

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, SEPTEMBER 15, 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 POLTL

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 15, 2010

PRESENTATIONS

**Metal Etch Services, Inc.** received the 2009 Gold Award from Encina Wastewater Authority for Perfect Environment Compliance.

**Hollandia Dairy** received the 2009 Gold Award from Encina Wastewater Authority for Perfect Environment Compliance.

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 – SEPTEMBER 1, 2010

*Approved minutes become a permanent public record of the District.*

**Recommendation:        Approve Minutes**

1.2    WARRANT LIST THROUGH SEPTEMBER 15, 2010 - \$2,412,493.87

**Recommendation:        Approve Warrant List**

1.3    FINANCIAL REPORTS

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

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

ACTION ITEMS

2.1    APPROVAL OF CONSTRUCTION AGREEMENT FOR LA COSTA OAKS  
NORTH BUILDER IMPROVEMENTS, NEIGHBORHOODS 3.4 & 3.5 (PULTE  
HOMES)

*The project is located in the City of Carlsbad, south of Melrose Drive, and West of the intersection of Rancho Santa Fe Road and San Elijo Road. The facilities that are being installed will provide water and sewer service to a total of 83 single family homes upon build out.*

**Recommendation:        Approve the construction agreement**

\*\*\*\*\*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\*\*\*\*\*

OLD BUSINESS

Continued from September 1, 2010, Board meeting. No staff report.

4.1 REQUEST FOR REIMBURSEMENT OF COSTS FOR SEWER  
CONSTRUCTION - AUTUMN TERRACE PROJECT

OTHER BUSINESS

5.1 MEETINGS (Ordinance No. 142 Authorized)

**ACWA Regions 8, 9, & 10 Fall Program & Tour – “The Salty Truth: A Look at  
Salt Management Practices**

September 30, 2010 – Rancho Cucamonga, CA

**Urban Water Institute’s 9<sup>th</sup> Annual Clean Water Conference**

October 13 – 14, 2010 – Irvine, CA

**WEF 2010 Water & Climate Change Adaptation Symposium**

October 19 – 20, 2010 – Long Beach, CA

**WEF 2010 Water Quality & Regulatory Conference**

November 3 – 4, 2010 – Ontario, CA

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

CLOSED SESSION

6.1 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)

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, September 10, 2010.

  
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Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, SEPTEMBER 15, 2010, AT 4:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Vice President Poltl led the pledge of allegiance.

Present: Director Gentry  
Director Hannan  
Director Poltl  
Director Shell

Absent: Director Ferguson

Staff Present: General Manager Lamb  
Legal Counsel Scott  
Legal Counsel Jackson  
Legal Counsel Dodson  
Finance Manager Scaglione  
Administrative Services Manager Caudle  
Operations & Maintenance Manager Arrant  
District Engineer Gerdes  
Principal Engineer Gumpel  
Development Services Supervisor Brandstrom  
Engineering Technician Koonce  
Public Information/Conservation Supervisor Urabe  
Public Information Specialist Webb  
Public Information Specialist Yerman  
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF SEPTEMBER 15, 2010

10-09-08 MOTION WAS MADE by Director Gentry, seconded by Director Shell, and carried unanimously, with Director Ferguson absent, to adopt the agenda for the Regular Board Meeting of September 15, 2010.

PRESENTATIONS

General Manager Lamb stated that two businesses are the recipient of the Gold Award to Encina Wastewater Authority. Businesses that put into practice necessary procedures and earn 100% compliance are honored with the Gold Award. To be a recipient of the Gold Award, each industry must complete a series of sampling, inspection and reporting requirements that document compliance with their industrial wastewater discharge permit.

Vice President Poltl presented Metal Etch Services, Inc. with their Gold Award for Perfect Environment Compliance.

Vice President Poltl presented Hollandia Dairy with their Gold Award for Perfect Environment Compliance.

### ORAL COMMUNICATIONS

Mr. Bill Effinger, member of the public, addressed the Board stating that he was pleased to announce that during a meeting yesterday afternoon between VWD General Manager Lamb and his client, Ms. Ginger Hitzke, President of Hitzke Development Corporation, a mutual settlement agreement was reached wherein they will withdraw any further pursuit of a Reimbursement Agreement for Autumn Terrace. As a result, they have asked their attorneys to stand down.

Mr. Effinger stated that the meeting resulted in two separate e-mails addressed to Mr. Lamb and himself, from Ms. Hitzke, wherein they have been assured in a "gentleman's agreement" that a payment will be made from VWD to Hitzke Development, and he quoted "it won't be a token gesture" and that "Ken Gerdes will work on an administrative solution to clean up any loose ends on that project", meaning Autumn Terrace.

Mr. Effinger stated that they appreciate the time and patience VWD staff and this Board has given them to present their facts on the issues they raised and the solution they have reached. Mr. Effinger further stated that he looks forward to working with VWD staff and this Board as they continue to develop the 2008 VWD Master Plan and future fee structures.

Mr. Effinger stated that they will continue to monitor the impacts the plan and ultimate fee structure will have on all future projects proposed within the District. He then thanked the Board.

General Manager Lamb commented to Mr. Effinger that he was aware of one e-mail that he sent to Ms. Hitzke today and which she responded to just a short time ago. He further indicated that he did not know which e-mail Mr. Effinger was referring to.

Mr. Effinger clarified that Mr. Lamb received one message and that he received two messages.

### CONSENT CALENDAR

10-09-09 MOTION WAS MADE by Director Hannan, seconded by Director Gentry, and carried unanimously, with Director Ferguson absent, to approve the Consent Calendar as presented.

- 1.1 Approval of Minutes
  - A. Regular Board Meeting – September 1, 2010
- 1.2 Warrant List through September 15, 2010 - \$2,412,493.87
- 1.3 Financial Reports
  - A. Water Meter Count – August 31, 2010
  - B. Water Production/Sales Report – 2010/2011
  - C. Water Revenue and Expense Report – August 31, 2010
  - D. Sewer Revenue and Expense Report – August 31, 2010
  - E. Appropriated Fund Balance Activity – August 31, 2010
  - F. Investment Report – August 2010

#### ACTION ITEMS

#### APPROVAL OF CONSTRUCTION AGREEMENT FOR LA COSTA OAKS NORTH BUILDER IMPROVEMENTS, NEIGHBORHOODS 3.4 & 3.5 (PULTE HOMES)

General Manager Lamb stated that the project was approved by the Board on June 6, 2007, and was recently sold from Real Estate Collateral Management Company to Pulte Homes. The original Agreement for Construction between the District and Real Estate Collateral Management Company has expired and the new developer, Pulte Homes, has requested approval of a new Agreement for this project.

The project is located in the City of Carlsbad, south of Melrose Drive, and west of the intersection of Rancho Santa Fe Road and San Elijo Road. The facilities that are being installed will provide water and sewer service to a total of 83 single family homes upon build out.

Staff recommended approval of the construction agreement.

10-09-10 MOTION WAS MADE by Director Gentry, seconded by Director Shell, and carried unanimously, with Director Ferguson absent, to approve the construction agreement.

#### REPORTS

#### GENERAL MANAGER

General Manager Lamb provided an update on the drought response in acre feet. The IAWP year to date demand is 273 acre feet, or 55%, less than the IAWP allotment. He

stated that the IAWP Program is still in effect and is undergoing an evaluation process between Metropolitan Water District (MWD) and the San Diego County Water Authority (SDCWA). This program will most likely disappear within several years. The August production in acre feet was 1,934. August rainfall in inches was 0.00. Meters in service in August were 20,414. He stated that the other data on the allocations was not available from MWD and the SDCWA.

General Manager Lamb stated that a copy of the Annual Reimbursements report for Fiscal Year 2009-2010 was provided to each Board member. A copy will be made available in the District's Library and will be available to the public if requested.

#### DISTRICT COUNSEL

None.

#### SAN DIEGO COUNTY WATER AUTHORITY

Director Hannan stated that the next Board meeting will be held on September 23<sup>rd</sup>.

#### ENCINA WASTEWATER AUTHORITY

Director Gentry stated that a Capital Improvement Committee meeting was held this morning. There was lengthy discussion in Closed Session which will be reviewed by the full Board next week; a contract was released for the secondary clarifiers and the rehabilitation work; staff provided some feedback on previous Board question relative to adaptive strategy plans related to necessary adjustments in the future in response to the economic crisis.

#### ACWA REGION 10

Director Gentry stated that the next meeting will take place at the ACWA Fall Conference. A series of Outreach Task Force conference call meetings have taken place; there is another one scheduled for tomorrow afternoon.

#### LAFCO

Director Poltl stated that the meeting has been postponed.

#### DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Vice President Poltl noted that written reports were provided. The reports are on file.



OLD BUSINESS

REQUEST FOR REIMBURSEMENT OF COSTS FOR SEWER CONSTRUCTION –  
AUTUMN TERRACE PROJECT

General Manager Lamb stated that based upon Mr. Effinger's presentation under Oral Comments, as well as confirmation that he has received from Ms. Hitzke, that Hitzke Development has rescinded it's request for reimbursement, there is no staff report and Board action is no longer required on this item.

OTHER BUSINESS

None.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)  
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

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)

10-09-11 MOTION WAS MADE by Director Hannan, seconded by Director Gentry, and carried unanimously, with Director Ferguson absent, to move into Closed Session pursuant to Government Code Sections 54956.9(a), and 54956.9(b)(1).

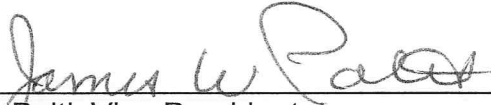
REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 5:50 p.m. The Board, in Closed Session, directed Legal Counsel and staff 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, Vice President Poltl adjourned the Regular Meeting of the Board of Directors at the hour of 5:55 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, October 6, 2010, at 4:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.



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James W. Polt, Vice President  
Board of Directors  
Vallecitos Water District

ATTEST:



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