate from the water and sewer. Since they are to be the pilot for the pilot, they are requesting a great deal of coordination with the water district as well as SDG&E. There is still going to be the question of cost because the residents can’t really afford it. And if they’re going to redo the gas and water lines as well, how is that to be managed? How is that to be coordinated? Out of 5,000 in the state, the primary eyes are on them to find a way to make this work. He requested the District’s cooperation and support, and possibly their suggestions on how to make this program work throughout the state. He thanked the Board.

CONSENT CALENDAR

14-03-05 MOTION WAS MADE by Director Poltl, seconded by President Martin, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes
   A. Regular Board Meeting – March 5, 2014
   B. Workshop Board Meeting – March 11, 2014
1.2 Warrant List through March 19, 2014 - $1,119,569.22

1.3 Financial Reports

   A. Water Production/Sales Report – 2013/2014
   C. Sewer Revenue And Expense Report – February 28, 2014
   D. Reserve Funds Activity – February 28, 2014
   E. Investment Report – February 28, 2014

1.4 Spring 2014 Splash! – Vallecitos Water District Quarterly Newsletter

President Martin commented on the new warrant list summary chart and asked staff to explain it, to which staff responded.

President Martin asked about the ACWA Joint Powers, Commercial Driver's License Renewal on the warrants list, to which staff responded.

Director Evans asked about the Sewer Revenue and Expense Report, to which staff responded.

President Martin requested that the Splash! Newsletter have a box incorporated in which the times and channels the Board meetings are aired on be listed.

ACTION ITEMS

REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE “DEVELOPMENT SOLUTIONS PAC, LLC ANNEXATION” – APN 228-171-20 INTO THE SEWER IMPROVEMENT DISTRICT (DEVELOPMENT SOLUTIONS PAC, LLC)

Principal Engineer Gumpel stated that Development Solutions PAC, LLC, owners of the property, have requested annexation into the Sewer Improvement District for sewer service. The property is currently within the water service boundaries of the District. Existing District water facilities are located approximately 100 feet west of the property on Montiel Road and sewer facilities are adjacent to the southwest corner of the property in Montiel Road. Extension of these facilities will be required to serve each newly created parcel of the proposed project.

Staff recommended approval of the annexation with conditions.

14-03-06 MOTION WAS MADE by Director Hernandez, seconded by Director Poltl, and carried unanimously, to approve the annexation with the following conditions:

   1. Payment of annexation fee of $7,376 per acre (4.86 acres) = $35,847.36.
   2. Payment of State Board of Equalization fee of $350.00.
   3. Submit copy of title report showing ownership and a geographic
description of the property including a plat map.
4. Construction of facilities per an Agreement for Construction of Water Facilities to be Dedicated to Vallecitos Water District.
5. No construction of or connection to District water and sewer facilities will be allowed until completion of annexation, payment of annexation fees, payment of water and wastewater capital facility fees, completion of water and sewer facilities required for the project, and payment of all current fees and charges.
6. Completion of annexation within 90 days of initial Board approval.

The roll call vote was as follows:

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

REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE "CORTEZ PROPERTY" – APN 228-171-11 (DEVELOPMENT SOLUTIONS PAC, LLC)

Principal Engineer Gumpel stated that Development Solutions PAC, LLC, agents for the property owner, have requested annexation into the Sewer Improvement District for sewer service. The property is currently within the water service boundaries of the District.

District water and sewer facilities located in Montiel Road are adjacent to the property and water service is currently provided by the District. Development Solutions PAC, LLC is developing the adjacent property (APN 228-171-20). The project grading will impact the existing septic field on the Cortez property and require connection to a public sewer system. The property owner, Mary Cortez, has given her permission for Development Solutions to connect her property to the District sewer system.

Staff recommended approval of the annexation with conditions.

General discussion followed.

14-03-07 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to approve the annexation with the following conditions:

1. Payment of annexation fee of $7,376 per acre (0.60 acre) = $4,425.60
2. Payment of State Board of Equalization fee of $300.00.
3. Submit copy of title report showing ownership and a geographic description of the property including a plat map.
4. No construction of or connection to District sewer facilities will be allowed until completion of annexation, payment of annexation fees,
payment of wastewater capital facility fees, and payment of all current fees and charges.

5. Completion of annexation within 90 days of initial Board approval.

The roll call vote was as follows:

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

REQUEST FOR SEWER ANNEXATION – APN: 182-310-44 (NEW POINTE INVESTMENT GROUP, LLC)

Principal Engineer Gumpel stated that Mr. Scot C. Sandstrom, Manager, New Pointe Investment Group, LLC, has requested annexation of parcel 182-310-44 into the Sewer Improvement District. The property is currently within an area referred to as the “Boot” and is generally located in the center of the water service boundaries of the District. The “Boot” area is currently served by Vista Irrigation District, however LAFCO has determined that the land is within the District’s Sphere of Influence and will ultimately be served by Vallecitos for both water and sewer service. The current Master Plan includes this land from a planning standpoint and is included for both water and wastewater demands.

District water and sewer facilities are currently available in Marilyn Lane adjacent to the property. Extensions of these facilities are proposed by this project to serve three future lots.

During review of the annexation request, staff discovered that in 2003, a boundary adjustment occurred to the boundary of a portion of 182-310-44 (small triangular piece 0.39 acre) and became a part of parcel 182-310-46. However, this new triangular piece of property is not within the Sewer Improvement District.

Parcel 182-310-44 was annexed into Vallecitos and simultaneously detached from Vista Irrigation District with the Natola reorganization of 1986, consistent with the overall objective of the District to eventually annex the “Boot” area.

Normally, as part of the review process, the County sends out an information packet regarding proposed land improvements to all affected public agencies and water/sewer purveyors. However, staff was not made aware of this proposed boundary adjustment in 2003.

In order to correct this matter, staff recommended the inclusion of the 0.39 acre triangular piece of Parcel 182-310-46 in the annexation approval process in conjunction with the request of parcel 182-310-44 for sewer annexation purposes. The timing of this sewer annexation application creates an opportunity for District staff to resolve the
boundary discrepancy, which otherwise would be difficult to annex since it is not an individual parcel.

Staff recommended approval of the annexation with conditions.

General discussion followed.

14-03-08 MOTION WAS MADE by Director Poltl, seconded by Director Sannella, and carried unanimously, to approve the annexation with the following conditions:

1. Payment of sewer annexation fee of $7,376.00 per acre (5.59 acres) = $41,231.84
2. Payment of State Board of Equalization fee of $350.00.
3. Submit copy of title report showing ownership and a geographic description of the property (including the 0.39 acre triangular piece) with a plat map.
4. No construction of or connection into District sewer facilities will be allowed until completion of the annexation process, payment of annexation fees, payment of inspection fees and payment of all current fees and charges.
5. Completion of annexation within 90 days of initial Board approval.
6. Waive the annexation fee of $2,876.64 for the 0.39 acre portion of parcel 182-310-46.
7. The State Board of Equalization fee for parcel 182-310-44 will not change due to the additional acreage (1 thru 5.99 acres = $350).

The roll call vote was as follows:

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

APPROVAL OF CONSTRUCTION AGREEMENT FOR LEVEL 15 CONDOMINIUMS
(DEVELOPMENT SOLUTIONS PAC, LLC)

Principal Engineer Gumpel stated that Development Solutions PAC, LLC, owner of the project, has completed the plan check process with the District. The water and sewer study for the project identified an off-site 8-inch water main that would need to be connected to an existing 8-inch water main north of the project in order to meet fire flow requirements set by the fire department.

The project property is outside of the District sewer service boundary and the owner has requested approval of annexation into the District sewer service area. In addition, the grading for the project impacts the septic system of an adjacent property (Cortez) to the
point that the County required connection to a public sewer system. The Cortez property will be annexed and this project will construct the sewer connection. The annexation requests were presented and considered by the Board today as Action Items No. 2 and No. 3.

Staff recommended approval of the construction agreement.

General discussion followed.

14-03-09 MOTION WAS MADE by Director Evans, seconded by Director Poltl, and carried unanimously, to approve the construction agreement.

The roll call vote was as follows:

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

DISTRICT LEGAL COUNSEL

General Manager Lamb stated that the Board has requested review of District Legal Counsel's rates and expenses as well as a review process for Counsel. Counsel's firm has generally represented the District on all legal matters since October of 1994, with the exception of circumstances when Special Counsel was brought in for specific legal issues. The Board has not conducted a formal review of Counsel and there is no process or protocol in place for this.

The District does not have a contract with Counsel identifying specific tasks or activities, but utilizes their office for all matters associated with the District, including litigation, contract review for all non-standard issues, Human Resources, employee relations issues associated with Memorandum of Understanding negotiations, finance issues associated with debt issuance, environmental review of District projects, developer related issues and general communication regarding the business of the District. Contact between Counsel and the District is generally limited to senior management.

The current rate for legal services, approved by the Board of Directors on December 21, 2011, is $185.00 per hour, an increase from the $160 per hour which had been in place since 2007.

A survey was conducted of legal counsel rates for water agencies in North San Diego County. None of the agencies surveyed have in-house Counsel.

General discussion followed.

This item was presented for information only.
REPORTS

GENERAL MANAGER

None.

DISTRICT COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that the Fiscal Sustainability Task Force will come together tomorrow for a final review with regards to rates.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on the Capital Improvement Committee meeting held this morning at which discussion included the RTO, Regenerative Thermal Oxidizer (a furnace for processing and eliminating odors) as well as ground settlement issues.

Director Poltl stated he did not attend the Policy and Finance Committee meeting due to the VWD Board workshop. The meeting included discussion on Board of Directors' compensations, proposed resolution for EWA’s Succession Plan and Policy, and tour videos that are being developed for different age groups that will be touring the facility.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

President Martin reported on his attendance to the WateReuse Conference at which indirect and direct potable reuse was discussed as well as new legislation related to the Department of Water Resources being removed from the Health Department and transferred to the Governor's new department.

Director Hernandez reported on his attendance to the WateReuse Conference in which he found the industrial use portion interesting.

Director Sannella reported on his attendance to the WateReuse Conference in which he found some of the information was very technical. Presenters were extremely confident in the technology and how robust their systems are, how redundant they are and how they've taken mitigation steps for safety and different disasters.

Director Hernandez reported on his attendance to the ACWA Washington, D.C. conference. Unfortunately, he was not able to secure any funds.

Director Poltl reported on his attendance to the Fats, Oil and Grease workshop that was
held for purposes of introducing the new program to food service establishments in the community. Staff member Corey Harrell did a very good job.

Director Hernandez reported on his attendance to the Council of Water Utilities meeting at which an update on the Bay-Delta was given.

Director Evans stated that she was unable to attend the California Native Plant Society’s “Night at the Garden” celebration and fundraiser at which Vallecitos Water District received recognition. She asked Public Information/Conservation Supervisor Lisa Urabe to share information on the event with the Board.

President Martin asked staff to provide more advanced notice on upcoming events.

General Manager Lamb stated that staff will be developing an internal online calendar of events for the Board’s use/reference.

(Dennis, wasn’t sure if you wanted these last two comments included or not)

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

CLOSED SESSION

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

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957- PUBLIC EMPLOYEE PERFORMANCE EVALUATION
TITLE: GENERAL COUNSEL

14-03-10 MOTION WAS MADE by Director Evans, seconded by Director Poltl, and carried unanimously, to move into Closed Session pursuant to Government Code 54957.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 6:37 p.m. The Board, in Closed Session, finaled the discussion relating to the evaluation of the General Manager.
The Board, in Closed Session, discussed an evaluation process for the General Counsel.

14-03-11 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to direct the General Manager to contact other local agencies concerning their processes for evaluation of the General Counsel including obtaining information on the length of time firms have served as General Counsel and the last time the agency has solicited RFP’s.

The roll call vote was as follows:

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

ACTION ITEMS - CONTINUED

RESOLUTION MODIFYING GENERAL MANAGER’S SALARY

The Board provided comments to the General Manager and thanked him for the great job he has done and for the position he has put the District in.

14-03-12 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to adopt the Resolution with the following modification: a 4.5% salary increase effective pay period ending March 28, 2014, with an additional salary increase of 4.5% effective the first pay period ending after July 1, 2015, upon completion of a satisfactory performance evaluation.

Resolution No. 1444 – The roll call vote was as follows:

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

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 6:48 p.m.
Minutes of the Vallecitos Water District Regular Meeting
March 19, 2014

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, April 2, 2014, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:

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