

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 18, 2019, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT MARTIN

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 18, 2019

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.

INTRODUCTION

Human Resources Analyst Bridget Anderson will introduce new employee, **Ryan Morgan**, Capital Facilities Senior Engineer.

PRESENTATION

Chris Robbins, Public Information/Conservation Supervisor, will present a new “Work We Do” video, focusing on the Construction Department and valve replacement.

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 4-14)

- A. FINANCE/INVESTMENT COMMITTEE MEETING – AUGUST 28, 2019
- B. BOARD WORKSHOP MEETING – AUGUST 29, 2019
- C. CLOSED SESSION BOARD MEETING – SEPTEMBER 4, 2019

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH SEPTEMBER 18, 2019 – \$1,062,217.15 (pp. 15-17)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 18-38)

- A. WATER METER COUNT – AUGUST 31, 2019
- B. WATER PRODUCTION/SALES REPORT – 2019/2020
- C. PER CAPITA WATER CONSUMPTION – AUGUST 31, 2019
- D. WATER REVENUE AND EXPENSE REPORT – AUGUST 31, 2019
- E. SEWER REVENUE AND EXPENSE REPORT – AUGUST 31, 2019
- F. RESERVE FUNDS ACTIVITY – AUGUST 31, 2019
- G. INVESTMENT REPORT – AUGUST 31, 2019
- H. LEGAL FEES SUMMARY – AUGUST 31, 2019

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

ACTION ITEMS

2.1 REQUEST FOR DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS “GUALTIERI DETACHMENT” FROM THE VALLECITOS WATER DISTRICT; APN 178-040-45 (ROBERT AND THERESA GUALTIERI) (pp. 39-42)

The property is located east of Catalina Avenue on Catalina Heights Way.

Recommendation: Approve detachment of APN 178-040-45 from the District’s water service area with conditions

2.2 CONSTRUCTION CONTRACT ACCEPTANCE OF SEWER BYPASS REPAIRS (pp. 43-46)

All repairs and construction have been completed.

Recommendation: Request Board direction

*******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 MEETINGS

*******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

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 5:30 p.m., Thursday, September 12, 2019.

Diane Posvar

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 28, 2019 AT 4:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Sannella called the meeting to order at the hour of 4:03 p.m.

Present: Director Sannella
Director Martin
General Manager Prui
Finance Manager Owen
Financial Analyst Arthur
Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

Finance Manager Owen provided a presentation which included the following:

- Reserves and Reclaimed
- June 30, 2019 Reserves
- Replacement Reserves
- Capacity Reserves
- Budget Comparisons
- Reclaimed Water Sales
- Smart Meter Pilots

YEAR END RESERVES

Finance Manager Owen stated CalPERS will be releasing their actuarial valuation on August 31, 2019. New basis information from the valuation will be used when making the \$8.1 Million payment to CalPERS.

General discussion took place regarding the reserves floor and ceiling and the District's reserve policy. Finance Manager Owen clarified that operating reserves equal six months of operating expenses per District policy. General Manager Prui explained that rate stabilization is calculated when the reserve ending balance is above the ceiling. Possible revisions to the reserve policy were discussed including setting a target range percentage for the floor and ceiling.

Finance Manager Owen stated the total water and sewer replacement reserve balance as of June 30, 2019 was \$79.2 Million compared to \$72.4 Million as of June 30, 2018. Overall, reserves are better than projected. Making the \$8.1 Million payment to CalPERS should not be an issue.

RECLAIMED WATER SALES

Finance Manager Owen provided an update on this item. Staff reviewed the rate model to ensure all operating and capital costs for reclaimed water are being recovered and established a new rate model. Staff met with Olivenhain Municipal Water District (OMWD) and Carlsbad Municipal Water District (CMWD) to discuss VWD's cost recovery proposal and development of new contracts; however, nothing has been agreed upon to date. VWD can collect up to 75% of the wholesale cost of potable water per its current contracts with CMWD and OMWD.

In Fiscal Year 2018, the District collected approximately \$665 per acre foot in reclaimed water sales equaling \$1.8 Million from CMWD and OMWD combined. Those funds covered the District's operational costs and a portion of its capital costs, but not all capital costs. Utilizing the new rate model, staff estimates collecting approximately \$1,285 per acre foot equaling \$2.9 Million in reclaimed water sales, which will fully cover operational and capital costs.

SMART METER PILOT

Finance Manager Owen stated staff is reviewing two smart meter pilot programs with Capstone Meters and Flume. Capstone Meters has a web-based AMI smart meter which differs from the current AMR meters that require staff to drive by to collect data. AMI meters provide real-time data on a web platform via towers. The downside with Capstone Meters is that AMI meters are very expensive, their web platform is not fully developed, and they are a very small company. Capstone has offered to install 25 meters for four to six months with no cost obligation. Legal counsel reviewed the pilot agreement and staff is considering moving forward with the pilot program.

General Manager Pruim stated Flume is another pilot program in which a device is strapped on to an existing meter. The flume device connects to the Wi-Fi via a wireless bridge inside a residence, sending signals and allowing data to be obtained by the resident and the District. The District is going to purchase 20 Flume devices to be tested by volunteers (staff, Board members). The downside with Flume is that it does not integrate with the District's billing system and only provides consumption data and possible leak information. The Flume device is not a replacement for existing meters.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:07 p.m.

MINUTES OF A WORKSHOP MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
THURSDAY, AUGUST 29, 2019, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Martin called the Workshop Meeting to order at the hour of 5:00 p.m.

Director Elitharp led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Hernandez
Director Sannella
Director Martin

Staff Present: General Manager Pruim
Legal Counsel Gilpin
District Engineer Gumpel
Finance Manager Owen
Development Services Senior Engineer Scholl
Financial Analyst Arthur
Administrative Secretary Johnson

Others Present: Lutfi Kharuf, Associate, Best Best & Krieger

ADOPT AGENDA FOR THE WORKSHOP MEETING OF AUGUST 29, 2019

19-08-12 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Workshop Meeting of August 29, 2019.

PUBLIC COMMENT

Michael Hunsaker, member of the public, addressed the Board stating he is the President of the Twin Oaks Valley Property Owners Association and expressed his concerns about groundwater storage. EWA is counting on this as part of its program to convert wastewater to recycled water. Groundwater storage and capacity have a checkered history in the county and city. This has been a farmland community for some time. Groundwater is heavily laden with fertilizers but more than that, wells have consistently failed in the area because of limited capacity. The use of groundwater underneath San Marcos is not reliable. History says it is very limited in capacity and this would pretty much obliterate any chance of using it as part of an EWA and North County effort to do water reclamation or recycling utilizing this questionable ground security. If reliability is an issue, this is not a viable option. He thanked the Board.

ITEM(S) FOR DISCUSSION

MODIFICATION OF WATER AND WASTEWATER CAPITAL FACILITY FEES

General Manager Pruim stated the purpose of the workshop was to discuss capital facility fees (cap fees). This item was discussed at the August 7, 2019 Board meeting at which the Board directed the item be continued to the October 2 Board meeting and that a workshop be held tonight. Two letters from Mr. Scaglione were received of which the Board was provided copies and will become part of the public record.

General Manager Pruim further stated staff is still in the process of working with legal counsel on the final cap fees considering information received at the August 7 Board meeting and other information received. Specific dollar amounts would not be presented; however, information would be presented regarding legal issues, the capital program in the Master Plan and how it drives cap fees, the methodology used to calculate cap fees, and the schedule for adoption of the cap fees. It is anticipated that the cap fees will be considered for adoption at the October 2 Board meeting.

General Manager Pruim introduced Lutfi Kharuf of Best Best & Krieger for discussion of the legal framework and considerations necessary before adopting a fee. Mr. Kharuf provided a presentation on the legal issues that are applicable to the adoption of capacity fees and charges as follows:

- Applicable Law
- Mitigation Fee Act
- Proposition 26
- Capacity Charges are not Development Impact Fees
- Growth Pays for Growth
- Legal Standard
- General Methodology

Mr. Kharuf stated the law allows capacity charges to be adopted to collect the proportional share of the District's existing infrastructure that has been oversized to accommodate future growth and to pay for new future construction of storage reservoirs, tanks, etc. that are of proportional benefit to the person or property being charged.

Development Services Senior Engineer Scholl presented information on how new facility requirements and proportionate costs relative to cap fees are determined which included:

- Capital Improvement Program
- Land Use
- Duty Factors
- Water Duty Factor Comparison with Past Master Plans
- Sewer Duty Factor Comparison with Past Master Plans
- Water and Wastewater Demand Projections
- Design Criteria – Water

- Design Criteria – Wastewater
- Creating a Capital Improvement Program (CIP)
- 2018 Master Plan Water and Wastewater CIP
- 2018 Master Plan CIP Cost Estimates
- Capital Facility Fee Determination
- CIPs Included in Capital Facility Fees Determination – Water
- CIPs Included in Capital Facility Fees Determination – Sewer
- 2018 Master Plan CIP Cost Estimates

Finance Manger Owen provided a brief summary of the methodology used in calculating the capital facility fee which is made up of the CIP expansion cost, existing debt, and existing shortfall divided by the growth projections in equivalent dwelling units (EDUs). The existing debt and shortfall are the result of costs that have not been recovered through EDUs collections to date.

District Engineer Gumpel discussed changes to the fee methodology since the August 7 Board meeting and the capital facility fee schedule. It is anticipated that the capital facility fees will be presented to the Board for adoption at the October 2 Regular Board meeting and that the new fees will take effect on October 3.

Michael McSweeney, representative for the Building Industry Association (BIA), addressed the Board stating that in discussions with staff, there's a disagreement about how the fees are determined and calculated. Mr. McSweeney provided copies of handouts for the Board and staff regarding information on the District's sewer expansion projects and the Land Outfall Siphon Section A project. He stated staff indicated that 100% of the that project is attributable to new development and provided information prepared by BIA's engineer which disputes this. The existing Siphon Section A is a 20-inch section that will be expanded to a 24-inch section of line that serves an average flow of 7.5 million gallons per day (gpd). Using staff's data, this calculates to 30,000 EDUs using 250 gallons gpd, and the District indicates actual EDUs as of 2014 are 37,646. The proposed new siphon section is a 30-inch pipe which has a capacity to build out which staff estimates to add an additional 27,600 EDUs. This is where the BIA disagrees. The current proposed fee is requiring the next 8,400 EDUs to fund 100% of this improvement that will have a capacity for at least 27,600 future EDUs. To be valid, the fee must demonstrate a reasonable relationship and proportional allocations of the estimated costs of the new facilities and new development is being asked to fund these facilities. If you look at the \$22.9 Million cost of this siphon divided by the 8,400 EDUs District Engineer Gumpel spoke about over the next 20 years, that will add capacity well beyond 20 years. When you look at the number of EDUs of additional capacity it brings to the District and you divide it, the cost per EDU drops by 75%. These are the type of specific disagreements the BIA is having with the District that they would like to get sorted out. The type of proposed cost increase is going to severely impact people's ability to purchase houses, and it directly affects his members and their ability to bring projects forward. It's such a high number, that the BIA is convinced that it's really going to curtail development.

Mr. McSweeney provided information regarding building permit activity since 1980 noting that in years 1999 through 2005 there was a lot of activity, the District put a lot in the ground during that time and made a lot of assumptions for growth. It then fell off the cliff, resulting in a shortfall. While you might not have the legal requirement of a development impact fee, they think it's incumbent upon the District to really look at this because the District is making a lot of assumptions about properties being developed to their full potential. There is a lot of expansion in the demand that staff is using to base their decisions on. There are a number of parcels which they're estimating, based on the zoning, will be 400 units. If it ever gets developed, you're looking at maybe 40. The argument they give back is they can only go by what the zoning says. But if you know going in, common sense tells you, they're never going to build 400 houses, we realize the standard we have to guesstimate from is 400. There are a lot of these small excesses all the way through this. Regarding Meadowlark Reclamation Facility (MRF), before spending \$55 Million to put another pipe next to the existing pipe, which may or not be needed in the next 20 or 50 years, we need to look at how much inflow and infiltration that pipeline gets during wet weather. He believes MRF should be maximized to its full capacity and utilize that land outfall before sinking another \$50 Million into a pipeline. The District's design criteria is 7 feet per second. For most other districts, it's 8 feet per second, City of San Diego's is 10 feet per second. When you look at the need, especially for fire, it's not how many feet per second, it's pressure. When you take the most conservative approach it adds more cost to the overall system. He questioned the timeline presented for adoption of the new fees and the short time they will have to review the finalized revisions to the Capital Facility Fees Study when it is released on September 20. He would like more specifics on how these costs are estimated. None of the other districts that are served by Encina are having the same type of conversations as VWD and are not increasing their cap fees.

District Engineer Gumpel stated staff is reviewing the Capital Facility Fees Study to ensure that Mr. McSweeney's concerns such as proportionality are addressed. He clarified the following:

- The number for Phase 5 CIPs, except for the outfall and wastewater treatment, is not being divided by 8,400 EDUs; it's being divided by the ultimate buildout number of 27,640.
- The parallel outfall is in the \$50 Million range of which \$23 Million is being apportioned to development. The replacement for the existing outfall is not coming from development fees. It is a Phase 5 project and is divided by the 27,640 EDUs, not 8,400.
- The District does not have the right to change land use. A developer does not pay for maximum land use.
- MRF has a failsafe pump line that can handle an average of two million gpd. It is a small system that is not part of the land outfall system and does not pump into Encina for treatment. It is treated at MRF at a secondary level fit for ocean disposal.
- The first section of the parallel land outfall which takes sewer from VWD to Encina for treatment is a full parallel section to an existing line, not an upsized section. There are sections of the old existing line that cannot be paralled and will need to be replaced with a larger line.

- Vallecitos is the only growth agency served by Encina.

General Manager Pruim stated the Master Plan, approved in May 2019, is the foundational document used to calculate cap fees. Some of Mr. McSweeney's comments are from before the Master Plan was adopted. Staff is moving forward based on the approved Master Plan. District Engineer Gumpel stated that the BIA's legal counsel did not have any issues with the Master Plan or the costing in the Master Plan.

Development Services Senior Engineer Scholl responded to Mr. McSweeney's comment regarding design criteria being more attuned to pressure rather than pipeline velocity, stating the District includes both as components of the design criteria. The District uses the 7 feet per second criteria to help protect the system as high velocities could damage the system.

Regarding Mr. McSweeney's concern that the BIA will not have enough time to review and respond to the finalized revisions to the Capital Facility Fees Study when it is released on September 20, Legal Counsel Gilpin stated that by law, the District is only required to publish the new adjusted cap fees data 10 days before meeting. He believes many of Mr. McSweeney's concerns about allocation to new development and how EDUs are factored in have already been addressed.

Jim Simmons, member of the development community, addressed the Board stating he appreciated the fact that staff is relying on an approved Master Plan. He is reviewing the data carefully as to whether or not the conservative approach used is justified over the long run. Their objective is not to undermine the District's ability to try to provide service to customers who need it, but to make sure that it is equitable and applied as fairly as possible. He has several projects that are in the pipeline, one project that has been in the pipeline for 34 years and will be built; however, if this fee is implemented now, it will put that project in jeopardy. He asked how projects that are ready to go and financed are going to be dealt with in the application of this process. They are not happy with some of the numbers staff has used and will reevaluate and provide feedback on the final report. He asked what the difference is between wet and dry weather flows and what average flows are. That would help a lot in gaining an understanding of how much of this system is being used to handle that and how much of that is a maintenance issue versus an expansion issue. They appreciate the work staff has done on this and would like to be less conservative than staff, but they don't want them to underestimate the process either.

District Engineer Gumpel responded to Mr. Simmons' questions. The wet weather flows compared to the average flows are addressed in Chapter 7 of the Master Plan. For projects with final entitlements and annexations, the projects have to be part of the District and have a certain level of entitlement which staff is in the process of determining. If a project is not an entitled project or in the District, the District cannot collect fees. The risk to developers is that fees are non-refundable.

President Martin asked for clarification of the Board's policy concerning payment of fees, stating that Vallecitos is the only water district that changed the policy for Mr. McSweeney. General Manager Pruim stated the District collects fees upon certificate of occupancy whereas before fees were collected at the time a project was approved. The delaying of fees for up to two years was added at the request of the BIA. Fees may be payed earlier at the fee in place at the time of payment. An entitled project already annexed to the District could pay the fee, but if they don't, they have to get to that level.

General discussion took place regarding the implementation of new fees. General Manager Pruim stated that if the cap fees are adopted at the October 2 Board meeting, there is not a mandatory 30- or 60-day delay to implement the new fees, it would be at the Board's discretion.

Development Services Senior Engineer Scholl stated the impacts of wet and dry weather flows is approximately an 11.5-million-gallon difference. If Mr. Simmons is concerned about certain developments and dry weather flow, he is welcome to request a study on the issue from the District; however, the District does not size its infrastructure for dry weather flows. The District sizes its infrastructure for the worst case scenario which is peak wet weather flow.

Michael Hunsaker, member of the public, addressed the Board stating he shares some of the BIA's interest in having a greater nexus. His concern it that there is insufficient buy-in for existing capacity that was paid for years ago for present development. He's interested in the San Marcos interceptor, reservoirs and how are they being accounted for in the present fees. They are talking about capturing precisely how much capacity that each development needs. He's for that too, but it has to be a totally transparent transaction. The 2015 Urban Master Water Plan does not show how the future water capacity is to be generated. How can that be included in the present capacity fees? If you are already at a deficit, why are these costs included? In the existing capacity, why is there not buy-in for these past investments made by existing rate payers and for this future development? He expressed his concerns regarding the Davia Village development not having enough meters and projections for EDUs and capacity, and that the EDUs and water consumption numbers do not add up.

Mr. Hunsaker further stated that existing rate payers cannot be charged extra because of a deficiency in capacity fees. The District cannot ask developers or rate payers to pay more than is required. There needs to far more accountability, precision in the buy-in and review of facility fees that were paid to determine why there are more credits for waste treatment than for water consumption. The outfall capacity and capacity of waste treatment is going to be a big issue as he believes there is not enough capacity now. He asked staff how raw sewage pumped to Encina is treated to levels that it can go into the ocean. Where does Encina have the capacity? Where does the wastewater go? Does it go into the ocean untreated? How is it treated and how is fecal matter and bacteria taken care of? He believes the existing rate payers have not been well served by the delay of new cap fees.

Director Hernandez responded to Mr. Hunsaker's comments regarding Encina stating Encina has never put a drop of sewage into the ocean. General Manager Pruim stated that Mr. Hunsaker's data is being misinterpreted and staff corrected some of Mr. Hunsaker's statements.

Marlene Walder, member of the public, addressed the Board stating San Diego has allowed the city to add mother-in-law or rental units to existing properties which will cause the sewer to reach maximum capacity in a shorter time than anticipated if many people do that. If we don't put in the bigger sewer lines now, it's going to cost us a lot more later. She doesn't think developers should have to pay for the whole thing, but someone has to, and it usually falls onto the builders. While she was living in Israel the sewers reached capacity, some of the lines broke and they hadn't even built out yet. The sewers became on top of the roads and crossed the streets. Twenty years later they're still there because it's almost impossible to dig up the streets to put sewer lines in under houses that have since been built. The above ground sewer system is an eyesore which is getting outdated, also a problem. She commended staff for planning ahead and putting in the larger sewer lines now.

President Martin thanked all who attended the workshop.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Workshop Meeting of the Board of Directors at the hour of 6:44 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 4, 2019, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 4, 2019, AT 4:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Martin called the Closed Session meeting to order at the hour of 4:00 p.m.

District Engineer Gumpel led the pledge of allegiance.

Present: Director Elitharp
Director Evans (Arrived at 4:02)
Director Hernandez
Director Sannella
Director Martin

Staff Present: General Manager Pruum
Legal Counsel Gilpin
District Engineer Gumpel
Administrative Secretary Johnson

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF SEPTEMBER 4, 2019

19-09-01 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Closed Session Meeting of September 4, 2019.

PUBLIC COMMENT

None.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:
One (1) potential case.

19-09-02 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to move into Closed Session pursuant to Government Code Section 54956.9.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at 4:55 p.m. There was no reportable action from the Closed Session Meeting.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Closed Session Meeting of the Board of Directors at the hour of 4:56 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 4, 2019 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:

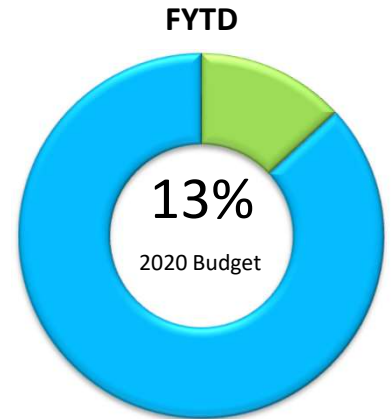
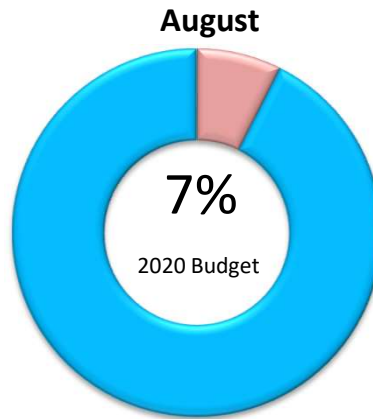
Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
August 31, 2019**

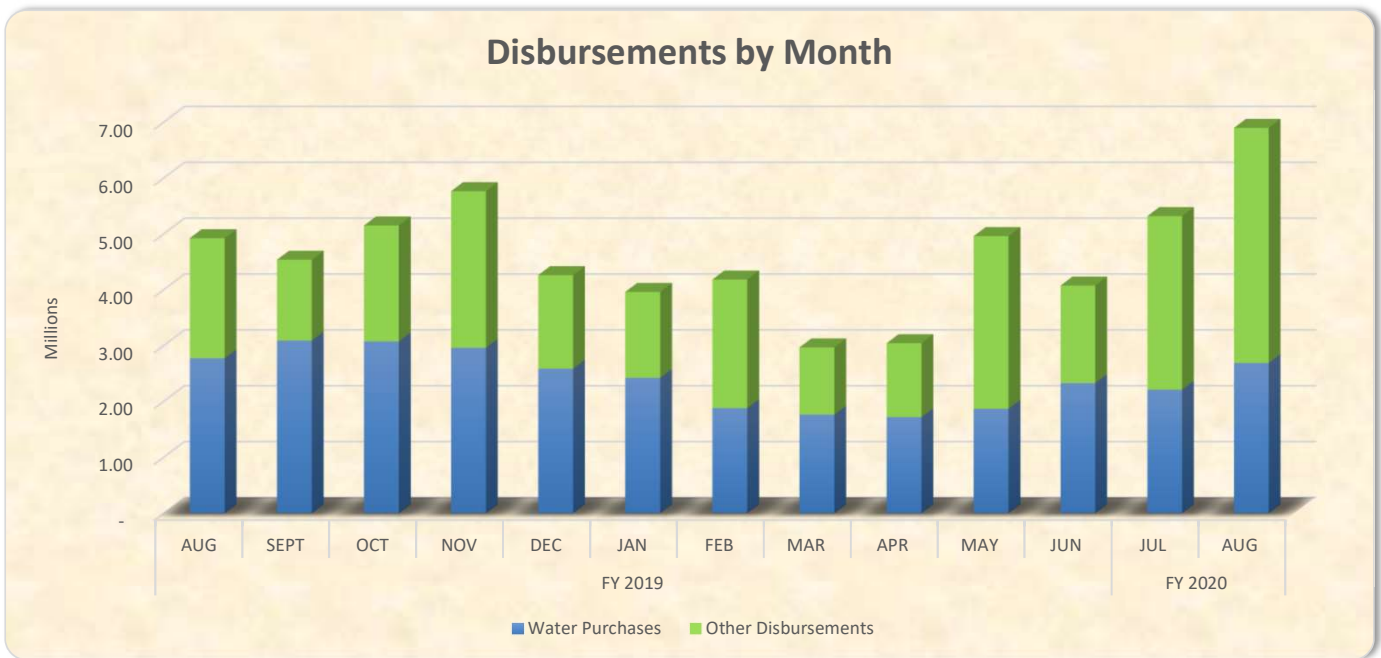
Summary

August Disbursements	\$	6,898,444 *
YTD Disbursements	\$	12,216,379 *
FY2020 Budget	\$	92,718,000

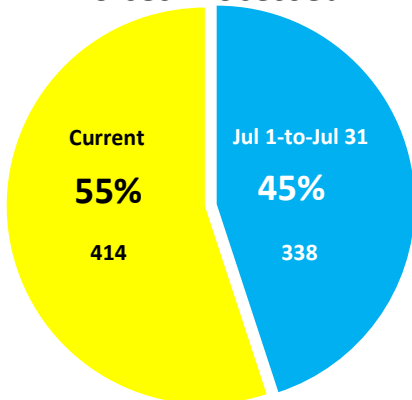
* Excludes Debt Service



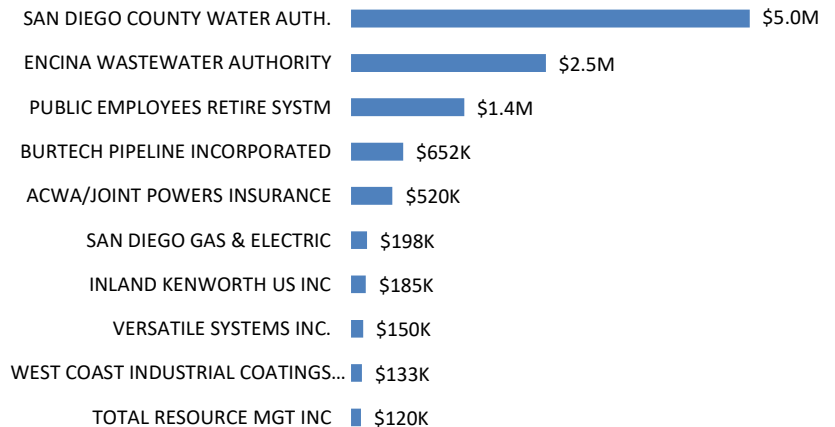
Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD



VALLECITOS WATER DISTRICT
WARRANTS LIST
September 18, 2019

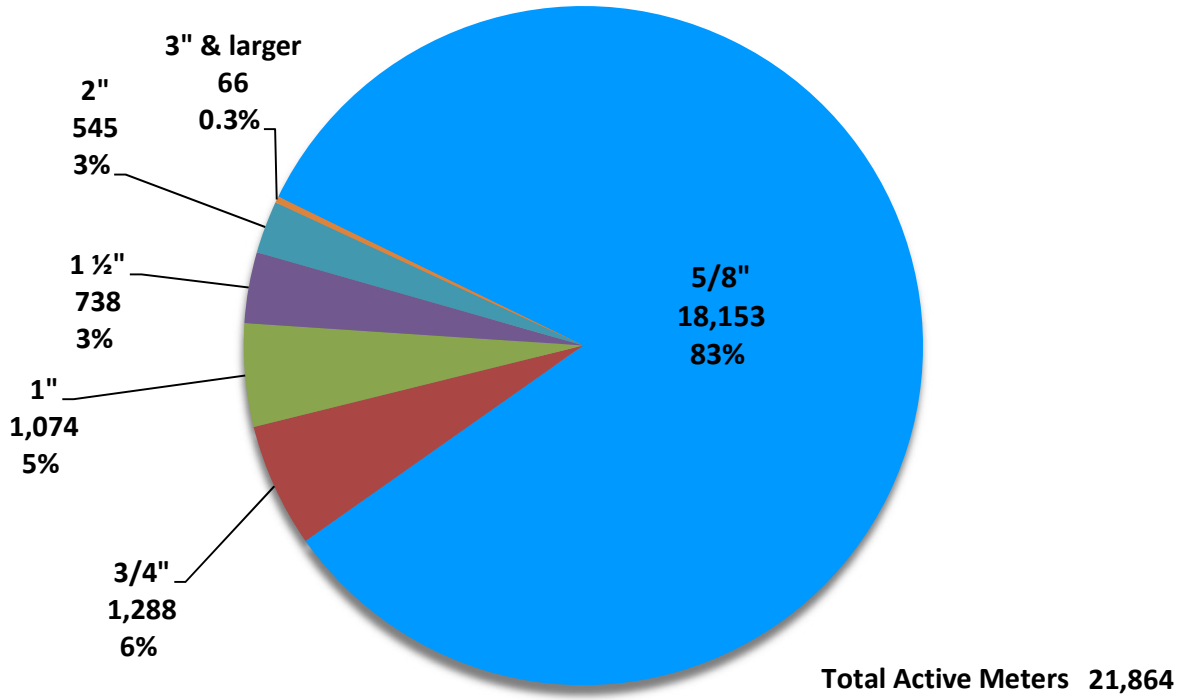
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	117196 through	-
Arthur A. Browne Plumbing	Water Heater Repair - Bldg A	117199	325.00
AT&T	Phone Svc - Aug	117200	21.29
Audrey Ramirez	Closed Account Refund	117201	60.10
James D Austin	Tri State Seminar 8-05-19	117202	213.95
Automationdirect.Com,Inc	Pressure Gauges - 3	117203	332.95
B & C Crane Service Inc	Crane Rental	117204	435.00
Barbara Ehsan or Pat Ehsan	Closed Account Refund	117205	75.69
Best Best & Krieger	Legal Svcs - July	117206	8,763.93
Boot Barn	Safety Boots	117207	150.00
Burtech Pipeline Incorporated	Rock Springs Sewer Prj 90003	117208	68,344.99
CCI	Water Treatment - Aug	117209	220.00
Centre Builders, Inc.	Closed Account Refund	117210	859.83
Christopher Paiva	Closed Account Refund	117211	84.53
Jeffrey Colwell	Video Production Services Prj 20201-41	117212	533.75
Council of Water Utilities	Meeting 9-17-19, Hernandez, Martin, Pruium	117213	135.00
CWEA	Membership Renewal E. Pedrazzi	117214	192.00
CWEA	Cert Renewal T. Moritz	117215	99.00
David Aaron Hill	Closed Account Refund	117216	13.39
David Kaiden	Closed Account Refund	117217	36.04
Electrical Sales Inc	Influent Pump Prj 20181-09, Hardware Supplies	117218	1,692.96
Elizabeth Rowan	Closed Account Refund	117219	37.10
Emcor Service	HVAC Preventive Maintenance	117220	3,958.00
Emerald Heights Homeowners Association	Road Improvement - Access Road to Water Tanks	117221	4,693.50
Employment Screening Services Inc	Employment Screening	117222	34.00
Encinitas Ford	Ford F150 Truck Prj 20201-34	117223	23,626.38
Escondido Metal Supply	Hardware Supplies	117224	47.85
Betty Evans	SDCWA Meeting 7-18-19, ACWA Meeting 7-30-19	117225	94.66
Fisher Scientific LLC	Lab Supplies - MRF	117226	382.40
Fleet Pride	Fleet Supplies Prj 20191-20	117227	119.93
Gabriela Manno	Closed Account Refund	117228	9.15
George & Krogh Welding Inc	Welding Svcs Prj 20181-09, Weld Aluminum Antenna & Base, Pipe Welding	117229	1,250.00
Gloria Smith	Closed Account Refund	117230	94.63
Gosch Ford Escondido	Ford F-250 Truck Prj 20201-33	117231	45,312.85
Hach Company	Flodar Replacement Equipment, Nitrate Probes 2 Prj 20201-37, Lab Supplies	117232	87,959.87
Harrington Industrial	Hardware Supplies	117233	239.77
James R Hernandez	Urban Water Institute Conference 8-14-19	117234	106.38
Holly & John Morton	Closed Account Refund	117235	22.71
Interstate Batteries	Batteries 2 Veh 206, 249	117236	290.66
JCI Jones Chemicals Inc	Chlorine	117237	2,043.21
Kattya Calderon	Closed Account Refund	117238	62.12
Kayleigh Colt	Closed Account Refund	117239	57.27
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004, Hazard Analysis Review - MRF	117240	4,461.60
Kevin Ramaley	Closed Account Refund	117241	122.13
Knowbe4, Inc.	Security Awareness Training Subscription 19-20	117242	1,495.58
Land Surveying Consultants Inc	Mesa Rock Waterline Survey	117243	11,240.00
Laurie Garry	Closed Account Refund	117244	101.94
Magnum Property Investments LLC	Closed Account Refund	117245	77.97
Mallory Safety And Supply, LLC	Safety Supplies	117246	537.68
Marcon Products Inc	Hardware Supplies	117247	184.25
MC Painting	Closed Account Refund	117248	885.56
MGM Plastics Inc	Hardware Supplies	117249	390.06
Michael Rassenbes	Closed Account Refund	117250	104.88
Michael Rosendahl or Julia Lapuz	Closed Account Refund	117251	52.21
Mike Sannella	CSDA Meeting 8-5-19	117252	32.56
Nathan & Elisabeth Holmes	Closed Account Refund	117253	57.63
North County Tool & Abrasive	Hardware Supplies	117254	374.43
Olivenhain MWD	Treated Water - July	117255	70,841.32

VALLECITOS WATER DISTRICT
WARRANTS LIST
September 18, 2019

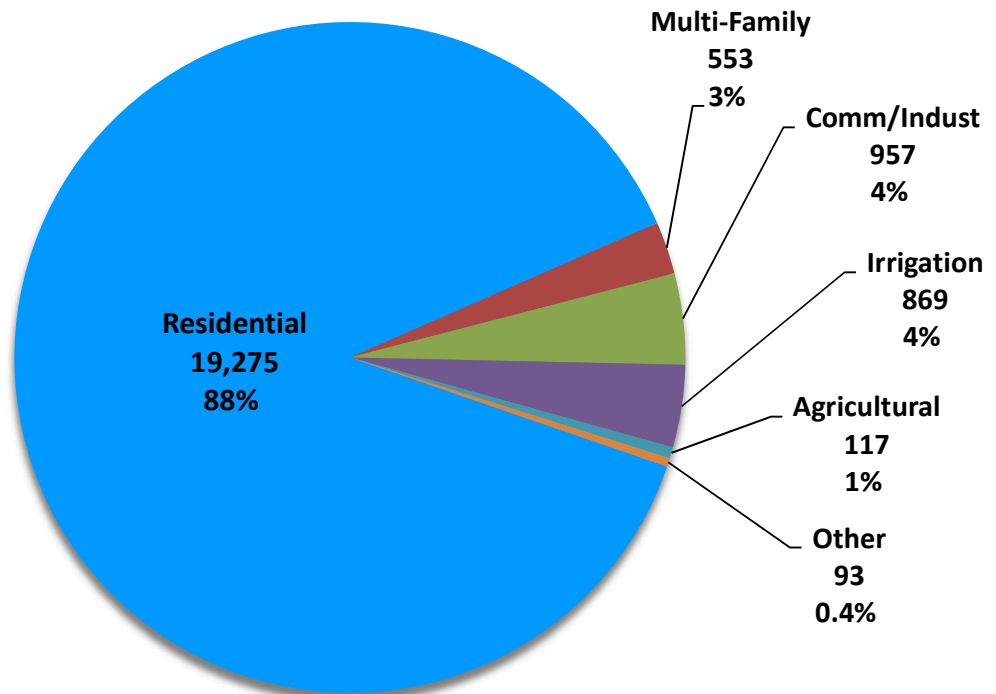
PAYEE	DESCRIPTION	CHECK#	AMOUNT
One Source Distributors LLC	District-Wide SCADA Upgrade Prj 20201-04, Remote Support July	117256	54,168.67
Ortiz Corporation	12 Inch Main Break Repair - Barham & Campus Way	117257	3,073.04
Pacific Pipeline Supply	Repair Clamp, Expansion Joints 2 Prj 20181-09, Couplings 2	117258	2,033.02
Parkhouse Tire Inc	Fleet F150 Tire Restock 8, Tires Veh 189	117259	3,392.46
Peneco, Inc.	Sulfend RT	117260	10,171.60
Pitney Bowes	Postage Meter Refill	117261	1,000.00
Plumbers Depot Inc	Sewer Hose, Smart Cover Meters 2	117262	12,182.53
Rory Hansen	Closed Account Refund	117263	94.55
SDG&E	Power - July	117264	54,497.58
Scada Integrations	Ignition Upgrade Contractor Support - MRF Prj 20201-04	117265	6,247.50
Sensus USA, Inc.	Sensus Meter Reading Software Support 19-20	117266	1,949.94
Shaw Equipment Rentals, Inc	Sewer Bypass Repair Prj 20191-06	117267	42,921.88
Sheila & Brian Dooley	Closed Account Refund	117268	39.93
Sierra Sutton	Closed Account Refund	117269	82.51
Southern Counties Lubricants, LLC	Unleaded Gasoline	117270	15,313.02
Standard Insurance Company	LIFE, LTD & ADD Insurance - Sept	117271	6,592.77
State of California	Dept of Pesticide Regulation - Cert Renewal J Mendoza	117272	60.00
Steel-Toe-Shoes.com	Safety Boots	117273	150.84
Steve Verret	Closed Account Refund	117274	123.87
Steven Houbeck	Closed Account Refund	117275	70.21
Sureride Charter Inc	Bus - Water Academy Prj 20201-503	117276	959.08
Suzannah Herring	Closed Account Refund	117277	136.71
Talley Communications	Supplies - SCADA Radio Improvement	117278	792.20
TC Construction Co Inc	Closed Account Refund	117279	689.59
Toia Ocansey	Closed Account Refund	117280	83.35
TP Sandpiper Point LP	Closed Account Refund	117281	46.30
Traffic Supply Inc	LED Mounted Arrow Board & LED Control - Veh 264	117282	3,825.13
UPS	Shipping Svcs - Aug	117283	17.67
Verizon Wireless	Cell Phone Svc - Aug	117284	2,436.63
Virginia Saavedra	State of CA Notary Training 8-13-19	117285	53.57
Vrunde Sheth	Closed Account Refund	117286	55.15
Waxie Sanitary Supply	Cleaning Supplies	117287	1,221.21
Xfactor Real Estate Network	Closed Account Refund	117288	22.71
Alicia Yerman	Adobe After Effect Boot Camp Training 7-29-19	117289	269.27
Brizo, Inc.	Installation of Long Range Reader - Access Control Prj 20201-16	117290	1,980.00
Computer Protection Technology Inc	UPS Battery Replacements - 18	117291	976.86
Doane & Hartwig Water Systems Inc	Acetate Buffer For Chlorine Analyzer - MRF	117292	715.69
Dell Computers	10 Computers, 5 Lap Tops, Docking Stations & Misc Accessories	117293	25,626.56
Grainger Inc	Sump Pump, Faucet Filters, Socket Adapters, Hardware Supplies	117294	1,448.54
Polyfab USA LLC	Closed Account Refund	117295	66.83
Unifirst Corporation	Uniform Delivery	117296	811.39
Total Disbursements (98 Checks)			<u>600,392.00</u>
WIRES			
Public Employees Retirement System	Retirement Contribution - September 11, 2019 Payroll	Wire	<u>74,307.75</u>
Total Wires			<u>74,307.75</u>
PAYROLL			
Total direct deposits		Wire	244,616.29
VWD Employee Association		117196	568.00
Payroll & Garnishments		117198	1,058.76
IRS	Federal payroll tax deposits	117197 through	94,171.63
Employment Development Department	California payroll tax deposit	Wire	18,063.62
CalPERS	Deferred compensation withheld	Wire	21,556.78
VOYA	Deferred compensation withheld	Wire	<u>7,482.32</u>
Total September 11, 2019 Payroll Disbursements			<u>387,517.40</u>
TOTAL DISBURSEMENTS			<u><u>1,062,217.15</u></u>

Vallecitos Water District
 Active Water Meters
 August 31, 2019

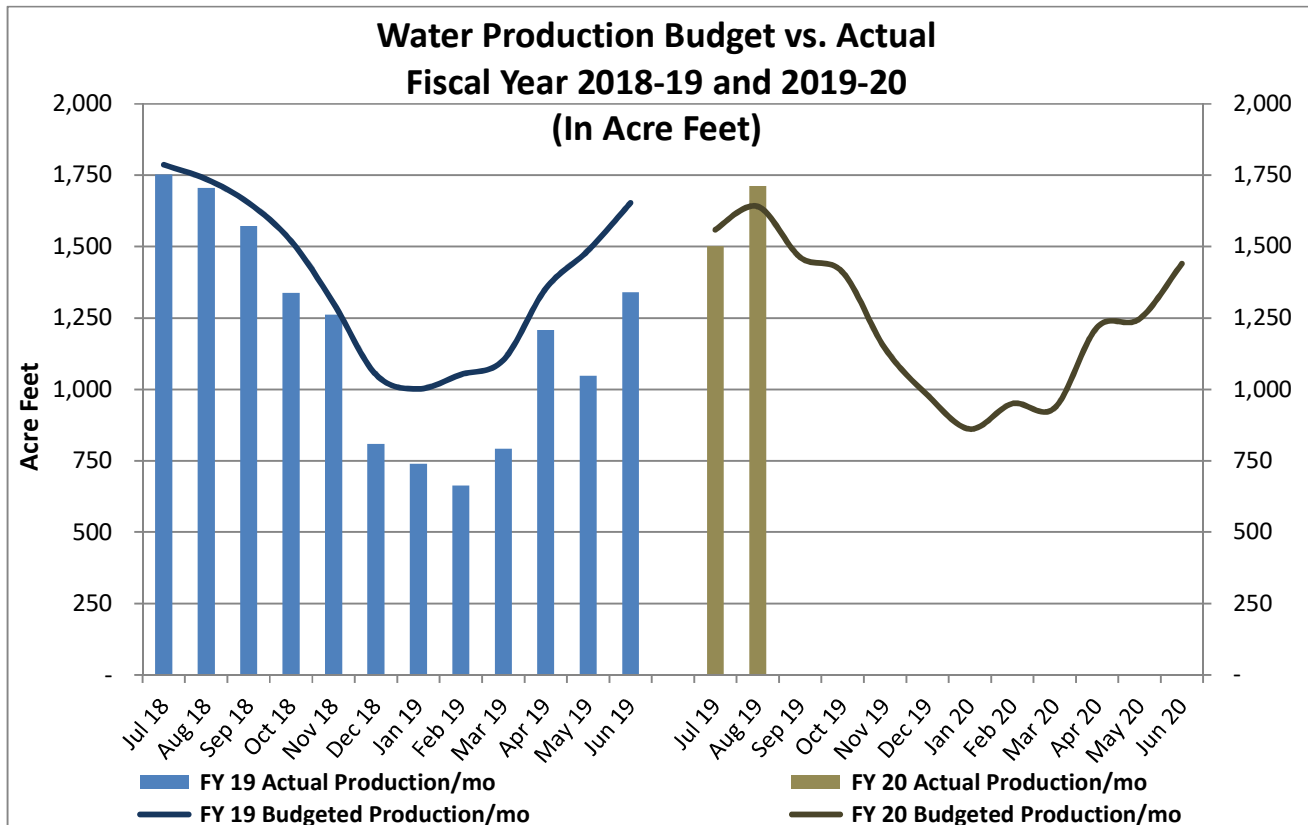
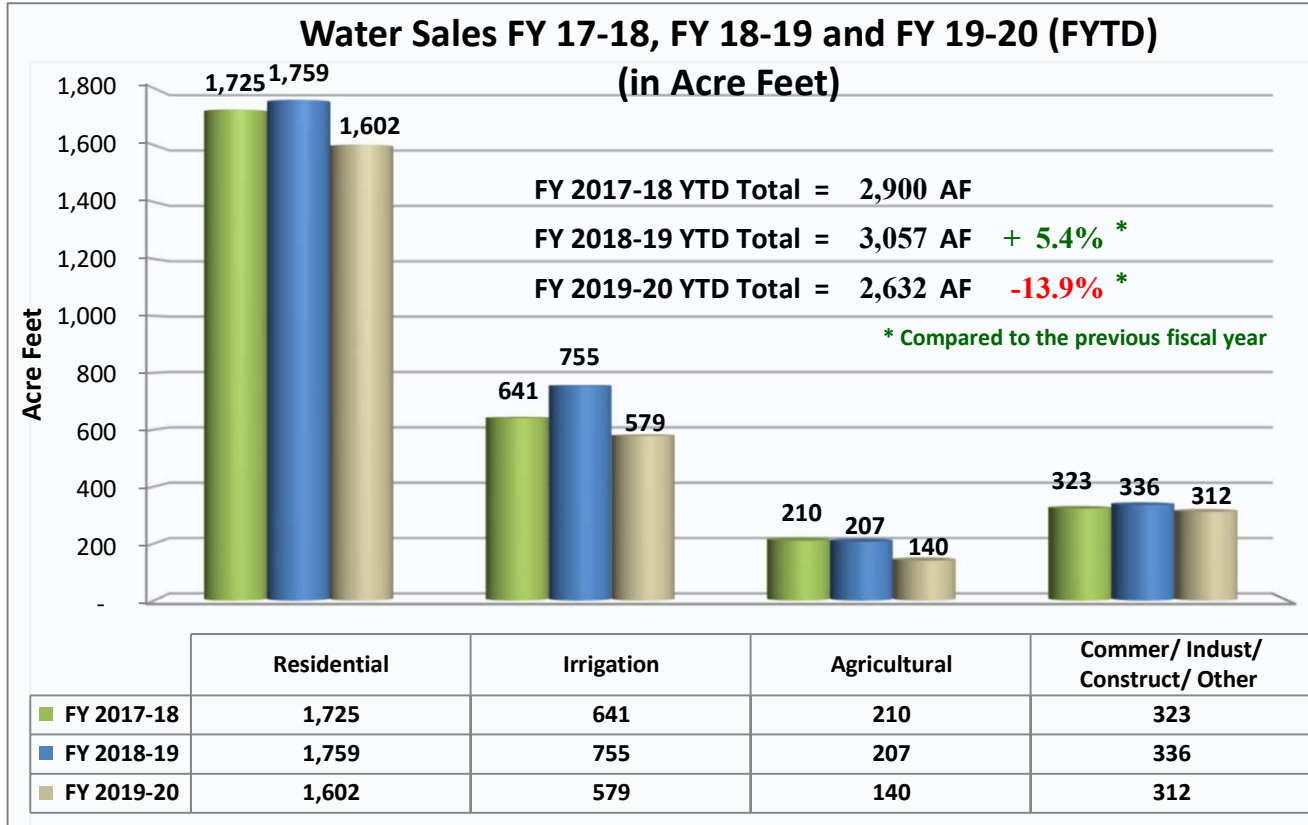
Active Meters by Size as of August 31, 2019



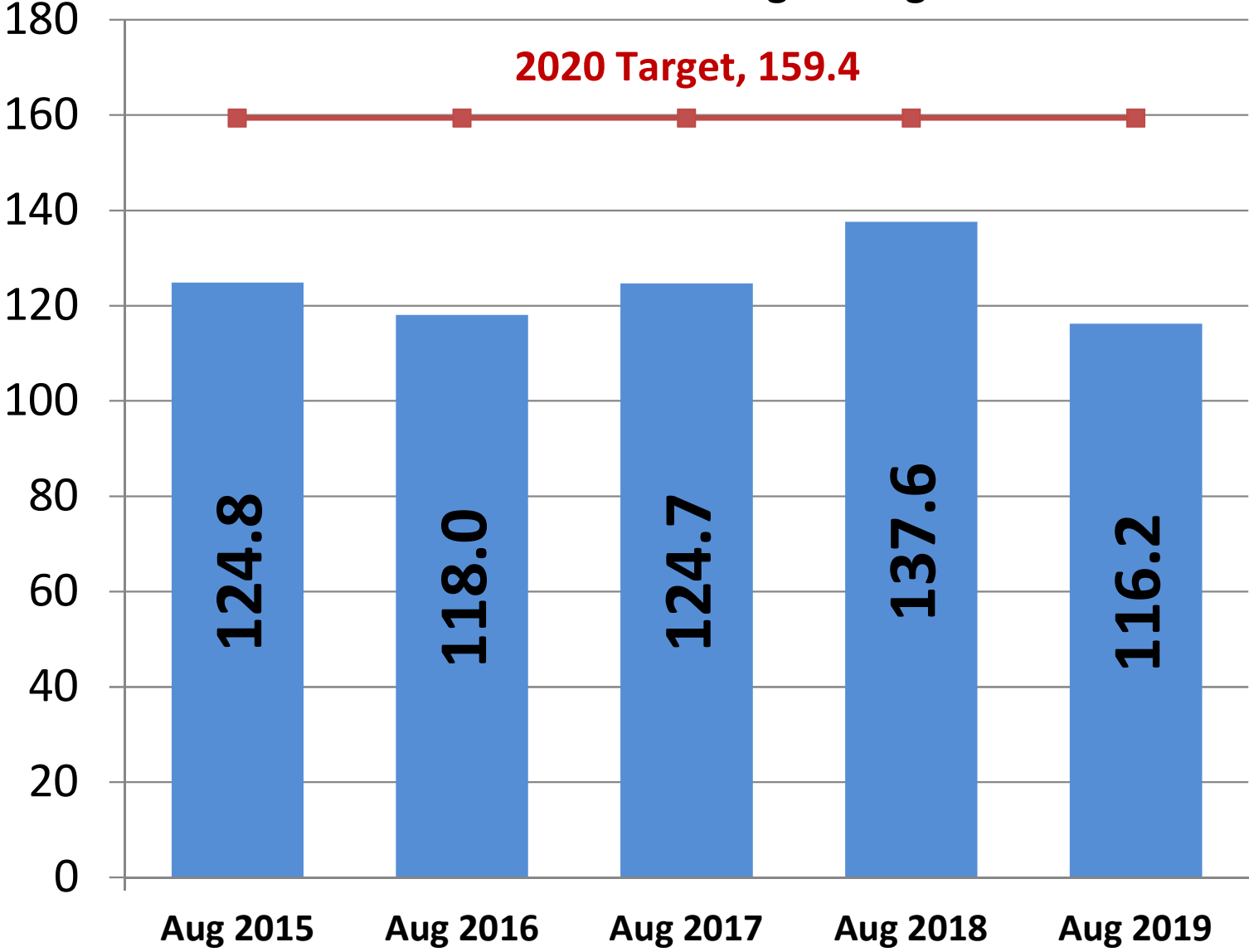
Active Meters by Type as of August 31, 2019



Vallejos Water District
 Water Production/Sales
 August 31, 2019



Gallons per Capita per Day 12-Month Rolling Average



DATE: SEPTEMBER 18, 2019
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the two months ended August 31, 2019 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 2-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and reflected in the Reserve Report. Any excess of expenses above revenues are paid for out of reserves in the current fiscal year.

The Monthly Reserve Report presents the balances in each of the District's reserve funds. The report summarizes all sources and uses of reserves. Sources consist of operating transfers, capital facility fees, property taxes, dissolved RDA distributions, investment earnings and annexation fees. Uses are distributions for capital projects and debt service.

RECOMMENDATION:

For information only.

Vallecitos Water District
Water Revenue and Expense Report
For the Two Months Month Ended August 31, 2019

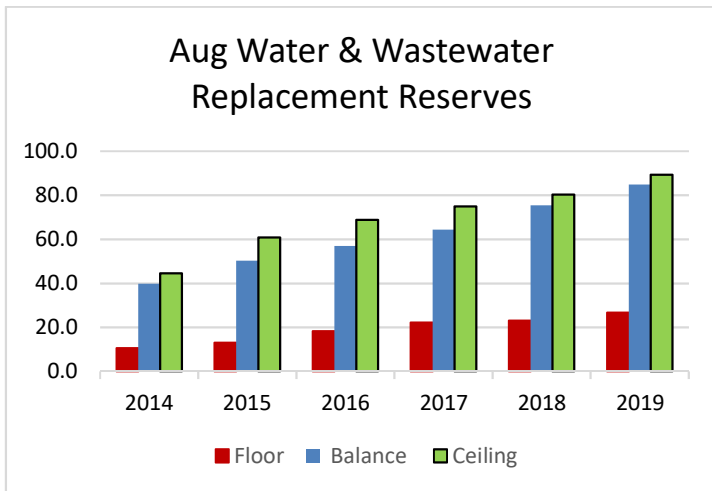
	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$ 5,695,334	\$5,391,952	\$ 303,382	5.6%	\$6,577,000	\$ (881,666)	-13.4%
Ready-to-serve	2,385,735	2,320,268	65,467	2.8%	2,302,000	83,735	3.6%
Pumping charges	77,098	56,289	20,809	37.0%	71,000	6,098	8.6%
Late & lock charges	58,039	76,398	(18,359)	-24.0%	76,000	(17,961)	-23.6%
Backflow fees	15,596	15,059	537	3.6%	16,000	(404)	-2.5%
Other revenue	20,816	34,011	(13,195)	-38.8%	20,900	(84)	-0.4%
Total Revenue	8,252,618	7,893,977	358,641	4.5%	9,062,900	(810,282)	-8.9%
Expenses							
Water costs	5,779,529	5,650,046	129,483	2.3%	6,335,000	(555,471)	-8.8%
Pumping cost recovery	55,769	105,065	(49,296)	-46.9%	188,000	(132,231)	-70.3%
Water quality	24,031	21,450	2,581	12.0%	37,000	(12,969)	-35.1%
Water treatment	92,772	70,358	22,414	31.9%	82,000	10,772	13.1%
Tanks & reservoirs	57,617	32,129	25,488	79.3%	78,000	(20,383)	-26.1%
Trans & distribution	227,131	220,401	6,730	3.1%	308,000	(80,869)	-26.3%
Services	6,696	18,899	(12,203)	-64.6%	14,000	(7,304)	-52.2%
Meters	118,429	94,797	23,632	24.9%	130,000	(11,571)	-8.9%
Backflow prevention	6,446	4,735	1,711	36.1%	11,000	(4,554)	-41.4%
Customer accounts	92,679	77,795	14,884	19.1%	111,000	(18,321)	-16.5%
Building & grounds	49,719	59,946	(10,227)	-17.1%	67,000	(17,281)	-25.8%
Equipment & vehicles	37,100	29,386	7,714	26.3%	55,000	(17,900)	-32.5%
Engineering	289,591	210,387	79,204	37.6%	270,000	19,591	7.3%
Safety & compliance	33,360	33,078	282	0.9%	41,000	(7,640)	-18.6%
Information Technology	146,196	99,365	46,831	47.1%	174,000	(27,804)	-16.0%
General & administrative	483,208	493,593	(10,385)	-2.1%	498,000	(14,792)	-3.0%
Total Expenses	7,500,273	7,221,430	278,843	3.9%	8,399,000	(898,727)	-10.7%
Net Operating Income	\$ 752,345	\$ 672,547	79,798	11.9%	\$ 663,900	88,445	13.3%

Vallecitos Water District
Sewer Revenue and Expense Report
For the Two Months Month Ended August 31, 2019

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Sewer service charges	\$ 3,083,037	\$ 2,982,366	\$ 100,671	3.4%	\$ 2,988,000	\$ 95,037	3.2%
Reclaimed water sales	411,000	342,500	68,500	20.0%	411,000	-	0.0%
Other revenue	12,294	12,438	(144)	-1.2%	10,000	2,294	22.9%
Total Revenue	<u>3,506,331</u>	<u>3,337,304</u>	169,027	5.1%	<u>3,409,000</u>	97,331	2.9%
Expenses							
Collection & conveyance	319,497	269,902	49,595	18.4%	400,000	(80,503)	-20.1%
Lift stations	34,829	29,035	5,794	20.0%	58,000	(23,171)	-40.0%
Source Control	28,473	21,796	6,677	30.6%	34,000	(5,527)	-16.3%
Effluent disposal	585,833	657,106	(71,273)	-10.8%	588,000	(2,167)	-0.4%
Meadowlark	430,833	403,888	26,945	6.7%	594,000	(163,167)	-27.5%
Customer accounts	57,203	52,743	4,460	8.5%	84,000	(26,797)	-31.9%
Building & grounds	19,674	39,190	(19,516)	-49.8%	45,000	(25,326)	-56.3%
Equipment & vehicles	27,761	29,977	(2,216)	-7.4%	42,000	(14,239)	-33.9%
Engineering	105,275	79,339	25,936	32.7%	119,000	(13,725)	-11.5%
Safety & compliance	21,245	21,595	(350)	-1.6%	31,000	(9,755)	-31.5%
Information technology	109,777	85,446	24,331	28.5%	140,000	(30,223)	-21.6%
General & administrative	167,294	201,933	(34,639)	-17.2%	240,000	(72,706)	-30.3%
Total Expenses	<u>1,907,694</u>	<u>1,891,950</u>	15,744	0.8%	<u>2,375,000</u>	(467,306)	-19.7%
Net Operating Income	<u>\$ 1,598,637</u>	<u>\$ 1,445,354</u>	153,283	10.6%	<u>\$ 1,034,000</u>	564,637	54.6%

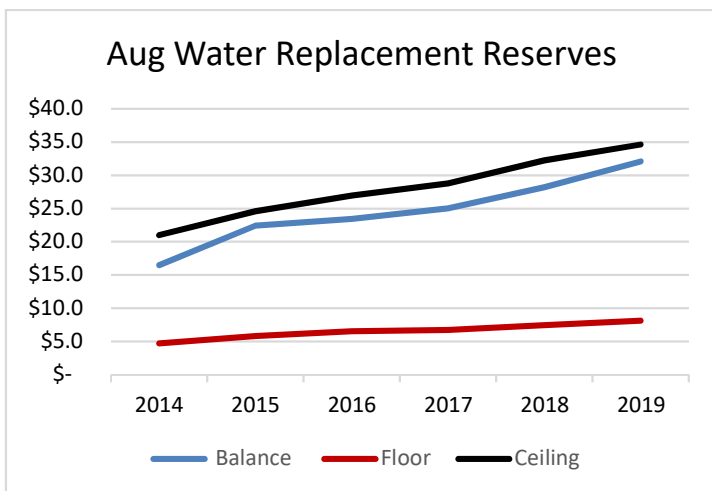
REPLACEMENT RESERVES

The District maintains two replacement reserves in cash equivalents and investments: One for the District’s water system, and the other for the District’s wastewater system. The District’s reserve policy establishes a floor of the sum of the next three years of projected system replacement costs, and a ceiling of the sum of the next ten years of system replacement costs. As of August 31, 2019, the total water and wastewater replacement reserve balance was \$84.8 million, 12 percent greater than August 31, 2018.



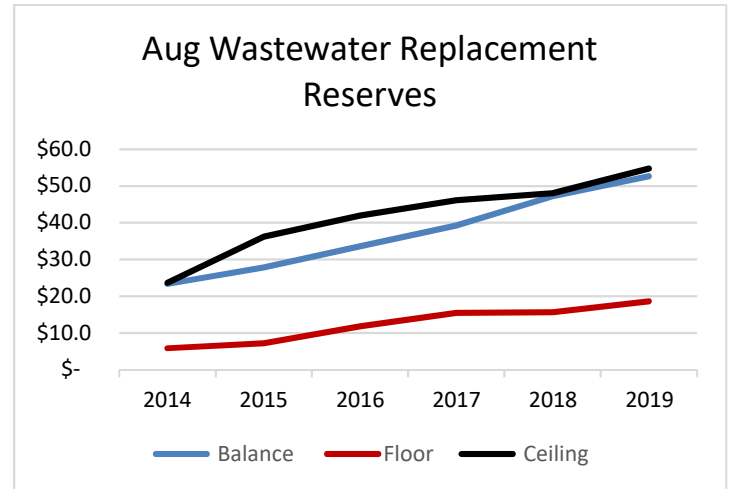
WATER REPLACEMENT RESERVE

As of August 31, 2019, the District’s water replacement reserve totaled \$32.1 million, an increase of 14 percent, or \$3.9 million, from the same month of the prior year. The month-end balance is within the floor and ceiling established by the reserve policy, leaving the District with sufficient reserves to meet infrastructure replacement needs.



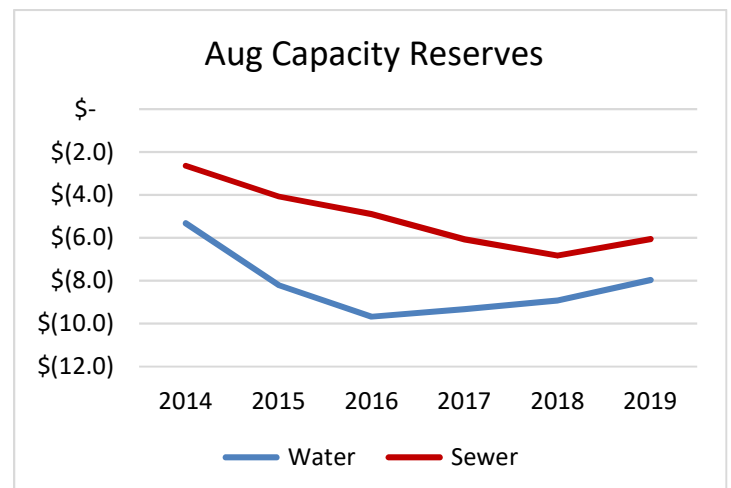
WASTEWATER REPLACEMENT RESERVE

As of August 31, 2019, the balance in the District’s wastewater replacement reserve totaled \$52.7 million, an increase of 12 percent, or \$5.5 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



CAPACITY RESERVES

The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of August 31, 2019, the water capacity fund had a deficit of \$8.0 million and the sewer capacity fund had a deficit of \$6.1 million. The District’s capital facility fees situation is expected to improve with the adoption of the new Master Plan and the corresponding capacity fee study.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE MONTH OF AUGUST 2019

	110 Water 120		210 Wastewater 220		Total
	Replacement	Capacity	Replacement	Capacity	
BEGINNING BALANCE	\$ 37,641,145	\$ (8,333,147)	\$ 58,689,994	\$ (6,268,379)	\$ 81,729,614
REVENUES					
FY 19/20 Operating Transfers	752,345		1,598,637		2,350,982
Capital Facility Fees	-	393,411	-	726,522	1,119,933
Investment Earnings	179,289	-	162,518	-	341,807
Property Tax	38,873	-	31,391	-	70,264
RDA pass-through	18,500	-	18,500	-	37,000
TOTAL REVENUES	989,007	393,411	1,811,046	726,522	3,919,986
LESS DISTRIBUTIONS					
Capital Projects					
Rock Springs Sewer Replacement	-	-	318,640	389,449	708,089
Montiel Lift Station And Forcemain Replacement	-	-	197,484	80,662	278,146
Schoolhouse Tank Refurbishment	169,940	-	-	-	169,940
OSHA Compliant Ladder Systems	153,828	-	-	-	153,828
District Wide Valve Replacement	63,158	-	-	-	63,158
MRF - Influent Pumps & Motors	-	-	62,086	-	62,086
District-Wide SCADA Upgrade Project	26,717	-	25,669	-	52,386
MRF Biological Selector Improvements	-	-	36,676	-	36,676
San Marcos Interceptor Sewer	-	-	11,134	24,783	35,917
Building A Kitchens	13,706	-	13,169	-	26,875
Sewer Bypass Repair	-	-	24,418	-	24,418
Door Access System Expansion	11,079	-	10,645	-	21,724
Cal State San Marcos Meter Upgrade	15,093	-	-	-	15,093
Asset Management Replacement Schedule	5,582	-	5,363	-	10,945
Sewer Rehabilitation And Repairs	-	-	4,908	-	4,908
Fire Services - Backflow Preventer Upgrades	3,565	-	-	-	3,565
Lawrence Welk Court Water Line Replacement	2,979	-	-	-	2,979
North Twin Oaks Tank 1 Refurbishment	2,288	-	-	-	2,288
Door Access Control System Expansion	1,152	-	1,107	-	2,259
All other capital projects	1,463	-	850	588	2,901
Capital Budget - Vehicles/Mobile Equipmnt	95,335	-	91,792	-	187,127
Interest Expense	-	28,703	-	21,688	50,390
TOTAL DISTRIBUTIONS	565,886	28,703	803,941	517,170	1,915,700
ENDING BALANCE	\$ 38,064,266	\$ (7,968,439)	\$ 59,697,100	\$ (6,059,027)	\$ 83,733,900
Less: Operating Reserves	5,970,100	-	7,024,900	-	12,995,000
Replacement Reserves/Restricted Funds	\$ 32,094,166	\$ (7,968,439)	\$ 52,672,200	\$ (6,059,027)	\$ 70,738,900
Replacement reserve floor	\$ 8,136,700		\$ 18,603,400		
Replacement reserve ceiling	\$ 34,640,500		\$ 54,762,600		

VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR AUGUST 2019

Attached is a detailed list of investments for all District funds that are not needed to meet current obligations. In accordance with Government Code Section 53646, the information is presented to the Board on a monthly basis and includes a breakdown by fund, financial institution, settlement and maturity date, yield, and investment amount. In addition, the report indicates the various percentages of investments in each type of institution.

The process and the presentation of the information to the Board are in compliance with requirements outlined in the District Investment Policy adopted on an annual basis. In addition to the investment portfolio, there are sufficient funds in the Operating Account to meet District obligations for the next 30 days. Maturity dates on investments are structured to meet the future financial obligations of the District (i.e., bond payments and construction projections). In that regard, the District will be able to meet expenditure requirements for the next six months without a need to liquidate an investment earlier than scheduled maturity dates.

Investment activity for the month of August follows:

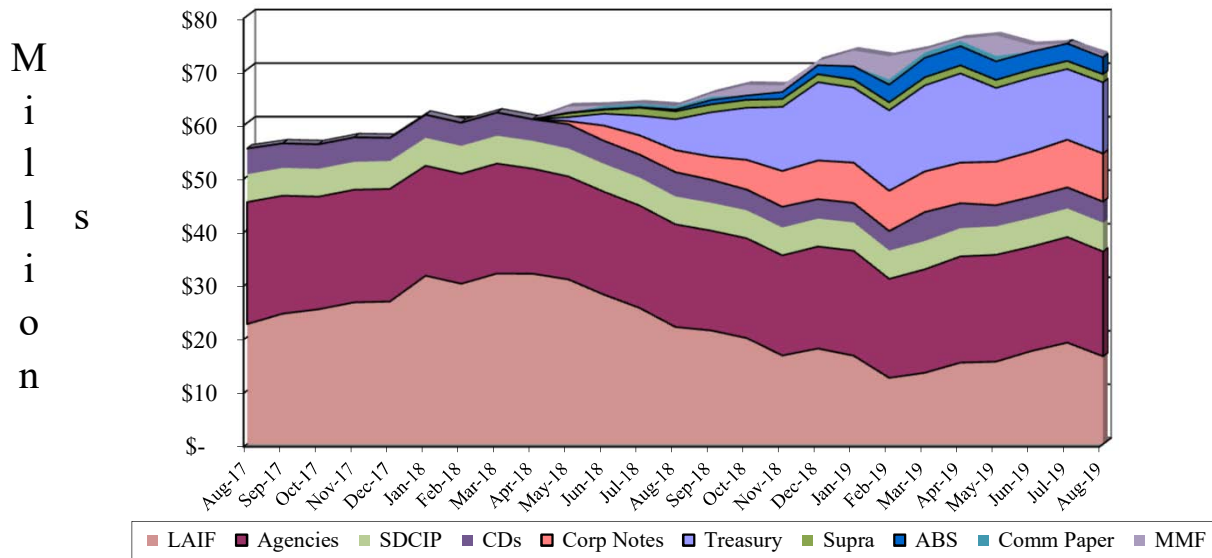
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
08/01/19	Withdrawal	LAIF	(2,500,000)	Open	2.35%
08/06/19	Deposit	LAIF	600,000	Open	2.35%
08/12/19	Deposit	LAIF	900,000	Open	2.35%
08/15/19	Withdrawal	LAIF	(2,700,000)	Open	2.35%
08/15/19	Sold	TOAT 2017-B	(30,400)	10/15/21	1.82%
08/15/19	Sold	TAOT 2017-B	(31,802)	07/15/21	1.60%
08/15/19	Sold	JDOT 2018-B	(24,431)	04/15/21	2.83%
08/19/19	Sold	HAROT 2017-3	(24,645)	09/20/21	1.79%
08/20/19	Deposit	LAIF	650,000	Open	2.35%
08/22/19	Full Call	FHLMC	(750,000)	11/22/19	1.00%
08/26/19	Deposit	LAIF	500,000	Open	2.35%
08/26/19	Full Call	FHLMC	(514,000)	02/26/21	1.00%
08/29/19	Purchased	Federal Farm Credit Banks	1,004,700	07/31/19	1.60%
Change in investments during the month			<u>\$ (2,920,577)</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	2.370%
Weighted average days to maturity	412

The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of June 30, 2019. The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for July 31, 2019. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting

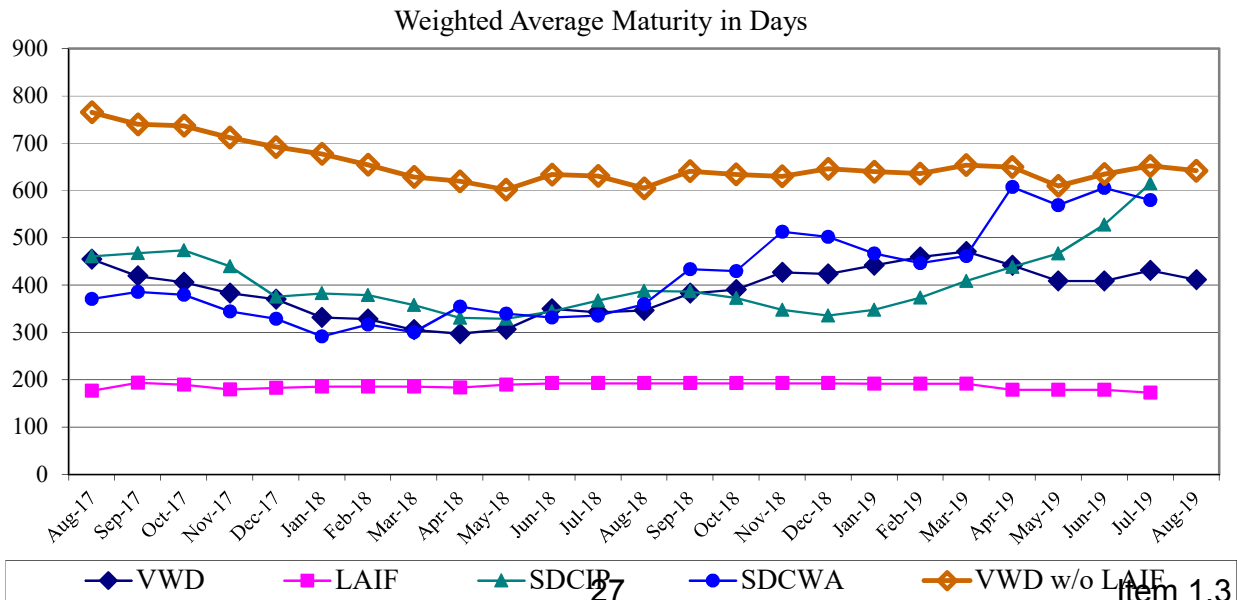
Safety

Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by the Board adopted investment policy and within the limits established by the policy. Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The District also limits risk by investing in a range of investments to ensure diversification as indicated in the graph below.



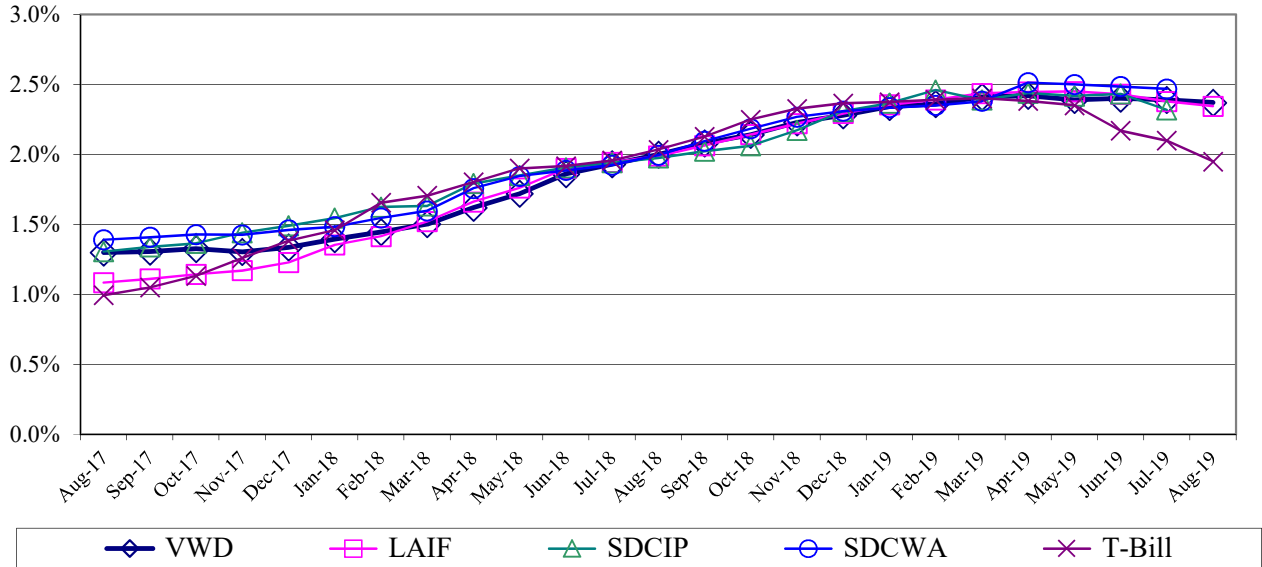
Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District's liquidity to other managed portfolios. The District's liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with \$16.4 million available the same day. But for comparative purposes LAIF is eliminated from the District's portfolio and shown separately.



Yield

The next graph compares the District’s effective yield to LAIF, SDCIP, San Diego County Water Authority (SDCWA), and the average 91-day Treasury bill rate.



Investment/Debt Management

On March 7, 2018 the District entered into a contract with Chandler Asset Management to provide professional investment management and advisory services. Chandler manages the District’s investments in accordance with the District’s policy of safety, liquidity, and yield and continues to maintain investments of varying types within limits allowed by the investment policy (100% in federal agency obligations, 100% in LAIF, 100% in other local government investment pools, 25% in FDIC-backed corporate notes, 25% in commercial paper, 20% in certificates of deposit). Chandler’s portfolio summary is attached.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	1.13
Average Coupon	2.16%
Average Purchase YTM	2.37%
Average Market YTM	1.93%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	1.37 yrs
Average Life	1.23 yrs

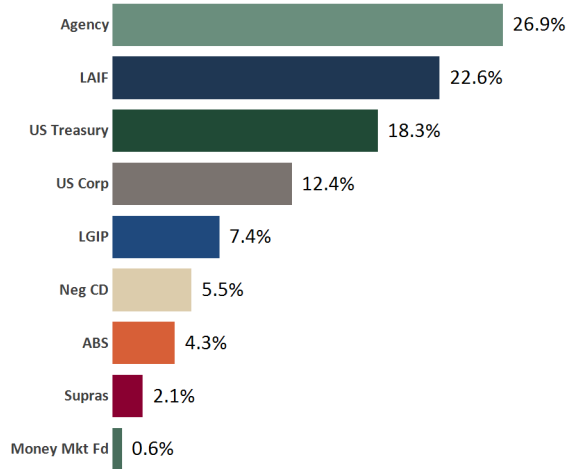
ACCOUNT SUMMARY

	Beg. Values as of 7/31/19	End Values as of 8/31/19
Market Value	74,845,145	72,717,892
Accrued Interest	280,362	323,222
Total Market Value	75,125,506	73,041,114
Income Earned	145,825	133,579
Cont/WD		
Par	74,689,654	72,264,326
Book Value	74,439,659	72,031,378
Cost Value	74,309,702	71,890,206

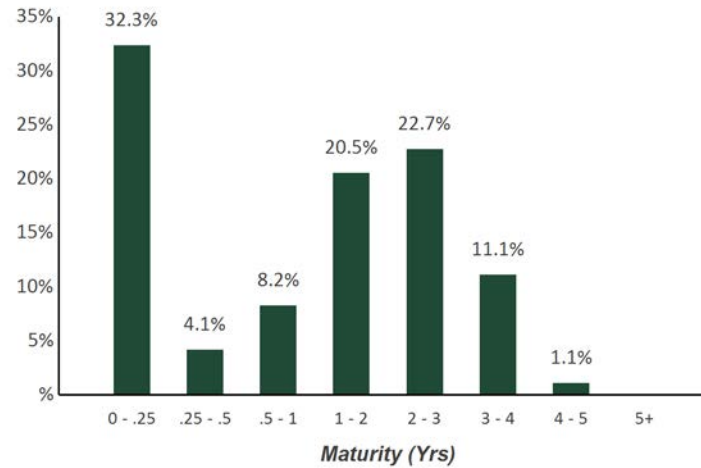
TOP ISSUERS

Local Agency Investment Fund	22.6%
Government of United States	18.3%
Federal Farm Credit Bank	8.2%
County of San Diego Pooled Inve	7.4%
Federal National Mortgage Assoc	7.2%
Federal Home Loan Bank	7.0%
Federal Home Loan Mortgage Corp	4.5%
Honda ABS	1.5%
Total	76.6%

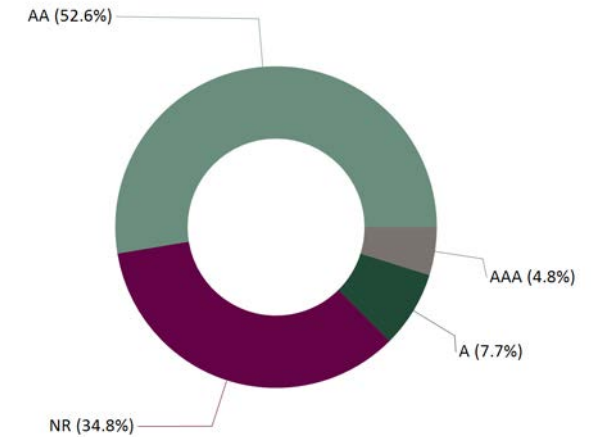
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of August 31, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
47788EAB4	John Deere Owner Trust 2018-B A2 2.83% Due 4/15/2021	187,443.80	01/29/2019 2.95%	187,282.72 187,363.26	100.17 2.24%	187,765.80 235.76	0.26% 402.54	Aaa / NR AAA	1.62 0.28
89190BAD0	Toyota Auto Receivables Owner 2017-B A3 1.76% Due 7/15/2021	303,885.28	09/26/2018 2.78%	300,336.00 301,510.98	99.88 2.04%	303,519.40 237.71	0.42% 2,008.42	Aaa / AAA NR	1.87 0.45
43814PAC4	Honda Auto Receivables Owner T 17-3 A3 1.79% Due 9/20/2021	288,896.23	12/11/2018 2.73%	285,149.60 286,119.58	99.86 2.04%	288,493.17 186.74	0.40% 2,373.59	NR / AAA AAA	2.06 0.56
43814WAB1	HAROT 2019-1 A2 2.75% Due 9/20/2021	455,000.00	02/19/2019 2.77%	454,970.70 454,976.52	100.55 2.01%	457,492.95 451.84	0.63% 2,516.43	NR / AAA AAA	2.06 0.73
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	351,588.27	11/14/2018 3.14%	346,740.19 348,057.01	99.83 2.18%	350,974.27 284.40	0.48% 2,917.26	Aaa / NR AAA	2.13 0.49
89239AAB9	Toyota Auto Receivables 2019-A A2A 2.83% Due 10/15/2021	375,000.00	02/05/2019 2.85%	374,965.95 374,972.93	100.44 1.95%	376,641.38 471.67	0.52% 1,668.45	Aaa / AAA NR	2.13 0.49
47789JAB2	John Deere Owner Trust 2019-A A2 2.85% Due 12/15/2021	360,000.00	03/05/2019 2.87%	359,983.58 359,986.38	100.52 2.00%	361,857.24 456.00	0.50% 1,870.86	Aaa / NR AAA	2.29 0.60
43814UAG4	Honda Auto Receivables 2018-2 A3 3.01% Due 5/18/2022	105,000.00	05/22/2018 3.03%	104,997.71 104,998.44	101.33 1.91%	106,399.23 114.13	0.15% 1,400.79	NR / AAA AAA	2.72 1.18
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	205,000.00	08/21/2018 2.98%	204,971.87 204,979.00	101.47 1.81%	208,009.81 167.99	0.29% 3,030.81	Aaa / NR AAA	2.98 1.27
65478WAE5	Nissan Auto Receivables Owner 2016-C A4 1.38% Due 1/17/2023	500,000.00	01/24/2019 2.95%	489,531.25 491,813.04	99.45 2.11%	497,266.00 306.67	0.68% 5,452.96	Aaa / NR AAA	3.38 0.75
Total ABS		3,131,813.58	2.89%	3,108,929.57 3,114,777.14	2.04%	3,138,419.25 2,912.91	4.30% 23,642.11	Aaa / AAA AAA	2.35 0.64

AGENCY									
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	500,000.00	09/25/2015 1.32%	498,665.00 499,971.81	99.93 2.03%	499,660.00 2,586.81	0.69% (311.81)	Aaa / AA+ AAA	0.09 0.09
3130A9UP4	FHLB Callable Note Cont 4/28/2017 1.19% Due 10/28/2019	500,000.00	10/28/2016 1.19%	500,000.00 500,000.00	99.87 2.01%	499,349.00 2,032.92	0.69% (651.00)	Aaa / AA+ NR	0.16 0.16
3136G3VH5	FNMA Callable Note Qtrly 12/30/2016 1.35% Due 12/30/2019	500,000.00	06/30/2016 1.35%	500,000.00 500,000.00	99.80 1.96%	498,980.50 1,143.75	0.68% (1,019.50)	Aaa / AA+ AAA	0.33 0.33

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of August 31, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G0Q63	FNMA Callable Note Qtrly 3/30/2017 1.3% Due 3/30/2020	500,000.00	10/19/2016 1.30%	500,000.00 500,000.00	99.62 1.96%	498,099.50 2,726.39	0.69% (1,900.50)	Aaa / AA+ AAA	0.58 0.57
3130ABAY2	FHLB Callable Note Cont 7/28/2017 1.67% Due 4/28/2020	750,000.00	04/28/2017 1.67%	750,000.00 750,000.00	99.86 1.89%	748,917.75 4,279.38	1.03% (1,082.25)	Aaa / AA+ NR	0.66 0.33
3136G3N24	FNMA Callable Note Qtrly 11/29/2016 1.5% Due 5/29/2020	750,000.00	05/27/2016 1.50%	750,000.00 750,000.00	99.72 1.88%	747,903.75 2,875.00	1.03% (2,096.25)	Aaa / AA+ AAA	0.75 0.73
3130A8M67	FHLB Callable Note Cont 7/13/2017 1.2% Due 7/13/2020	500,000.00	11/22/2016 1.60%	492,970.00 498,328.46	99.36 1.95%	496,807.00 800.00	0.68% (1,521.46)	Aaa / AA+ NR	0.87 0.86
3135G0N66	FNMA Callable Note Qtrly 2/24/2017 1.4% Due 8/24/2020	1,000,000.00	08/24/2016 1.40%	1,000,000.00 1,000,000.00	99.87 1.53%	998,747.00 272.22	1.37% (1,253.00)	Aaa / AA+ AAA	0.98 0.97
3133EGC94	FFCB Callable Note Cont 2/2/2017 1.38% Due 11/2/2020	500,000.00	11/04/2016 1.40%	499,600.00 499,882.66	99.40 1.90%	496,992.50 2,280.83	0.68% (2,890.16)	Aaa / AA+ AAA	1.18 0.78
3133EGR49	FFCB Callable Note Cont 12/7/2017 1.77% Due 12/7/2020	250,000.00	12/07/2016 1.83%	249,437.50 249,821.74	100.00 1.77%	250,001.00 1,032.50	0.34% 179.26	Aaa / AA+ AAA	1.27 0.54
3134GBT A0	FHLMC Callable Note Qtrly 9/22/2017 2.1% Due 12/22/2020	750,000.00	06/27/2017 2.10%	750,000.00 750,000.00	100.03 1.49%	750,234.00 3,016.67	1.03% 234.00	Aaa / AA+ AAA	1.31 0.06
3136G4GA5	FNMA Callable Note Qtrly 4/28/2017 1.4% Due 1/28/2021	500,000.00	10/28/2016 1.40%	500,000.00 500,000.00	99.36 1.87%	496,779.50 641.67	0.68% (3,220.50)	Aaa / AA+ AAA	1.41 1.00
3133EFC54	FFCB Callable Note Cont 2/17/2017 1.62% Due 2/17/2021	150,000.00	11/18/2016 1.67%	149,667.00 149,885.21	100.00 1.62%	150,000.00 94.50	0.21% 114.79	Aaa / AA+ AAA	1.47 0.73
3130A7E50	FHLB Callable Note Qtrly 6/22/2016 2% Due 3/22/2021	275,000.00	04/06/2017 2.11%	274,381.25 274,756.95	100.02 1.63%	275,045.10 2,427.26	0.38% 288.15	Aaa / AA+ NR	1.56 0.06
3133EFZ91	FFCB Callable Note Cont 4/12/2017 1.62% Due 4/12/2021	750,000.00	04/12/2016 1.62%	749,925.00 749,975.81	99.55 1.90%	746,637.00 4,691.25	1.03% (3,338.81)	Aaa / AA+ AAA	1.62 0.74
3133EHHM8	FFCB Callable Note Cont 8/3/2017 1.99% Due 5/3/2021	750,000.00	05/03/2017 1.99%	750,000.00 750,000.00	100.00 1.99%	750,007.50 4,892.08	1.03% 7.50	Aaa / AA+ AAA	1.67 0.48
3136G3A70	FNMA Callable Note Qtrly 1/27/2017 1.5% Due 7/27/2021	500,000.00	07/27/2016 1.50%	500,000.00 500,000.00	99.36 1.84%	496,782.00 708.33	0.68% (3,218.00)	Aaa / AA+ AAA	1.91 1.17
3134G95L7	FHLMC Callable Note Qtrly 11/25/2016 1.6% Due 8/25/2021	1,000,000.00	08/25/2016 1.60%	1,000,000.00 1,000,000.00	99.13 2.05%	991,310.00 266.67	1.36% (8,690.00)	Aaa / AA+ AAA	1.99 1.32
3130A9F89	FHLB Callable Note Qtrly 12/30/2016 1.625% Due 9/30/2021	1,000,000.00	09/30/2016 1.63%	1,000,000.00 1,000,000.00	99.99 1.63%	999,913.00 6,815.97	1.38% (87.00)	Aaa / AA+ NR	2.08 0.98

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of August 31, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3136G4GF4	FNMA Callable Note Qtrly 4/28/2017 1.55% Due 10/28/2021	1,000,000.00	10/31/2016 1.55%	1,000,000.00 1,000,000.00	99.96 1.57%	999,623.00 5,295.83	1.38% (377.00)	Aaa / AA+ AAA	2.16 1.20
3134GAYX6	FHLMC Callable Note Qtrly 5/26/2017 1.875% Due 11/26/2021	1,000,000.00	11/30/2016 1.88%	1,000,000.00 1,000,000.00	100.05 1.65%	1,000,499.00 4,947.92	1.38% 499.00	Aaa / AA+ AAA	2.24 0.96
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	1,000,000.00	12/26/2018 2.70%	1,002,780.00 1,002,145.16	102.77 1.57%	1,027,662.00 5,755.56	1.41% 25,516.84	Aaa / AA+ AAA	2.30 2.21
3135G0U92	FNMA Note 2.625% Due 1/11/2022	500,000.00	03/05/2019 2.60%	500,350.00 500,289.88	102.54 1.53%	512,698.00 1,822.92	0.70% 12,408.12	Aaa / AA+ AAA	2.37 2.28
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	750,000.00	02/27/2019 2.55%	750,075.00 750,062.41	102.43 1.56%	768,214.50 9,562.50	1.06% 18,152.09	Aaa / AA+ AAA	2.50 2.39
313378WG2	FHLB Note 2.5% Due 3/11/2022	500,000.00	04/08/2019 2.36%	501,945.00 501,680.68	102.49 1.49%	512,455.50 5,902.78	0.71% 10,774.82	Aaa / AA+ NR	2.53 2.42
313383WD9	FHLB Note 3.125% Due 9/9/2022	500,000.00	01/30/2019 2.68%	507,580.00 506,354.08	104.70 1.53%	523,500.00 7,465.28	0.73% 17,145.92	Aaa / AA+ AAA	3.03 2.85
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,009,062.01	104.74 1.51%	1,047,397.00 6,833.33	1.44% 38,334.99	Aaa / AA+ AAA	3.28 3.10
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,004,690.25	100.42 1.49%	1,004,174.00 755.56	1.38% (516.25)	Aaa / AA+ AAA	3.96 3.82
3133EKMX1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 760,225.00	103.27 1.47%	774,488.25 371.67	1.06% 14,263.25	Aaa / AA+ AAA	4.48 4.26
Total Agency		19,425,000.00	1.83%	19,453,200.75 19,457,132.11	1.71%	19,562,877.35 92,297.55	26.91% 105,745.24	Aaa / AA+ AAA	1.91 1.45
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	16,403,680.65	Various 2.33%	16,403,680.65 16,403,680.65	1.00 2.33%	16,403,680.65 71,811.97	22.56% 0.00	NR / NR NR	0.00 0.00
Total LAIF		16,403,680.65	2.33%	16,403,680.65 16,403,680.65	2.33%	16,403,680.65 71,811.97	22.56% 0.00	NR / NR NR	0.00 0.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,382,000.00	Various 2.31%	5,382,000.00 5,382,000.00	1.00 2.31%	5,382,000.00 0.00	7.37% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,382,000.00	2.31%	5,382,000.00	2.31%	5,382,000.00 0.00	7.37% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND FI									
261908206	Dreyfus Treasury Money Market Fund	473,832.02	Various 1.69%	473,832.02 473,832.02	1.00 1.69%	473,832.02 0.00	0.65% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		473,832.02	1.69%	473,832.02	1.69%	473,832.02 0.00	0.65% 0.00	Aaa / AAA NR	0.00 0.00
NEGOTIABLE CD									
06740KJ7	Barclays Bank Delaware Negotiable CD 1.9% Due 9/16/2019	245,000.00	09/16/2015 1.90%	245,000.00 245,000.00	100.00 1.82%	245,006.62 2,155.33	0.34% 6.62	NR / NR NR	0.04 0.04
06417G5R5	Bank of Nova Scotia Yankee CD 2.61% Due 12/17/2019	1,000,000.00	03/25/2019 2.61%	999,994.51 999,997.79	100.00 2.61%	999,997.79 11,600.00	1.38% 0.00	P-1 / A-1 F-1+	0.30 0.29
06370RVP1	Bank of Montreal Chicago Yankee CD 2.69% Due 3/5/2020	1,000,000.00	03/06/2019 2.69%	1,000,000.00 1,000,000.00	100.00 2.69%	1,000,000.00 13,375.28	1.39% 0.00	P-1 / A-1 F-1+	0.51 0.51
49306SXX7	Key Bank Negotiable CD 1.7% Due 3/9/2020	245,000.00	03/08/2017 1.70%	245,000.00 245,000.00	99.92 1.85%	244,807.68 2,019.74	0.34% (192.32)	NR / NR NR	0.52 0.51
40434AZ44	HSBC Bank USA NA Callable Neg. CD S/A 7/8/2018 1.4% Due 7/8/2020	245,000.00	09/16/2016 1.45%	244,510.00 244,890.45	99.68 1.78%	244,207.43 516.85	0.34% (683.02)	NR / NR NR	0.85 0.84
254672L89	Discover Bank Negotiable CD 1.5% Due 10/26/2020	245,000.00	10/26/2016 1.50%	245,000.00 245,000.00	99.45 1.98%	243,646.62 1,288.77	0.34% (1,353.38)	NR / NR NR	1.16 1.13
66476QBW7	Northern Nevada Bank Callable Neg CD Qtrly 6/29/18 1.85% Due 12/29/2020	245,000.00	06/29/2017 1.85%	245,000.00 245,000.00	99.99 1.86%	244,978.93 37.25	0.34% (21.07)	NR / NR NR	1.33 1.31
94986TXN2	Wells Fargo Callable NCD Qtrly 9/4/18 2.3% Due 3/4/2021	243,000.00	03/04/2016 2.29%	243,000.00 243,000.00	100.22 1.44%	243,545.78 2,763.88	0.34% 545.78	NR / NR NR	1.51 0.26



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
NEGOTIABLE CD									
20033AQU3	Comenity Capital Bank Negotiable CD 1.65% Due 6/30/2021	245,000.00	06/30/2016 1.65%	245,000.00 245,000.00	99.67 1.83%	244,189.30 22.15	0.33% (810.70)	NR / NR NR	1.83 1.80
48126XAH8	JP Morgan Chase Bank NA Callable Neg. CD Qtrly 8/16/17 1.65% Due 8/16/2021	245,000.00	08/16/2016 1.65%	245,000.00 245,000.00	99.36 1.98%	243,442.54 177.21	0.33% (1,557.46)	NR / NR NR	1.96 1.92
Total Negotiable CD		3,958,000.00	2.20%	3,957,504.51 3,957,888.24	2.24%	3,953,822.69 33,956.46	5.46% (4,065.55)	Aaa / AA AAA	0.77 0.68
SUPRANATIONAL									
4581XOCD8	Inter-American Dev Bank Note 2.125% Due 11/9/2020	750,000.00	05/22/2018 2.81%	737,865.00 744,134.75	100.47 1.72%	753,540.00 4,958.33	1.04% 9,405.25	Aaa / AAA AAA	1.19 1.16
459058GH0	Intl. Bank Recon & Development Note 2.75% Due 7/23/2021	750,000.00	07/24/2018 2.86%	747,607.50 748,487.45	102.19 1.57%	766,408.50 2,177.08	1.05% 17,921.05	Aaa / AAA NR	1.90 1.84
Total Supranational		1,500,000.00	2.84%	1,485,472.50 1,492,622.20	1.65%	1,519,948.50 7,135.41	2.09% 27,326.30	Aaa / AAA AAA	1.55 1.50
US CORPORATE									
40428HPV8	HSBC USA Inc Note 2.75% Due 8/7/2020	250,000.00	10/10/2018 3.26%	247,772.50 248,857.78	100.63 2.06%	251,585.50 458.33	0.35% 2,727.72	A2 / A AA-	0.94 0.92
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	500,000.00	09/27/2018 3.21%	490,920.00 494,901.41	100.39 1.93%	501,960.00 3,769.44	0.69% 7,058.59	A3 / A A	1.18 1.07
459200JF9	IBM Corp Note 2.25% Due 2/19/2021	500,000.00	06/26/2018 3.07%	489,640.00 494,246.83	100.38 1.98%	501,920.50 375.00	0.69% 7,673.67	A2 / A NR	1.47 1.44
69371RN93	Paccar Financial Corp Note 2.8% Due 3/1/2021	300,000.00	07/23/2018 3.12%	297,585.00 298,609.47	101.30 1.92%	303,904.80 4,200.00	0.42% 5,295.33	A1 / A+ NR	1.50 1.45
06406FAA1	Bank of NY Mellon Corp Callable Note Cont 03/15/2021 2.5% Due 4/15/2021	500,000.00	08/24/2018 3.05%	493,125.00 495,764.83	100.85 1.93%	504,240.00 4,722.22	0.70% 8,475.17	A1 / A AA-	1.62 1.49
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	350,000.00	06/28/2018 3.08%	349,247.50 349,555.83	101.92 1.84%	356,709.15 3,208.33	0.49% 7,153.32	A2 / A+ NR	1.70 1.64
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	500,000.00	10/12/2018 3.30%	483,360.00 488,988.75	100.00 1.95%	499,988.00 2,762.50	0.69% 10,999.25	A1 / A AA-	1.72 1.67



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	320,000.00	Various 3.09%	321,372.10 320,776.98	102.22 1.86%	327,109.76 2,888.88	0.45% 6,332.78	A2 / A A	1.72 1.58
931142EJ8	Wal-Mart Stores Note 3.125% Due 6/23/2021	290,000.00	06/20/2018 3.13%	289,985.50 289,991.22	102.44 1.75%	297,082.09 1,711.81	0.41% 7,090.87	Aa2 / AA AA	1.81 1.75
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	500,000.00	07/20/2018 3.19%	478,045.00 485,805.12	99.57 1.92%	497,869.00 4,061.11	0.69% 12,063.88	A2 / A NR	2.03 1.96
89233P5F9	Toyota Motor Credit Corp Note 3.4% Due 9/15/2021	500,000.00	05/31/2018 3.03%	505,785.00 503,594.52	102.91 1.94%	514,534.50 7,838.89	0.72% 10,939.98	Aa3 / AA- A+	2.04 1.94
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 492,941.56	101.90 1.82%	509,493.00 2,024.30	0.70% 16,551.44	A2 / A A	2.35 2.26
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 295,160.14	101.31 1.84%	303,918.90 326.67	0.42% 8,758.76	A2 / A NR	2.46 2.14
037833CQ1	Apple Inc Callable Note Cont 4/11/22 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 487,317.24	101.35 1.77%	506,745.50 3,513.89	0.70% 19,428.26	Aa1 / AA+ NR	2.70 2.51
68389XBB0	Oracle Corp Callable Note Cont 3/15/2022 2.5% Due 5/15/2022	500,000.00	Various 3.28%	486,304.00 490,207.68	101.48 1.90%	507,383.50 3,680.56	0.70% 17,175.82	A1 / A+ A	2.71 2.44
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 496,060.69	103.38 1.72%	516,875.00 4,416.67	0.71% 20,814.31	Aa2 / AA A+	2.71 2.58
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,168.77	104.41 1.72%	522,065.50 4,218.75	0.72% 21,896.73	Aa3 / AA- NR	2.75 2.61
90331HNL3	US Bank NA Callable Note Cont 12/23/22 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 489,281.40	103.00 1.91%	494,395.68 1,444.00	0.68% 5,114.28	A1 / AA- AA-	3.40 3.15
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 518,481.54	105.48 1.95%	527,395.00 4,034.72	0.73% 8,913.46	A2 / A NR	3.77 3.44
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 513,141.22	105.86 1.77%	529,307.50 3,069.44	0.73% 16,166.28	Aa2 / AA AA	3.82 3.50
Total US Corporate		8,790,000.00	3.07%	8,717,517.90 8,753,852.98	1.87%	8,974,482.88 62,725.51	12.37% 220,629.90	A1 / A+ A+	2.30 2.16



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
9128283S7	US Treasury Note 2% Due 1/31/2020	750,000.00	08/24/2018 2.57%	744,082.03 748,276.76	100.02 1.95%	750,146.25 1,304.35	1.03% 1,869.49	Aaa / AA+ AAA	0.42 0.41
9128283Y4	US Treasury Note 2.25% Due 2/29/2020	750,000.00	06/25/2018 2.51%	746,835.94 749,065.75	100.16 1.93%	751,171.50 46.36	1.03% 2,105.75	Aaa / AA+ AAA	0.50 0.50
912828XH8	US Treasury Note 1.625% Due 6/30/2020	750,000.00	05/31/2018 2.43%	737,753.91 745,124.09	99.83 1.83%	748,710.75 2,086.45	1.03% 3,586.66	Aaa / AA+ AAA	0.83 0.82
912828L65	US Treasury Note 1.375% Due 9/30/2020	750,000.00	06/27/2018 2.53%	731,044.92 740,924.54	99.58 1.77%	746,835.75 4,339.14	1.03% 5,911.21	Aaa / AA+ AAA	1.08 1.06
912828WC0	US Treasury Note 1.75% Due 10/31/2020	750,000.00	07/20/2018 2.64%	735,292.97 742,460.66	100.02 1.74%	750,117.00 4,422.55	1.03% 7,656.34	Aaa / AA+ AAA	1.17 1.14
912828A42	US Treasury Note 2% Due 11/30/2020	750,000.00	11/28/2018 2.85%	737,695.31 742,334.78	100.35 1.71%	752,637.00 3,811.48	1.04% 10,302.22	Aaa / AA+ AAA	1.25 1.22
912828N89	US Treasury Note 1.375% Due 1/31/2021	750,000.00	10/30/2018 2.86%	725,859.38 734,805.78	99.59 1.67%	746,923.50 896.74	1.02% 12,117.72	Aaa / AA+ AAA	1.42 1.39
912828U81	US Treasury Note 2% Due 12/31/2021	750,000.00	11/08/2018 3.05%	726,650.39 732,670.85	101.15 1.50%	758,613.00 2,567.93	1.04% 25,942.15	Aaa / AA+ AAA	2.34 2.27
912828W55	US Treasury Note 1.875% Due 2/28/2022	1,000,000.00	01/30/2019 2.56%	979,921.88 983,726.72	100.98 1.48%	1,009,766.00 51.51	1.38% 26,039.28	Aaa / AA+ AAA	2.50 2.44
912828W89	US Treasury Note 1.875% Due 3/31/2022	750,000.00	09/27/2018 2.92%	724,013.67 730,875.69	101.04 1.46%	757,793.25 5,917.01	1.05% 26,917.56	Aaa / AA+ AAA	2.58 2.50
912828XR6	US Treasury Note 1.75% Due 5/31/2022	750,000.00	09/24/2018 2.93%	719,208.98 727,021.28	100.79 1.46%	755,918.25 3,335.04	1.04% 28,896.97	Aaa / AA+ AAA	2.75 2.67
912828XW5	US Treasury Note 1.75% Due 6/30/2022	350,000.00	09/07/2018 2.80%	336,792.97 340,177.93	100.88 1.43%	353,062.50 1,048.57	0.48% 12,884.57	Aaa / AA+ AAA	2.83 2.75
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 981,792.58	101.23 1.44%	1,012,266.00 1,630.43	1.39% 30,473.42	Aaa / AA+ AAA	2.92 2.83
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 727,521.67	101.28 1.44%	759,609.00 38.63	1.04% 32,087.33	Aaa / AA+ AAA	3.00 2.91
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 983,784.52	101.35 1.43%	1,013,516.00 7,889.34	1.40% 29,731.48	Aaa / AA+ AAA	3.08 2.97
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,488.77	103.74 1.43%	1,037,383.00 10,519.13	1.43% 37,894.23	Aaa / AA+ AAA	3.58 3.39



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828R69	US Treasury Note 1.625% Due 5/31/2023	600,000.00	04/11/2019 2.30%	584,039.06 585,540.02	100.73 1.43%	604,359.60 2,477.46	0.83% 18,819.58	Aaa / AA+ AAA	3.75 3.61
Total US Treasury		13,200,000.00	2.66%	12,908,068.36 12,995,592.39	1.59%	13,308,828.35 52,382.12	18.29% 313,235.96	Aaa / AA+ AAA	2.16 2.09
TOTAL PORTFOLIO		72,264,326.25	2.37%	71,890,206.26 72,031,377.73	1.93%	72,717,891.69 323,221.93	100.00% 686,513.96	Aa1 / AA+ AAA	1.37 1.13
TOTAL MARKET VALUE PLUS ACCRUED						73,041,113.62			

**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Total
General Counsel Services	\$3,223	\$14,057	\$6,416	\$7,639	\$8,896	\$7,886	\$3,422	\$9,177	\$10,914	\$5,557	\$9,183	\$5,284	\$2,215	\$93,869
Labor/Employment	609	-	493	3,770	6,409	852	-	2,610	5,577	21,718	14,492	5,447	2,135	64,111
Engineering - Construction/Contracting	2,059	1,274	1,947	1,404	260	858	2,938	2,840	2,647	3,172	1,693	546	1,641	23,279
VWD v. Brian Thomas Boyd	658	1,730	3,375	494	2,718	130	104	-	-	-	-	-	-	9,210
Environmental	-	-	-	-	-	-	-	-	-	7,935	116	-	-	8,051
Fees and Taxes	182	-	1,040	-	78	988	364	-	-	-	728	-	2,744	6,124
Annual Public Policy & Ethics Program	4,600	-	-	-	-	-	-	-	-	-	-	-	-	4,600
Adv. Butler	-	-	-	-	-	-	-	-	2,302	302	136	-	30	2,770
Total	\$11,331	\$17,061	\$13,271	\$13,308	\$18,361	\$10,714	\$6,828	\$14,628	\$21,439	\$38,684	\$26,348	\$11,277	\$8,764	\$212,013

DATE: SEPTEMBER 18, 2019
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST FOR DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS
“GUALTIERI DETACHMENT” FROM THE VALLECITOS WATER DISTRICT;
APN 178-040-45 (ROBERT & THERESA GUALTIERI)

BACKGROUND:

Robert and Theresa Gualtieri, owners of the property, are requesting detachment from the District’s service area. The property is located east of Catalina Avenue on Catalina Heights Way. The parcel, APN 178-040-45, is currently within the Vallecitos Water District (VWD), but not within the Vallecitos Water District sewer service boundary. The Gualtieri’s also own APN 178-040-12, which is currently within the Vista Irrigation District (VID).

DISCUSSION:

The two APNs, 178-040-12 and 178-040-45, are separated by the service boundary line of VID and VWD. The County of San Diego granted approval for a single-family residence to be built on one parcel and a septic system to be installed on the other parcel, thus eliminating the need for VWD sewer services at this time. VWD does not currently have water or wastewater services available on the frontage of the parcels. VID currently has infrastructure on the frontage of both parcels to offer water service.

Per District Ordinance 200, section 3.2,

- a) That the land proposed to be detached will be disassociated from its benefits, and that the District will not be impacted and will not be injured.
- b) That after the detachment, the taxable property in the detached area shall not be subject to taxation for the purposes of the District.
- c) That upon detachment, the property owner waives and relinquishes all rights, claims and entitlements to capacity within any of the District’s water facilities.

Robert and Theresa Gualtieri must complete the detachment process from the District water service area, including payment of detachment fees, which are currently \$1,362.00 per acre.

Local Agency Formation Commission (LAFCO) requires that APN 178-040-45 detach from VWD as a condition for the annexation to VID.

FISCAL IMPACT:

Payment of \$1,756.98 (\$1,362.00 per acre * 1.29 acres) = in detachment fees will be collected in accordance with Ordinance 200. All other fees will cover actual costs and have no fiscal impact.

RECOMMENDATION:

Approve the detachment of APN 178-040-45 from the Vallecitos Water District water service area with the following conditions:

1. Payment of water detachment fee of = \$1,756.98.
2. Submittal of a geographic description of the property on electronic media.
3. LAFCO approval of annexation to VID and detachment from VWD.
4. Completion of the detachment within 1 year of Board approval. If detachment is not completed within the 1 year of Board approval, a new request for detachment may be required.

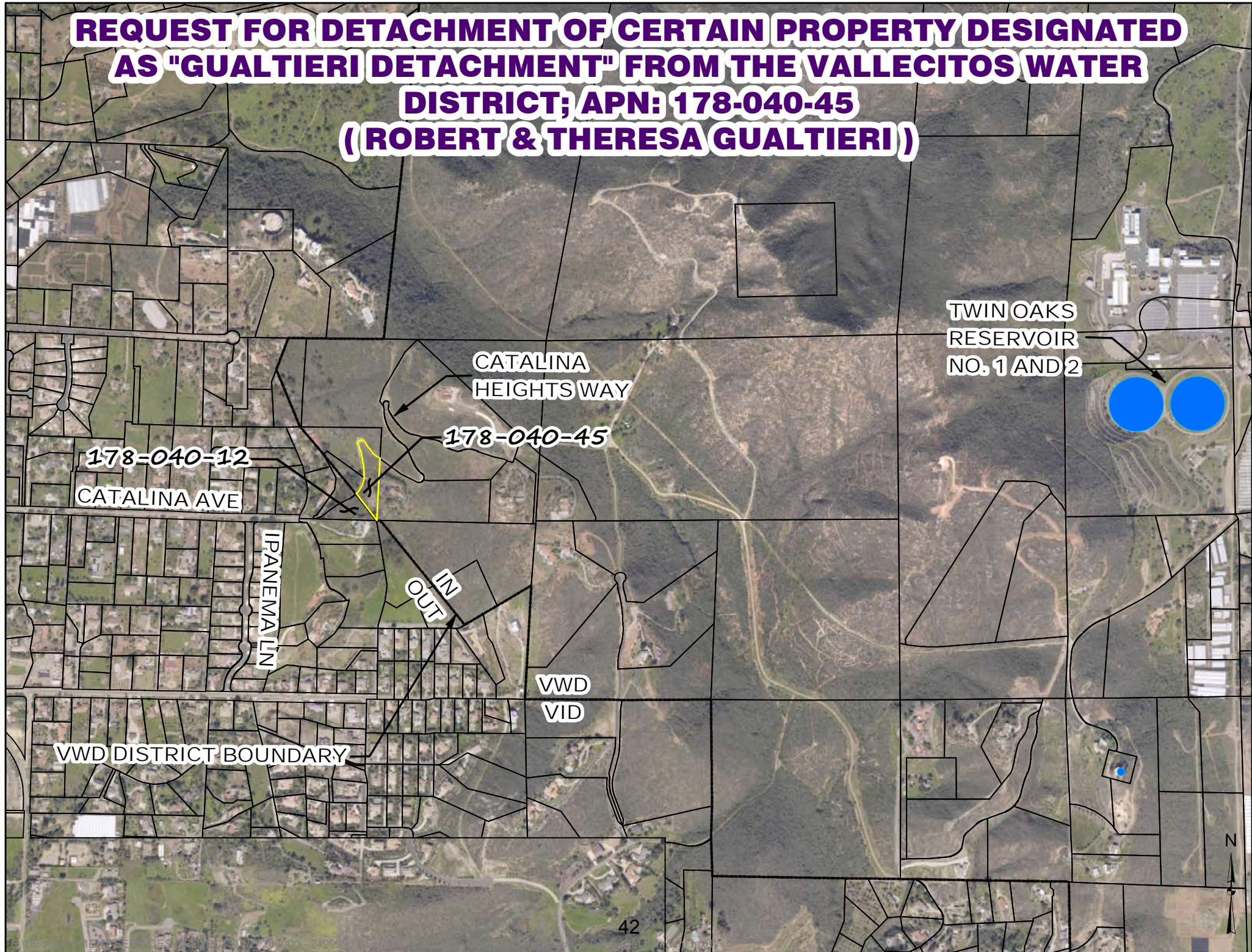
ATTACHMENTS:

2 Map Exhibits: 1-Plat & 1-Aerial

**REQUEST FOR DETACHMENT OF CERTAIN PROPERTY DESIGNATED
AS "GUALTIERI DETACHMENT" FROM THE VALLECITOS WATER
DISTRICT; APN: 178-040-45
(ROBERT & THERESA GUALTIERI)**



**REQUEST FOR DETACHMENT OF CERTAIN PROPERTY DESIGNATED
AS "GUALTIERI DETACHMENT" FROM THE VALLECITOS WATER
DISTRICT; APN: 178-040-45
(ROBERT & THERESA GUALTIERI)**



DATE: SEPTEMBER 18, 2019
TO: BOARD OF DIRECTORS
SUBJECT: CONSTRUCTION CONTRACT ACCEPTANCE OF THE SEWER BYPASS REPAIRS

BACKGROUND:

The existing 16" Emergency Bypass Sewer (Bypass) pipeline was installed in 1969 and is primarily composed of reinforced plastic mortar (RPM) pipe, commonly referred to as "Techite". Sewer in portions of the Bypass pipeline is under pressure due to its proximity to the pressurized section of the Land Outfall. Flow is diverted into the Bypass pipeline during MRF operational shutdowns or emergency situations.

In January 2018 a leak developed on the Bypass pipeline north of Brighton Glen Road. This section of the Bypass pipeline was isolated using control valves on Rancho Santa Fe Road to prevent further spills, and staff determined a repair at this location was not an emergency. A budget item was generated for the 2018/2019 Fiscal year to repair the Bypass pipeline.

Staff developed a construction bid package for repair of the Bypass pipeline and on January 17, 2019 received seven bids. Per Resolution 1481 Section 2.3, the General Manager approved a purchase order to Shaw Equipment Rentals (Shaw) in the amount of \$36,005.50 for the Sewer Bypass Repair. The repair was completed on June 16, 2019.

During a heavy rain event on February 3, 2019, excessive flows from the Land Outfall pressurized the Bypass pipeline causing a new break to occur near Carrillo Way. Since Shaw was under contract, staff took the opportunity to prepare a District initiated change order, requested the contractor repair the new break. The change order was \$41,700. District Ordinance 146 Section 4.1.1 requires Board approval for change orders exceeding 10% of the original contract value, Board Approved the Change Order for \$41,700 on July 17, 2019.

DISCUSSION:

All repairs and construction have been completed. There were three change orders on the project. The first change order was for the repair off Brighton Glen Road for additional work and bid item deletions, as a result it was a credit to the District in the amount of -\$3,610.61. Second change order was for the second repair off Carrillo Way for \$41,700. Third change order was for additional materials for the repair off Carrillo Way in the amount of \$3,480.93.

District staff provided inspection, construction management, and construction support. Work performed was to the satisfaction of the District.

FISCAL IMPACT:

The total cost and budget summary are as follows:

Budget	\$ 180,000
Construction	\$ 36,006
Change Order 1	\$ (3,611)
Change Order 2	\$ 41,700
Change Order 3	\$ 3,481
Design	\$ 19,200
Staff	\$ 13,250
Overhead	\$ 10,300
Total	\$ 120,326
Budget Surplus	\$ 59,674

RECOMMENDATION:

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.

CONSTRUCTION CONTRACT ACCEPTANCE OF THE SEWER BYPASS REPAIRS

LOCATION OF NEW
SEWER BYPASS REPAIR
(Feb. 2019)



CARRILLO WAY

PASEO DESCANSO

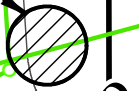
EXISTING 16"
EMERGENCY BYPASS PIPELINE

EXISTING 12"
FAILSAFE OUTFALL

BRIGHTON

GLEN

LOCATION OF SEWER
BYPASS REPAIR
(Jan. 2018)



MELROSE DR

RANCHO SANTA FE RD

45

CONSTRUCTION CONTRACT ACCEPTANCE OF THE SEWER BYPASS REPAIRS

LOCATION OF NEW
SEWER BYPASS REPAIR
(Feb. 2019)

EXISTING 16"
EMERGENCY BYPASS PIPELINE

EXISTING 12"
FAILSAFE OUTFALL

LOCATION OF SEWER
BYPASS REPAIR
(Jan. 2018)

CARRILLO WAY

PASEO DESCANSO

MELROSE DR

BRIGHTON

GLEN

RANCHO SANTA FE RD

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