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 SEPTEMBER 3, 2014

INTRODUCTIONS

Human Resources Technician Bridget Anderson will introduce new employees, Patrick Barreiro, Systems Collection Worker I and Chris Deering, Plant Operator I.

PRESENTATIONS

President Martin will present Ivan Murguia, Plant Operator I, with his Certificate for Wastewater Treatment Plant Operator Grade II.

President Martin will acknowledge Safety Award winners Eric Garcia, System Collection Worker III, Craig Durban, System Collection Worker II, and Anthony Fonseca, System Collection Worker I, recognizing their commitment to safety.

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 - AUGUST 6, 2014

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH SEPTEMBER 3, 2014 – $4,546,965.07

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

A. WATER METER COUNT – JULY 31, 2014
B. WATER PRODUCTION/SALES REPORT – 2014/2015
C. WATER REVENUE AND EXPENSE REPORT – JULY 31, 2014
D. SEWER REVENUE AND EXPENSE REPORT – JULY 31, 2014
E. RESERVE FUNDS ACTIVITY – JULY 31, 2014
F. INVESTMENT REPORT – JULY 31, 2014

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

ACTION ITEMS

2.1 DROUGHT UPDATE

For information only.

Recommendation: No action required

2.2 REVISED WATER TREATMENT AGREEMENT WITH OLIVENHAIN MUNICIPAL WATER DISTRICT

Vallecitos Water District (VWD) and Olivenhain Municipal Water District (OMWD) entered into an agreement whereby OMWD will treat and deliver water to VWD.

Recommendation: Authorize staff to execute the revised agreement

2.3 AWARD OF CONSTRUCTION CONTRACT AND CONSTRUCTION MANAGEMENT CONTRACT FOR SAN ELIJO HILLS PUMP STATION PROJECT

The project will build a pump station to transport at least 2,750 acre feet of treated potable water each year from the Olivenhain Municipal Water District’s David C. McCollom water treatment plant.
Recommendation: 1) Increase budget by $700,000  
2) Award construction contract to Canyon Springs Enterprises dba RSH Construction Services in the amount of $1,365,823  
3) Award construction management contract to Valley CM in the amount of $112,104

2.4 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR THE QUAD – PHASE 3 (QUAD SM, LLC)

*Installation of water and sewer facilities has been completed.*

Recommendation: Approve final acceptance and authorization to file a notice of completion.

2.5 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR PALOMAR STATION (INTEGRAL PROJECT OWNER II, LLC)

*Installation of water and sewer facilities has been completed.*

Recommendation: Approve final acceptance and authorization to file a notice of completion.

2.6 2015 CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) COMMITTEE AND EXPERT TEAM PARTICIPATION

*CSDA is asking for volunteers to participate and contribute on one or more of their Committees and/or Expert Feedback Teams to assist in shaping CSDA.*

Recommendation: Request Board direction

2.7 CALL FOR NOMINATIONS TO THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR INDEPENDENT SPECIAL DISTRICT MEMBER

*Nominations are being solicited for one regular district Commission position and one alternate Commission position on the LAFCO.*

Recommendation: Request Board direction

2.8 GENERAL MANAGER’S REVIEW

*Presented at the request of Director Evans.*

Recommendation: Request Board direction

*****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 MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

4.1 MEETINGS

ACWA 2014 FALL CONFERENCE
   December 2 - 5, Manchester Grand Hyatt, San Diego

*****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, August 29, 2014.

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

Safety Technician Borrelli led the pledge of allegiance.

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

Staff Present: Assistant General Manager Scaglione  
Legal Counsel Dodson  
Director of Engineering & Operations Gerdes  
Administrative Services Manager Emmanuel  
Finance Manager Fusco  
District Engineer Gumpel  
Operations & Maintenance Manager Pedrazzi  
Development Services Senior Engineer Scholl  
Accounting Supervisor Owen  
Public Information/Conservation Supervisor Urabe  
Risk Management Supervisor Janus  
Engineering Technician Koonce  
Human Resources Technician Anderson  
Executive Secretary Posvar  
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF SEPTEMBER 3, 2014

14-09-01 MOTION WAS MADE by Director Evans, seconded by Director Poltl and carried unanimously, to adopt the agenda for the Regular Board Meeting of September 3, 2014.

INTRODUCTIONS

Human Resources Technician Bridget Anderson introduced new employees, Chris Deering, Plant Operator I, and Patrick Barreiro, System Collection Worker I.

PRESENTATIONS

President Martin presented Ivan Murguia, Plant Operator I, with his Certificate for Wastewater Treatment Plant Operator Grade II issued by the State Water Resources Control Board.
President Martin presented Craig Durban, System Collection Worker II and Anthony Fonseca, System Collection Worker I, with an Employee Safety Award and commended them for their commitment to safety.

**ORAL COMMUNICATIONS**

Michael Hunsaker, member of the public, addressed the Board stating that he is working with the San Marcos View Estates mobile home park. They have 192 spaces and water which is supposedly worth 50 Equivalent Dwelling Units (EDU’s). They have been using that amount of water for the past 40 years or so. They are looking at replacing their whole system and will have to go with 3/4 inch meters rather than 5/8 inch meters. They will have to have over 200 EDU additional capacity. These lines are failing, particularly sewer, and the gas lines are a well-known problem. This is a largely senior development and they could use any help they can get, but to charge them for more capacity than they will ever need and more capacity for valves (leasing or renting) is patently unfair to seniors who are predominately fixed income.

Mr. Hunsaker stated that there is concern in Ms. Evans’ and his areas regarding Merriam Mountains, and he is concerned about the continued high rate of development of San Marcos. It appears that we should have some sort of policy of how to handle these developments in a period of drought. Mr. Hunsaker stated that he eagerly awaits the drought update to see what we can do ahead of something that could become a complete disaster. He thanked the Board.

**CONSENT CALENDAR**

14-09-02 **MOTION WAS MADE** by Director Sannella, seconded by Director Hernandez, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – August 6, 2014

1.2 Warrant List through September 3, 2014 - $4,546,965.07

1.3 Financial Reports

A. Water Meter Count – July 31, 2014
B. Water Production/Sales Report – 2014/2015
D. Sewer Revenue and Expense Report – July 31, 2014
E. Reserve Funds Activity – July 31, 2014
ACTIONS ITEMS

DROUGHT UPDATE

Assistant General Manager Scaglione stated that on August 6, 2014, the Vallecitos Water District Board of Directors declared a Level 2, Drought Alert condition, pursuant to the District’s Drought Response Conservation Program, Ordinance No. 162. The declaration followed a Level 2 declaration by the San Diego County Water Authority (SDCWA) and emergency regulations adopted by the State Water Resources Control Board (SWRCB) requiring all California water agencies to mandate water use restrictions. The SWRCB requires reporting water production for each month (and the same month previous year) by the 15th of each following month, along with an estimate of the percent of residential usage. Staff will update the Board at the second meeting of each month as usage and production numbers are updated, and will be comparing current usage and production data with those of 2013. Additionally, beginning on October 15, 2014, the District is required to report water consumption on a Gallons-per-Capita-per-Day (GPCD) basis.

Assistant General Manager Scaglione discussed several graphs which illustrated:

- Production in Acre Feet
- Gallons Per Capita Per Day
- 12-Month Average Consumption per Base Meter in Units (748 Gallons)
- August 2014 Customer Calls Related to the Drought
- Water Reserves

Assistant General Manager Scaglione further discussed efforts conservation staff has made to date. They have worked with the City of San Marcos on water conservation outreach projects, such as a fire-safe and water-wise landscaping class, an article in the San Marcos 360 magazine and updating the City’s website to include drought information. VWD website updates, invoice footers, press releases, articles in The Coast News and Splash newsletter, a banner in front of the VWD building and magnets on VWD trucks have also alerted customers to the mandated water-use restrictions, while giving them access to more information on the drought and how to report water waste. Staff will also be sending letters to the top 145 water users in the District. A future “H2O to HOA” presentation is being planned with the City of San Marcos to inform HOA managers and their landscapers about the drought restrictions and how water can be used more efficiently. A drought article will also appear in the September edition of The San Marcos Share.

General discussion followed.

This item was for information only.
REVISED WATER TREATMENT AGREEMENT WITH OLIVENHAIN MUNICIPAL WATER DISTRICT

Assistant General Manager Scaglione provided a brief history of the water treatment agreement with Olivenhain Municipal Water District (OMWD). On December 18, 2012, the Vallecitos Water District (VWD) and OMWD entered into an agreement whereby OMWD will treat and deliver water to VWD. OMWD treats raw water provided from the San Diego County Water Authority (SDCWA). OMWD has additional treatment capacity available to VWD at a rate discounted from SDCWA’s treatment rate.

Per the existing agreement, VWD will pay SDCWA for the amount of raw water treated by OMWD and delivered to VWD each fiscal year. VWD will pay OMWD for treatment at a rate discounted from SDCWA’s treatment rate. In each fiscal year, VWD will pay OMWD 75% of the SDCWA treatment surcharge for the first 2,750 acre feet, and 90% of the SDCWA treatment charge for water in excess of 2,750 acre feet per fiscal year.

The terms of the existing agreement include a Capital Recovery Credit (CRC). OMWD will reimburse VWD for construction of the San Elijo Hills Pump Station (SEHPS) which is required in order to deliver the subject water. OMWD will issue a CRC of $4,901 on each monthly invoice for treatment services.

Assistant General Manager Scaglione outlined the changes to the existing agreement:

- The cost of the SEHPS increased from $.08 to $2 Million.
- The monthly CRC increased from $4,901 per month (full recovery) to $5,975 per month (partial recovery).
- The cost of treatment is revised from 75% of SDCWA’s treatment charge for the first 2,750 acre feet and 90% for excess to 80% for all deliveries.

Staff recommended the Board authorize staff to execute the revised water treatment agreement between VWD and OMWD.

General discussion took place regarding the increased construction costs for the SEHPS. District Engineer Gumpel stated that staff obtained estimated costs from several contractors and local water agencies for pump stations of comparable size that were built in the last few years and explained several factors that caused the construction cost of the SEHPS to increase. Late changes in the design requirements as well as an increase in both material and bid prices, also contributed to the cost increase.

14-09-03 MOTION WAS MADE by Director Poltl, seconded by Director Evans, and carried unanimously, to authorize execution of the revised agreement.

The roll call vote was as follows:

AYES: Evans, Hernandez, Poltl, Sannella, Martin
AWARD OF CONSTRUCTION CONTRACT AND CONSTRUCTION MANAGEMENT CONTRACT FOR SAN ELIJO HILLS PUMP STATION PROJECT

District Engineer Gumpel stated that the project will build a pump station to transport at least 2,750 acre-feet of treated potable water each year from OMWD’s David C. McCollom water treatment plant. The San Elijo Hills Pump Station will be sized to pump approximately 3,000 gallons per minute to VWD’s 877 Pressure Zone. The increased costs of this project and the associated water treatment agreement with Olivenhain Municipal Water District were discussed in the previous Board agenda item.

Staff and counsel reviewed bids from seven contractors for the project and determined that Canyon Springs Enterprises dba RSH Construction Services was the lowest responsive, responsible bidder. Engineering and inspection staff are currently dedicated to other capital improvement projects, therefore Valley Construction Management (Valley CM) was selected from the District’s as-needed list to provide inspection services. Valley CM submitted a scope and fee in the amount of $112,104. Staff has performed a review of the proposal and found it acceptable.

Staff recommended the Board approve a budget increase of $700,000, award a construction contract to Canyon Springs Enterprises dba RSH Construction Services in the amount of $1,365,823, and award a construction management contract to Valley CM in the amount of $112,104 for the SEHPS subject to the provisions of the contract.

14-09-04 MOTION WAS MADE by Director Poltl, seconded by Director Hernandez, and carried unanimously, to approve a budget increase of $700,000, award a construction contract to Canyon Springs Enterprises dba RSH Construction Services in the amount of $1,365,823, and award a construction management contract to Valley CM in the amount of $112,104 for the SEHPS, subject to the provisions of the contract.

The roll call vote was as follows:

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

FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR THE QUAD – PHASE 3 (QUAD SM, LLC)

Assistant General Manager Scaglione stated that the installation of water and sewer facilities has been completed. All water and wastewater capital facilities fees have been
paid. Since no water or sewer mains were constructed as part of this project, a warranty bond is not required. All engineering and inspection fees and charges have been paid to date.

Staff recommended the Board approve final acceptance of The Quad – Phase 3 water and sewer improvements and authorization to file a Notice of Completion.

14-09-05   MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, to approve final acceptance and authorization to file a Notice of Completion.

The roll call vote was as follows:

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

FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR PALOMAR STATION (INTEGRAL PROJECT OWNER II, LLC)

Assistant General Manager Scaglione stated that the installation of water and sewer facilities for this project has been completed. All fees have been paid and the owner has provided the District with the required security to guarantee repairs due to failure of materials or workmanship for a period of one year.

Staff recommended the Board approve final acceptance of the Palomar Station water and sewer improvements and authorization to file a Notice of Completion.

14-09-06 MOTION WAS MADE by Director Sannella, seconded by Director Poltl, and carried unanimously, to approve final acceptance and authorization to file a Notice of Completion.

The roll call vote was as follows:

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

2015 CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) COMMITTEE AND EXPERT TEAM PARTICIPATION

Assistant General Manager Scaglione stated that CSDA is asking for volunteers to participate and contribute on one or more of their Committees and/or Expert Feedback
Teams. Any Board member interested in participating should contact Executive Secretary Posvar or himself before the October 10, 2014 deadline.

The Board took no action.

CALL FOR NOMINATIONS TO THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR INDEPENDENT SPECIAL DISTRICT MEMBER

Assistant General Manager Scaglione stated that nominations are being solicited for two independent special district Commission positions on the LAFCO – one regular position and one alternate. The incumbent currently occupying the regular position, Bud Pocklington, will not be seeking re-election. The incumbent occupying the alternate district member position, Jo MacKenzie, will be seeking the regular position.

General discussion followed.

President Martin recommended the Board support current alternate, Jo MacKenzie, for the regular district Commission position. He further stated that Board members interested in nominating someone for the alternate position should contact Executive Secretary Posvar before the October 3, 2014 deadline.

The Board took no action.

GENERAL MANAGERS REVIEW

Director Evans stated that she wanted to discuss this item for clarification, consistency and intent, and suggested that the General Manager’s review be conducted every two years to be consistent with the review policy for Counsel.

General discussion took place.

The consensus of the Board was to leave the motion of March 12, 2014 stand as it reads, conduct an evaluation of General Manager Lamb’s performance and assuming he passes it, will receive a raise as stated in the motion. The Board will discuss changing the interval for evaluations at another time.

REPORTS

GENERAL MANAGER

Assistant General Manager Scaglione stated that the District has received four bids for the Public Outreach and Communication Plan. Although the bids have not been completely reviewed, two of them stand out from the others. He further stated that the Board had previously expressed an interest in participating in the evaluation of the bids.
General discussion took place regarding the Board interviewing three candidate firms. The consensus of the Board was to interview three candidates. This topic will be an agenda item for the next Regular Board meeting on September 17 at which time calling for a Special Board meeting will be discussed.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans reported on her attendance at the August 28 Board meeting at which included a presentation on El Niño. Director Evans distributed to the Board several handouts pertaining to the Water Bond - groundwater sustainability bills AB 1739 and SB 1168, SB 411 (water sub-metering bill), and the litigation against Metropolitan Water District of Southern California regarding rates.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated that the Capital Improvement Committee did not meet this month.

Director Poltl stated that the Policy and Finance Committee did not meet this month. Director Poltl reported on his attendance at the Board meeting at which a presentation was given regarding social media, and discussion took place about Irvine Ranch Water District resource sharing with the Orange County Water District.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

President Martin reported on his attendance at the fire-wise landscape class hosted by VWD, the City of San Marcos and OMWD on August 27.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez inquired about the status of the hydroelectric project on the Twin Oaks line to which staff responded. He requested staff to readdress this issue when it is appropriate and they have more complete information.

Director Hernandez stated that he has heard comments such as Mr. Hunsaker’s and others related to demand and increased EDU’s. He asked staff if they’ve spoken about this issue and if the EDU’s are going to be increased, to which staff responded.
President Martin stated that he was in conversation with City staff in which they stated that over half of the City’s wells are potable and are at 600 and 700 feet.

Director Sannella commended Public Information/Conservation Supervisor Urabe and her department for all of their efforts in the past couple of weeks in getting out the drought awareness message.

Director Sannella also referenced an email sent in by a concerned customer regarding the tier rates. He asked Assistant General Manager if anything more has been heard from the customer and if staff has satisfied the customer with an explanation. General discussion followed.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 6:19 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 17, 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