

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, SEPTEMBER 5, 2018, AT 5:00 P.M.  
AT THE DISTRICT OFFICE  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT HERNANDEZ

PLEDGE OF ALLEGIANCE

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 5, 2018

INTRODUCTIONS

Human Resources Analyst Bridget Anderson will introduce new employees, **Brian Fonseca**, Wastewater Collection System Worker I, and **Matt Thompson**, Wastewater Collection System Worker II.

PRESENTATIONS

President Hernandez will present **Marc Smith**, Wastewater Treatment Plant Operator II, with his Certificate for Wastewater Treatment Plant Operator III.

Rick Rungaitis, President and CEO for the San Marcos Chamber of Commerce, will present on the benefits of membership.

PUBLIC COMMENT

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. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

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 (pp. 6-20)

- A. CLOSED SESSION BOARD MEETING – AUGUST 15, 2018
- B. REGULAR BOARD MEETING – AUGUST 15, 2018
- C. PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE MEETING – AUGUST 21, 2018
- D. FINANCE/INVESTMENT COMMITTEE MEETING – AUGUST 27, 2018

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

**Recommendation: Approve Minutes**

1.2 WARRANT LIST THROUGH SEPTEMBER 5, 2018 – \$4,842,396.07 (pp. 21-23)

**Recommendation: Approve Warrant List**

1.3 FALL 2018 BETWEEN THE PIPES – VALLECITOS WATER DISTRICT QUARTERLY NEWSLETTER (pp. 24-27)

**Recommendation: Approve Fall 2018 Between the Pipes Newsletter**

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

ACTION ITEMS

2.1 ACCEPTANCE OF NORTH AND SOUTH PRESSURE REDUCING STATION UPGRADES (pp. 28-33)

*This project upgraded both Pressure Reducing Stations to meet all current standards.*

**Recommendation: 1) Increase project budget by \$66,557; 2) Accept project, authorize filing Notice of Completion and release of retention funds to contractor provided no claims are filed**

- 2.2 CONFLICT OF INTEREST CODE FOR VALLECITOS WATER DISTRICT  
BIENNIAL REVIEW AND ADOPTION (pp. 34-47)

*Biennial review of the District's Conflict of Interest Code.*

**Recommendation: Adopt Amended Conflict of Interest Code**

- 2.3 FINANCIAL INSTITUTION REGISTRY AND AUTHORIZATION (pp. 48-52)

*The District conducts transactions with various financial institutions throughout the year.*

**Recommendation: Amend authorizations of financial institutions**

\*\*\*\*\*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  
- *Capital Improvement Committee*  
- *Policy and Finance Committee*
- 3.5 STANDING COMMITTEES
- 3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS  
ATTENDED

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

OTHER BUSINESS

- 4.1 QUARTERLY BOARD EXPENSES (pp. 53-55)

**Recommendation: For Information Only**

- 4.2 MEETINGS (pp. 56)

**ACWA REGION 10 PROGRAM – Removing Barriers to Innovation in Water**  
October 18, 2018 – Mission Viejo, CA

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

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

**\*\*\*\*\*END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS\*\*\*\*\***

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.

Audio and video recordings of all Board meetings are available to the public at the District website [www.vwd.org](http://www.vwd.org)

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 5:00 p.m., Thursday, August 30, 2018.

\_\_\_\_\_  
Diane Posvar

State of California  
State Water Resources Control Board



*Certificate of Competence*

This is to certify that pursuant to the provisions of Chapter 9, Division 7 of the California Water Code

**Marc J. Smith**

has fulfilled the requirements for certification as a

**Grade III**

**Wastewater Treatment Plant Operator**

**Certificate Number 41373**

Issued this July 16, 2018

**Felicia Marcus**  
Chair



Original Issue Date: 07/16/2018

Expiration Date: 07/16/2021

MINUTES OF A CLOSED SESSION MEETING  
OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, AUGUST 15, 2018, AT 4:30 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the Closed Session meeting to order at the hour of 4:30 p.m.

Director Martin led the pledge of allegiance.

Present: Director Evans  
Director Martin  
Director Sannella  
Director Hernandez

Absent: Director Elitharp

Staff Present: General Manager Pruum  
Legal Counsel Gilpin  
Executive Secretary Posvar

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF AUGUST 15, 2018

18-08-01 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, with Director Elitharp absent, to adopt the agenda for the Closed Session Meeting of August 15, 2018.

PUBLIC COMMENT

None.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) - PERSONNEL MATTER

18-08-02 MOTION WAS MADE by President Hernandez, seconded by Director Martin, and carried unanimously, with Director Elitharp absent, to move into Closed Session pursuant to Government Code Section 54957(b).

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 4:42 p.m. The Board, in Closed Session, took no reportable action.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Closed Session Meeting of the Board of Directors at the hour of 4:43 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 15, 2018 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruim, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, AUGUST 15, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the Regular meeting to order at the hour of 5:00 p.m.

Director Evans led the pledge of allegiance.

Present: Director Evans  
Director Martin  
Director Sannella  
Director Hernandez

Absent: Director Elitharp

Staff Present: General Manager Pruiam  
Legal Counsel Gilpin  
District Engineer Gumpel  
Finance Manager Owen  
Operations & Maintenance Manager Pedrazzi  
Development Services Senior Engineer Scholl  
Information Technology Supervisor Labarrere  
Public Information/Conservation Supervisor Robbins  
Human Resources Analyst Anderson  
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 15, 2018

18-08-03 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to adopt the agenda for the Regular Board Meeting of August 15, 2018.

INTRODUCTION

Human Resources Analyst Bridget Anderson introduced new employee Vincent Gonzalez, Construction Worker I.

PRESENTATIONS

Public Information/Conservation Supervisor Robbins introduced the 2018 WaterSmart Landscape Contest Winners: Third Place, Patti Joyce and Jeffrey Moore; Second Place, Dennis and Shannon Root. The First Place winners, Rhonda Holmes and Jeff Jenco, were not able to attend the presentation. The winners received a certificate, lawn sign, gift card to a local nursery, and gift bag containing water conservation materials.

Information Technology Supervisor Labarrere provided an update on the Boardroom Audiovisual and Lighting Upgrades Project. Manufacturing delays have affected delivery of a few key components necessary for the new electronic voting system. The original



camera and displays are still in use temporarily to provide presentation, audio and video recording capabilities. To date, larger monitors have been installed with additional monitors for the General Manager and Legal Counsel. Monitors and microphones have been ordered for the new staff table. A new podium is being fabricated which will have a screen, microphone, and countdown timer. The project is expected to be completed on August 29.

### PUBLIC COMMENT

None.

### CONSENT CALENDAR

18-08-04 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to approve the Consent Calendar as presented.

#### 1.1 Approval of Minutes

- A. Regular Board Meeting – July 18, 2018
- B. Engineering/Equipment Committee Meeting – July 23, 2018

1.2 Warrant List through August 15, 2018 - \$4,448,783.19

#### 1.3 Financial Reports

- A. Water Meter Count – July 31, 2018
- B. Water Production/Sales Report – 2018/2019
- C. Water Revenue and Expense Report – July 31, 2018
- D. Sewer Revenue and Expense Report – July 31, 2018
- E. Reserve Funds Activity – July 31, 2018
- F. Investment Report – July 31, 2018
- G. Legal Fees Summary – July 31, 2018

### ACTION ITEMS

#### CONSTRUCTION CONTRACT AWARD FOR ROCK SPRINGS SEWER REPLACEMENT PROJECT

District Engineer Gumpel provided background on the project which involves replacing and upsizing the existing 8-inch clay sewer pipe with 12-inch and 15-inch PVC pipe. Infrastructure Engineering Corporation (IEC) completed a Sewer Planning Study in 2010. The Board approved a design contract for IEC on July 21, 2010. The project slowed due to the commitments of higher priority capital improvement projects, additional right-of-way acquisitions, environmental coordination, and budget deferment. The District received environmental clearance to work in the project area in 2015 and final right-of-way acquisition was completed on June 2, 2017. The project went out to

bid in May 2018. Burtech Pipeline was the lowest bidder. A protest letter was received from James W. Fowler Co., the second lowest bidder, which was reviewed and rejected without merit by Counsel and staff. Construction management and inspection will be performed by staff. IEC will provide construction phase services including biological and archeological monitoring support.

Staff recommended the Board reject the protest letter from James W. Fowler Co. as without merit, approve amendment No. 6 to the Engineering Services Agreement with IEC for construction phase services in the amount of \$71,250, and authorize General Manager Pruim to execute a construction contract with Burtech Pipeline in the amount of \$2,163,994, subject to the provisions of the contract.

General discussion took place regarding the timeline for the project and its impact to customers. District Engineer Gumpel estimated the project may take approximately nine months; however, construction will not be taking place during the entire nine months. Disruptions to customers are expected to be minimal as the original sewer pipe will still be in service while the new pipe is constructed. Staff has been working with the homeowners' association to disseminate project information to homeowners.

18-08-05 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to reject the protest letter from James W. Fowler Co. as without merit, approve amendment No. 6 to the Engineering Services Agreement with IEC for construction phase services in the amount of \$71,250, and authorize General Manager Pruim to execute a construction contract with Burtech Pipeline in the amount of \$2,163,994, subject to the provisions of the contract.

#### WATEREUSE ASSOCIATION BOARD OF DIRECTORS CALL FOR NOMINATIONS

General Manager Pruim stated the Nominating Committee of the WaterReuse Board of Directors is issuing a call for nominations to fill two Board vacancies.

The Board took no action.

#### REPORTS

##### GENERAL MANAGER

General Manager Pruim provided an update on the ongoing lawsuit between the San Diego County Water Authority (SDCWA) and Metropolitan Water District (MWD). The lawsuit was remanded to the Superior Court of which Judge Mary Wiss issued a Scope of Remand Proceedings which includes the following findings:

- MWD will be paying approximately \$28.7 million to SDCWA plus 10% interest. This pertains to the water stewardship rate they were illegally charging SDCWA.
- MWD is not entitled to show what they should have charged SDCWA had they known they couldn't charge the water stewardship rate.
- SDCWA is not entitled to seek "offsetting benefits" which, by wheeling its Colorado River Water supplies, SDCWA actually saved MWD money in that MWD did not have the expense of securing other water supplies.
- SDCWA is entitled to a judgement and damages regarding the rate structure integrity language which is language MWD included in their contracts stating that in the event they were sued by SDCWA, MWD would cancel incentive programs. There were damages associated with two agreements that included incentive programs that were cancelled. The desal project was not one of the two projects.
- August 31 is the deadline for both parties to submit new briefings for further proceedings.
- A hearing will be held to determine restitution amounts, the prevailing party, and attorney fees.
- This particular litigation pertains only to the 2011/2012 rate lawsuit. All subsequent rate lawsuits have been put on hold pending the outcome of the 2011/2012 case.

General Manager Pruim stated the desal plant gets its feed water from the cooling that goes through the Encina power station. "Once-through cooling" is a process where ocean water is taken in to cool the generators and then discharged into a lagoon. The desal plant tied into that discharge. Cooling hot water makes it easier and slightly cheaper to produce desal water. The Encina power station is being re-powered with a new, more efficient engine which will air cool the water as "once-through cooling" is no longer allowed in California. The desal plant now must build their own ocean intake structure. The original water purchase agreement between SDCWA and Poseidon anticipated this and allows Poseidon to charge more for water if conditions change. The agreement includes generic escalators for power and CPI; however, for unforeseen conditions, the water purchase agreement limits the price over the term of the contract so that a price increase cannot be over 30% and no more than 10% in any given year. The cost of desal could go up by 30% for unforeseen conditions. The SDCWA estimates building a new intake facility could increase the cost of desal water by 8%, but this probably wouldn't happen until 2023. The water purchase agreement stipulates that Poseidon cannot increase the price until the new facility is operational.

General discussion took place.

General Manager Pruim provided an update on the State's proposed water tax on all residential water users to create a fund that would help pay for water quality improvements in disadvantaged communities, primarily farming communities in the Central Valley where groundwater basins were impacted by agricultural runoff, pesticides, and fertilizers. SB 623 and a trailer bill with similar provisions were introduced to address funding: tax the polluter (fertilizer producers) or residential customers. Both measures stalled due to protests from water agencies and customers.

There is a last push for the water tax legislation with minor modifications before the end of the two-year legislative session on August 31. Modifications include pursuing more money from the fertilizer industry, securing money from the State budget that was set aside for water quality improvements, and modifying the water tax to have a “required voluntary contribution” where customers could opt out of the water tax placed on their bill.

### DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin reported on the Cory Briggs lawsuit. Mr. Briggs, on behalf of San Diegans for Open Government, sued the SDCWA for an alleged Brown Act violation based on four SDCWA representatives attending Metropolitan Water District (WMD) Board of Directors meetings. In mid-July the Superior Court ruled in favor of the SDCWA finding a Brown Act violation had not taken place because the four SDCWA representatives were a part of the larger 38-member MWD Board to be congregating. Under the Brown Act for there to be a meeting, there must be a congregation of more than a majority who are discussing, deliberating, or taking action on an item outside of a public meeting.

Legal Counsel Gilpin discussed serial meetings, explaining that there are six exceptions to the meeting rule concerning Brown Act violations:

- Individual contact with staff or the press if only to solicit information, not to advocate positions to be conveyed to others
- Attendance of three or more Board members to conferences providing there is no discussion of issues relative to the District among the Board members
- Attendance of three or more Board members to community meetings at which they may comment on their position on a policy
- Attendance of three or more Board members to meetings of other legislative bodies providing there is no discussion of District business among the Board members
- Attendance of a Board member to a standing committee meeting of the Board to which they are not a member, provided that the non-committee member is only at the meeting to observe and does not comment or participate in the discussion
- Social events providing three or more Board members do not discuss District business among themselves

Legal Counsel Gilpin stated there was a delay in the informational hearings last week to present amendments to the State Water Contracts.

### SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the SDCWA held a special meeting on August 9 to discuss water policy decisions. There has been confusion regarding SDCWA’s support for fixing the Delta. SDCWA does support fixing the Delta, but not without first having a cost analysis

completed. SDCWA will resist anything that puts an unfair burden on the SDCWA such as transportation fees rather than supply costs.

Director Evans reported on her attendance to the JPA Water Conservation Garden quarterly meeting on August 13 at which they reached a new five-year operating agreement with their members. She stated the Executive Director is retiring.

#### ENCINA WASTEWATER AUTHORITY

President Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning at which discussion took place regarding the plant rehabilitation close out and mitigation for a settlement concerning the incorrect installation of pipes.

General Manager Pruium reported on his attendance to the Policy and Finance Committee meeting on August 7 on behalf of Director Elitharp who was unable to attend. Items discussed included the biennial review of EWA's Conflict of Interest Statement, a resolution for authorization of financial transactions, and the establishment of a policy for review and approval of leases, easements and licenses.

#### STANDING COMMITTEES

Director Evans stated the Public Awareness/Personnel/Policy Committee will meet at 10:00 a.m. on August 21.

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

Directors Martin and Hernandez reported on their attendance to the California Association of Sanitation Agencies Annual Conference August 8 – 10.

#### OTHER BUSINESS

None.

#### DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin asked why it's taking so long for any movement on the District-wide solar project. District Engineer Gumpel briefly explained the project phasing and Request for Proposal process.

Director Evans commented she is glad the lawsuit with Diamond Environmental Services has been resolved.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 6:37 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 5, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A MEETING OF THE  
PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
TUESDAY, AUGUST 21, 2018 AT 10:00 A.M.  
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,  
SAN MARCOS, CALIFORNIA

Director Evans called the meeting to order at the hour of 10:02 a.m.

Present:                    Director Evans  
                                Director Hernandez  
                                General Manager Pruiem  
                                District Engineer Gumpel  
                                Development Services Senior Engineer Scholl  
                                Public Information/Conservation Supervisor Robbins  
                                Public Information Representative Urabe  
                                Public Information Representative Yerman  
                                Administrative Secretary Johnson

ITEMS FOR DISCUSSION

VID/VWD ANNEXATION AREA DISCUSSION

District Engineer Gumpel provided maps and historical background on the area referred to as the “Boot and Bennett Area” which is comprised of approximately 1,268 acres located in the Vista Irrigation District (VID) service area that generally follows the flume. Many decades ago LAFCO determined these areas are within Vallecitos Water District’s (VWD) sphere of influence and should be taken over by VWD. VID and VWD are in agreement on this and have included it in their Master Plans. There is no urgency to this; however, situations where it would be difficult or too costly for VWD to install infrastructure where VID already has infrastructure nearby are becoming more common, resulting in exchange agreements between the two agencies.

Development Services Senior Engineer Scholl stated staff met with VID staff last year to discuss a pilot program for the southern part of the “Boot and Bennett Area” comprised of five isolated areas covering approximately 30.93 acres. The pilot program would develop a concept as to how and when the five areas would be detached from VID and annexed into VWD. Options to consider include VWD taking over existing VID infrastructure, VID constructing infrastructure to VWD’s standards and turning it over to VWD, and the costs and details involved. VID has indicated they would compensate VWD in some manner for taking over their aging infrastructure. The benefits to VID would be that the customers in those pilot areas would be better served with faster response times, VID’s ability to pressurize the flume, and to create redundancy in the water distribution system. Annexing these isolated areas into VWD would add approximately 150 customers but would not trigger any expansions for VWD.

General Manager Pruim requested the Committee consider whether or not to annex the "Boot and Bennett Area" into VWD starting with the five isolated areas in the pilot program.

General discussion took place regarding who would be responsible for annexation and capital facility fees. District Engineer Gumpel recommended a study be performed to consider a mass annexation. Options for annexation fees would be to charge, waive, or ask VID for a contribution of the fees. In undeveloped areas, developers would have to build the infrastructure and pay their capital facility fees.

District Engineer Gumpel stated that for the entire 1,268 area it may make sense to:

- Waive capital facility fees for existing VID connections (VWD would receive funds from VID for replacement values of aging infrastructure)
- Charge capital facility fees for vacant land as a meter must be purchased and connected to the water system (VID and/or future development would build new infrastructure to VWD's standards)
- Charge annexation fees for existing VID connections and vacant land (VID would pay the fee to VWD for existing connections)
- The appropriate amount of replacement costs VID has collected for their infrastructure that VWD is taking over would be given to VWD, based on the value and age of the infrastructure.

The consensus of the Committee was to direct staff to continue with the development of the pilot program for the 30.93 acres to consider waiving the capital facility fees for existing VID connections.

Mike Hunsaker, member of the public, inquired about possible annexation issues with wastewater, water rights, and if existing VID customers have any say in the annexation matter. Staff responded that VID provides water services only, VWD already serves many of the existing VID customers, and VWD's water exchange agreements address how water provided to VID customers is taken out of VID's allocation.

#### DISPOSITION OF DISTRICT VEHICLE #9

Public Information/Conservation Supervisor Robbins provided information regarding the revenue or expense associated with the options available for disposition of vehicle #9. The options include keeping the vehicle in operating condition, full restoration of the vehicle, selling it at auction, donating it, or displaying it at the District office in the lobby or garden.

Public Information/Conservation Supervisor Robbins stated the vehicle was refurbished 12 years ago and has continued to deteriorate. The cost to keep it running and meet safety standards would cost approximately \$10,000. A full restoration to return the vehicle to its original condition is estimated to cost \$40,000 to \$50,000. Selling the



vehicle at auction could possibly bring as much as \$9,000. Preparation of the vehicle for display in the lobby would cost approximately \$2,500 or \$1,200 in the garden including staff time, overhead, signage and a car port in the garden. The San Marcos Historical Society (SMHS) is interested in accepting the vehicle as a donation; however, they would need to secure a place to store it as well as their historic fire engine.

General discussion took place regarding the various options during which the suggestion was made to keep the vehicle where it is currently stored or as part of a display in the lobby until the SMHS is able to accept it.

The Committee directed staff to research what type of display could be placed in the lobby to better utilize the space and if including vehicle #9 would be appropriate.

#### COMMUNITY OUTREACH FOR SCHOOLS AND WATER ACADEMY

Public Information/Conservation Supervisor Robbins stated that at their February 12 meeting, the Committee requested additional information on expenses for the District's public outreach programs. He provided details on the costs for events such as Jack's Pond visits, Hands on History, the Green Machine, Splash Lab, and school tours. The school tours are costlier than the other events and impact staff the most, especially the Collections staff.

General discussion took place regarding the possibility of holding a half-day Open House in addition to the fall Water Academy. The event could include a tour of the District garden, Water Operations and Collections similar to the school tours but would not have the expense of renting a bus to take visitors to other locations. Breakfast snacks and lunch could be optional, or if included, would cost approximately \$3 for snacks and \$15 for lunch per visitor. Staff time and if held on a Saturday, overtime, would add to the overall cost of the event.

The Committee directed staff to proceed with preparations for a half-day Open House to be scheduled six months after the October 25 Water Academy and to include snacks and lunch for the visitors.

#### AGRICULTURAL WATER ELIGIBILITY

Public Information/Conservation Supervisor Robbins provided background information on the San Diego County Water Authority's Transitional Special Agricultural Water Rate (TSAWR) and the District's Certified Non-Participating Agricultural Water Rate (CNPAWR). The District's CNPAWR was established during the 2007-2009 California Drought, petitioned by customers, to provide an agricultural rate that would not be subject to water use reductions in times of drought or supply cutbacks. The CNPAWR was originally referenced in Ordinance No. 165, adopted in 2009, which included the same requirements as the SDCWA's TSAWR program. Ordinance No. 165 has been revised and replaced over the years. The current Ordinance No. 207 does not contain language regarding the CNPAWR.

Public Information/Conservation Supervisor Robbins stated he is receiving requests from customers wanting the CNPAWR. Pending requests are from varied customers: a small farming operation, a commercial mushroom farm, a resident wanting to install an orchard on their property, a horse stable, and a palm tree business. The fiscal impact of allowing customers the CNPAWR would vary from customer to customer. CNPAWR customers are currently charged a flat rate at the Tier 2 rate of \$4.43 per HCF and would never reach Tier 3 which is \$8.47 per HCF. This would result in reduced revenue of \$4.04 for every unit of Tier 3 water that would have been charged.

General discussion took place regarding pros and cons of allowing the CNPAWR, what requirements should be necessary to qualify for the CNPAWR, the need to inspect, certify and maintain the property, and modification of the current ordinance.

The Committee directed staff to review Ordinance No. 165 to try to determine the intent of and why the language pertaining to CNPAWR was deleted at some point, how to certify agricultural properties, and how much revenue would be lost or gained with tier options. They would also like to review a water billing history for the last five years of a small agricultural customer and a calculation as to how much revenue had been lost during the years they were charged the Tier 2 rate. The requested information will be brought back to the Committee for their review.

Mike Hunsaker, member of the public, expressed his concerns that this could become a public relations disaster, and that the agricultural water would have to come from somewhere, is not subject to rationing, is billed at a lower rate than residential customers receive, and the potential for crops requiring more water.

General Manager Pruim stated that there is no direct correlation between the new State-mandated restrictions and limitations on indoor water use and water supplies. Standards will be developed for outdoor water use such as agricultural.

#### OTHER BUSINESS

None.

#### PUBLIC COMMENT

None.

#### ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 11:45 a.m.

MINUTES OF A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
MONDAY, AUGUST 27, 2018 AT 3:00 P.M.  
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,  
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 3:00 p.m.

Present:                    Director Martin  
                                 Director Sannella  
                                 General Manager Pruiam  
                                 Finance Manager Owen  
                                 Accounting Supervisor Glenn  
                                 Financial Analyst Arthur  
                                 Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

RATING AGENCY CRITERIA

Accounting Supervisor Glenn facilitated a presentation on the criteria used during a credit rating evaluation. He stated the three main rating agencies (Standard & Poor's, Moody's and Fitch) have the same objective of creating a rating for debt; however, their methodologies vary slightly. He focused on criteria Fitch utilizes as they provided the District with their current credit AA+ rating. Information presented included:

- Background – Bonds
- Key Rating Drivers
  - Revenue Defensibility
  - Operating Risks
  - Financial Profile
  - Asymmetric Risk Factors
- Vallecitos Credit Rating

Question and answer took place during the presentation.

General discussion took place regarding the frequency of Fitch's surveillance of the District's finances. Finance Manager Owen stated Fitch performs surveillance when major changes take place that could affect the District's financial picture or when debt is taken on. Surveillance is performed every couple of years while debt is outstanding.

Accounting Supervisor Glenn stated the District received the AA+ Fitch rating in 2015 during the bond issuance. In 2017 a surveillance was performed by Fitch at which time they reaffirmed the District's AA+ rating and gave the District a rating outlook of "stable." The AA+ rating is the second highest credit rating possible.

This item was presented for information only.

### EWA RESTITUTION FUNDS

General Manager Pruim stated Encina Wastewater Authority (EWA) was awarded approximately \$637,000 in restitution from the Diamond Environmental Services lawsuit. EWA's Board of Directors agreed that those funds belonged to the District. The District received the funds in July and they were placed into the reserves.

General Manager Pruim provided the following options for use of the funds:

- Address the PERS unfunded liability for the District's employees (approximately \$17.4 million)
- Address the PERS unfunded liability the District has as a member agency of EWA for their employees (approximately \$3 million)
- Keep the funds in the District's reserves
- Create a rate stabilization fund to decrease possible future rate increases
- Fund a study on a possible septage receiving facility in North County

General discussion of the various options took place. Director Martin inquired about installing smart sewer covers in key locations to prevent illegal dumping. General Manager Pruim stated the District has smart sewer covers positioned throughout the District's service area for use in high flow situations which might indicate a blockage. An intrusion alert also signals when a manhole is open. The Committee was not in favor of the study for a septage receiving facility.

The consensus of the Committee was to leave the funds in reserves for now and revisit it during the next budget process.

Mike Hunsaker, member of the public, inquired about the restitution and the District's ownership percentage of EWA, to which General Manager Pruim responded. Mr. Hunsaker also requested a copy of the draft Water Master Plan.

### OTHER BUSINESS

Director Martin requested data on electric costs for all District facilities.

### PUBLIC COMMENT

None.

### ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 3:53 p.m.

VALLECITOS WATER DISTRICT  
WARRANTS LIST  
September 5, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
<b>CHECKS</b>			
Garnishments	Payroll Garnishments	114386 through	114393 -
Ababa Bolt Inc	Hardware Supplies	114394	46.59
Action Mail	Splash Fall Newsletter Prj 20191-26	114395	6,950.72
ACWA/Joint Powers Insurance	Group Insurance Sept	114396	207,962.74
Airgas USA LLC	Cylinder Rental	114397	106.95
Allie's Party Rental	San Marcos Street Fair Prj 20191-26	114398	284.88
J.C. Ehrlich Co Inc	Plant Maintenance Aug	114399	263.00
AP Technology LLC	AP Check Stock	114400	521.82
AT&T	Internet Svc Aug	114401	64.25
AT&T	Phone Svc SCADA July	114402	550.96
AT&T	Phone Svc July	114403	2,798.51
Atom Engineering Construction, Inc.	North & South Pressure Reducing Stations Prj 20141-7&8	114404	7,122.88
James D Austin	CWEA Cert, Self Improvement Prog, Water Treatment Cert	114405	632.00
Backflow Solutions, Inc.	Backflow Test Quantity 333	114406	4,312.35
Barrett Engineered Pumps	Parts - Back Wash Pump 1 & 2 Rebuild MRF	114407	3,982.66
Best, Best, & Krieger	Legal Svcs June	114408	8,687.14
Boncor Water Systems	Drinking Water Svc Aug	114409	46.00
Boot Barn	Safety Boots	114410	445.45
Brady Sand & Material Inc	Rock & Cold Mix	114411	1,026.64
Brian Fonseca	Pay Period Ending 8-24-14 - Included in Payroll for August 29th Below	114412	-
Brittany Ryberg	Closed Account Refund	114413	58.57
Cal Empire Engineering	Closed Account Refund	114414	913.27
City of Carlsbad	Quarterly Sewer Svc	114415	6,674.40
Chandler Asset Management, Inc.	Investment Management Svc July	114416	2,523.60
Cla-Val Co.	Flow Control Valves16, North Pressure Station	114417	1,681.79
Coast Equipment Rentals	Excavator Rental S Lake Prj 20181-13	114418	7,258.49
Jeffrey Colwell	Video Production Prj 20191-27	114419	306.25
Core & Main LP	Pipes 4, Hurco Blowers For Smoke Testing 2 - Collections	114420	4,873.16
Corodata Media Storage Inc	Back Up Storage Tape July	114421	177.64
County of San Diego	Recording Fees July	114422	64.00
CUES	GNet CCTV Software Support Plan 18-19	114423	2,850.00
CWEA	Cert Membership Renewal I Murguia	114424	188.00
Davidson Builders Inc.	Closed Account Refund	114425	177.06
Dell Computers	Monitors 3 SCADA, Desk Tops Board Room 4 Prj 20151-2	114426	4,924.65
DirecTV Inc	Satellite Svc Aug	114427	169.98
Hidden Valley Steel & Scrap, Inc.	Hardware Supplies	114428	42.32
Encina Wastewater Authority	Sewer Testing	114429	16,234.25
Ewing Irrigation Products	PVC Supplies	114430	182.25
Felix & Sandra Rodriguez	Closed Account Refund	114431	51.04
Ferguson Enterprises, Inc	Pipe Coating Material For Steel Main Breaks	114432	1,803.74
Fisher Scientific LLC	Lab Supplies	114433	673.27
George & Krogh Welding Inc	Fabrication of Filter Tank Veh 213	114434	1,410.45
Hach Company	Water Quality Supplies, Sensor Cap MRF	114435	1,387.80
Hawthorne Machinery Co.	Skip Loader Rental, Engine Svc South Lake PS Prj 20161-107	114436	3,396.01
James R Hernandez	CASA Conference 8-8-18, CSDA Meeting 8-16-18	114437	274.06
HMS Construction, Inc.	Install Temporary Traffic Camera & Loop - Main Break	114438	9,999.99
Home Depot Credit Services	Hardware Supplies July	114439	1,546.96
Infosend Inc	Support Fee, Postage, Printing, Door Hangers, July	114440	13,115.97
Jason Hubbard	Self Improvement Program	114441	998.41
Jennifer Keen	Closed Account Refund	114442	201.35
JCI Jones Chemicals Inc	Chlorine	114443	6,129.63
J.J. Keller & Assoc Inc	Safety & Regulation Compliance Support 18-19	114444	995.00
Knight Security & Fire Systems	Answering & Patrol Svc Aug	114445	588.19

VALLECITOS WATER DISTRICT  
WARRANTS LIST  
September 5, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
KRC Rock Inc	Rock S Lake Prj 20181-13	114446	1,583.93
Lawnmowers Plus Inc	Hardware Supplies	114447	288.73
LG Sonic B.V.	Ultrasonic Algae Control System Prj 20191-11	114448	57,040.00
Liebert Cassidy Whitmore	Professional Svcs July	114449	593.00
Lloyd Pest Control	Pest Control July	114450	1,318.00
Mallory Safety & Supply, LLC	Gloves, Hard Hats, Safety Supplies	114451	1,893.45
Manpower Temp Services	Customer Svc Rep Weeks Ending 7-8 through 8-12	114452	6,678.44
Marcy Edson	Closed Account Refund	114453	83.00
Hal Martin	CASA Conference 8-8-18, CSDA Meeting 8-16-18	114454	352.98
Matheson Tri-Gas Inc	Cylinder Rental	114455	53.64
Matias Labarrere	CompTIA Annual Cert, CISSP Certification 3 Years	114456	135.00
Mission Resource Conservation District	Water Use Evaluation Prj 20191-29	114457	150.00
Northern Tool & Equipment Co Inc	Fuel Tank	114458	976.38
Occu Med LTD	Medical Svcs	114459	655.00
Odyssey Power Corporation	Transfer Switch Replacement Prj 20181-21	114460	10,173.22
Olivenhain MWD	Treated Water July	114461	84,841.00
Olivenhain MWD	NSDWRC Costs April - July	114462	1,201.18
Ostari Inc	IT Support July & August	114463	4,831.25
Pacific Pipeline Supply	Brass Hoses 7, PVC Pipes, Brass Supplies, Hardware Supplies	114464	1,249.42
Parth Sitlani	Closed Account Refund	114465	56.13
Paul White	Closed Account Refund	114466	18.96
PCMG, Inc.	Microsoft Licensing SQL - Microsoft Applications 18-19	114467	5,891.32
Pencco, Inc.	Sulfend RT, Trioxyn	114468	27,496.74
Redback USA	Safety Boots	114469	150.00
Richmond American Homes	Closed Account Refund	114470	530.58
Rick Post Welding	Welding Svcs S Lake PS Prj 20181-13	114471	5,613.63
Rusty Wallis Inc	Soft Water Svc Aug	114472	201.00
SDG&E	Power July	114473	58,074.26
San Elijo Hills Estates	Closed Account Refund	114474	275.04
Schmidt Fire Protection Co Inc	Quarterly Fire Inspection Svc	114475	335.00
Sensus USA, Inc.	Sensus Meter Support 18-19	114476	1,949.94
Smart & Final	Office Supplies	114477	106.13
Southern Counties Lubricants, LLC	Diesel Fuel	114478	2,128.35
Standard Insurance Company	LIFE, LTD & ADD Insurance Sept	114479	6,468.61
State Water Resources Control	Water Distribution Operator Cert C Minichilli	114480	105.00
Terraverde Energy LLC	District Wide Solar Analysis	114481	7,949.21
Total Resource Mgt Inc	Maximo Support & Licensing 18-19, Maximo Support July	114482	69,068.68
Traffic Supply Inc	Traffic Signs 10	114483	268.62
John Truppa	Prescription Safety Glasses	114484	275.00
Trussell Technologies Inc	Biological Evaluation	114485	922.00
Underground Service Alert	Dig Alert Svc July	114486	386.20
Union Bank	COP Administration Fees 2018-2019	114487	2,640.00
Univar USA Inc	Sodium Hypo Liquichlor, Caustic Soda, Sodium Bisulfite	114488	12,195.12
UPS	Shipping Svcs Aug	114489	114.86
Valley Chain & Gear Inc	Hardware Supplies	114490	56.73
Verizon Wireless	Cell Phone & Ipad Svc July	114491	1,848.89
Vista Irrigation District	Water Distribution Class - 13 Employees	114492	2,275.00
Walters Wholesale Electric	Hardware Supplies Prj 20181-19, Electric Supplies	114493	1,073.49
Waterwisepro Training	Water Distribution Class - 8 Employees	114494	1,200.00
Watkins Landmark Const	Closed Account Refund	114495	799.82
Weck Analytical Environmental Services, Inc.	Lead & Copper Sampling	114496	1,552.00
Xerox Corporation	Copier Lease June & July	114497	5,318.00
Zayna Haggag	Closed Account Refund	114498	18.44
Zoho Corporation	Annual Subscription - Patch Manager Plus Software FY 18-19	114499	1,622.00

VALLECITOS WATER DISTRICT  
WARRANTS LIST  
September 5, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Boot World Inc	Safety Boots	114500	295.44
Burtech Pipeline Incorporated	Sewer Lining & Repairs Prj 20181-8	114501	154,794.90
Christian Wheeler Engineering	Geological Svcs July	114502	2,280.00
Core Logic Information Solutions Inc	Real Quest Engineering Map Svc July	114503	200.00
Employment Screening Services Inc	Employment Screening	114504	9.00
Freeway Trailer Sales	Hardware Supplies	114505	310.27
Grainger Inc	Fire Extinguishers, Shop Towels, Saw Blades, Hardware Supplies	114506	1,634.65
Hopkins Technical Products Inc	Hardware Supplies	114507	189.63
Interstate Batteries	Batteries 3 Veh 225	114508	374.58
Knowbe4, Inc.	Security Awareness Training Subscription 18-19	114509	1,407.60
Land Surveying Consultants Inc	Dam Monitoring - Mahr Reservoir & Dam	114510	2,500.00
Laser Cut Concrete Cutting Inc	Core Drilling - Bldg C	114511	280.00
Mitchell Instrument Co Inc	Data Logging Device for Programmable Logic Controller (PLC)	114512	474.61
One Source Distributors LLC	Programmable Controller, Processors 2 MRF	114513	9,263.20
Recycled Aggregate Materials Co Inc	Concrete Recycling	114514	575.00
Rexel USA, Inc	Soft Starters 3 - Double Peak Pump Station	114515	6,914.84
Sparling Instruments LLC	Supplies - Flow Meter Upgrades	114516	605.18
State Water Resources Control	Annual ELAP Fees - MRF FY 18-19	114517	3,592.00
T.S. Industrial Supply	Suction Hose Parts	114518	804.12
Trugrit Traction, Inc.	CCTV Wheels 12	114519	2,940.85
Unifirst Corporation	Uniform Delivery	114520	1,764.54
Work Partners	Medical Svcs July	114521	285.00
Total Disbursements (127 Checks)			<u>922,254.87</u>
<b>WIRES</b>			
San Diego County Water Authority	July Water Bill	Wire	3,040,002.09
Public Employees Retirement System	Retirement Contribution - August 15, 2018 Payroll	Wire	70,694.06
Public Employees Retirement System	Retirement Contribution - August 29, 2018 Payroll	Wire	70,780.48
Total Wires			<u>3,181,476.63</u>
<b>PAYROLL</b>			
Total direct deposits		Wire	238,394.22
VWD Employee Association		114386	612.00
Garnishments	114387 through	114389	907.83
IRS	Federal payroll tax deposits	Wire	91,249.40
Employment Development Department	California payroll tax deposit	Wire	17,697.46
CalPERS	Deferred compensation withheld	Wire	14,380.10
VOYA	Deferred compensation withheld	Wire	5,289.79
Total August 15, 2018 Payroll Disbursements			<u>368,530.80</u>
Total direct deposits		Wire	239,965.84
VWD Employee Association		114390	606.00
Garnishments	114391 through	114393	907.83
IRS	Federal payroll tax deposits	Wire	91,409.21
Employment Development Department	California payroll tax deposit	Wire	17,732.24
CalPERS	Deferred compensation withheld	Wire	14,437.81
VOYA	Deferred compensation withheld	Wire	5,074.84
Total August 29, 2018 Payroll Disbursements			<u>370,133.77</u>
Total Payroll Disbursements			<u>738,664.57</u>
<b>TOTAL DISBURSEMENTS</b>			<u>4,842,396.07</u>



## State Water Regulations Target Water Agencies, *Not Residents*

On May 31, 2018, Governor Jerry Brown signed into law two new bills that will require urban water providers throughout California to set new permanent water use targets for their service areas. Senate Bill 606 (Hertzberg) and Assembly Bill 1668 (Friedman) provide a framework for setting water-use targets, as well as implementing and enforcing the new water use requirements.

Erroneous media reports have created confusion about the new regulations. One particularly prominent report said there was a statewide mandate not to take a shower and do laundry on the same day. It also said there was a statewide mandate that would limit each person to a certain amount of water indoors. Neither of those assertions are accurate.

The primary regulatory mechanism in the new law is setting water-use objectives for retail water agencies—not people or businesses. Retail agencies, like the Vallecitos Water District, will have discretion over how to meet the objectives.

Under the new law, Vallecitos must calculate water-use objectives by November 2023, and every year thereafter. The state's calculation for evaluating water-use efficiency by agencies will be very complex. In its simplest form, it will compare actual water use by agency to the state's objective for each agency to assess whether agencies are performing efficiently. The calculation will include:

- Indoor and outdoor residential water use
- Commercial, industrial, and institutional landscape irrigation
- Water loss (system leakage)
- Unique local uses (i.e., livestock, swamp coolers, etc.)
- Potable reuse credit

The regulatory development process is under way, and there are numerous questions about exactly how the rules will work. Many of the answers probably won't be finalized for months--or even years.

By 2027, urban water providers who do not meet their targets can be fined by the State Water Board (up to \$1,000 per day during non-drought years and \$10,000 per day during drought emergencies). Again, the fines apply to the urban water provider and not to individuals. Vallecitos will provide updates on this subject as information becomes available. If you would like someone from Vallecitos to speak to your community group about how these bills will affect residents, please call (760) 752-7120.





## A Simple Change of Habit for Cleaner Beaches

Sometimes it's the simple things we do every day that make our world so much better. Like in our kitchen, for example. Did you know that by simply not pouring grease down the drain, you can help prevent pollution and keep our creeks, lakes and beaches clean? It's true and here's why...

Fats, Oils and Grease (FOG) are generated at home when we cook foods like bacon grease, butter, and cream sauces. If these items are poured down the drain, the oils can stick to the sewer lines and block the pipe. This can cause wastewater to flow into your home, onto your property, or out of the nearest sewer manhole, causing the wastewater to flow untreated to the nearest body of water.

Fortunately, there is an easy solution requiring just a simple change of habit. Instead of pouring household grease down the drain, throw it in the garbage. For disposal ease, Vallecitos has a limited supply of free "Fat Trapper" grease collection containers available at the District's Administrative offices, specifically designed to store cooking grease until it is time to throw it away. The airtight unit contains foil-lined bags to contain your cooking grease. Once full, simply throw the bag away. To learn more about FOG, go to [www.vwd.org/grease](http://www.vwd.org/grease).

Restaurants can also do their part, as food service establishments can be a significant source of FOG due to the amount of grease and oil produced when cooking or preparing food. Without proper cleanup practices and maintenance of a grease removal device, such as a grease interceptor, food particles and FOG will flow to the sanitary sewer system and block sewer pipes--an occurrence that can lead to sewer spills in our region.

To reduce the chances of a sewer spill, Vallecitos is required by the State to implement a FOG Control Program for food service establishments to reduce the discharge of FOG to the sanitary sewer system. In response, the District's Board of Directors adopted Ordinance 191 on December 10, 2013, to assist food service establishments in controlling FOG by establishing a monitoring and inspection program. For more information about the proper disposal of restaurant FOG, please contact Corey Harrell, Source Control Technician at [charrell@vwd.org](mailto:charrell@vwd.org) or (760) 752-7161.

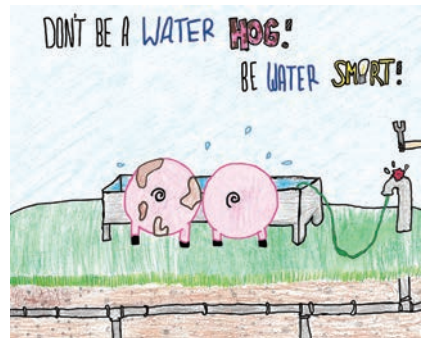
# North County Water Agencies 4th Grade Calendar Contest Winners

Congratulations to the 2018 calendar contest winners, who were recognized at a Vallecitos Board meeting. The winners are:  
1st place: Phoebe Nuyen; 2nd place: Audrey Pearl; and  
3rd place: Megan Orr.

All winners received Amazon gift cards and the “viewers choice” winner (who received the most votes on Facebook), Audrey Pearl, also won a frozen yogurt party, compliments of Menchie’s San Marcos Grand Plaza. Vallecitos extends its sincere appreciation to Menchie’s and all of the students who participated in this year’s contest!



First Place: Phoebe Nuyen



Second Place: Audrey Pearl



Third Place: Megan Orr

## Congratulations to Vallecitos' 2018 WaterSmart Landscape Contest Winners!

Our three winners were awarded with gift cards to Green Thumb Nursery. Check out our video link below to see their award-winning yards and to hear their inspiring landscape transformation stories.

[www.vwd.org/landscapecontest](http://www.vwd.org/landscapecontest)



2018 WaterSmart Landscape Contest Winners: Third Place: Patti Joyce and Jeffrey Moore; Second Place: Dennis and Shannon Root; First Place: Rhonda Holmes and Jeff Jenco.



201 Vallecitos de Oro  
San Marcos, CA 92069  
(760) 744-0460  
[www.vwd.org](http://www.vwd.org)



*Between the Pipes is a publication of information and interest to Vallecitos water and sewer customers. If you receive water or sewer services from another district, please disregard any information that does not apply to you.*

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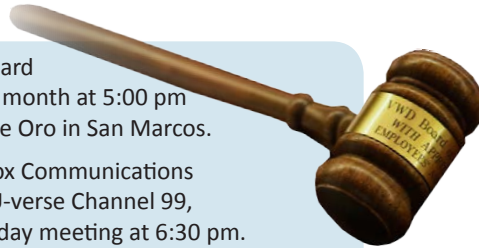
ECRWSS

**Management Staff**

Glenn Pruim, General Manager  
Rhondi Emmanuel, Administrative Services Manager  
James Gumpel, District Engineer  
Wes Owen, Finance Manager  
Ed Pedrazzi, Operations and Maintenance Manager

Postal Customer

The public is welcome to attend the Vallecitos Board Meetings the first and third Wednesday of each month at 5:00 pm in the Administration building—201 Vallecitos de Oro in San Marcos. Meetings are also aired on San Marcos TV on Cox Communications Channel 19, Time Warner Channel 24 or AT&T U-verse Channel 99, which air on the Monday following the Wednesday meeting at 6:30 pm. Visit [www.san-marcos.net/smtv](http://www.san-marcos.net/smtv) for programming schedule.



“Like us” on Facebook or follow us on Twitter @vallecitoswater

# Water Academy Tour set for Thursday, October 25, 2018

Our certified water and wastewater specialists offer customers a first-hand look at what it takes to operate the Vallecitos Water District and provide reliable, exceptional and sustainable water and wastewater services to the more than 100,000 residents in our service area.



Participants board a chartered bus for a first-hand look at the District's 33-million-gallon and 40-million-gallon capacity Twin Oaks Reservoirs. The grand finale of the tour is a visit to the District's Meadowlark Water Reclamation Facility in Carlsbad. The event is held from 8:30 a.m. to 4:30 p.m. and begins at the District's Administrative Offices located at 201 Vallecitos de Oro, in San Marcos.

Register online at [www.vwd.org/wateracademy](http://www.vwd.org/wateracademy) or contact Alicia Yerman at (760) 752-7123.

**DATE: SEPTEMBER 5, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: ACCEPTANCE OF NORTH AND SOUTH PRESSURE REDUCING STATION UPGRADES**

**BACKGROUND:**

Built in 1964, North and South Vista Pressure Reducing Stations (PRS) are some of the oldest stations in the District. They are located in the most northerly section of the District, requiring up to 35-minutes one-way travel time, to operate and monitor the stations. The District did not have Supervisory Control and Data Acquisition (SCADA) systems at these sites due to the lack of electrical power. SCADA allows for remote monitoring and control. There are thirty PRS's in the District's water system and these stations were two of the last four remaining sites without SCADA monitoring. This project upgraded both PRS's to meet all current standards, including structural and mechanical improvements, electrical power, and SCADA monitoring equipment. The upgrades allow staff to monitor and control the stations remotely, increasing response time and reducing potential customer water service interruption.

**DISCUSSION:**

On August 16, 2017, the Board awarded the contract to Atom Engineering. Construction began in late January 2018. During excavation for upgrade of the South PRS, the configuration and layout of existing piping did not match as-built records, forcing unexpected work to replumb the outlet side of the station. In addition, a leak on the existing pipe on the inlet side of the station was detected that required repair. To perform the work for both the replumbing and the repair, a new valve was needed to isolate the station and keep service to 187 customers. This work was performed during nighttime to minimize customer impacts. During this installation, a new valve was also installed at the North PRS to isolate and facilitate the upgrade work at this station. The unforeseen work was a changed condition initiated by the District and resulted in a \$21,367.85 increase to the contractor's contract. The unforeseen work also resulted in a significant amount of unplanned staff time to coordinate customer notification, inspection, water main dewatering and reactivation, and water quality sampling.

To mitigate some of the increases to the contractor's contract, staff was able to eliminate the replacement of two existing valves in the contractor's scope of work after it was determined that the valves were properly functioning and did not need to be replaced. Additionally, working with Operations and IT staff, programming work was removed from the contract and two antennae originally planned to be installed were replaced with smaller wireless modules resulting in lower project costs.

The project schedule was extended due to longer delivery time for certain materials and delays resulting from coordination with SDG&E. Delays to the project schedule contributed to additional unplanned staff time being added to the project budget.

All construction work was completed at the beginning of August 2018. There was a total of 5 change orders amounting to a total credit of \$4,839.07 as described below:

1. Install isolation valves at both PRS's – nightwork	+\$ 8,900.00
2. Replumb existing outlet piping at South PRS – nightwork	+\$11,066.27
3. Delete antennae & programming & add wireless enclosure	-\$19,213.11
4. Delete replacing existing valves & mechanical work in new vaults	-\$ 6,993.81
5. Repair leak on existing inlet pipe at South PRS	+\$ 1,401.58
Total	<u>-\$ 4,839.07</u>

District staff performed construction management and inspection.

**FISCAL IMPACT:**

The total estimated cost and budget summary are as follows:

Budget	\$620,000
Construction	\$387,398
Change Orders	\$ -4,839
Design Consultant	\$ 54,682
VWD Furnished Matls/Serv's	\$ 8,092
Miscellaneous	\$ 4,048
Staff & Overhead	<u>\$237,176</u>
Total	\$686,557
 Budget Shortfall	 \$ 66,557

**RECOMMENDATION:**

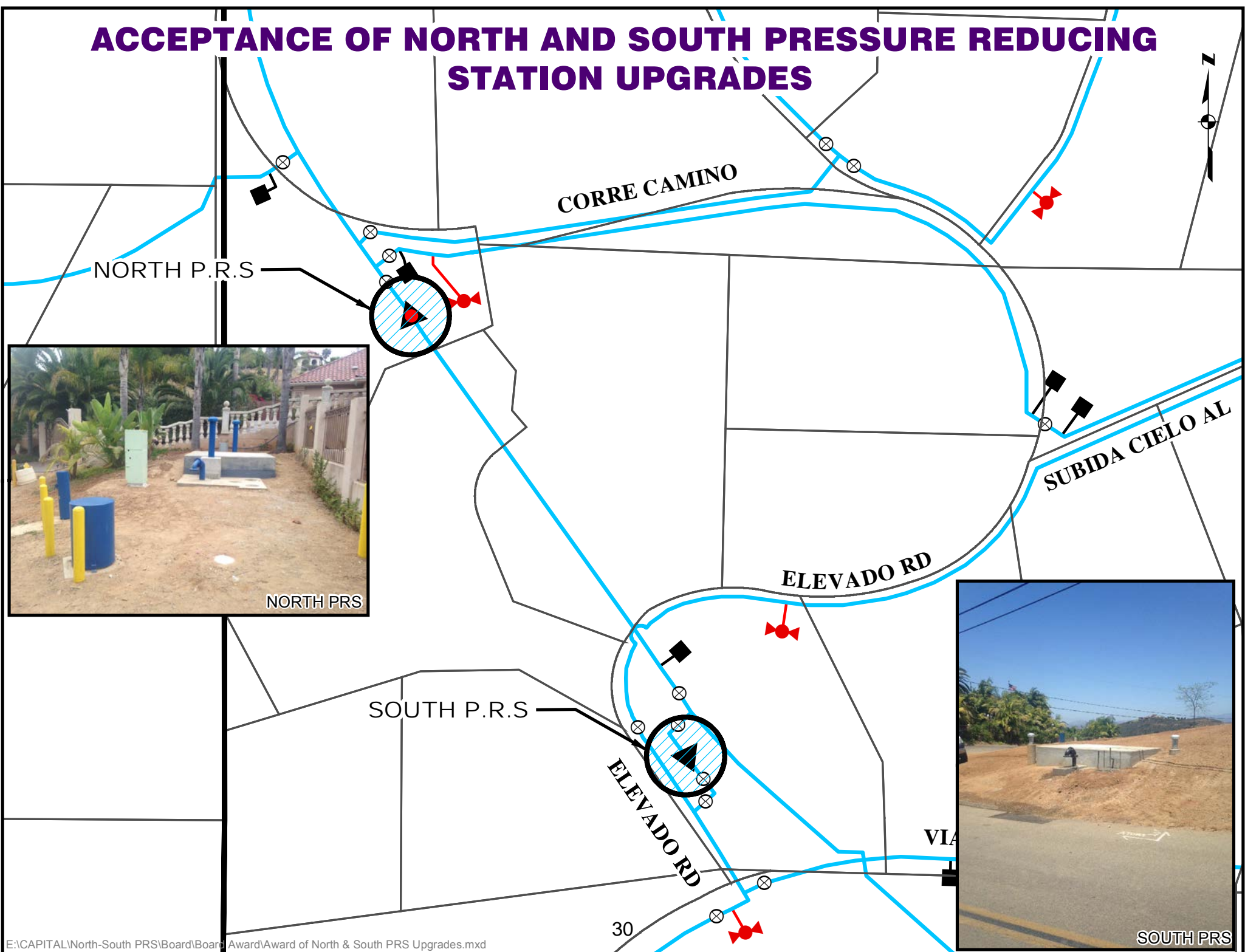
Recommendations for the North and South Pressure Reducing Station Upgrades Project are as follows:

1. Increase the budget by \$66,557.
2. Accept the project and authorize the filing of a Notice of Completion, and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

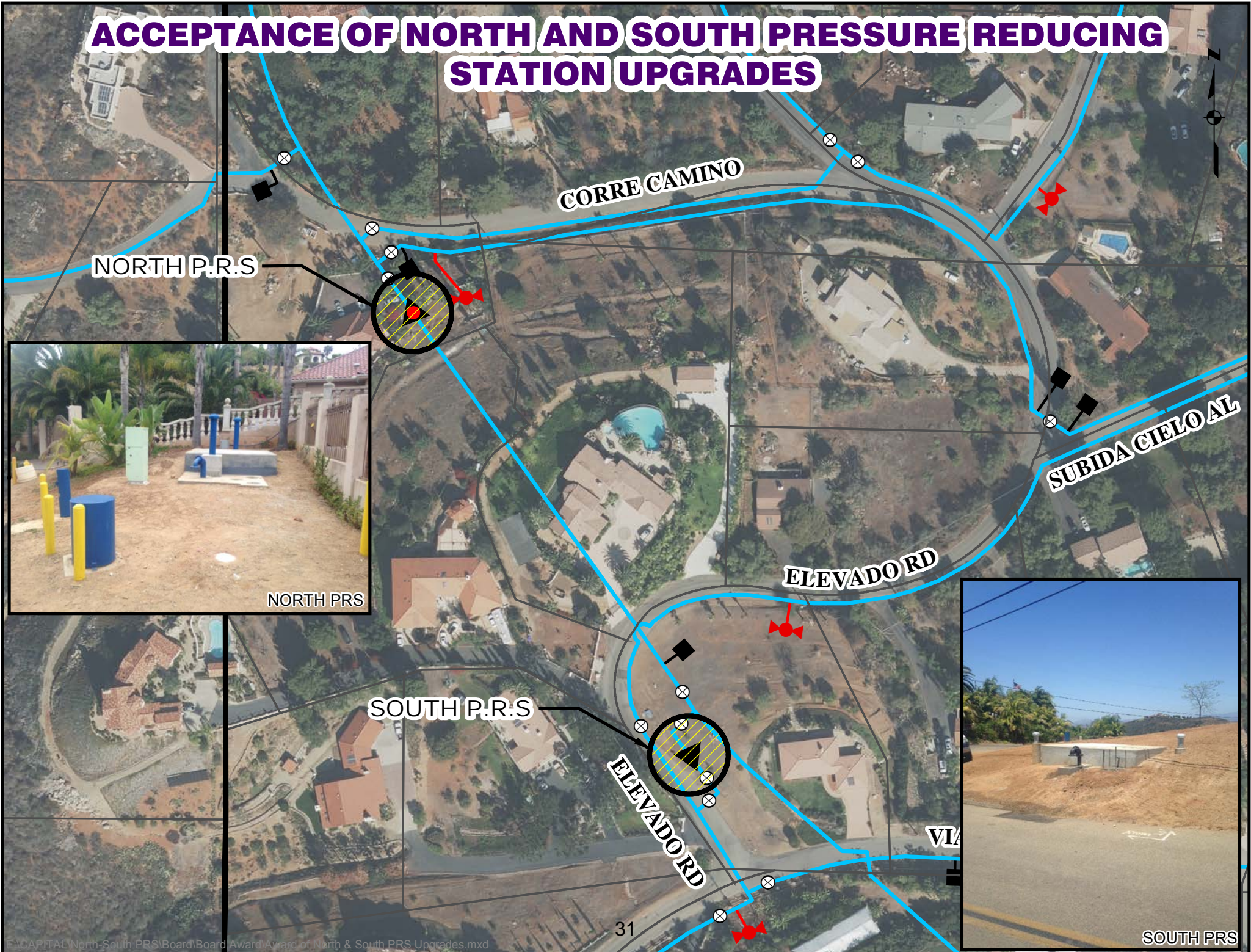
**ATTACHMENTS:**

Plat and Aerial Exhibit  
Before and After Exhibits

# ACCEPTANCE OF NORTH AND SOUTH PRESSURE REDUCING STATION UPGRADES



# ACCEPTANCE OF NORTH AND SOUTH PRESSURE REDUCING STATION UPGRADES



## NORTH PRESSURE REDUCING STATION

EXTERIOR BEFORE



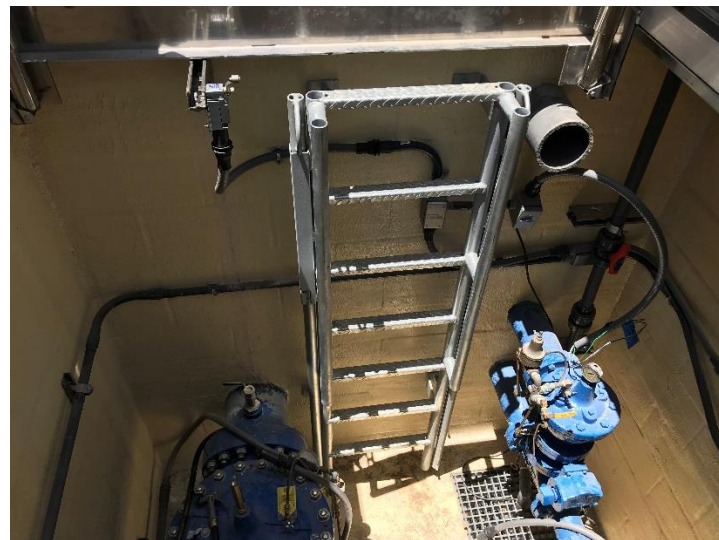
EXTERIOR AFTER



INTERIOR BEFORE



INTERIOR AFTER





## SOUTH PRESSURE REDUCING STATION

EXTERIOR BEFORE



EXTERIOR AFTER



INTERIOR BEFORE



INTERIOR AFTER



**DATE: SEPTEMBER 5, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: CONFLICT OF INTEREST CODE FOR VALLECITOS WATER DISTRICT BIENNIAL REVIEW AND ADOPTION**

**BACKGROUND:**

Government Code Section 87306.5 requires every local government agency to review its Conflict of Interest Code biennially to determine if it is accurate or if the Code must be amended.

**DISCUSSION:**

Legal Counsel has reviewed the District's current Conflict of Interest Code which adheres to the model Code provided in Article 2 of the California Code of Regulations. The biennial review for the year 2018 includes the following amendments:

- Page 1 of the Code: Section 3  
**Updated §18701(b) to §18700.3**
- Page 2 of the Code: Section 3  
**Added the position titles of Operations & Maintenance Manager, Capital Facilities Senior Engineer, and Development Services Senior Engineer under Designated Position**
- Page 2 of the Code: Section 3  
**Updated the Disclosure Category for all Designated Positions to categories 1 and 2 except for Consultants**
- Page 7 of the Code: Section 8.1  
**Total value for gifts accepted increased from \$460 to \$470**

**RECOMMENDATION:**

Staff recommends the Board adopt the amended Conflict of Interest Code.

**ATTACHMENT:**

1. Amended Conflict of Interest Code

## **Vallecitos Water District Conflict of Interest Code**

### 1. Standard Code of FPPC

The Political Reform Act of 1974 (Gov. Code, §§ 81000, et seq.) requires each state and local government agency to adopt and promulgate a conflict of interest code. The Vallecitos Water District has adopted heretofore such a code which should be revised and updated. The Fair Political Practices Commission (FPPC) has adopted a regulation (2 Cal. Code of Regs., §18730) that contains the terms of a standard conflict of interest code that can be incorporated by reference as a district's code. After public notice and hearing, the regulation may be amended by the FPPC to conform to amendments in the Political Reform Act.

### 2. Adoption of Standard Code of FPPC

The terms of Title 2, California Code of Regulations, section 18730, and any future amendments to it duly adopted by the FPPC, are hereby incorporated by reference. This regulation and the appendix attached hereto designating officials and employees and establishing disclosure categories shall constitute the Conflict of Interest Code of the Vallecitos Water District. This code shall take effect when approved by the San Diego County Board of Supervisors and shall thereupon supersede all prior codes adopted by the Vallecitos Water District.

### 3. Filing of Statements of Economic Interests

Pursuant to Section 4 of the standard code, designated employees set forth in the appendix shall file statements of economic interests with the executive secretary of the Vallecitos Water District. Upon receipt of the statements of the members of the board of directors and the general manager, the executive secretary shall make and retain copies and forward the originals of these statements to the Clerk of the Board of Supervisors for the County of San Diego. Statements for all other designated employees shall be retained by the Vallecitos Water District.

District officials who manage public investments as defined by 2 Cal. Code of Regs. §18700.3, are NOT subject to the District's Conflict of Interest Code but are subject to the disclosure requirements of the Act (Gov. Code, §§ 87200 et seq.; 2 Cal. Code of Regs., §18730(b)(3)). It has been determined that the positions listed below are officials who manage public investments:

Members of the Board of Directors  
General Manager  
Assistant General Manager

Candidates for the Board of Directors are required to report financial interests through the County Registrar of Voters at the time of filing for election.

**APPENDIX TO THE CONFLICT OF INTEREST CODE OF  
THE VALLECITOS WATER DISTRICT**

<u>Designated Position</u>	<u>Disclosure Category</u>
General Counsel	1, 2
Finance Manager	1, 2
District Engineer	1, 2
Administrative Services Manager	1, 2
Capital Facilities Senior Engineer	1, 2
Development Services Senior Engineer	1,2
Operations & Maintenance Manager	1,2
Purchasing/Warehouse Supervisor	1, 2
Consultants	*

\*Consultants shall disclose all sources of income, interests in real property and investments and business positions in business entities. The General Manager of the District may determine in writing that a particular consultant, although a designated position, is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

**DISCLOSURE CATEGORIES**

A. Persons holding positions listed in the Appendix are required to file the initial, annual, and leaving office statements of financial interest required by this code for the types of interests in the categories set forth in the column "Disclosure Categories" opposite the column "Designated Positions." It has been determined that these persons make or participate in making decisions that may foreseeably have a material effect on such financial interests.

B. Where the disclosure category requires disclosure of interests in real property, the designated employee need only disclose real property that is located in whole or in part within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the local government agency.

C. Where the disclosure category requires disclosure of investments or sources of income, the designated employee need only disclose investments in business entities and sources of income that do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years. In addition to other activities, a business entity is doing business within the jurisdiction if it owns real property within the jurisdiction.

D. Where the disclosure category requires disclosure of business positions, the designated employee need only disclose positions of director, officer, partner, trustee, employee, or any positions of management in organizations or enterprises operated for profit.

- CATEGORY 1: All investments and sources of income.
- CATEGORY 2: All interests in real property.
- CATEGORY 3: Investments and business positions in business entities and sources of income which engage in land development, construction, or the acquisitions or sale of real property, and all interest in real property.
- CATEGORY 4: Investments and business positions in business entities and sources of income which provide services, supplies, materials, machinery, or equipment of the type utilized by the agency.

**Regulations of the Fair Political Practices Commission,  
Title 2, Division 6, California Code of Regulations**

**§ 18730 Provisions of Conflict of Interest Codes**

- (a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.
- (b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:
- (1) Definitions.  
The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.
- (2) Designated Employees.  
The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

- (A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;
- (B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and
- (C) The filing officer is the same for both agencies.(1)

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.(2)

(5) Statements of Economic Interests: Time of Filing.

- (A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.
- (B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Service member's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

- (1) File a written resignation with the appointing power; and
- (2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property(3) is required to be reported(4), the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported(5), the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
  2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;
  3. A description of the consideration, if any, for which the income was received;
  4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;



5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported(6), the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Prohibition on Receipt of Gifts in Excess of \$470.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$470 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness

created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

- (E) This section shall not apply to the following:
1. Loans made to the campaign committee of an elected officer or candidate for elective office.
  2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
  3. Loans from a person which, in the aggregate, do not exceed \$500 at any given time.
  4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Loan Terms.

- (A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.
- (B) This section shall not apply to the following types of loans:
1. Loans made to the campaign committee of the elected officer.
  2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not

otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
  - a. The date the loan was made.
  - b. The date the last payment of \$100 or more was made on the loan.
  - c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking

collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Disqualification. No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$470 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Legally Required Participation. No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Disqualification of State Officers and Employees. In addition to the general disqualification provisions of Section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

- (A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
- (B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Disclosure of Disqualifying Interest. When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Assistance of the Commission and Counsel. Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Violations. This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

(1) Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

(2) See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

(3) For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

(4) Investments and interests in real property which have a fair market value of less than \$ 2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

(5) A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

(6) Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

**DATE: SEPTEMBER 5, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: FINANCIAL INSTITUTION REGISTRY AND AUTHORIZATION**

**DISCUSSION:**

The District conducts transactions with various financial institutions throughout the year. This report is to present a registry of financial institutions and staff authorized to transact business on behalf of the District. This report also serves to notify the Board of Directors of new financial institutions where a resolution is required by the institution naming specific staff members authorized to transact business on behalf of the District. This item was last before the Board on April 18, 2018.

Between April 2018 and September 2018, the following changes are occurring:

- Addition of one authorized signor, Finance Manager, on the general checking account at Union Bank
- Addition of Accounting Supervisor to list of staff authorized to transfer funds between LAIF and Union Bank operating account

Existing financial institutions and authorized staff are listed in table A below inclusive of redlined changes.

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

Staff recommends adopting the Local Agency Investment Fund and Union Bank General Checking Account resolutions changing authorizations of financial institutions as exhibited in table A:

TABLE A

FINANCIAL INSTITUTION:	AUTHORIZED STAFF:	TITLE:
Local Agency Investment Fund	Glenn Pruum	General Manager
Local Agency Investment Fund	Douglas Westley Owen	Finance Manager
<i>Local Agency Investment Fund</i>	<i>Anthony Glenn</i>	<i>Accounting Supervisor</i>
SD County Investment Pool	Glenn Pruum	General Manager
SD County Investment Pool	Douglas Westley Owen	Finance Manager
Union Bank - General Checking Account	Glenn Pruum	General Manager
Union Bank - General Checking Account	Rhondi Emmanuel	Administrative Services Manager
Union Bank - General Checking Account	Ed Pedrazzi	Operations & Maintenance Manager
Union Bank - General Checking Account	James Gumpel	District Engineer
<i>Union Bank - General Checking Account</i>	<i>Douglas Westley Owen</i>	<i>Finance Manager</i>
Union Bank Trust & Custody	Glenn Pruum	General Manager
Union Bank Trust & Custody	Douglas Westley Owen	Finance Manager

**ATTACHMENT:**

Resolutions



**RESOLUTION NO. 1533**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT  
AUTHORIZING INVESTMENT OF VALLECITOS WATER DISTRICT MONIES IN LOCAL  
AGENCY INVESTMENT FUND AND REPEAL RESOLUTION NO. ~~1527~~ 1533**

WHEREAS, pursuant to Chapter 730 of the Statutes of 1976, Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund, in accordance with the provisions of Section 16429.1 of the Government Code for the purposes of investment as stated therein, is in the best interests of the Vallecitos Water District.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize the deposit and withdrawal of Vallecitos Water District monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED that the following District officers, or their successors in office, shall be authorized to order the deposit or withdrawal of monies between the Local Agency Investment Fund and Union Bank:

NAME	TITLE
Glenn Pruum	General Manager
Douglas Westley Owen	Finance Manager
<u>Anthony Glenn</u>	<u>Accounting Supervisor</u>

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the ~~18~~ 5<sup>th</sup> day of ~~April~~ September, 2018, by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

\_\_\_\_\_  
Glenn Pruum, Secretary  
Board of Directors  
Vallecitos Water District

**RESOLUTION NO.**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT  
AUTHORIZING INVESTMENT OF VALLECITOS WATER DISTRICT MONIES IN LOCAL  
AGENCY INVESTMENT FUND AND REPEAL RESOLUTION NO. 1533**

WHEREAS, pursuant to Chapter 730 of the Statutes of 1976, Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund, in accordance with the provisions of Section 16429.1 of the Government Code for the purposes of investment as stated therein, is in the best interests of the Vallecitos Water District.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize the deposit and withdrawal of Vallecitos Water District monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED that the following District officers, or their successors in office, shall be authorized to order the deposit or withdrawal of monies between the Local Agency Investment Fund and Union Bank:

NAME	TITLE
Glenn Pruum	General Manager
Douglas Westley Owen	Finance Manager
Anthony Glenn	Accounting Supervisor

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 5<sup>th</sup> day of September, 2018, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

\_\_\_\_\_  
James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

\_\_\_\_\_  
Glenn Pruum, Secretary  
Board of Directors  
Vallecitos Water District

RESOLUTION NO. ~~1535~~

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT AUTHORIZING DRAWS AND THE USE OF FACSIMILE SIGNATURES FOR FUNDS DRAWN UPON VALLECITOS WATER DISTRICT DEPOSIT ACCOUNTS WITH UNION BANK AND REPEAL AND REPLACE RESOLUTION NO. ~~1505~~ 1535

WHEREAS, pursuant to California Water Code Section 30581, the Board of Directors desires to authorize the General Manager, Administrative Services Manager, Operations & Maintenance Manager, ~~and~~ District Engineer, and Finance Manager to draw upon Vallecitos Water District (VWD) deposit accounts by way of disbursement; and,

WHEREAS, due to the volume of checks generated it is advantageous to use facsimile signatures as a time saving method.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize Union Bank, as designated depository of VWD, to honor all checks, drafts or other orders for payment of money drawn in the District's name on its accounts when bearing the facsimile or live signature of any two of the following:

- Glenn Prum, General Manager; or
- Rhondi Emmanuel, Administrative Services Manager; or
- Ed Pedrazzi, Operations & Maintenance Manager; or
- James Gumpel, District Engineer; or
- Douglas Westley Owen, Finance Manager

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the ~~185<sup>th</sup>~~ day of ~~April~~ September, 2018, by the following roll call vote:

AYES: ~~ELITHARP, EVANS, MARTIN, HERNANDEZ~~  
NOES:  
ABSTAIN:  
ABSENT: ~~SANELLA~~

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James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Prum, Secretary  
Board of Directors  
Vallecitos Water District

**RESOLUTION NO.**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT AUTHORIZING DRAWS AND THE USE OF FACSIMILE SIGNATURES FOR FUNDS DRAWN UPON VALLECITOS WATER DISTRICT DEPOSIT ACCOUNTS WITH UNION BANK AND REPEAL AND REPLACE RESOLUTION NO. 1535**

WHEREAS, pursuant to California Water Code Section 30581, the Board of Directors desires to authorize the General Manager, Administrative Services Manager, Operations & Maintenance Manager, District Engineer, and Finance Manager to draw upon Vallecitos Water District (VWD) deposit accounts by way of disbursement; and,

WHEREAS, due to the volume of checks generated it is advantageous to use facsimile signatures as a time saving method.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize Union Bank, as designated depository of VWD, to honor all checks, drafts or other orders for payment of money drawn in the District's name on its accounts when bearing the facsimile or live signature of any two of the following:

- Glenn Pruim, General Manager; or
- Rhondi Emmanuel, Administrative Services Manager; or
- Ed Pedrazzi, Operations & Maintenance Manager; or
- James Gumpel, District Engineer; or
- Douglas Westley Owen, Finance Manager

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 5<sup>th</sup> day of September, 2018, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruim, Secretary  
Board of Directors  
Vallecitos Water District

**VWD DIRECTOR'S COMPENSATION FOR April - June 2018**

**Payments from EWA (Encina Wastewater Authority)**

<u>VENDOR</u>	<u>NAME</u>	<u>EWA DATE</u>	<u>CHECK NO</u>	<u>INVOICE NET</u>	<u>DESCRIPTION</u>
2212	CRAIG ELITHARP	04/10/18	2087	200.00	BOD MEETING 3/28/18
2212	CRAIG ELITHARP	04/24/18	2121	200.00	PFC MEETING 4/10/18
2212	CRAIG ELITHARP	05/08/18	2164	200.00	BOD MEETING 4/25/18
2212	CRAIG ELITHARP	06/05/18	2243	200.00	BOD MEETING 5/23/18
2212	CRAIG ELITHARP	06/19/18	2276	200.00	PFC MEETING 6/12/18
			Meetings Only	<u>1,000.00</u>	
2028	JIM HERNANDEZ	04/10/18	186133	200.00	BOD MEETING 3/28/18
2028	JIM HERNANDEZ	04/24/18	186182	400.00	AGENDA 4/16/18 AND CIC MEETING
2028	JIM HERNANDEZ	05/08/18	186241	200.00	BOD MEETING 4/25/18
2028	JIM HERNANDEZ	05/22/18	186306	200.00	CIC MEETING 5/16/18
2028	JIM HERNANDEZ	06/05/18	186358	200.00	BOD MEETING 5/23/18
			Meetings Only	<u>1,200.00</u>	

San Diego County Water Authority  
Board of Directors  
2nd Quarter 2018 Expenses  
April, May, June

Director	Per Diem Payments	Mileage	Travel/Other	Total
Betty Evans	\$2,250.00	\$491.05	\$0.00	\$2,741.05

VALLECITOS WATER DISTRICT  
Board of Directors Per Diem and Expenses (1)  
Paid April 1, 2018 through June 30, 2018

Director Meeting/Seminar	Per Diem		Meeting				Reimbursements		Total
	#	Payments	Benefits	Registration	Travel	Lodging	Meals	Other Agencies	
<b>ELITHARP, Craig</b>									
Paid by VWD:									
VWD Meetings	14	\$ 2,800.00	-	-	-	-	56.37	-	\$ 2,856.37
ACWA	5	1,000.00	-	-	367.36	945.46	58.13	-	2,370.95
CASA	1	200.00	-	-	-	-	-	-	200.00
COWU - Council of Water Utilities	3	600.00	-	135.00	72.36	-	-	-	807.36
WateReuse	4	800.00	-	-	604.00	1,012.77	190.41	-	2,607.18
Group Insurance.	-	-	271.14	-	-	-	-	-	271.14
<b>Paid by EWA - Encina JPA</b>	5	1,000.00	-	-	-	-	-	-	1,000.00
	<u>32</u>	<u>\$ 6,400.00</u>	<u>\$ 271.14</u>	<u>\$ 135.00</u>	<u>\$ 1,043.72</u>	<u>\$ 1,958.23</u>	<u>\$ 304.91</u>	<u>\$ -</u>	<u>\$ 10,113.00</u>
<b>EVANS, Betty</b>									
Paid by VWD:									
VWD Meetings	7	\$ 1,400.00	-	-	-	-	24.10	-	\$ 1,424.10
ACWA	4	800.00	-	-	449.86	709.10	80.71	-	2,039.67
COWU - Council of Water Utilities	1	200.00	-	45.00	18.09	-	-	-	263.09
North County Group - Rincon	3	600.00	-	-	-	-	-	-	600.00
Group Insurance.	-	-	2,344.14	-	-	-	-	-	2,344.14
Paid by VWD - SDCWA pmt differential	-	350.00	-	-	-	-	-	-	350.00
<b>Paid by SDCWA **</b>	15	2,250.00	-	-	-	-	-	491.05	2,741.05
	<u>30</u>	<u>\$ 5,600.00</u>	<u>\$ 2,344.14</u>	<u>\$ 45.00</u>	<u>\$ 467.95</u>	<u>\$ 709.10</u>	<u>\$ 104.81</u>	<u>\$ 491.05</u>	<u>\$ 9,762.05</u>
<b>HERNANDEZ, James</b>									
Paid by VWD:									
VWD Meetings	17	\$ 3,400.00	-	-	-	-	30.81	-	\$ 3,430.81
ACWA	-	-	-	-	142.00	-	-	-	142.00
Best, Best & Krieger phone conf	1	200.00	-	-	-	-	-	-	200.00
COWU - Council of Water Utilities	3	600.00	-	90.00	18.09	-	-	-	708.09
CSDA - CA Special Districts Assoc	1	200.00	-	30.00	-	-	-	-	230.00
SDNEDC - summit	1	200.00	-	120.00	2.40	-	-	-	322.40
WateReuse	4	800.00	-	550.00	529.53	952.27	114.09	-	2,945.89
Group Insurance	-	-	6,218.52	-	-	-	-	-	6,218.52
<b>Paid by EWA - Encina JPA</b>	6	1,200.00	-	-	-	-	-	-	1,200.00
	<u>33</u>	<u>\$ 6,600.00</u>	<u>\$ 6,218.52</u>	<u>\$ 790.00</u>	<u>\$ 692.02</u>	<u>\$ 952.27</u>	<u>\$ 144.90</u>	<u>\$ -</u>	<u>\$ 15,397.71</u>
<b>MARTIN, Hal</b>									
Paid by VWD:									
VWD Meetings	8	\$ 1,600.00	-	-	-	-	43.46	-	\$ 1,643.46
ACWA	6	1,200.00	-	-	487.96	1,181.83	99.19	-	2,968.98
Best, Best & Krieger phone conf	1	200.00	-	-	83.17	-	-	-	283.17
COWU - Council of Water Utilities	2	400.00	-	135.00	18.09	-	-	-	553.09
CSDA - CA Special Districts Assoc	1	200.00	-	30.00	30.00	-	-	-	260.00
SDNEDC	1	200.00	-	-	-	-	-	-	200.00
WateReuse	-	-	-	-	462.53	1,387.65	74.25	-	1,924.43
Group Insurance.	-	-	1,987.29	-	-	-	-	-	1,987.29
	<u>19</u>	<u>\$ 3,800.00</u>	<u>\$ 1,987.29</u>	<u>\$ 165.00</u>	<u>\$ 1,081.75</u>	<u>\$ 2,569.48</u>	<u>\$ 216.90</u>	<u>\$ -</u>	<u>\$ 9,820.42</u>
<b>SANELLA, Mike</b>									
Paid by VWD:									
VWD Meetings	13	\$ 2,600.00	-	-	-	-	46.75	-	\$ 2,646.75
COWU - Council of Water Utilities	2	400.00	-	135.00	-	-	-	-	535.00
CSDA - CA Special Districts Assoc	1	200.00	-	30.00	-	-	-	-	230.00
Group Insurance.	-	-	2,362.45	-	-	-	-	-	2,362.45
	<u>16</u>	<u>\$ 3,200.00</u>	<u>\$ 2,362.45</u>	<u>\$ 165.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46.75</u>	<u>\$ -</u>	<u>\$ 5,774.20</u>
<b>TOTALS</b>	<u>130</u>	<u>\$25,600.00</u>	<u>\$13,183.54</u>	<u>\$ 1,300.00</u>	<u>\$ 3,285.44</u>	<u>\$ 6,189.08</u>	<u>\$ 818.27</u>	<u>\$ 491.05</u>	<u>\$50,867.38</u>

(1) Includes both expenses paid directly by the Agencies and reimbursements of expenses paid by Board members.

Presented in accordance with ordinance number 194, effective 5/17/2015. (Board per Diem, \$200/meeting)

\* As of 4th Qtr 2017 - EWA meetings are \$200 each - VWD payment differential no longer applies

\*\* SDCWA only required to publish report for Boardmember payments once per year. Fiscal Year End, June 30th, expected timeframe October.

# ACWA Region 10 Program Removing Barriers to Innovation in Water

SOUTHERN CALIFORNIA

## WHEN

October 18

9:00 am – 2:00 pm

## ACWA REGION 10 PROGRAM REMOVING BARRIERS TO INNOVATION IN WATER

ACWA Region 10 invites you to a one-day program that will highlight innovation by local water agencies.

## LOCATION

22555 Olympiad Road, Mission Viejo, CA 92692, USA

## COST \$50.00

Member Pre-Registration Fee

## COST \$75.00

Non-Member Pre-Registration Fee

## DEADLINE

October 11, 2018

ACWA Region 10 invites you to a one-day program that will highlight innovation by local water agencies. The program will feature discussion on cutting edge technology being used in battery storage, water treatment, and reuse as well as a keynote discussion on water policy. The program will also include an update on ACWA's current activities.