

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 18, 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 SHELL

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 AUGUST 18, 2010

INTRODUCTION

Human Resources Technician Weaver will introduce new employee - **Ryan Bougher**, Mechanic Assistant.

PRESENTATIONS

Plant Operator, **Matthew R. Wiese**, received his certificate for Water Distribution Operator Grade D2 and his certificate for Water Treatment Operator Grade T2 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 – AUGUST 4, 2010
- B. BOARD COMMITTEE MEETING – AUGUST 9, 2010

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH AUGUST 18, 2010 - \$886,013.50

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

- A. WATER METER COUNT – JULY 31, 2010
- B. WATER PRODUCTION/SALES REPORT – 2010/2011
- C. WATER REVENUE AND EXPENSE REPORT – JULY 31, 2010
- D. SEWER REVENUE AND EXPENSE REPORT – JULY 31, 2010
- E. APPROPRIATED FUND BALANCE ACTIVITY – JULY 2010
- F. INVESTMENT REPORT – JULY 2010

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

ACTION ITEMS

2.1 PROPOSED REVISIONS TO THE RESERVE POLICY RESOLUTION

The proposed revisions will eliminate water purchases from the operating expenses and increase the reserve from 90 to 150 days of other budgeted expenses.

Recommendation: Approve the Reserve Policy Resolution

*****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 ACWA/REGION 10

3.6 LAFCO

3.7 DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS
ATTENDED

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

OTHER BUSINESS

4.1 ACTIVITY REPORT FOR PUBLIC INFORMATION AND CONSERVATION FOR
JULY 2010

4.2 MEETINGS (Ordinance No. 142 Authorized)

ACWA FALL CONFERENCE

November 30 – December 3, 2010 – Indian Wells, CA

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

CLOSED SESSION

5.1 CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION
54956.9(a) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(ONE CASE)
Crosser v. Vallecitos Water District
San Bernardino Superior Court Case No. CIVSS 707286

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION
54956.9(b)(1) CONFERENCE WITH LEGAL COUNSEL – POTENTIAL
LITIGATION (ONE CASE)

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

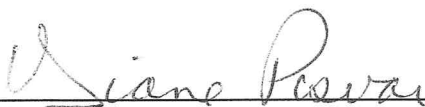
6.1 ADJOURNMENT

*****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, August 13, 2010.



Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 18, 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 Shell led the pledge of allegiance.

Present: Director Ferguson
Director Hannan
Director Poltl
Director Shell

Absent: Director Gentry

Staff Present: General Manager Lamb
Legal Counsel Scott
Legal Counsel Jackson
Legal Counsel Dodson
Finance Manager Scaglione
Administrative Services Manager Caudle
District Engineer Gerdes
Principal Engineer Gumpel
Capital Facilities Engineer Scholl
Development Services Supervisor Brandstrom
Public Information/Conservation Supervisor Urabe
Public Information Specialist Webb
Human Resources Technician Weaver
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 18, 2010

10-08-06 MOTION WAS MADE by Director Shell, seconded by Director Poltl, and carried unanimously, with Director Gentry absent, to adopt the agenda for the Regular Board Meeting of August 18, 2010.

INTRODUCTION

Human Resources Technician Weaver introduced new employee Ryan Bougher, Mechanic Assistant.

PRESENTATIONS

President Ferguson presented Matthew R. Wiese with his Certificate for Water Distribution Operator Grade D2 and his certificate for Water Treatment Operator Grade T2 from the State of California Department of Public Health.

ORAL COMMUNICATIONS

Mr. Bill Effinger, member of the public, stated that they have been scheduled for the next Board meeting on September 1, 2010, which was a continuance of the hearing. Mr. Effinger stated that he sent an e-mail to General Manager Dennis Lamb last week requesting that they be given at least a week to be able to review what they anticipate will be the staff report on the issues that they raised at the last meeting, which the Board decided to continue because there was too much material to digest. He suggested that, with what they have in their research gleaned in the past three weeks, together with their anticipation of getting a staff report, that they will only have a couple of days again to respond. He respectfully requested that the Board continue the hearing on September 1 to the next meeting so that they will have time to address that staff report and add those things to what they have recently done.

Legal Counsel Scott clarified to Mr. Effinger that it is not a hearing; it is an issue brought before the Board of Directors. He stated that staff will provide them the staff report as soon as it is provided to the Board of Directors.

Mr. Effinger stated that, as before, the Board President needed more time to look at what she had and believes that she will need more time to look at what they will bring and what they are already going to respond to. He stated that he sees no reason why they have to go through this exercise again. Why not just give them a couple of weeks to do it right?

Legal Counsel Scott stated that staff is pretty familiar with the issues and it is certainly up to the Board, however, the issue at the last meeting was not the staff report, it was Mr. Effinger's response; Director Ferguson wanted an opportunity to digest his response.

Mr. Effinger stated that he agrees, but that when they bring the next response, they (Board) will do the same thing. He further stated that he couldn't imagine them wanting to take action without looking at what they are bringing in.

President Ferguson stated that Mr. Effinger is presuming a lot on this Board; it might be that they will be ready to make a decision after they get the report. The Board's consensus was that Mr. Effinger's item would remain on the agenda for the September 1, 2010 meeting. At that time, the Board can make a joint decision whether or not to continue the item.

CONSENT CALENDAR

10-08-07 MOTION WAS MADE by Director Poltl, seconded by Director Shell, and carried unanimously, with Director Gentry absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting – August 4, 2010
 - B. Board Committee Meeting – August 9, 2010
- 1.2 Warrant List through August 18, 2010 - \$886,013.50
- 1.3 Financial Reports
- A. Water Meter Count – July 31, 2010
 - B. Water Production/Sales Report – 2010/2011
 - C. Water Revenue and Expense Report – July 31, 2010
 - D. Sewer Revenue and Expense Report – July 31, 2010
 - E. Appropriated Fund Balance Activity – July 2010
 - F. Investment Report – July 2010

ACTION ITEMS

PROPOSED REVISIONS TO THE RESERVE POLICY RESOLUTION

General Manager Lamb stated that the Reserve Policy was presented at the August 9 Board Committee meeting. The proposed revisions will eliminate water purchase from the operating expenses and increase the reserve from 90 to 150 days. Operating reserves of three to six months of budgeted operating expenses, excluding wholesale water purchase, is commonly recommended by industry consultants and organizations. The wholesale water purchase exclusion is because an event that will give rise to utilize operating reserves would likely be a supply shortage or unanticipated interruption of water deliveries. Wholesale water costs in those instances would not be incurred. This would reduce the reserves which would allow the District to more easily meet its reserve policy and also reduces the amount of money that would need to be kept on hand for reserves.

Staff recommended the Board approve the revised Reserve Policy Resolution.

10-08-08 MOTION WAS MADE by Director Shell, seconded by Director Hannan, and carried unanimously, with Director Gentry absent, to approve the revised Reserve Policy Resolution.

REPORTS

GENERAL MANAGER

General Manager Lamb reported on the 1789 Savannah Way (Mr. Jacob) issue from the last Board meeting. Staff put a 1 inch pressure chart on the fire hydrant next to Mr. Jacob's meter and also put the flow recording data on the meter itself. The pressure chart on the hydrant showed that the pressure doesn't fluctuate substantially; the pressure is going anywhere from a low of 133 to a high of 142. This is what was experienced previously. The flow recording on the meter showed (at approximately

1:30 a.m.) the system was taking in excess of 150 – 180 gallons a minute into his irrigation system. When staff was onsite checking the pressure gauge, it was noticed that more than one zone of irrigation was coming on at the same time; Mr. Jacob has high flow heads on his irrigation system. The data showed that at one point, the system was taking 33 gallons every 10 seconds which equates to 186 gallons per minute. The water was flowing at a velocity of in excess of 82 feet per second; the District's system is designed to flow at a velocity of 5 – 7 feet per second. Staff met with Mr. Jacob and explained the data results. Mr. Jacob still believes that one of the pressure zones belongs to the City of San Marcos at which he will be addressing with the City.

General Manager Lamb reported that the Pressure Reducing Station located in La Costa Meadows Industrial Park went full to static pressure from upstream to downstream; a valve control system went bad. The emergency relief valve on the station did open; the full pressure did not send through – it was blowing off. There was some damage from the water blowing out into some landscaping. Staff will use the VoiceShot phone messaging system to notify customers in the area to check their fire sprinklers to make sure that they did not go to static pressure. General Manager Lamb stated that no reports of damage have been received.

General Manager Lamb provided an update on the electronic bill pay issue which had been presented at the February Board Committee meeting. The issue at that time was the use of credit cards. The cost to provide electronic bill/payment online would be the same as the cost incurred for the ACH (automated clearing house) system the District currently utilizes. The District will realize a cost saving if 268 customers sign up for this service. Staff conducted a survey of customers who called in and who came into the District office from February through August; 97% of those that called in want additional electronic methods to pay their bill. Eighty-six percent said that they do not want to pay a fee to use their credit card to pay their bill. Currently, customers who do pay with their credit card, are charged \$5.50 through a third party. Staff will move forward with the electronic billing and payment through a different company. The benefits are that the District will no longer have to stock the paper and postage will be reduced. Staff will be fine tuning some aspects of the process before bringing the item back to the Board.

DISTRICT COUNSEL

Legal Counsel Scott reported on SB 501 which is a bill in response to the City of Bell scandal and the outrageous salaries of the City Council and Management employees. The bill is sailing through the legislature and will require that public officials and designated employees must disclose on a form provided by the Secretary of State all salaries, benefits and reimbursements. In addition, the information will be posted on the District website. Except for posting on the website, the bill will not change the way this District has been providing the information.

SAN DIEGO COUNTY WATER AUTHORITY

Director Hannan stated the next Board meeting is scheduled on August 26, 2010.

ENCINA WASTEWATER AUTHORITY

None.

ACWA REGION 10

None.

LAFCO

Director Poltl stated that the meeting has been postponed.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

ACTIVITY REPORT FOR PUBLIC INFORMATION AND CONSERVATION FOR JULY 2010

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

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)
CONFERENCE WITH LEGAL COUNSEL (ONE CASE)

Crosser v. Vallecitos Water District
San Bernardino Superior Court Case No. CIVSS 707286

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(b)(1)
CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION (ONE CASE)

10-08-09 MOTION WAS MADE by Director Shell, seconded by Director Hannan, and carried unanimously, with Director Gentry absent, to move into Closed Session pursuant to Government Code Sections 54956.9(a), and 54956.9(b)(1).

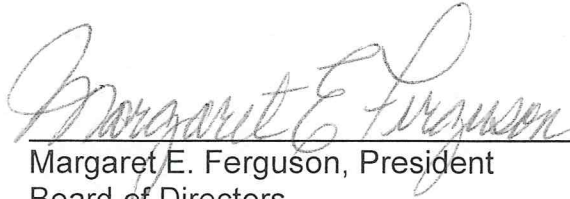
REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 5:17 p.m. The Board, in Closed Session, directed Legal Counsel to take appropriate action concerning the Crosser case. In addition, Legal Counsel and staff were directed to take appropriate action concerning the potential litigation matter.

ADJOURNMENT

There being no further business to discuss, President Ferguson adjourned the Regular Meeting of the Board of Directors at the hour of 5:18 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 1, 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