

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
OLIVENHAIN MUNICIPAL WATER DISTRICT

JUNE 9, 2010

A regular meeting of the Board of Directors of the Olivenhain Municipal Water District was held on Wednesday, June 9, 2010 at the District office, 1966 Olivenhain Road, Encinitas, California.

President Sprague called the meeting to order at 4:00 P.M. Following the Pledge of Allegiance, the Assistant Secretary called the roll. Directors present were Krauss, Muir, Sprague, Topolovac, and Varty.

President Sprague declared a quorum present and ordered the meeting to proceed. In attendance were Kimberly Thorner, General Manager; Wes Peltzer, General Counsel; Tom Kennedy, Operations Manager; George Briest, Engineering Manager; Rainy Selamat, Finance Manager; Tom Wood, Human Resources Manager; and Naomi Sabino, Executive Secretary.

Also in attendance were District Consulting Engineer Don MacFarlane – AECOM, and District employee Joseph Randall, Management Analyst Supervisor.

5. ADOPTION OF AGENDA

General Manager Thorner recommended cancelling the Closed Session since the valuation report on the wells being considered for purchase had not yet been finalized.

President Sprague moved to adopt the agenda as amended, seconded by Director Varty and carried.

6. PERSONAL APPEARANCES AND PUBLIC COMMENTS

There was no one present to comment.

7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

No awards or honorable mentions were presented.

8. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 26, 2010 REGULAR BOARD OF DIRECTORS MEETING

Director Topolovac moved to approve the Minutes of the May 26, 2010 Board of Directors meeting, seconded by Director Krauss and carried.

9. CONSENT CALENDAR
- C-a CONSIDER AN AGREEMENT WITH OBR ARCHITECTURE (OBR) FOR THE DESIGN AND CONSTRUCTION ADMINISTRATION OF THE 4S RANCH WRF OPERATIONS BUILDING EXPANSION IN THE AMOUNT OF \$82,500 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
- C-b CONSIDER ACCEPTANCE OF THE OLIVENHAIN GUEST HOME PROJECT INTO THE DISTRICT’S SYSTEM AND ORDER THAT A NOTICE OF COMPLETION BE FILED
- C-c CONSIDER THE QUITCLAIM OF A PORTION OF AN EASEMENT OVER AN ABANDONED PIPELINE OFF VIA DE LAS FLORES AND ORDER THAT THE QUITCLAIM BE FILED

Director Topolovac requested additional discussion on Consent items C-a and C-c. Director Muir moved to remove Consent items C-a and C-c and approve Consent item C-b, seconded by President Sprague and carried.

Director Topolovac inquired whether construction at the 4S Ranch Water Reclamation Facility (WRF), discussed in Consent item C-a, truly needs to occur in FY 2010/2011. General Manager Thorner replied that it would be in the District’s best interest to do so. She stated that the project would be funded out of the Wastewater Fund, which has adequate reserves, and that Staff had been asked to take advantage of today’s favorable bidding market. Finance Manager Selamat added that these improvements were also included in the District’s Sewer Long Range Plan. Operations Manager Kennedy commented that the Water Operations budget would be positively impacted by transferring some personnel to the renovated building, while Engineering Manager Briest advised that recycled water operators are already working from the 4S Ranch WRF but that their workspace is, at present, inadequate.

President Sprague asked for clarification on what role an architectural firm would have in terms of “Construction Administration.” Engineering Manager Briest responded that the role includes shop drawing review, handling Requests for Information, interpreting the plans for the contractor, and periodically visiting the project site during construction to ensure it is being built as designed.

Following the above discussion regarding Consent item C-a, President Sprague moved to approve the item, seconded by Director Krauss and carried.

Director Topolovac asked whether Consent item C-c should result in some type of benefit or positive fiscal impact to the District. Engineering Manager Briest replied that the main benefit to quitclaiming a portion of the easement is that it releases the District from liability should an unforeseen, future problem arise with the abandoned pipeline. Director Topolovac inquired how the District can ensure the record reflects all necessary due diligence was done, and all work was properly performed, prior to abandoning the pipeline. Engineering Manager Briest responded that all dates and details concerning the work related to the abandoned

pipeline are recorded in the District's Enterprise Asset Management (EAM) system.

President Sprague moved to approve Consent item C-c, seconded by Director Topolovac and carried.

10. CONSIDER SUPPORT OF PADRE DAM MUNICIPAL WATER DISTRICT'S INTENT TO PROCEED WITH CONSTRUCTION ON THE EASTERN SERVICE AREA SECONDARY CONNECTION PROJECT

General Manager Thorner stated that Padre Dam Municipal Water District (Padre Dam) had requested a letter of support from other San Diego County water agencies to assist Padre Dam with moving forward on this project. She explained that a dangerous precedent would be set if Padre Dam was not allowed to proceed with construction after expending a significant amount of public funds and honoring all CEQA and other environmental requirements.

Director Krauss asked whether the organization that signed the agreement with Padre Dam actually had the authority to sign such an agreement; General Counsel Peltzer replied Yes.

Director Topolovac inquired whether Padre Dam had reached out to the community to explain the impediment to completing the project as well as Padre Dam's position on the matter. All Directors agreed it was essential for Padre Dam to seek public support in addition to that of other agencies. General Manager Thorner stated she would communicate this comment to Padre Dam's General Manager immediately.

President Sprague moved to approve a letter of support to Padre Dam, seconded by Director Muir and carried.

11. CONSIDER REJECTION OF ALL BIDS RECEIVED FOR CONSTRUCTION OF THE HARMONY GROVE - VIA AMBIENTE PIPELINE RELOCATION PROJECT

Engineering Manager Briest explained that construction plans for the Unit AA Pipeline had just been changed to cut through Escondido Creek, rather than alongside the creek, opening up the opportunity to build both the Unit AA and Harmony Grove-Via Ambiente pipelines parallel to one another. He stated that this change would allow the District to utilize the same contractor and inspector; additionally, a shorter distance would be required to build both pipelines. Engineering Manager Briest explained that, as a result of the change, the District will save approximately \$400,000 compared to originally anticipated costs. He also reported that, although the Board had awarded the Harmony Grove-Via Ambiente pipeline relocation contract to the second lowest bidder, this bidder had agreed in writing to allow the District to release them from the project.

Director Topolovac moved to reject all bids for construction of the Harmony Grove - Via Ambiente pipeline relocation as recommended, seconded by Director Varty and carried.

12. CONSIDER STATUS UPDATE ON CARLSBAD DESALINATION PROJECT (INFORMATIONAL ITEM)

General Manager Thorner presented the main points regarding the latest discussions with Poseidon and distributed a hard copy of her notes.

General Counsel Peltzer stated that the San Diego County Water Authority (SDCWA) General Counsel, Dan Hentschke, had opined that the various water agency representatives must recuse themselves from the June 10, 2010 Special Meeting at SDCWA regarding the Carlsbad Desalination Project and related agreements. General Counsel Peltzer, as well as six other attorneys, disagreed with that opinion. General Counsel Peltzer advised Director Muir that he was not required to recuse himself, even if he was asked to do so.

13. CONSIDER ADOPTION OF A RESOLUTION ESTABLISHING THE APPROPRIATION LIMIT AND AUTHORIZING THE APPLICATION OF PROCEEDS OF TAXES FOR THE FISCAL YEAR 2010-2011

Upon motion by Director Muir, Resolution No. 2010-15 was adopted, seconded by President Sprague and carried.

14. CONSIDER SETTING A PUBLIC HEARING TO CONSIDER AN INCREASE TO OLIVENHAIN MUNICIPAL WATER DISTRICT'S WATER SERVICES RELATED FEES (JUNE 23, 2010 AT 8:30 A.M.)

Finance Manager Selamat stated that the last increase to water services-related fees was done in July 2007. She added that the recommended increases would allow the District to recover its costs for specific requests by customers, including partial meter installations where service laterals already exist, installation of small, temporary construction meters, and fire flow testing.

Director Krauss moved to hold a Public Hearing to consider public comments on the proposed increase to water services related fees at 8:30 A.M. on June 23, 2010, seconded by Director Varty and carried.

15. CONSIDER APPROVAL OF AN AGREEMENT TO RETAIN AN ENGINEERING CONSULTANT FOR THE NORTH COUNTY RECYCLED WATER PROJECT II BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT, CARLSBAD MUNICIPAL WATER DISTRICT, VALLECITOS WATER DISTRICT, SANTA FE IRRIGATION DISTRICT, VISTA IRRIGATION DISTRICT, CITY OF OCEANSIDE, LEUCADIA WASTEWATER DISTRICT, CITY OF VISTA, AND SAN ELIJO JOINT POWERS AUTHORITY

General Manager Thorner stated that Rincon del Diablo Municipal Water District (Rincon) has expressed an interest in participating in the North County Recycled Water Project II. She added that the District would administer the contract, with all other agencies signing the

agreement and committing the needed staff time and funds. General Manager Thorner commented that the Engineering Consultant would help prepare the feasibility report to secure Proposition 84 funding, help obtain Title XVI funding, and pursue Metropolitan Water District (MWD) and SDCWA incentive funding as well. She further added that a consultant lobbying contract for securing federal funds would likely be brought to the Board for consideration later this calendar year. General Manager Thorner explained that the likelihood of obtaining these various types of funding is exponentially greater due to this combined agency, across borders approach.

President Sprague stated his approval of having the District administer the contract; however, he also expressed concern regarding how responsibility for that oversight might impact Staff. General Manager Thorner replied that it will certainly have an impact and that, to date, she and Engineering Manager Briest have been responsible for this effort. On the other hand, she stated that: (a) the District would likely need to do a feasibility study on its own facilities in any event; (b) the contract would end on October 1, 2010; (c) the various agencies were prepared to meet individually with the hired consultant regarding their respective projects; and (d) the District's role would be to facilitate meetings between the Engineering Consultant and other agencies, not to administer projects outside the District.

Director Topolovac moved to approve the agreement to retain an Engineering Consultant for the North County Recycled Water Project II, including Rincon as a participating agency, seconded by Director Muir and carried.

16. INFORMATIONAL REPORTS

A. President's Report

President Sprague stated he had nothing to report.

B. General Manager's Report

General Manager Thorner stated that the Board will be asked to consider moving from a Level 2 Drought Alert to a Level 1 Water Supply Shortage at the June 23, 2010 Board Meeting. She stated that information will be supplied to President Sprague for advance input since he will not be in attendance at the June 23 meeting. She also reminded the Board that she will be on vacation the week of June 14, 2010.

C. Consulting Engineer's Report

Consulting Engineer MacFarlane recapped the status of current water supplies throughout the state. He also stated he would provide General Manager Thorner with a copy of MWD's Bay-Delta presentation, shown at the SDCWA Board Meeting on May 27, 2010. Director Muir requested that General Manager Thorner share this presentation with all Directors at the next Board Meeting.

D. General Counsel's Report

General Counsel Peltzer reported that New Age Cielo has now opened litigation against Rancho Cielo and has subpoenaed the District for various records.

E. San Diego County Water Authority Report

Director Muir will provide a report at the next Board Meeting.

F. Metropolitan Water District Report

General Manager Thorner stated this report was given by Consulting Engineer MacFarlane.

G. IRWMP Committee Report

General Manager Thorner stated that the Proposition 50 grant is being transferred to Vallecitos Water District.

H. Twelve Month Calendar / Other Meetings/Reports

San Diego County Water Authority Board Meeting (May 27)

Director Muir gave his report earlier in the meeting.

Safety Committee Meeting (May 27)

Directors Krauss and Topolovac attended. Director Topolovac stated there was some confusion during the meeting as to how accident reports must be handled to comply with the Brown Act. Engineering Manager Briest resolved the matter after conferring with General Manager Thorner.

Conservation Committee Meeting (June 2)

Directors Muir and Topolovac attended. Topics that were discussed were SBX7_7 and the Level 1 Water Supply Shortage versus Level 2 Drought Alert. Director Muir felt that Management Analyst Supervisor Randall did an excellent job in his presentation at that meeting.

I. Legislative Report

General Manager Thorner stated there was nothing to report.

J. LAFCO Advisory Committee

General Manager Thorner stated there was no meeting this month.

17. CORRESPONDENCE

All correspondence was provided to the Board in advance of the meeting.

18. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

There were no meetings requiring authorization to attend.

19. FUTURE AGENDA ITEMS

There were no future agenda items to consider.

20. CONSIDER PUBLIC COMMENT

There were no public comments.

21. CLOSED SESSION

A)	CONSIDER STATUS OF GENERAL MANAGER AND GENERAL COUNSEL NEGOTIATIONS ON REAL PROPERTY (G SCHOENFELDER WELLS) [PURSUANT TO GOVERNMENT CODE SECTION 54956.8]
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Closed Session was cancelled as agreed in agenda item #5.

OPEN SESSION

22. ADJOURNMENT

President Sprague adjourned the meeting at 5:41 P.M.

Robert F. Topolovac, Vice President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Jacob J. Krauss, Secretary
Board of Directors
Olivenhain Municipal Water District