

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 21, 2010, AT 4:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT FERGUSON

PLEDGE OF ALLEGIANCE – DIRECTOR GENTRY

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 JULY 21, 2010

PRESENTATIONS

Welder/Fabricator, **Lawrence McDougle**, received his certificate for Water Distribution Operator Grade D1 from the State of California Department of Public Health.

Systems Construction Worker, **Brian Spencer**, received his certificate for Water Distribution Operator Grade D3 from the State of California Department of Public Health.

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 – JULY 7, 2010

B. COMMITTEE MEETING OF THE WHOLE, SPECIAL BOARD MEETING
– JULY 12, 2010

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JULY 21, 2010 - \$753,261.30

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

- A. WATER METER COUNT – JUNE 30, 2010
- B. WATER PRODUCTION/SALES REPORT – 2009/2010
- C. WATER REVENUE AND EXPENSE REPORT – JUNE 30, 2010
- D. SEWER REVENUE AND EXPENSE REPORT – JUNE 30, 2010
- E. APPROPRIATED FUND BALANCE ACTIVITY – JUNE 30, 2010

1.4 RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN
EXPENDITURES

The District's long-range plan anticipates a \$43.5 million bond issuance in Fiscal Year 2013/14 to finance the Encina Parallel Land Outfall, San Marcos Sewer Interceptor, Meadowlark Tank #3, and Mountain Belle Pump Station. This draft Resolution will allow the District to be reimbursed from future bond proceeds for construction costs incurred since adoption.

Recommendation: Adopt Resolution

1.5 LOCAL AGENCY INVESTMENT FUND INVESTMENT AUTHORIZATION
RESOLUTION

Due to the recent reorganization and changes in titles of positions, the District needs a new Resolution on file with the California Local Agency Investment Fund.

Recommendation: Adopt Resolution

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

PUBLIC HEARING

2.1 PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF
DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE
SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR
IMPROVEMENT DISTRICT "A" FOR THE FISCAL YEAR JULY 1, 2010, TO
JUNE 30, 2011

The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees.

Recommendation: 1) **Hold Public Hearing**
 2) **Adopt Resolution**

2.2 PUBLIC HEARING FOR REQUIRED PUBLIC HEALTH GOALS REPORT

California Health and Safety Code §116470 requires water utilities with more than 10,000 service connections prepare a special report by July 1, 2010, if their water quality constituents have exceeded any Public Health Goals (PHG's).

Recommendation: 1) **Hold Public Hearing**
 2) **Accept and File Report as presented**

ACTION ITEMS

3.1 PROPOSED CSDA BYLAWS AMENDMENTS

The CSDA Elections and Bylaws Committee and the CSDA Board of Directors have approved changes to the CSDA Bylaws. The current CSDA Bylaws require a majority vote of a quorum of Regular CSDA members.

Recommendation: **Approve the proposed CSDA Bylaws Amendments**

3.2 ELECTION OF CSDA BOARD OF DIRECTORS, REGION 6, SEAT B

The California Special Districts Association is asking the Board to vote to elect a representative to the CSDA Board of Directors, Region 6, Seat B.

Recommendation: **Select one candidate**

3.3 RESOLUTION APPROVING THE AMENDED AND RESTATED BYLAWS AND JOINT POWERS AUTHORITY AGREEMENT FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES HEALTH BENEFITS AUTHORITY (ACWA HBA)

The ACWA HBA has recently amended and restated its Bylaws and Joint Powers Agreement and has requested agency ratification of those documents.

Recommendation: **Approve the amended and restated Bylaws and Joint Powers Authority Agreement and designate General Manager Lamb the primary point of contact and Administrative Services Manager Caudle as the alternate point of contact.**

3.4 RESOLUTION AUTHORIZING THE SECRETARY OF THE BOARD TO SIGN CERTAIN DOCUMENTS ON BEHALF OF THE BOARD OF DIRECTORS AND APPROVING REVISIONS TO STANDARD ENGINEERING DOCUMENTS

The resolution clarifies the signatory authority for various documents utilized by the District's Engineering Department.

Recommendation: Adopt the Resolution authorizing the Secretary of the Board to sign certain documents and approving revisions to standard engineering documents

3.5 NOTICE OF PREPARATION FOR A DRAFT PROGRAMMATIC ENVIRONMENTAL IMPACT REPORT FOR THE 2008 WATER, WASTEWATER AND RECYCLED WATER MASTER PLAN

A Programmatic Environmental Impact Report is currently being prepared in conjunction with the 2008 Master Plan. This document details the impacts, at a programmatic level, that the Master Plan projects may create on the community and the environment.

Recommendation: Approve initiating the 30-day public review period for the Notice of Preparation of a draft Programmatic Environmental Impact Report for the 2008 Water, Wastewater and Recycled Water Master Plan

3.6 DESIGN CONTRACT AMENDMENT FOR SAN MARCOS INTERCEPTOR PHASE I

The project consists of replacing the existing 21" sewer interceptor with approximately 5,000 linear feet of 36" diameter sewer pipe between Twin Oaks Valley Road and Lift Station #1.

Recommendation: Approve contract amendment in the amount of \$20,183.00, subject to the provisions of the contract

3.7 WULFF TANK REPLACEMENT ENGINEERING SERVICES CONTRACT

The existing 0.1 MG Wulff Tank is currently leaking and in need of replacement. The tank is past its useful life and repair is not an option.

Recommendation: Approve professional engineering services contract with IEC in the amount of \$20,489.00 for the Wulff Tank Replacement Project

3.8 ENGINEERING SERVICES CONTRACT – LINDA VISTA EAST SEWER PROJECT

The Linda Vista East Sewer 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.

Recommendation: Approve a professional engineering services agreement with Harris & Associates in the amount of \$207,306.00 for final design services

3.9 ENGINEERING SERVICES CONTRACT – ROCK SPRINGS SEWER REPLACEMENT PROJECT

The District maintains an existing 8-inch gravity sewer pipeline that conveys wastewater from the intersection of Rock Springs Road and Bennett Avenue west through a greenbelt area to an existing 12-inch pipeline in Rock Springs Road at Lancer Park Avenue. Due to its location near a drainage channel, ongoing capacity issues, and inflow and infiltration problems, the sewer should be replaced.

Recommendation: Approve a professional engineering services contract with IEC in the amount of \$176,700.00 for final design services

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

REPORTS

4.1 GENERAL MANAGER

4.2 DISTRICT LEGAL COUNSEL

4.3 SAN DIEGO COUNTY WATER AUTHORITY

4.4 ENCINA WASTEWATER AUTHORITY

4.5 ACWA/REGION 10

4.6 LAFCO

4.7 DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

5.1 PUBLIC INFORMATION AND CONSERVATION ACTIVITY REPORT FOR
JUNE 2010

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

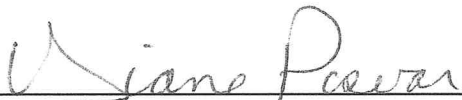
6.1 ADJOURNMENT

*****END OF AGENDA*****

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 3:00 p.m., Friday, July 16, 2010.



Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 21, 2010, AT 4:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Director Gentry led the pledge of allegiance.

Present: Director Ferguson
 Director Gentry
 Director Hannan
 Director Poltl
 Director Shell

Staff Present: General Manager Lamb
 Legal Counsel Scott
 Finance Manager Scaglione
 Administrative Services Manager Caudle
 District Engineer Gerdes
 Operations & Maintenance Manager Arrant
 Principal Engineer Gumpel
 Capital Facilities Engineer Scholl
 Development Services Supervisor Brandstrom
 Risk Management Supervisor Janus
 Customer Service Supervisor Arcia
 Public Information/Conservation Supervisor Urabe
 Public Information Specialist Webb
 Executive Secretary Posvar

General Manager Lamb stated that a request had been received this afternoon from Vista Irrigation District (VID) requesting that Vallecitos Water District Board add an emergency item to the agenda concurring in the nomination of Howard William, VID Board President, for a seat on the Board of the ACWA Health Benefits Authority.

The Board determined that this item did not constitute an emergency, therefore, the item was not added to the agenda.

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 21, 2010

10-07-06 MOTION WAS MADE by Director Shell, seconded by Director Poltl, and carried unanimously, to adopt the agenda for the Regular Board Meeting of July 21, 2010.

PRESENTATIONS

President Ferguson presented Lawrence McDougle with his certificate for Water Distribution Operator Grade D1 from the State of California Department of Public Health.

President Ferguson presented Brian Spencer with his certificate for Water Distribution Operator Grade D3 from the State of California Department of Public Health.

ORAL COMMUNICATIONS

Mr. John Jacob, member of the public, stated that he has a pressure problem, has called regarding leaks with the irrigation system, and has been told to put in a pressure regulator. He stated that has installed three pressure regulators at various times all to no avail. He further stated that on June 21st he received a note on his door that he is using excessive water. He checked the day before and a piece of pipe, which is 200 lbs per square inch, and a collar, which is 450 pounds per square inch, was split. His bill went from \$112 to \$289 for one month because this particular pipe happened to be located over a 6" drain that fed into the Vallecitos easement. It couldn't be seen on the property that the water was spewing out. He stated that he thinks there should be an adjustment on his bill and thinks there should be an adjustment with the water pressure that's feeding his area.

President Ferguson stated that no action could be taken on any item not on the agenda. She further stated that this issue could be placed on a future agenda for action. She then referred to General Manager Lamb to address.

General Manager Lamb stated he reviewed Mr. Jacob's account (1789 Savannah Way). His property is located in the Twin Oaks pressure zone and his water meter is located at an elevation of 730 feet. Based on that elevation, the pressure to the property, depending on the level of the reservoir, will vary between 129 and 139 psi. This is the maximum pressure that can be provided to the area physically. The pressure cannot be elevated beyond this. There are no pumps in the system that convey water to this area, therefore, there is no hydraulic surge associated with the pump station. Under District policy, pressure regulators are considered only when pressure starts reaching about 175 psi. This is to protect the water meter, not to protect the meter only, and not the private on-site facilities; this is the property owner's responsibility. There could be a surge on the sprinkler system (fire) with trapped air. There is no pressure gauge on the irrigation sprinkler system. Records indicate that a pressure test was taken approximately a year ago and the pressure was 131 psi. Hydraulically, the maximum pressure that could be provided would be approximately 139 psi. General Manager Lamb stated that what could be happening on the system is that sprinklers do tend to trap air in the sprinkler system itself which can cause a water surge. When the valve

comes on, if it opens immediately, it can send a surge into the sprinkler system which would cause the kind of fracture such as the one in Mr. Jacob's pipe.

Mr. Jacob asked General Manager Lamb if he has had an engineer measure that water. General Manager Lamb responded that he has. Mr. Jacob stated that he wished General Manager Lamb would measure it again. General Manager Lamb stated that it will be looked at again and this issue will be presented at the next Board meeting on August 4, 2010.

Mr. Bill Effinger, member of the public, stated that he represents Hitzke Development Corporation and China Berry LLC, developers of a proposed 84-unit mixed-use apartment project currently identified as Park View in the Richmar District of San Marcos.

Mr. Effinger stated that his Civil Engineer, SWS Engineering, has been presented with the proposed VWD fee structure for water and wastewater service, which includes a proposed impact fee of \$40,000 for what VWD claims to be a proportionate share of a future sewer outfall line not yet fully designed or budgeted. He further stated that they believe that VWD lacks the authority under AB 1600, and sections 65580, 65581(a), 65582.1(d) and (j), and 65589.7 of the California Government Code to impose the impact fees as proposed, because the required nexus of fees to costs have not yet been clearly ascertained, nor a realistic time frame when the outfall line might be constructed.

Mr. Effinger stated that they challenge the imposition of the sewer impact fees as defined in the VWD project fee structure for Park View, and by so doing, asked the Board to place on hold any demand for the stated outfall impact fee for Park View and allow the project to move forward in the final planning stage without delay, and to honor their request for deferral of the proposed outfall impact fee without adding any additional fees not yet proposed or contemplated by their engineers or VWD at this time.

Mr. Effinger stated that financing affordable housing projects is very complex and incorporate several lenders, investors, California state and federal agencies, requiring very strict financial modeling before a project can begin to be constructed. He further stated that the City of San Marcos is under a mandate to build affordable housing product within certain time-lines and Park View is one of those projects.

Mr. Effinger asked the Board to schedule their issues for review at the general Board meeting of August 4, 2010.

President Ferguson confirmed that this issue will be placed on the August 4, 2010, Board agenda.

CONSENT CALENDAR

- 10-07-07 MOTION WAS MADE by Director Shell, seconded by Director Gentry, and carried unanimously, to approve the Consent Calendar as presented.
- 1.1 Approval of Minutes
- A. Regular Board Meeting – July 7, 2010
 - B. Committee Meeting of the Whole, Special Board Meeting – July 12, 2010
- 1.2 Warrant List through July 21, 2010 - \$753,261.30
- 1.3 Financial Reports
- A. Water Meter Count – June 30, 2010
 - B. Water Production/Sales Report – 2009/2010
 - C. Water Revenue and Expense Report – June 30, 2010
 - D. Sewer Revenue and Expense Report – June 30, 2010
 - E. Appropriated Fund Balance Activity – June 30, 2010
- 1.4 Resolution Declaring Intent to Reimburse Certain Expenditures
- 1.5 Local Agency Investment Fund Investment Authorization Resolution

PUBLIC HEARING

PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT "A" FOR THE FISCAL YEAR JULY 1, 2010, TO JUNE 30, 2011

President Ferguson opened the Public Hearing as duly noted and posted. The Public Hearing was opened at 4:14 p.m.

General Manager Lamb stated that the State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees. Resolution No. 1352, adopted June 16, 2010, approved the District's proposed method of collection. The new Resolution orders the collection of sewer service fees on the tax roll for fiscal year 2010-2011. The sewer service fees will be collected by the County of San Diego and then transferred to the District.

There being no persons wishing to address the Board, President Ferguson closed the Public Hearing at 4:15 p.m.

10-07-08 MOTION WAS MADE by Director Gentry, seconded by Director Hannan, and carried unanimously, to adopt the Resolution approving the sewer service fees to be collected on the tax roll for Improvement District "A" for the Fiscal Year July 1, 2010, to June 30, 2011.

Resolution No. 1356 - The roll call vote was as follows:

AYES: GENTRY, HANNAN, POLTL, SHELL, FERGUSON

NOES:

ABSENT:

ABSTAIN:

PUBLIC HEARING FOR PUBLIC HEALTH GOALS REPORT

President Ferguson opened the Public Hearing as duly noted and posted. The Public Hearing was opened at 4:16 p.m.

General Manager Lamb stated that California Health and Safety Code Section 116470 requires water utilities with more than 10,000 service connections prepare a special report by July 1, 2010, if their water quality constituents have exceeded any Public Health Goals. The District has complied 100% with all Public Health Goals and maximum contaminant level goals over the past three years.

There being no persons wishing to address the Board, President Ferguson closed the Public Hearing at 4:18 p.m.

10-07-09 MOTION WAS MADE by Director Poltl, seconded by Director Shell, and carried unanimously, to accept and file the Public Health Goals report.

ACTION ITEMS

PROPOSED CSDA BYLAWS AMENDMENTS

General Manager Lamb stated that the CSDA Elections and Bylaws Committee and the CSDA Board of Directors have approved changes to the CSDA Bylaws. The current CSDA Bylaws require a majority vote of a quorum of regular CSDA members.

Staff recommended approval of the CSDA Bylaws.

10-07-10 MOTION WAS MADE by Director Hannan, seconded by Director Gentry, and carried unanimously, to approve the proposed CSDA Bylaws and Amendments.

ELECTION OF CSDA BOARD OF DIRECTORS, REGION 6, SEAT B

General Manager Lamb stated that there is currently a vacancy on CSDA's Board of Directors Region 6, Seat B. One recommendation was received from Jo MacKenzie on behalf of the Vista Irrigation District urging support of Arlene Schafer to be reappointed to the CSDA Board of Directors.

10-07-11 MOTION WAS MADE by Director Hannan, seconded by Director Gentry, and carried unanimously, to vote for candidate Arlene Schafer.

RESOLUTION APPROVING THE AMENDED AND RESTATED BYLAWS AND JOINT POWERS AUTHORITY AGREEMENT FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES HEALTH BENEFITS AUTHORITY (ACWA HBA)

General Manager Lamb stated that ACWA HBA has recently amended and restated its Bylaws and Joint Powers Authority Agreement (JPA) and has requested agency ratification of those documents. Changes to the Bylaws cover the structure of the governing bodies and advisory committees to more appropriately reflect the membership according to size and location. Changes to the JPA outline the structure of the Board of Directors as well as the powers of the Board of Directors and officers of the HBA. In addition, the District needs to identify and appoint a primary and alternate point of contact.

Staff recommended approval of the amended and restated Bylaws and JPA and further recommended that General Manager Lamb be appointed the primary contact with Administrative Service Manager Caudle as the alternate.

10-07-12 MOTION WAS MADE by Director Poltl, seconded by Director Shell, and carried unanimously, to adopt a Resolution approving the Amended and Restated Bylaws and Joint Powers Authority Agreement as well as appoint General Manager Lamb the primary contact and Administrative Services Manager Caudle as the alternate.

Resolution #1357 – the roll call vote was as follows:

AYES: GENTRY, HANNAN, POLTL, SHELL, FERGUSON
NOES:
ABSTAIN:
ABSENT:

RESOLUTION AUTHORIZING THE SECRETARY OF THE BOARD TO SIGN CERTAIN DOCUMENTS ON BEHALF OF THE BOARD OF DIRECTORS AND APPROVING REVISIONS TO STANDARD ENGINEERING DOCUMENTS

General Manager Lamb stated that this item was presented for discussion at the July 12, 2010, Board Committee meeting. Staff and Counsel reviewed and updated several agreements currently utilized by the District. These changes were discussed at the Board Committee meeting

Staff recommended approval of the Resolution authorizing the Secretary of the Board to sign certain documents on behalf of the Board of Directors and revisions to the Engineering documents.

10-07-13 MOTION WAS MADE by Director Hannan, seconded by Director Poltl, and carried unanimously, to approve the Resolution authorizing the Secretary of the Board to sign certain documents on behalf of the Board of Directors and revisions to the Engineering documents.

Resolution No. 1358 – the roll call vote was as follows:

AYES: GENTRY, HANNAN, POLTL, SHELL, FERGUSON

NOES:

ABSTAIN:

ABSENT:

NOTICE OF PREPARATION FOR A DRAFT PROGRAMMATIC ENVIRONMENTAL IMPACT REPORT FOR THE 2008 WATER, WASTEWATER AND RECYCLED WATER MASTER PLAN

The District's 2002 Water, Wastewater, and Water Reclamation Master Plan is becoming dated as project priorities shift and land use agencies approve new general plans and zoning changes within the District's boundaries. A Programmatic Environmental Impact Report (PEIR) is currently being prepared in conjunction with the 2008 Master Plan because the 2008 Master Plan describes a long-term Capital Improvement Program that would be implemented through the Year 2030. This document details the impacts, at a programmatic level, that the Master Plan projects may create on the community and the environment. The completion of a Notice of Preparation (NOP) is intended to make the public aware that the impacts of the 2008 Master Plan are being evaluated as part of the PEIR.

The CEQA process requires that the NOP for the PEIR be distributed to public agencies and interested parties that may be concerned with the project. Any comments received during the comment period or at the public scoping meeting will be considered in the preparation of the draft PEIR. The first scoping meeting is scheduled for August 4, 2010, at 6:00 p.m.

Matt Adams, member of the public, asked the Board's consideration of holding off on issuing the NOP for at least 30 days. He stated that a workshop has been spoken of and a release of the documents in advance of doing that would give the regulated community an opportunity to review the material. This process will end up being technical and complicated. Mr. Adams stated that, like any process, the more data one has going in, the better the data is going to be coming out. He further stated that if the Board held on to issuing the NOP 30 days or so of the workshop, they will get some initial good public reaction from those who will have to abide by the rules and the guidelines, and the fees that will be established under that. He thinks in the long run this will produce a better product which will allow it to get through a little faster because more community outreach is taking place on the front end. Mr. Adams stated that they pledge to be as cooperative and solution oriented as possible as this moves forward.

Byron Ely, member of the public, asked that the Board continue the item for the NOP for 30 days, distribute the draft Master Plan so that they might have a chance to review and comment on it, and meet with staff before it goes out into public circulation. He believes that the environmental process is a piece of it, but also believes that the draft Master Plan has components in it which have an impact to the development community. Mr. Ely asked that in the sense of trying to get a cooperative process and not disrupt the environmental processing timelines, that they would have that opportunity to talk with staff and to review the document. So far that document has not been released and has not been available to them, therefore, they really have no sense of what the document contains.

Jim Hernandez, member of the public, asked that the NOP be delayed for all the same reasons as stated by the previous speakers – to ensure, with the workshop coming up, that more lineal process can be taken place as opposed to starting now, retracting back, then reissuing again. Their purpose is to view the document and to see what can be modified prior to the actual delivery to the public.

Legal Counsel Jeff Scott responded that he understood the desire of the development community to be able to review the draft Master Plan in advance. However, the purpose of the NOP process was to solicit guidance, primarily from public agencies, on the scope and the content of the environmental information that will be in the Master Plan EIR. The District has extended the notice of the NOP to private individuals by adding them to the distribution list. Mr. Scott indicated that this was the beginning of the process and is an opportunity for the whole community to have input on the environmental information to be included.

Mr. Scott asked that the speakers be patient as there will be a public scoping meeting at which they will have an opportunity to raise their concerns.

General Manager Lamb stated that the Master Plan is a tool that shows the District what needs to be built sometime between now and the time that there is not one square foot left of land to be built within the District; it is a guideline. The Master Plan itself does not impact the monthly water sewer service fees. That is based on an annual budget based upon projects, water sales, costs, cost of insurance, benefits, employees, etc. This is what establishes the annual fee for water. The Master Plan does not dictate the level of capacity fees, how much has to be collected and when it has to be collected. What drives that is an annual review of the Master Plan. The District does not do land use planning or population projections; the District is precluded from that by law. Fees are reviewed on an annual basis based on debt service and on facilities staff thinks will be built in the next five years.

Bill Effinger, member of the public, stated that there are concerns about fees and charges. He stated that the Master Plan that is being referred to for the Vallecitos Water District is entirely different than the Master Plan that the City of San Marcos is in the process of producing. The District's Master Plan is dated 2008. Anything that has occurred since 2008, as he understands it, is not incorporated in that Master Plan. Mr. Effinger stated that there seems to be a disconnect between what they as developers are proposing building right now, and planning for the future that is not being addressed in the District's 2008 Plan. There are density factors, mixed use factors, all of which are impacting the District's service and their ability to produce what is being planned. Because of this disconnect, where the District can't address the issues that are current, they are faced with a situation that where everything they are planning for, that is either under construction or about to be under construction, those in Creekside and everything that is in University Village, is not covered because of this disconnect. Mr. Effinger stated that they think it would be better business to give them a chance so that they can say what they are doing and what's going to happen over the next five years. The District's Master Plan is dated 2008 and this has all happened in the last two years; it is now 2010. Mr. Effinger asked if it wouldn't be wise to incorporate something that they are doing now and have already planned to be doing over the next five years.

Legal Counsel Scott responded that the NOP will be sent out to all local public agencies and the District will receive input from the City of San Marcos and others, including the development community. This information will be helpful for staff to address the issues early on in the process. Mr. Scott asked that the developers follow the process and staff will work with them to address their concerns in the context of the Master Plan. However, to delay the issuance of the NOP and focus just on concerns of the development community is jumping ahead of the process.

Mr. Effinger stated that they are futurists; they are dealing with tomorrow. It is difficult for them to understand why they are looking at yesterday and are not even into present day.

Legal Counsel Scott responded that the District cannot be speculators; the District cannot include projects that haven't been approved. Staff needs to go through the process; staff appreciates their comments and will address those through the process.

General Manager Lamb stated that the District conducts a separate water and sewer study for each project that is referenced by the developer. This is how the District identifies and quantifies the impact above and beyond what the Master Plan says vs. what the developer may be doing for densification. Additional land uses have been added which has been addressed through the Master Plan process. The issue on fees is a separate issue from the Master Plan.

Director Gentry stated that he understands the concerns of all the speakers; however, he thinks that concern has yet to be really specific about the questions they have in mind. The NOP scoping session and NOP process itself is that opportunity to start identifying those specific questions that give them concerns. The scoping session will be general, as the nature is described to be; it invites questions, concerns, and specificity. The question that is driving the concern is how the District ultimately gets to the capital facility fees. There is the assumption that there is a disconnect between the land use agency and the District, however, this agency has reviewed all of the environmental documents, not only for San Elijo, but all the other major projects in town over a period of years. Director Gentry encouraged attendance at the scoping sessions in order to express concerns, ask questions, and give input.

Director Gentry stated that CEQA requires a minimum 30-day public review period and suggested the review period be extended to 40 or 45 days.

Staff recommended the Board approve initiating a 45-day public review period for the NOP.

10-07-14 MOTION WAS MADE by Director Shell, seconded by Director Gentry, and carried unanimously, to approve initiating the 45-day public review period for the Notice of Preparation of a draft Programmatic Environmental Impact Report for the 2008 Water, Wastewater and Recycled Water Master Plan.

DESIGN CONTRACT AMENDMENT FOR SAN MARCOS INTERCEPTOR PHASE I

General Manager Lamb stated that the project consists of replacing the existing 21" sewer interceptor with approximately 5,000 linear feet of 36" diameter sewer pipe between Twin Oaks Valley Road and Lift Station #1. The Board approved the design contract for Kennedy/Jenks Consultants at the April 1, 2009, Board meeting for Phase I and II from east of Johnston Lane to McMahr Road.

In order to comply with new California Construction Stormwater Permit regulations that take effect July 1, 2010, a stormwater pollution protection plan (SWPPP) must be prepared by a qualified SWPPP developer. Caltrans and the local Regional Water Quality Control Board now require a SWPPP prior to issuing construction permits. The District requested a scope and fee for preparation of the SWPPP from Kennedy/Jenks as an amendment to the current design contract. Staff reviewed the proposal and concurs with the scope and fee in the amount of \$20,183.00.

Staff recommended approval of the contract amendment in the amount of \$20,183.00, subject to the provisions of the contract.

10-07-15 MOTION WAS MADE by Director Hannan, seconded by Director Gentry, and carried unanimously, to approve the contract amendment in the amount of \$20,183.00, subject to the provisions of the contract.

WULFF TANK REPLACEMENT ENGINEERING SERVICES CONTRACT

General Manager Lamb stated that the existing 0.1 MG Wulff Tank is currently leaking and in need of replacement; the tank is past its useful life and repair is not an option. Infrastructure Engineering Corporation (IEC) completed a preliminary design report in March, 2008, which evaluated several alternatives for the replacement of the tank. The recommended alternative includes a new pipeline and pressure reducing station from the High Point Hydropneumatic Pump Station to supplement the Wulff Pressure Zone and the replacement of the 0.1 MG Wulff Tank with a 0.35 MG tank.

IEC submitted a scope and fee proposal with a not-to-exceed amount of \$20,489.00. Staff reviewed and concurs with the scope and fee which includes a geotechnical investigation, field design survey, site plan and ringwall design.

Staff recommended approval of the professional engineering services contract with IEC in the amount of \$20,489.00 for the Wulff Tank Replacement Project.

10-07-16 MOTION WAS MADE by Director Poltl, seconded by Director Shell, and carried unanimously, to approve a professional engineering services contract with Infrastructure Engineering Corporation in the amount of \$20,489.00.

ENGINEERING SERVICES CONTRACT – LINDA VISTA EAST SEWER PROJECT

General Manager Lamb stated that the Linda Vista East Sewer 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 2,660 feet of new 15-inch pipe and the abandonment of approximately 1,470 feet of existing 8-inch pipe. The project also involves the upsizing of 320 feet of 8-inch pipeline crossing under State Route 78 to 12 inches in diameter from the intersection of Bingham Drive and Furniture Row to Grand Avenue.

Staff has established a planning-level alignment for the new pipeline to avoid conflicts with a drainage channel that passes through the area. A preliminary design report will be performed prior to final design to refine the pipeline alignment.

Request for Proposals were received from six local engineering firms. Staff reviewed the proposals, contacted the firms' listed references, and rated each firm. Harris & Associates was selected as the most qualified consultant. Staff met with Harris & Associates to discuss their proposed Scope of Work. The Scope of Work and fee were revised and finalized with a not-to-exceed amount of \$207,306.00.

Staff recommended approval of a professional engineering services agreement with Harris & Associates in the amount of \$207,306.00 for final design services.

10-07-17 MOTION WAS MADE by Director Hannan, seconded by Director Gentry, and carried unanimously, to approve a professional engineering services contract with Harris & Associates in the amount of \$207,306.00.

ENGINEERING SERVICES CONTRACT – ROCK SPRINGS SEWER REPLACEMENT PROJECT

General Manager Lamb stated that the District maintains an existing 8-inch gravity sewer pipeline that conveys wastewater from the intersection of Rock Springs Road and Bennett Avenue west through a greenbelt area to an existing 12-inch pipeline in Rock Springs Road at Lancer Park Avenue. Due to its location near a drainage channel, ongoing capacity issues, and inflow and infiltration problems, the sewer should be replaced.

On January 26, 2010, Infrastructure Engineering Corporation (IEC) submitted the final draft of the Rock Springs Road Sewer Planning Study. This analyzed several construction alternatives, including rehabilitating the existing pipeline and moving the pipeline completely out of the greenbelt area and into Rock Springs Road. Since the residences on the south side of Rock Springs Road tie into the greenbelt pipeline, it would be difficult to reroute their private service lines to Rock Springs Road. In addition, the study found this pipeline to be severely undersized in meeting future wastewater demands. This has been confirmed in computer modeling for the new 2008 Master Plan. Therefore, it was decided that upsizing the existing greenbelt pipeline would be the best alternative.

On April 13, 2010, the District submitted a Request for Proposals to eight local engineering firms in San Diego County. Three of the firms submitted proposals (IEC, PBS&J, and Brown and Caldwell). Staff reviewed the proposals and IEC was selected as the most qualified consultant.

On June 18, 2010, staff met with IEC to discuss their proposed Scope of Work. The Scope of Work and fee were revised and finalized. The not-to-exceed fee is \$176,700.00.

Staff recommended approval of a professional engineering services contract with Infrastructure Engineering Corporation in the amount of 176,700.00 for final design services.

10-07-18 MOTION WAS MADE by Director Gentry, seconded by Director Shell, and carried unanimously, to approve a professional engineering services contract with Infrastructure Engineering Corporation in the amount of \$176,700.00.

REPORTS

GENERAL MANAGER

General Manager Lamb distributed a memo to the Board members referencing an article in the Voice of San Diego. The article highlights the water usage of eight Board members with various water districts, of which Vallecitos (Director Ferguson) was included. Of the eight Board members surveyed in the main article, Director Ferguson's usage was the lowest, as was her percentage of water use increase.

General Manager Lamb provided an update on Lake San Marcos. Legal Counsel Dodson attended the Regional Water Quality Control Board meeting on July 14, 2010, for the California Cleanup and Abatement grant application in the amount of \$980,000. The item was approved and will be on the State Board's October agenda.

General Manager Lamb provided an update on the desalination project. The purchase agreement for desalinated water item will be on the SDCWA Water Planning Committee meeting agenda for June 22, 2010. He has reviewed the staff report as well as the proposed Terms of Conditions and negotiation structure. In general, it is no different than the contract the District has with Poseidon Resources, however, it does identify how they will develop a long-term agreement. A few options have also been included.

General Manager Lamb provided an update on the drought response in acre feet. M&I year to date (June 30, 2010) demand is 2,949 acre feet, or 16.2% less than the M&I allotment. IAWP year to date demand is 144 acre feet, or 49.3%, less than the IAWP

allotment. SAWR year to date demand is 173 acre feet, or 27.3%, less than the SAWR allotment. June production in acre feet was 1,709. June rainfall in inches was 0.00. Meters in service in June were 20,522.

DISTRICT COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Hannan reiterated that the desalination project purchase agreement is on the June 22, 2010, Water Planning Committee meeting agenda. The Board meeting will follow the Water Planning Committee meeting.

ENCINA WASTEWATER AUTHORITY

Director Gentry reported that he attended the CIC meeting this morning. A couple of Engineering services contracts were recommended to the Board; discussed a Board workshop to revise their Strategic Plan; the energy plan is progressing. Director Gentry stated that the Board meeting will be held on July 28.

ACWA REGION 10

Director Gentry stated that there has not been a meeting. Director Gentry provided Board members with an announcement for an upcoming joint Regions 6, 7, 8 & 10 tour of the San Joaquin Valley.

LAFCO

Director Poltl stated that the meeting has been postponed. Director Poltl provided Board members with the agenda as well as a LAFCO Bulletin

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

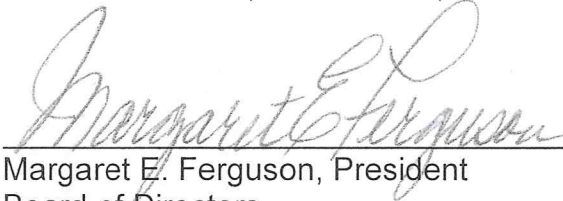
PUBLIC INFORMATION AND CONSERVATION ACTIVITY REPORT FOR JUNE 2010

This item was for information only. No action was required.

ADJOURNMENT

There being no further business to discuss, President Ferguson adjourned the Regular Meeting of the Board of Directors at the hour of 5:32 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 4, 2010, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.



Margaret E. Ferguson, President
Board of Directors
Vallecitos Water District

ATTEST:



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