

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 20, 2010, AT 4:00 PM
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER

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 OCTOBER 20, 2010

PRESENTATION

Systems Collection Worker, **Dennis Richardson**, has earned his Certificate of Achievement in Wastewater Technology from Palomar College.

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. COMMITTEE MEETING OF THE WHOLE SPECIAL BOARD MEETING – OCTOBER 4, 2010
 - B. REGULAR BOARD MEETING – OCTOBER 6, 2010

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH OCTOBER 20, 2010 - \$ 749,926.33

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS

- A. WATER METER COUNT – SEPTEMBER 30, 2010
- B. WATER PRODUCTION/SALES REPORT – 2010/2011
- C. WATER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2010
- D. SEWER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2010
- E. APPROPRIATED FUND BALANCE REPORT – SEPTEMBER 30, 2010
- F. INVESTMENT REPORT – SEPTEMBER 2010

1.4 FINAL ACCEPTANCE FOR SAN ELIJO HILLS PH. III-P.A. V1 UNIT 3 (LENNAR HOMES OF CALIFORNIA, INC.)

The project is located on Festival Road, which is located east of Wild Canyon Drive and north of San Elijo Road. Upon final acceptance of the improvements, water and sewer service will be available to 32 single family homes.

Recommendation: Final acceptance of project

1.5 FINAL ACCEPTANCE FOR SAN ELIJO HILLS TOWN CENTER ONSITE IMPROVEMENTS FOR DRIVEWAY 5 (SAN ELIJO HILLS DEVELOPMENT COMPANY)

The project is located on San Elijo Road South, southwest of Elfin Forest Road West and southeast of San Elijo Road North. Upon final acceptance of the improvements, water and sewer service will be available to various proposed retail businesses.

Recommendation: Final acceptance of project

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

ACTION ITEMS

2.1 ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) HEALTH BENEFITS AUTHORITY ELECTION

Nominations for the ACWA Health Benefits Authority Board of Directors have been submitted and each member agency is being asked to submit its vote.

Recommendation: Vote for no more than two candidates for the Southern region - general to serve on the ACWA Health Benefits Authority

2.2 BOARD RULES AND BUSINESS AND TRAVEL AND REIMBURSEMENT POLICY

Ordinance No. 142 and Resolution No. 1264 have been revised in accordance with the San Diego Taxpayers Association recommendations regarding travel and business expense reimbursements.

Recommendations: **Adopt the revised Ordinance that establishes general rules and provisions for conducting the business of the Board of Directors.**

Adopt the revised Resolution which governs Board and Employee travel and reimbursements.

2.3 DENTAL AND VISION INSURANCE COVERAGE FOR ELIGIBLE DEPENDENTS

ACWA Health Benefits Authority will allow the maximum age limit for dental and vision coverage to be increased from 25 to 26 if the District chooses to do so.

Recommendation: **No action at this time.**

2.4 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE "OLD TWIN OAKS SCHOOLHOUSE ANNEXATION" APN: 182-073-04 INTO THE SEWER IMPROVEMENT DISTRICT FOR SEWER SERVICE (SHERMAN)

The property is located at 236 Deer Springs Road, just north of the Deer Springs Road/Sycamore Drive intersection. The property has existing water service provided by the District. Existing sewer facilities are adjacent to the property in Deer Springs Road.

Recommendation: **Approve the request for annexation with conditions**

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

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY
- News and Notes, October 2010

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

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


5.1 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, October 15, 2010.


Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 20, 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 Jackson
Finance Manager Scaglione
Administrative Services Manager Caudle
District Engineer Gerdes
Public Information/Conservation Supervisor Urabe
Public Information Specialist Webb
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 20, 2010

10-10-10 MOTION WAS MADE by Director Shell, seconded by Director Poltl, and carried unanimously, to adopt the agenda for the Regular Board Meeting of October 20, 2010.

PRESENTATION

President Ferguson presented Dennis Richardson with his Certificate of Achievement in Wastewater Technology from Palomar College.

ORAL COMMUNICATIONS

Mr. Mike Steinlicht, Assistant General Manager for Encina Wastewater Authority (EWA), provided a PowerPoint presentation on the VC-16 pipeline break which occurred on October 7, 2010. The presentation provided background information on the pipe, current status of the incident, specific location of the incident, the initial response, and the key elements of the incident.

Mr. Steinlicht, on behalf of EWA and the General Manager, expressed his sincere appreciation and thanked the Board and VWD staff for the assistance provided with this incident. He stated that, had staff not come, and other member agencies, they would have seen an unprecedented environmental disaster. With the help, no violations were

incurred and there was no exceedence in ocean pollution samples. The levels of samples taken at Encina's creek were the same as what would be seen after a normal storm event.

General discussion took place. The Board commended EWA staff for their quick response and tremendous job done in this particular incident.

CONSENT CALENDAR

10-10-11 MOTION WAS MADE by Director Poltl, seconded by Director Shell, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Committee Meeting of the Whole, Special Board Meeting – October 4, 2010
- B. Regular Board Meeting – October 6, 2010

1.2 Warrant List through October 20, 2010 - \$749,926.33

1.3 Financial Reports

- A. Water Meter Count – September 30, 2010
- B. Water Production/Sales Report – 2010/2011
- C. Water Revenue and Expense Report – September 30, 2010
- D. Sewer Revenue and Expense Report – September 30, 2010
- E. Appropriated Fund Balance Activity – September 30, 2010
- F. Investment Report – September 2010

1.4 Final Acceptance for San Elijo Hills Ph. III-P.A. V1 Unit 3 (Lennar Homes of California, Inc.)

1.5 Final Acceptance for San Elijo Hills Town Center Onsite Improvements for Driveway 5 (San Elijo Hills Development Company)

ACTION ITEMS

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) HEALTH BENEFITS AUTHORITY ELECTION

General Manager Lamb stated that nominations for the ACWA Health Benefits Authority Board of Directors have been submitted and each member agency is being asked to submit its vote. No more than two candidates can be voted for. A request for support had been received by Mr. Merle Alshire from Valley Center Municipal Water District.

- 10-10-12 MOTION WAS MADE by Director Hannan, seconded by Director Gentry, and carried unanimously, to vote for Merle Alshire, Valley Center Municipal Water District, and Howard Williams, Vista Irrigation District.

BOARD RULES AND BUSINESS AND TRAVEL AND REIMBURSEMENT POLICY

General Manager Lamb stated that Ordinance No. 142 and Resolution No. 1264 was reviewed at the October 4, 2010, Board Committee Meeting. Both govern the business of the Board with respect to meeting dates, allowance of Board members to travel to various functions, per diem payments, reporting on how expenditures are tracked as well as allowable reimbursements. The changes that were noted at the Committee meeting have been included in the revised documents presented.

General Manager Lamb stated that since the Board Committee meeting, an additional change to the Ordinance was discussed with the Board Chair. It is recommended that Section 2.2, F. be amended to state "Board members shall report on meetings or conferences attended at a regularly scheduled Board meeting after the event, which may include a written report that can be distributed to all Board members electronically."

Staff recommended adoption of the Ordinance, with the proposed amendment, and the Resolution.

- 10-10-13 MOTION WAS MADE by Director Hannan, seconded by Director Poltl, and carried unanimously, to adopt the Ordinance with the proposed amendment and the Resolution.

Ordinance No. 170 and Resolution No. 1365 - The roll call vote was as follows:

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

DENTAL AND VISION INSURANCE COVERAGE FOR ELIGIBLE DEPENDENTS

General Manager Lamb stated that under the federal health insurance reform enacted earlier this year, adult children up to age 26 can be covered under their parents' health plan. ACWA Health Benefits Authority has decided to extend this provision to dental and vision plan participants if the employer chooses to do so.

Staff recommended that the Board take no action at this time. This issue may be discussed during upcoming employee negotiations for a new Memorandum of Understanding.

The Board consensus was to take no action at this time.

REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE
"OLD TWIN OAKS SCHOOLHOUSE ANNEXATION" APN: 182-073-04 INTO THE
SEWER IMPROVEMENT DISTRICT FOR SEWER SERVICE (SHERMAN)

General Manager Lamb stated that the property has existing water service provided by the District. Existing sewer facilities are adjacent to the property in Deer Springs Road. Originally a request for annexation was approved on March 7, 2007, with conditions which included completion of annexation within 90 days. Due to circumstances, the conditions were not completed. Recently, the owner requested to restart the annexation process and finish the annexation within the 90-day period.

Staff recommended approval of the request for annexation with conditions.

10-10-14 MOTION WAS MADE by Director Gentry, seconded by Director Shell, and carried unanimously, to approve the request for annexation with the following conditions:

1. Payment of annexation fee of \$6,922.00 per acre (2.87 acres) = \$19,866.14.
2. Payment of State Board of Equalization fee of \$350.00.
3. Submit copy of title report showing ownership of the property and a geographic description of the property with plat map. (A geographic description is a State Board of Equalization requirement for annexation and is used to establish geodetic position and is not intended to establish property ownership).
4. Construction of, or connection to, District sewer facilities will not be allowed until completion of annexation, payment of annexation fees, payment of wastewater capital facilities fee, completion of sewer facilities required for the property and payment of all current fees and charges.
5. Completion of annexation within 90 days of Board approval.

REPORTS

GENERAL MANAGER

General Manager Lamb stated that he and Legal Counsel Dodson attended a meeting yesterday at the Regional Water Quality Control Board (RWQCB) on Lake San Marcos at which the Participation Agreement was reviewed. The RWQCB has received feedback from the County of San Diego and the City of Escondido that they prefer a stepped approach by initiating an agreement each time the project moves forward from study to remediation to monitoring. He stated that this approach was denied by this Board as well as the City of San Marcos due to the need to undergo negotiations each

time a new agreement is needed to proceed with the next phase. It has taken two years to get to the current point with the Participation Agreement. An additional meeting has been scheduled for October 26 to continue working through this issue and to resolve the addendum. Based on timeframes presented by the RWQCB, staff anticipates presenting this item at the November 3 Board meeting for consideration.

General Manager Lamb stated that there have been no issues in the collection system due to the rain.

General Manager Lamb stated that the Open House was a great success; there was very good attendance and believe attended by over 200 customers as that was how many flyers were printed and handed out.

General Manager Lamb stated that the codification of all ordinances is in the final draft. He anticipates presenting this item at a Board meeting in December for consideration.

General Manager Lamb stated that he as well as Director Gentry and Director Pottl attended the EWA Board Workshop on October 18. They met with Michelle Tamayo, who will be assisting with the District's goals and objectives. He anticipates presenting this item to the Board in November to begin the process.

General Manager Lamb stated that there will be a number of topics for the November 8 Board Committee meeting, including the Urban Water Management Plan update, SBX7 (20/20 reduction), the Master Plan NOP and EIR, Local Limits presentation by EWA staff, as well as the impact fee methodology and ordinance update (Ordinance No. 164).

Finance Manager Scaglione presented the Quarterly Investment Report, as required by the District's Investment Policy, as follows:

- The District is in compliance with the Investment Policy.
- Since the last quarterly report, there has been an increase in the total portfolio of \$1.7 million; LAIF has increased by \$1.1 million.
- \$1 million in CD's was purchased; reinvested another \$.5 million in CD's; purchased \$1.3 million in agencies; \$.5 million in agencies matured; \$1.2 million in agencies were called.
- The rate of return decreased slightly; was previously 0.888% - is now 0.809%.
- The weighted average/days in maturity increased slightly; the portfolio is still very liquid.
- June 30 is the most recent quarterly LAIF used for this report - the September valuation is now available with a slight favorable increase in value.
- Reviewed diversity in investments to meet safety criteria.
- Staff now utilizing a broker for CD's; is FDIC insured.
- Liquidity targets are being met.
- Reviewed the effective yield in comparison to LAIF, SDCIP, SDCWA and the average 91-day Treasury bill.

- No maturities until February, 2011; \$5 million in the SDCIP is available within a couple of days as well as \$7.6 million in LAIF with same-day availability.
- There were no investments in the Capacity funds; currently at a deficit.
- Reviewed investments by investment type; all investment types are within the portfolio limit.

DISTRICT COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Hannan stated that the Board will be meeting on October 28.

ENCINA WASTEWATER AUTHORITY

Director Poltl discussed the workshop held on October 18. At Director Poltl's request, an update on the EWA's South Parcel property was provided by General Manager Lamb.

ACWA REGION 10

Director Gentry stated that the next meeting will be held at the ACWA Conference in December.

LAFCO

Director Poltl stated that a meeting took place this month, however, he was unable to attend.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

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

Director Hannan provided an oral report on her attendance to the WEF San Joaquin River Restoration Tour which took place October 13-14.

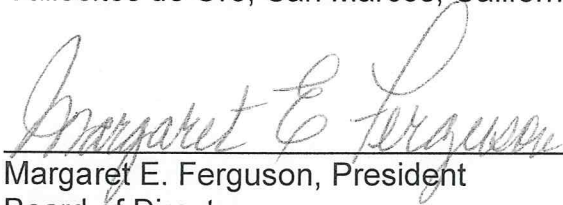
OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Ferguson adjourned the Regular Meeting of the Board of Directors at the hour of 4:50 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 3, 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