

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, MARCH 18, 2020, AT 5:00 P.M.  
AT THE DISTRICT OFFICE  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT EVANS

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 MARCH 18, 2020

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.

PRESENTATIONS

David Drake, with ACWA/JPIA, will present a refund check to the Board.

Chris Robbins, Public Information/Conservation Supervisor, will share the District's recent video, "Hazardous Materials Response Team," that highlights the District's ability to protect the public, the environment and employees from any hazardous chemical release.

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 5-18)

- A. SPECIAL BOARD MEETING – FEBRUARY 26, 2020
- B. SPECIAL BOARD MEETING – FEBRUARY 27, 2020
- C. FINANCE/INVESTMENT COMMITTEE MEETING – MARCH 2, 2020

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

**Recommendation: Approve Minutes**

1.2 WARRANT LIST THROUGH MARCH 18, 2020 – \$2,907,382.13 (pp. 19-21)

**Recommendation: Approve Warrant List**

1.3 FINANCIAL REPORTS (pp. 22-41)

- A. WATER METER COUNT – FEBRUARY 29, 2020
- B. WATER PRODUCTION/SALES REPORT – 2019/2020
- C. PER CAPITA WATER CONSUMPTION – FEBRUARY 29, 2020
- D. WATER REVENUE AND EXPENSE REPORT – FEBRUARY 29, 2020
- E. SEWER REVENUE AND EXPENSE REPORT – FEBRUARY 29, 2020
- F. RESERVE FUNDS ACTIVITY – FEBRUARY 29, 2020
- G. INVESTMENT REPORT – FEBRUARY 29, 2020
- H. LEGAL FEES SUMMARY – FEBRUARY 29, 2020

1.4 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR FITZPATRICK TOWN HOMES, APNS 220-100-82, 220-100-83 & 220-100-85 (KB HOME COASTAL) (pp. 42-44)

*Installation of water and sewer facilities has been completed.*

**Recommendation: 1) Accept Project Improvements; 2) Approve the Filing of a Notice of Completion for Fitzpatrick Town Homes**

1.5 APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.) (pp. 45-61)

*The development is located on Richland Road north of Rose Ranch Road in the County of San Diego.*

**Recommendation: Approve the Construction Agreement for Orchard Hills Off-site Sewer Improvements**

- 1.6 ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN 172-091-28 FROM THE VALLECITOS WATER DISTRICT (pp. 62-68)

*The property is located at 28616 Champagne Boulevard in Escondido, just south of Lawrence Welk Court and east of Interstate 15.*

**Recommendation: Adopt Resolution**

- 1.7 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "NORTH COAST CHURCH" APN(S) 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICTS 5 & 6 (NORTH COAST CHURCH) (pp. 69-72)

*The property is located at 2355/2375 Montiel Road in San Marcos north of Highway 78 and east of Nordahl Road.*

**Recommendation: Approve the Annexation with Conditions**

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

#### ACTION ITEMS

- 2.1 CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT (pp. 73-76)

*The existing interior lining and exterior coating of the tank has deteriorated and requires full refurbishment.*

**Recommendation: 1) Waive two minor deviations from Capital Industrial Coatings LLC's bid; 2) Reject protest letter from Paso Robles Tank; 3) Increase project budget by \$54,131; 4) Authorize the General Manager to execute a construction contract with Capital Industrial Coatings LLC in the amount of \$446,425**

\*\*\*\*\*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](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., Friday, March 13, 2020.

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

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, FEBRUARY 26, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Special meeting to order at the hour of 5:04 p.m.

Director Elitharp led the pledge of allegiance.

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

Staff Present: General Manager Pruim  
Legal Counsel Gilpin  
District Engineer Gumpel  
Finance Manager Owen  
Operations & Maintenance Manager Pedrazzi  
Capital Facilities Senior Engineer Morgan  
Development Services Senior Engineer Scholl  
Capital Facilities Engineer Santos  
Public Information/Conservation Supervisor Robbins  
Executive Secretary Posvar

ADOPT AGENDA FOR THE SPECIAL MEETING OF FEBRUARY 26, 2020

20-02-09 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Special Board Meeting of February 26, 2020.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board speaking as President of the Twin Oaks Valley Property Owners Association stating that in 2010 Cal Fire requested a change in building codes requiring internal fire sprinklers in single family dwellings, townhouses and condominiums to allow for maximum capacity flow around 35 gallons per minute. As a consequence of this, the District increased the capacity for the extra flow requirements going from a 5/8-inch valve to a 3/4-inch valve, facility charges were changed from 500 gallons per day to 750 gallons per day, and monthly service charges were increased for 3/4-inch valves. That is justified but very few homes have been built and the State Board recommended but did not require that 3/4-inch valves and 5/8-inch valves be charged the same. The District has progressively decreased the differential between the 3/4-inch and 5/8-inch valves. People are paying now for fire protection services they are not receiving. This needs to be reevaluated as a matter of equity, not of just revenue concerns.

Reza Samandari, member of the public, addressed the Board stating he and his business partner, Sahar Naeemi, purchased property at 1217 Nordahl Road. Prior to closing escrow, they asked the District if anything was pending pertaining to the property and were given information about what the previous owner had applied for. After the close of escrow, they discovered a list of items, including a new study, that must be addressed.

Lee Whittington of Sweetwater Engineering, Mr. Samandari's engineer, addressed the Board giving a brief history of the project. The District has a sewer line in front of the property and Vista Irrigation District (VID) has a water line in front of the property. The project goal is to connect to the District's water and VID's sewer. The LAFCO process has been completed. The previous property owner's application expired requiring the new owners to start a new application which requires new sewer and water studies, the possibility of de-annexing from VID, and more water improvements.

General Manager Pruim stated the Board could not discuss this matter as it was not on the agenda. He stated he would meet with staff and the developer, and that this matter would be placed on the March 4, 2020 Board agenda.

### PRESENTATION

Public Information/Conservation Supervisor Robbins presented the District's recent video, "Pipe Inspection and Condition Analysis," that highlights a new pipeline inspection tool being used by contractors working for the District to determine pipeline integrity of the High Point development.

### CONSENT CALENDAR

Mike Hunsaker, member of the public, addressed the Board regarding Item 1.3 of the Consent Calendar, expressing his concern about single family residential water consumption. The District provides the average per capital usage presented in a chart. He requested a breakdown of the chart to show what is included in the per capita consumption and water consumption per type of valve and meter. He is not pleased with the use of huge reserves. He stated the District is still using a high percentage of non-rated investments which he considers unwise.

20-02-10 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

#### 1.1 Approval of Minutes

- A. Closed Session Board Meeting – February 5, 2020
- B. Regular Board Meeting – February 5, 2020

#### 1.2 Warrant List through February 26, 2020 - \$1,331,779.33

1.3 Financial Reports

- A. Water Meter Count – January 31, 2020
- B. Water Production/Sales Report – 2019/2020
- C. Per Capita Water Consumption – January 31, 2020
- D. Water Revenue and Expense Report – January 31, 2020
- E. Sewer Revenue and Expense Report – January 31, 2020
- F. Reserve Funds Activity – January 31, 2020
- G. Investment Report – January 31, 2020
- H. Legal Fees Summary – January 31, 2020

1.4 Organizational Achievement Awards for Public Information/Conservation Department

1.5 Winter 2020 Between the Pipes – Vallecitos Water District Quarterly Newsletter

1.6 Approval of Construction Agreement for Stefan Terrace 4 Lot Subdivision, APN: 228-130-32 [Main EC, LLC (Alex Ahmadian Managing Member)]

1.7 Approval of Per Diem and Expenses for Director Attendance to the San Diego North Economic Development Council Lunch and Learn Program

ACTION ITEMS

ACCEPTANCE OF LAWRENCE WELK COURT WATER LINE REPLACEMENT CAPITAL IMPROVEMENT PROJECT

Capital Facilities Senior Engineer Morgan stated a 12-inch concrete mortar lined and coated steel pipe was installed in 1976 to a 30-foot-wide District easement under Lawrence Welk Court. Staff responded to a break at Lawrence Welk Court on September 9, 2018 and was unable to repair the break due to the depth of the pipeline, rocky conditions and difficult location of the pipeline. At that time a temporary highline was installed to provide service through the existing steel pipeline and plans were made to relocate the water line during the 2019/2020 fiscal year.

Capital Facilities Senior Engineer Morgan further stated staff received and opened bids from four contractors. Southland Paving was determined to be the lowest responsive, responsible bidder. The Board awarded the contract to Southland Paving in the amount of \$144,975 on November 6, 2019. Construction was completed on January 30, 2020.

Staff recommended the Board accept the project and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

20-02-11 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to accept the project and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

CONSTRUCTION CONTRACT ACCEPTANCE OF SCHOOLHOUSE TANK REFURBISHMENT

Capital Facilities Senior Engineer Morgan stated the interior lining of the Schoolhouse Tank had deteriorated and required refurbishment to replace the existing lining and cathodic protection system. The Board awarded Harper & Associates Engineering a purchase order for design and inspection services on July 19, 2017. Staff received and opened bids from four contractors and determined West Coast Industrial Linings to be the lowest responsive, responsible bidder. The Board awarded the contract to West Coast Industrial Linings in the amount of \$535,000 on April 17, 2019 and construction began on May 20, 2019. Construction was completed on January 31, 2020 with three change orders totaling \$180,946 due to extensive corrosion on the rafters discovered after the initial blast inspection and an addition of 65 calendar days to the contract. The original budget for the project was \$782,000. With the addition of the change orders and extra days on the contract, the budget shortfall is \$145,510.

Staff recommended the Board accept the project, authorize increasing the project budget by \$145,510, and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

General discussion took place.

20-02-12 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to accept the project, authorize increasing the project budget by \$145,510, and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

REVIEW OF DISTRICT ORDINANCES, POLICIES AND CONTRACTS

Director Sannella stated that a few items came to the Board in 2019 that caused some confusion and revealed that some of the District's policies and ordinances were not always as clear as they could be. He requested a Board committee work with staff to conduct a policy review and present suggestions to the Board.

General discussion took place during which President Evans suggested this item be addressed at the Board goal setting meeting scheduled on March 3 to allow input from all Board members. Director Sannella recommended a Board committee and staff meet to identify the scope of the review and prioritize areas to be reviewed.

20-02-13 MOTION WAS MADE by President Evans, seconded by Director Hernandez, and carried 4 – 1, with Director Sannella voting no, to move this item to the March 3 goal setting meeting for further discussion.

Mike Hunsaker, member of the public, addressed the Board stating he believes some of the ordinances need clarification and some changes. In light of an upcoming housing boom, a potential development such as Newland Sierra combined with SB 330 could completely overwhelm all of the District's capacity. A new Water Master Plan would be necessary and detachment fees, capacity fees and leasing should be revisited.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION CALL FOR NOMINATIONS – SEAT C

General Manager Pruim stated the Elections and Bylaws Committee is calling for nominations for Seat C in the Southern Network for the 2021-2023 term.

The Board took no action.

President Evans left the meeting at 5:51 p.m. and returned at 5:54 p.m.

SAN MARCOS CHAMBER OF COMMERCE STATE OF THE CITY ADDRESS AND ORDINANCE 212

Director Hernandez stated he and Director Martin thought the request for per diem to attend the State of the City Address was approved at the previous Board meeting. General Manager Pruim stated that this item was added to alleviate the need to request approval each year. Approval was made at the past meeting and to ensure this does not have to be addressed in the future, it is being added to the ordinance as a compensable per diem for future State of the City Addresses. The ordinance also adds CalDesal to the list of authorized memberships.

20-02-14 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with President Evans absent, to adopt Ordinance No. 216.

SAN MARCOS BOYS & GIRLS CLUB ANNUAL AUCTION

Director Sannella stated the San Marcos Boys & Girls Club Annual Auction will be held on Saturday, April 18. He requested the Board consider purchasing a table sponsorship for the event.

General Manager Pruim stated that in the past the District has not been able to fill a table of ten for the event. Director Sannella and Director Martin recommended purchasing a table. Director Martin stated no per diem should be paid for attending the event.

20-02-15 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried 4 – 1, with President Evans voting no, to purchase a table sponsorship at the San Marcos Boys & Girls Club Annual Auction.

## REPORTS

### GENERAL MANAGER

General Manager Pruim reported the following:

- At approximately 9:18 p.m. on February 25, 2020, a power outage occurred at the District's Meadowlark facility. The SCADA system worked well, the notification was received, staff responded, all operations continued as planned, and there were no compliance failures. San Diego Gas & Electric (SDG&E) was contacted; however, they had no record of the outage. Upon inspecting the perimeter of the site, staff noticed a jumper wire from a power pole that was disconnected. SDG&E is in the process of undergrounding the wiring to Meadowlark. Staff notified SDG&E of the loose wire which SDG&E repaired. Power was restored at 4:17 a.m. this morning.
- The District-wide solar project will be delayed as the solar panels are manufactured in China. The Coronavirus is causing manufacturing and shipping delays.
- The public hearing on rates is scheduled for Thursday, February 27 at 5:00 p.m. The rate increase is for water only. No wastewater increases were proposed.

### DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated there has been a state-wide attempt to bring actions challenging water rates against multiple water districts and cities. That action has now been filed in Santa Clara County. Vallecitos is named in the action but has not yet been served. It is a strange claim challenging the rates of all of the public entities that have been named as either subsidizing government water services such as fire hydrants and/or agricultural rates under Proposition 218. The action was filed by the law firm of Driscoll & Omens.

### SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the Board will meet on February 27.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting at which the co-generation wall repair project was discussed. The shoring design took approximately four months to complete. The project will now go out for bid.

Director Martin reported on his attendance to the Policy and Finance Committee at which the South Parcel was discussed. Staff was tasked with determining ways to make money on that empty parcel for 7 to 10 years, leasing it out until EWA is ready to build their Pure Water facility. Ideas included electrical generation, battery storage, and automobile storage. The Committee approved moving forward with the lease option.

STANDING COMMITTEES

Director Sannella stated the Finance/Investment Committee will meet on March 2.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Elitharp reported on his attendance to the Urban Water Institute (UWI) spring conference and Council of Water Utilities meeting.

Director Martin reported on his attendance to the UWI spring conference and the Chamber of Commerce State of the City Address.

Director Hernandez reported on his attendance to the Chamber of Commerce State of the City Address and the California Special Districts Association San Diego Chapter quarterly dinner meeting.

Director Sannella reported on his attendance to the California Special Districts Association San Diego Chapter quarterly dinner meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Special Meeting of the Board of Directors at the hour of 6:24 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, March 4, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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Betty D. Evans, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
THURSDAY, FEBRUARY 27, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Special meeting to order at the hour of 5:00 p.m.

Director Martin led the pledge of allegiance.

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

Staff Present: General Manager Pruim  
Legal Counsel Gilpin  
Finance Manager Owen  
Principal Financial Analyst Arthur  
Executive Secretary Posvar

ADOPT AGENDA FOR THE SPECIAL MEETING OF FEBRUARY 27, 2020

20-02-16 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Special Board Meeting of February 27, 2020.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board speaking as President of the Twin Oaks Valley Homeowners Association stating that charging 5/8-inch meter homeowners the same rates as 3/4-inch meters is unfair. He believes the District has increased the burden on small homeowners for fire service capacity they do not receive and that the detachment fees are also unfair.

PUBLIC HEARING

PUBLIC HEARING TO CONSIDER WATER SERVICE RATE CHANGES

President Evans opened the hearing as duly noticed and posted to consider water service rate changes. The hearing was opened at 5:04 p.m.

General Manager Pruim stated the purpose of the public hearing was to consider changes to the District's water rates and charges. The hearing is required by Proposition 218 (Prop 218) that is incorporated into Articles 13.C and 13.D of the California Constitution. Prop 218 requires that agencies proposing to increase water rates provide notification to their customers at least 45 days before the public hearing to consider increased rates. The Board

approved the Prop 218 Notice of Public Hearing during a Special Meeting on January 9, 2020 and notices were mailed on January 13, 2020, satisfying the 45-day notification requirement. In order for the proposed rates not to become effective, there must be a majority protest by the District's customers. The protest must be in writing and must include the name and address of the protesting customer. Prior to the start of tonight's meeting, the District received 57 official written protests, well short of the more than 11,000 protests needed to satisfy the protest requirement. Of those 57 letters, 48 appeared to be a form letter that had been distributed. The Board was asked to adopt Ordinance No. 215 establishing the rates included in the notice that was sent to the District's customers. Those rates would become effective March 1, 2020.

General Manager Pruim further stated the Board would hear a presentation from staff and the District's professional rate consultant explaining the reasons for the rate increase, how the rates were established and how the rates will affect a typical customer. The only rates and charges being considered were those required to operate the existing water system.

Finance Manager Owen facilitated a discussion as follows:

- Customer Questions
- District Reserves
- Capacity Reserves
- Reserve Policy
- Water Replacement Reserves – Budgeted
- Rate Increases
- 2019/20 Water Operating Expense Budget - \$44,306,000
- Budgeted Replacement
- Capital Replacements Costs
- Conclusions

Todd Cristiano, Senior Manager with Raftelis, the District's rate consultant, provided a presentation on the Water Cost of Service Review and Update which included:

- Study Goals
- Study Approach and Assumptions
  - Revenue Requirement
  - Cost Allocation
  - Rate Design
- Findings and Conclusions

Principal Financial Analyst Arthur presented the following information:

- Definitions & Notes
- Average Single-Family Residence (5/8") Usage and Tier Structure

- Average Single-Family Residence Bill
- Agency Comparison 13 Units Single-Family Residence

General question and answer took place during the presentations.

Nine members of the public addressed the Board opposing the rate increase which included comments regarding the use of rate payers' money to subsidize developers who fund political campaigns, the reserve amount in relation to the developer deficit, capacity fees, charges for master meters, unaffordable rate increases, fees included in customer bills, possible mail-in customer feedback forms included with future notices of rate increases, Newland Sierra development's affect on the District, damaged water meter due to high water pressure, tiered rates, desalinated water, and reserves.

There being no other persons wishing to address the Board, President Evans closed the hearing at 6:52 p.m.

General discussion took place during which General Manager Pruim stated rate payer funds do not help subsidize development in the Vallecitos service area. There is currently a deficit in the developer fund; however, the recently approved capital facility fees were increased which will erase that deficit.

### ACTION ITEMS

#### ORDINANCE ESTABLISHING RATES, RULES, AND REGULATIONS FOR WATER SERVICE RATE INCREASE

20-02-17 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried unanimously, to adopt Ordinance No. 215 Repealing Ordinance No. 207 and Establishing Rates, Rules, and Regulations for Water Service.

Ordinance No. 215 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Martin, Sannella, Evans  
NOES:  
ABSTAIN:  
ABSENT:

Mike Hunsaker, member of the public, addressed the Board commenting that just about every single-family home is paying its full share for capacity. His concern is with multi-family high-density rental units. He is also concerned about the large amount of small agricultural water users in the District. The previous policy provided that if you had agricultural land and a home on it, the first 26 units were charged to the home before the agricultural rate came into effect. Shouldn't that be reflected in the ordinance? The problem is not the single-family dwelling. What about leasing fees? How do they go up?

During general discussion it was noted that Section 5.4 of Ordinance No. 215 addresses special agricultural water rates. There haven't been any changes to the ordinance in that regard.

OTHER BUSINESS

President Evans stated the San Diego County Water Authority (SDCWA) Board of Directors held a meeting earlier today regarding the Metropolitan Water District litigation. The SDCWA has made a good offer to resolve some of the litigation. They recommended to dismiss without prejudice claims related to payments of the water stewardship rate on supply purchases only and the unquantified claims in the stayed cases relating to cost of service grounds and the rate model.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Special Meeting of the Board of Directors at the hour of 7:12 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, March 4, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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Betty D. Evans, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruum, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
MONDAY, MARCH 2, 2020 AT 4:00 P.M.  
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,  
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 4:00 p.m.

Present: Director Sannella  
Director Martin  
General Manager Pruim  
Finance Manager Owen  
Principal Financial Analyst Arthur  
Senior Accountant Olsen  
Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

BUDGET ACTUALS LAST FIVE YEARS

In preparation for the upcoming budget process, Finance Manager Owen reviewed the budget-to-actual numbers for the past six years for water and sewer. Water operating expenses were over budget by 7.01%, or \$817,279, for Fiscal Year (FY) 2018/2019. The major causes of the overage were \$745,619 in Transmission & Distribution due to several main breaks, outside repairs, and engineering assistance with the main breaks. Information Technology was under budget by \$104,356. Sewer operating expenses in FY 2018/2019 were under budget by 9.92%, or \$688,600, attributable to lift station materials and staffing (\$104,515), Information Technology (\$125,942) and General Administration/Finance (\$351,051) due to staffing turnover.

PRELIMINARY BUDGET CALENDAR

Finance Manager Owen presented the preliminary budget calendar and explained the internal process that will place during the next few months. Meetings of this Committee were tentatively scheduled for March 23 at 3:30 p.m., April 13 at 4:00 p.m., and April 27 at 4:00 p.m. The first draft budget will be ready for the Committee to review on May 11 and for Board review at a workshop on May 20. It is anticipated the recommended budget will be presented to the Board for adoption on June 3.

RECLAIMED WATER SALES

Finance Manager Owen stated staff has been discussing reclaimed water sales with Olivenhain Municipal Water District (OMWD) and Carlsbad Municipal Water District (CMWD) to review the District's costs and whether they are being fully recovered. Staff developed a new methodology to calculate the cost recovery. As a result of the discussions, OMWD paid Black & Veatch to perform a Cost of Service Study (COSS) on Vallecitos. The result of the COSS revealed that Vallecitos was correct in its methodology. Staff retroactively billed OMWD for approximately \$117,000 and CMWD

\$476,000. \$593,000 was collected for FY 2019. Finance Manager Owen anticipates collecting about the same amount going forward, increasing the reclaimed water revenue by approximately \$800,000.

General discussion took place regarding what can be done with the additional reclaimed water revenue. Finance Manager Owen stated the funds will go into sewer reserves to be used for rate stabilization. It may result in not increasing sewer rates or possibly decreasing them.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

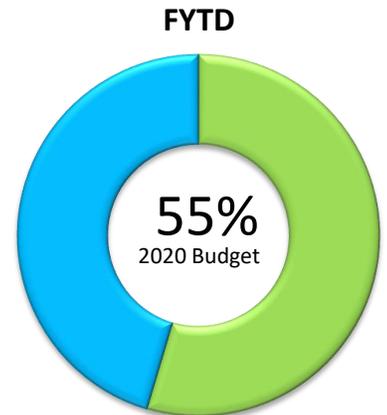
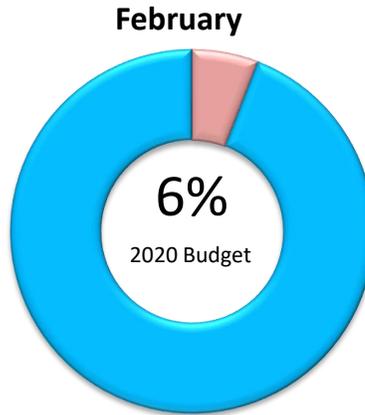
There being no further business to discuss, the meeting was adjourned at the hour of 4:37 p.m.

**VALLECITOS WATER DISTRICT  
DISBURSEMENTS SUMMARY  
February 29, 2020**

**Summary**

February Disbursements	\$	5,466,553 *
YTD Disbursements	\$	50,621,024 *
FY2020 Budget	\$	92,718,000

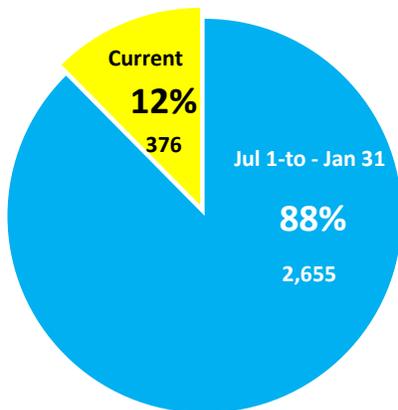
\* Excludes Debt Service



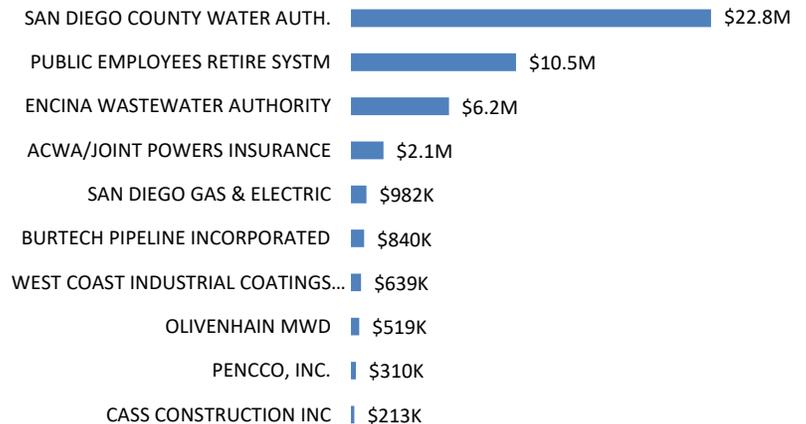
**Disbursements by Month**



**Invoices Processed**



**Top 10 Vendors - FYTD**



VALLECITOS WATER DISTRICT  
WARRANTS LIST  
March 18, 2020

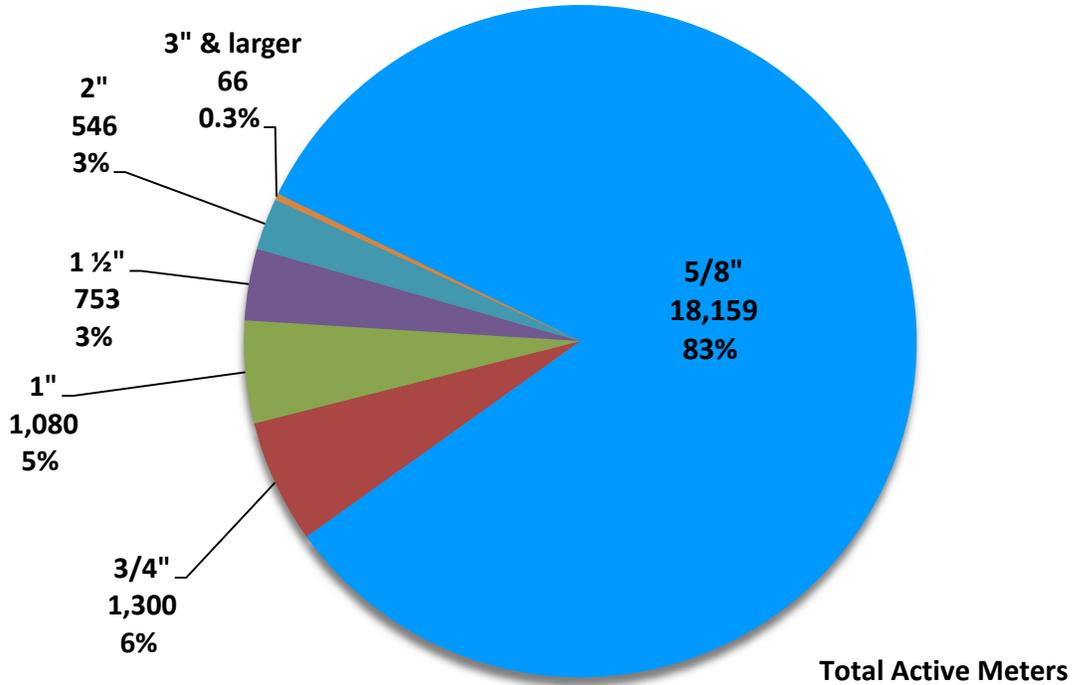
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	118573 through	-
Airwave Mechanical Inc.	Headworks Fan Installation - MRF	118576	1,200.00
Blue Cross of California	EAP19-20, Check #16962 Replacement	118577	30,310.92
Ashok Mundra	Closed Account Refund	118578	37.16
Bergelectric Corp.	Palos Vista Pump Station Generator Prj 20181-6, Arc Flash Hazard Analysis	118579	12,048.50
Boot World Inc	Safety Boots	118580	300.00
Brookfield Residential	Closed Account Refund	118581	919.87
California Water Efficiency Partnership	Membership Dues 2020	118582	2,023.36
Calm Creek Inc	Closed Account Refund	118583	10.11
Catherine Mazur	Closed Account Refund	118584	24.01
Chandler Asset Management, Inc.	Investment Management Svcs - Feb	118585	3,862.51
Chris Booth	Closed Account Refund	118586	109.59
Christian Wheeler Engineering	Geotechnical Testing Prj 20201-8	118587	2,675.00
City of San Diego	AED Program Management19-21	118588	225.00
Core & Main LP	Air Vac Cans 3, Zinc Anodes 25	118589	6,486.99
Craig Elitharp	COWU Meeting 2-18-20, Urban Water Institute 2-19-20 Meeting	118590	294.52
Crux Subsurface Inc	Closed Account Refund	118591	910.12
Duco Metals	Metal Pipe Rack - Veh 253	118592	130.21
Edward Goldzimer	Closed Account Refund	118593	105.47
Employment Screening Services Inc	Employment Screening Svcs	118594	198.50
Erica & Brandon Himes	Closed Account Refund	118595	105.53
Esperanza Verduzco	Closed Account Refund	118596	33.69
Fleet Pride	Fleet Supplies Veh 183	118597	118.51
Gearhard Hock	Closed Account Refund	118598	63.42
George & Krogh Welding Inc	Generator Repair - MRF	118599	777.76
Glenn Pruim	Rancho Water Dist Meeting 2-14-20, Urban Water Institute 2-19-20, SDCWA Meeting 3-5-20	118600	278.06
Hach Company	Ph Probe Replacement Accessories MRF, Lab Supplies	118601	6,406.31
Harper & Associates Inc	Schoolhouse Tank Prj 20181-3	118602	10,309.00
Harrington Industrial	Potable Piping & CL2 Injector - MRF	118603	4,083.14
Heinz Georgi	Closed Account Refund	118604	54.81
Idexx Distribution Corp.	Sample Vessels & Reagent - Water Quality	118605	3,441.11
Inductive Automation LLC	SCADA Remote Server Licenses - 4 VWD Sites Prj 20201-04	118606	2,219.62
Industrial Electric Machinery	Fan Motor - Aeration Room - MRF	118607	624.74
Infosend Inc	Postage & Printing Prop 218, Postage & Printing - Feb	118608	12,611.24
Infrastructure Engr Corp	Rock Springs Prj 90003	118609	1,599.00
JCI Jones Chemicals Inc	Chlorine	118610	2,043.21
KB Homes Coastal Inc	Closed Account Refund	118611	528.37
Kelly Ackerson	Closed Account Refund	118612	68.59
Ken Grody Ford	Fleet Supplies Veh 249	118613	89.78
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004	118614	2,040.00
Lake San Marcos Kiwanis Club Foundation, Inc.	Pancake Placement Ad Prj 20201-40	118615	100.00
Mark Lee	SWRCB Water Distribution Cert Renewal	118616	90.00
LG Sonic B.V.	Ph Sensors 2 - MRF, Interactive Algae Control - MRF	118617	9,947.00
Lhuween Hardie	Closed Account Refund	118618	81.94
Lisa Olszanski	Closed Account Refund	118619	72.63
Lloyd Pest Control	Pest Control - Feb	118620	48.00
Hal Martin	Urban Water Institute 2-19-20	118621	156.75
Maura Kahn	Closed Account Refund	118622	88.08
Michelle Knaier Or Robert Knaier	Closed Account Refund	118623	102.69
Miguel Morales	Closed Account Refund	118624	78.50
Mike Sannella	CSDA Meeting 2-20-20	118625	32.28
Nick Ortaeb	Closed Account Refund	118626	5.60
Pacific Pipeline Supply	Couplings, Valves, Brass Pipes, Rebuild Parts - School House Tank, Hardware Supplies	118627	6,725.67
Pacific Safety Center	Respiratory Fit Testing	118628	50.00
Parkhouse Tire Inc	Tire Disposal & Environmental Fee	118629	49.50
Pitney Bowes	Postage Meter Refill	118630	31.20
Air Quality Compliance Solutions, Inc.	Fuel Island Maintenance - Jan	118631	379.50
SDG&E	Power - Feb	118632	11,871.71
Sarah Dettmann	Closed Account Refund	118633	80.64
Scada Integrations	SCADA Skimmer Updates - MRF	118634	935.00
Shin-Tuan Wu	Closed Account Refund	118635	77.97
Shred-It US JV LLC	Shredding Svcs - Jan & Feb	118636	217.92
Southern Counties Lubricants, LLC	Oil, Unleaded & Diesel Fuel	118637	18,009.31
Southland Paving	Closed Account Refund	118638	1,100.00
Standard Insurance Company	LIFE, LTD & ADD Insurance - Mar	118639	6,649.97
Staples Advantage	Office Supplies - Feb	118640	1,988.40
Superior Ready Mix Concrete LP	Rock & Cold Mix	118641	1,161.39
T.S. Industrial Supply	Tool Upgrades - Collections Department, Hardware Supplies	118642	1,327.20
Taylor Nyblom	Closed Account Refund	118643	9.85

VALLECITOS WATER DISTRICT  
WARRANTS LIST  
March 18, 2020

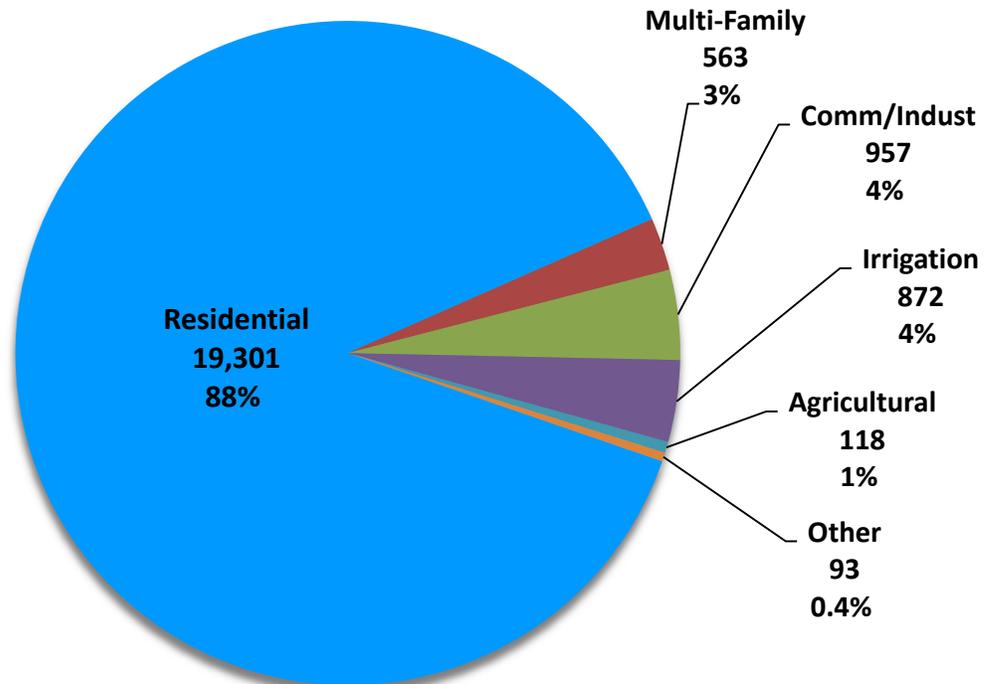
PAYEE	DESCRIPTION	CHECK#	AMOUNT
TP Sandpiper Point LP	Closed Account Refund	118644	35.32
Unitis, Inc.	Industrial Salt	118645	1,656.84
UPS	Shipping Svcs - Feb	118646	183.69
Verizon Wireless	Ipad Svc - Jan	118647	376.35
Viasat Inc	Internet Svc - Mar	118648	139.77
Vista Irrigation District	Water Distribution Review Classes - 8 Employees	118649	1,400.00
Erik Warner	CWEA Membership Renewal	118650	192.00
WaterDistrictJobs.com	Recruitment Ad - Accounting Supervisor	118651	145.00
Wendy & Shawn McDevitt	Closed Account Refund	118652	52.51
Tri-City Emergency Medical Group	Medical Svcs - Feb	118653	463.30
Worksmart Automation Inc	SCADA - Report Builder Installation of Software & Relocation of Existing Reports	118654	4,180.00
Advanced Imaging Solutions, Inc.	Copier Lease - Mar	118655	2,451.32
Backflow Solutions, Inc.	Backflow Tests Qty 322 - Feb, Annual Online Subscription	118656	5,308.90
CCI	Water Treatment - Feb	118657	220.00
San Diego County Vector Control	Mosquito & Vector Disease Control Assessment	118658	242.73
Doane & Hartwig Water Systems Inc	Chlorine Analyzer Switch & Parts - MRF	118659	2,879.98
Dion International Trucks LLC	Fleet Supplies - Veh 183	118660	190.85
Electrical Sales Inc	Disconnect Enclosure, Electrical Supplies	118661	506.73
Ferguson Enterprises, Inc	Couplings 8, PVC Pipes 40, Claval Upgrade Supplies	118662	7,303.30
Grainger Inc	Tools Veh 228, Hand Soap, Hoses 4, Hardware Supplies	118663	744.25
Interstate Batteries	Batteries 32 - To Replace PLC, UPS, & Charging Board Batteries - Emergency Backup	118664	618.92
Lingualinx Language Solutions, Inc.	Fed Ex Message Translation Svcs Prj 20201-40	118665	107.64
Mallory Safety & Supply, LLC	Gas Monitor For Hazmat Trailer	118666	4,604.38
Michael Baker International, Inc.	Montiel Lift Station Prj 20201-2	118667	57,641.03
Mission Resource Conservation District	Water Use Evaluations Prj 202001-43	118668	166.00
Ostari Inc	Phase 2 of the Palo Alto Firewall Migration Prj 20201-23	118669	4,500.00
Plumbers Depot Inc	Camera Drawer For CCTV Van	118670	901.87
Rick Post Welding	Pipe Welding Svcs Prj 20201-526, Welding Services - Fire Service Line	118671	3,195.00
Ryan Herco Products Corp.	Hardware Supplies	118672	1,008.29
Smart Cover Systems	Smart Cover System Monitor & Sensor	118673	6,441.32
Sutton Tree Service Inc	Tree Removals - 4 Prj 20191-3	118674	1,300.00
Terra Verde Energy LLC	District Solar Prj 20201-14	118675	4,486.50
San Diego Centre For Organization Effectiveness	Regional Foundation Excellence Academy - A Alvarez, J Childs	118676	938.00
Underground Service Alert	Dig Alert Svc Feb, CA State Fee/Regulatory Costs	118677	567.05
Unifirst Corporation	Uniform Delivery	118678	1,528.75
Vortex Industries Inc	Gate Repairs - MRF & Door Maintenance - Warehouse	118679	2,296.20
White Cap Construction Supply	Rapid Set Concrete	118680	1,364.12
Xylem Water Solutions USA, Inc.	Solids/Wet Well Floats - MRF	118681	746.32
Total Disbursements (106 Checks)			<u>291,920.66</u>
<b>WIRES</b>			
San Diego County Water Authority	January Water Bill	Wire	1,945,435.34
Public Employees Retirement System	Retirement Contribution - March 10, 2020 Payroll	Wire	73,045.28
Union Bank	Union Bank debt payment - Principal	Wire	200,000.00
Total Wires			<u>2,218,480.62</u>
<b>PAYROLL</b>			
Total direct deposits		Wire	242,901.10
VWD Employee Association		118573	566.00
Payroll & Garnishments	118574 through	118575	1,001.06
IRS	Federal payroll tax deposits	Wire	99,974.17
Employment Development Department	California payroll tax deposit	Wire	19,188.59
CalPERS	Deferred compensation withheld	Wire	25,375.48
VOYA	Deferred compensation withheld	Wire	7,974.45
Total March 10, 2020 Payroll Disbursements			<u>396,980.85</u>
<b>TOTAL DISBURSEMENTS</b>			<u><u>2,907,382.13</u></u>

Vallejos Water District  
 Active Water Meters  
 February 29, 2020

Active Meters by Size as of February 29, 2020

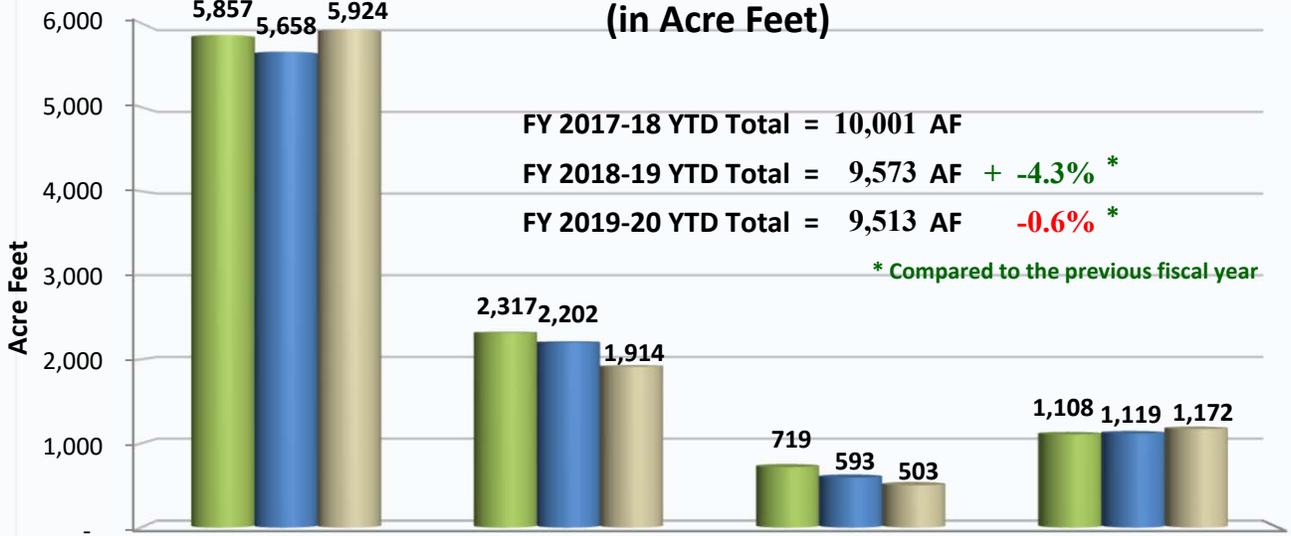


Active Meters by Type as of February 29, 2020



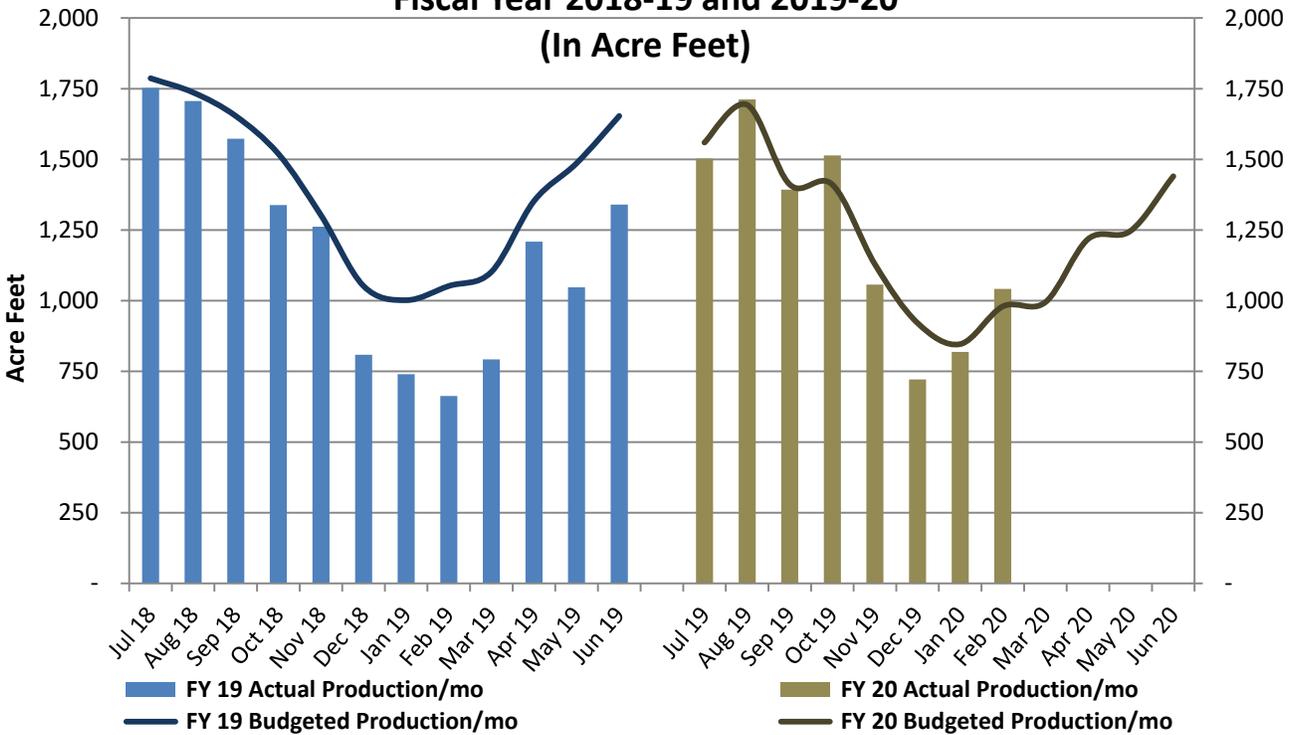
Vallejos Water District  
 Water Production/Sales  
 February 29, 2020

**Water Sales FY 17-18, FY 18-19 and FY 19-20 (FYTD)**  
 (in Acre Feet)

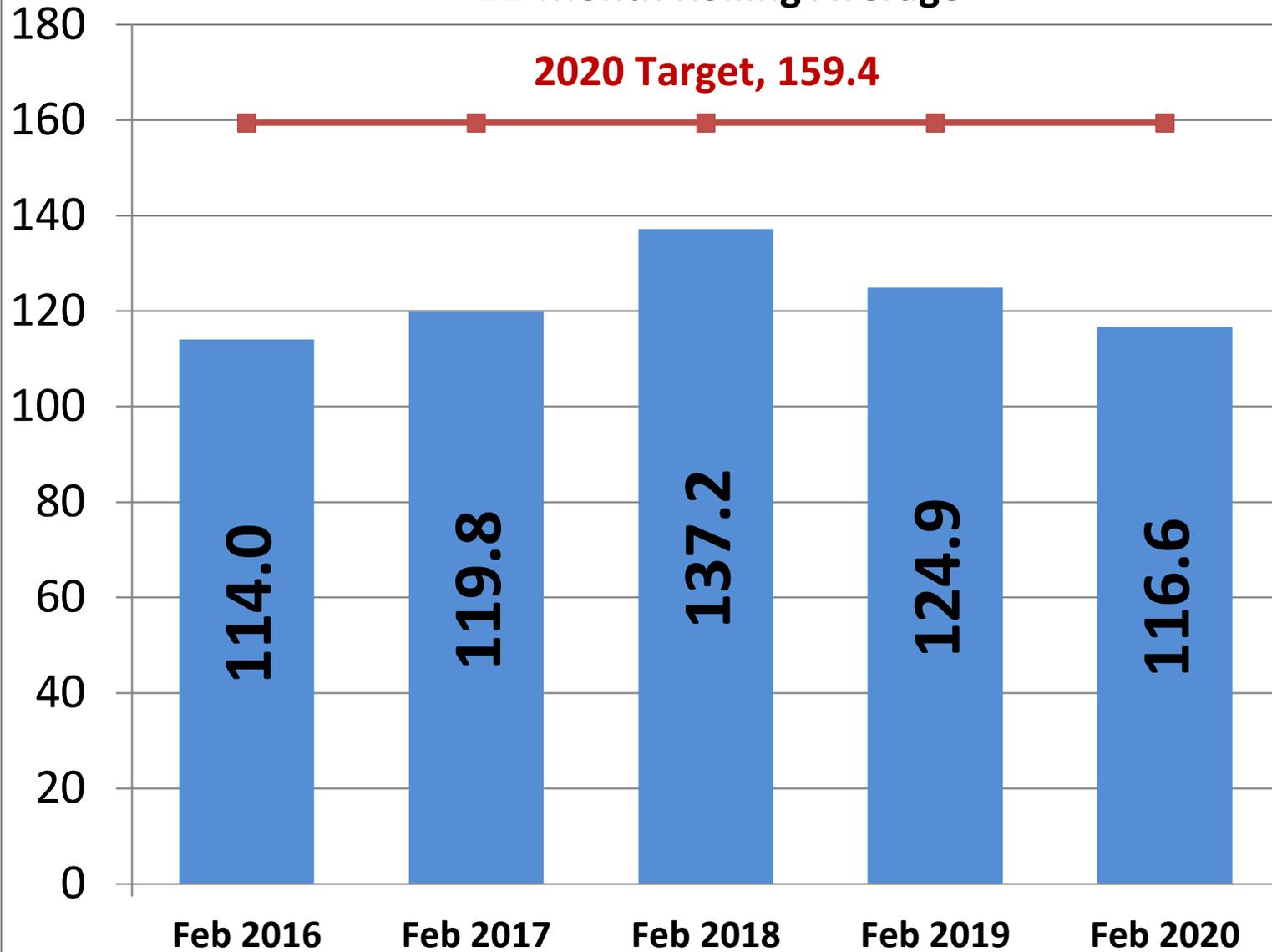


	Residential	Irrigation	Agricultural	Commer/ Indust/ Construct/ Other
FY 2017-18	5,857	2,317	719	1,108
FY 2018-19	5,658	2,202	593	1,119
FY 2019-20	5,924	1,914	503	1,172

**Water Production Budget vs. Actual**  
 Fiscal Year 2018-19 and 2019-20  
 (In Acre Feet)



### Gallons per Capita per Day 12-Month Rolling Average



**DATE: MARCH 18, 2020**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: MONTHLY FINANCIAL REPORTS**

**BACKGROUND:**

The Monthly Revenue and Expense Reports and the Reserve Report for the eight months ended February 29, 2020 are presented.

**DISCUSSION:**

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 8-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 Eight Months Ended February 29, 2020

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
<b>Revenue</b>							
Water Sales	\$20,406,912	\$21,603,756	\$(1,196,844)	-5.5%	\$22,175,000	\$(1,768,088)	-8.0%
Ready-to-serve	9,562,189	9,154,027	408,162	4.5%	9,204,000	358,189	3.9%
Pumping cost recovery	278,378	238,050	40,328	16.9%	238,000	40,378	17.0%
Late & lock charges	221,693	266,332	(44,639)	-16.8%	307,000	(85,307)	-27.8%
Backflow fees	66,802	61,798	5,004	8.1%	65,000	1,802	2.8%
Other revenue	257,553	104,246	153,307	147.1%	79,400	178,153	224.4%
<b>Total Revenue</b>	<b>30,793,527</b>	<b>31,428,209</b>	<b>(634,682)</b>	<b>-2.0%</b>	<b>32,068,400</b>	<b>(1,274,873)</b>	<b>-4.0%</b>
<b>Expenses</b>							
Water costs	19,321,177	19,455,438	(134,261)	-0.7%	20,756,000	(1,434,823)	-6.9%
Pumping costs	543,238	564,091	(20,853)	-3.7%	636,000	(92,762)	-14.6%
Water quality	73,457	81,259	(7,802)	-9.6%	148,000	(74,543)	-50.4%
Water treatment	341,463	282,842	58,621	20.7%	325,000	16,463	5.1%
Tanks & reservoirs	214,472	232,791	(18,319)	-7.9%	308,000	(93,528)	-30.4%
Trans & distribution	1,116,364	1,680,131	(563,767)	-33.6%	1,228,000	(111,636)	-9.1%
Services	55,696	43,899	11,797	26.9%	61,000	(5,304)	-8.7%
Meters	481,990	428,145	53,845	12.6%	514,000	(32,010)	-6.2%
Backflow prevention	51,129	31,354	19,775	63.1%	44,000	7,129	16.2%
Customer accounts	432,835	500,643	(67,808)	-13.5%	447,000	(14,165)	-3.2%
Building & grounds	235,279	264,279	(29,000)	-11.0%	263,000	(27,721)	-10.5%
Equipment & vehicles	158,722	158,664	58	0.0%	222,000	(63,278)	-28.5%
Engineering	1,086,730	1,107,918	(21,188)	-1.9%	1,080,000	6,730	0.6%
Safety & compliance	139,043	175,835	(36,792)	-20.9%	162,000	(22,957)	-14.2%
Information Technology	596,343	545,057	51,286	9.4%	688,000	(91,657)	-13.3%
General & administrative	2,227,444	2,178,726	48,718	2.2%	1,990,000	237,444	11.9%
<b>Total Expenses</b>	<b>27,075,382</b>	<b>27,731,072</b>	<b>(655,690)</b>	<b>-2.4%</b>	<b>28,872,000</b>	<b>(1,796,618)</b>	<b>-6.2%</b>
<b>Net Operating Income</b>	<b>\$ 3,718,145</b>	<b>\$ 3,697,137</b>	<b>21,008</b>	<b>0.6%</b>	<b>\$ 3,196,400</b>	<b>521,745</b>	<b>16.3%</b>

Explanation of Significant Variances

**Late & lock charges** are lower than prior year and budget due to lower than anticipated delinquent accounts so far this year.

The favorable prior year and budget variance in **Other revenue** is due to reimbursement for a portion of the cost of the District-wide Solar Project, as well as fees received from a water and sewer annexation from the District.

**Water quality** has a favorable budget variance as a result of less than anticipated outside services being performed so far this year.

The **Tanks & reservoirs** favorable budget variance is due to less than anticipated outside services being performed so far this year.

**Transmission and distribution** has an unfavorable prior year variance as a result of fewer main breaks during the year thus far.

*Variances are considered significant if they exceed \$66666 and 20%.*

Vallecitos Water District  
Sewer Revenue and Expense Report  
For the Eight Months Ended February 29, 2020

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
<b>Revenue</b>							
Sewer service charges	\$ 12,319,052	\$ 12,212,456	\$ 106,596	0.9%	\$ 12,139,000	\$ 180,052	1.5%
Reclaimed water sales	1,644,000	1,316,000	328,000	24.9%	1,644,000	-	0.0%
Other revenue	236,999	684,294	(447,295)	-65.4%	54,000	182,999	338.9%
Total Revenue	<u>14,200,051</u>	<u>14,212,750</u>	(12,699)	-0.1%	<u>13,837,000</u>	363,051	2.6%
<b>Expenses</b>							
Collection & conveyance	1,526,779	1,393,029	133,750	9.6%	1,602,000	(75,221)	-4.7%
Lift stations	151,324	116,712	34,612	29.7%	228,000	(76,676)	-33.6%
Source Control	126,013	124,171	1,842	1.5%	134,000	(7,987)	-6.0%
Effluent disposal	2,015,970	1,617,457	398,513	24.6%	2,347,000	(331,030)	-14.1%
Meadowlark	1,699,663	1,931,129	(231,466)	-12.0%	2,376,000	(676,337)	-28.5%
Customer Accounts	291,764	332,668	(40,904)	-12.3%	336,000	(44,236)	-13.2%
Building & grounds	141,186	174,008	(32,822)	-18.9%	181,000	(39,814)	-22.0%
Equipment & vehicles	134,209	130,976	3,233	2.5%	168,000	(33,791)	-20.1%
Engineering	432,912	441,565	(8,653)	-2.0%	478,000	(45,088)	-9.4%
Safety & compliance	94,595	110,950	(16,355)	-14.7%	127,000	(32,405)	-25.5%
Information technology	475,033	434,873	40,160	9.2%	556,000	(80,967)	-14.6%
General & administrative	998,773	834,361	164,412	19.7%	960,000	38,773	4.0%
Total Expenses	<u>8,088,221</u>	<u>7,641,899</u>	446,322	5.8%	<u>9,493,000</u>	(1,404,779)	-14.8%
Net Operating Income	<u>\$ 6,111,830</u>	<u>\$ 6,570,851</u>	(459,021)	-7.0%	<u>\$ 4,344,000</u>	1,767,830	40.7%

Explanation of Significant Variances

**Reclaimed Water Sales** has a favorable prior year variance as a result of budgeted increases in capital recovery costs.

**Other revenues** are high compared to prior year because of the litigation settlement related to illegal dumping in the Encina disposal system in FY19. Further, **Other revenues** have a favorable budget variance due to reimbursement for a portion of the cost of the district-wide Solar Project, as well as fees received from a water and sewer annexation from the District..

**Lift stations** has a favorable budget variance due to less than anticipated materials and supplies being used during the year thus far.

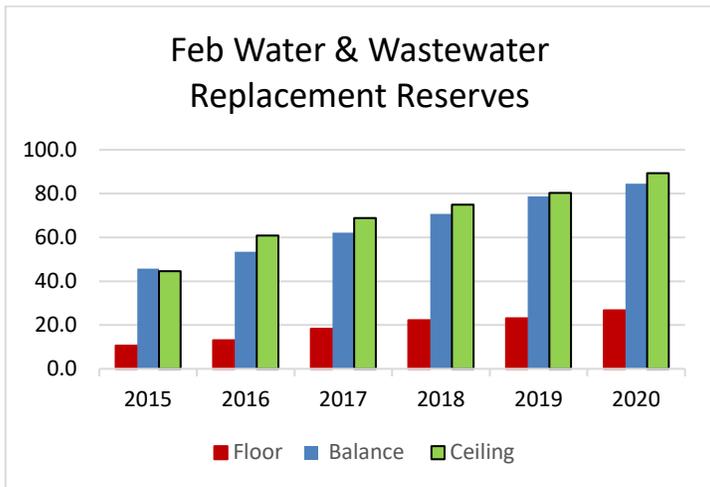
The **Effluent disposal** unfavorable prior year variance is due to anticipated increases in operating costs at Encina Wastewater Authority.

The **Meadowlark Plant** has a favorable budget variance as a result of less than anticipated outside services being performed thus far, as well as lower than anticipated materials and supplies, and chemical costs.

*Variances are considered significant if they exceed \$66666 and 20%.*

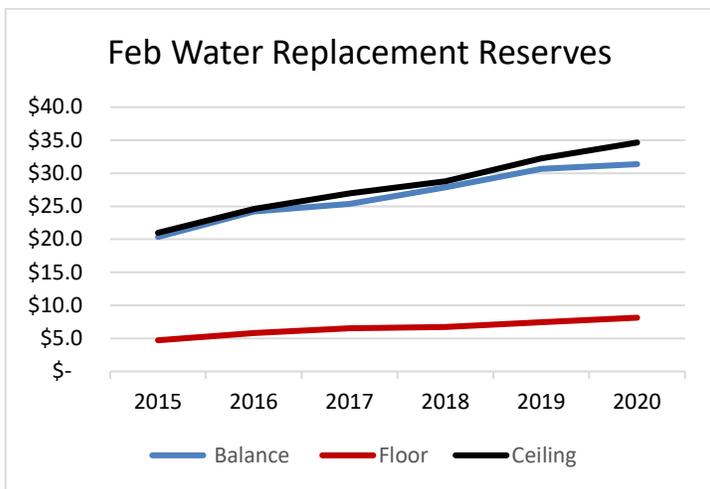
**REPLACEMENT RESERVES**

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 February 29, 2020, the total water and wastewater replacement reserve balance was \$84.6 million, 7 percent greater than February 29, 2019.



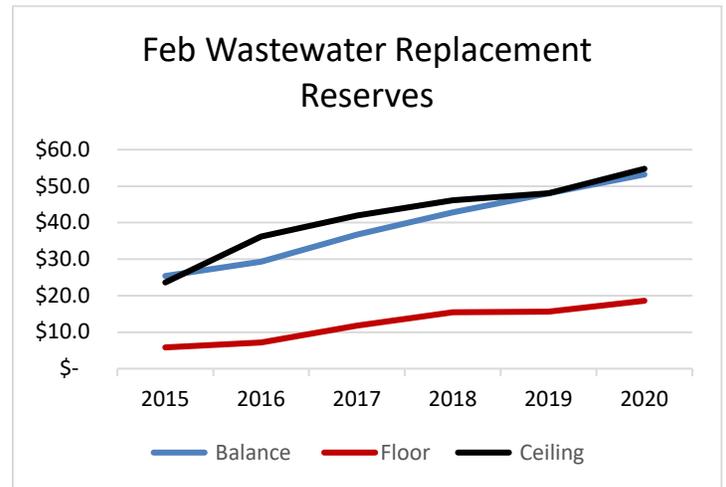
**WATER REPLACEMENT RESERVE**

As of February 29, 2020, the District’s water replacement reserve totaled \$31.4 million, an increase of 2 percent, or \$0.7 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.



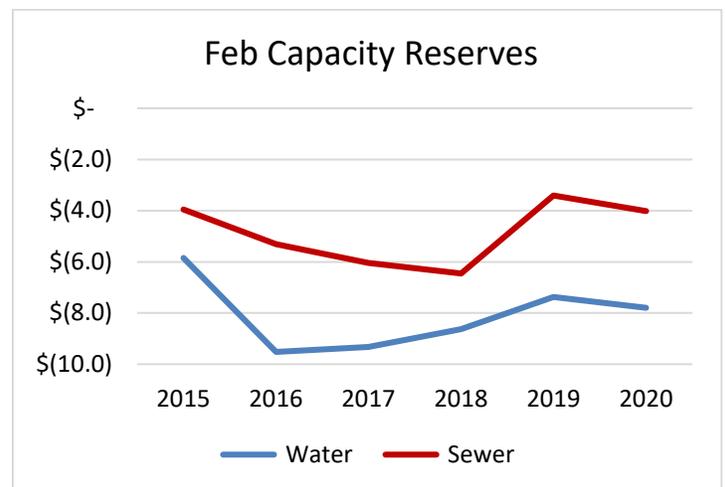
**WASTEWATER REPLACEMENT RESERVE**

As of February 29, 2020, the balance in the District’s wastewater replacement reserve totaled \$53.2 million, an increase of 11 percent, or \$5.1 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 February 29, 2020, the water capacity fund had a deficit of \$7.8 million and the sewer capacity fund had a deficit of \$4.0 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 FEBRUARY 2020**

	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	3,718,145		6,111,830		9,829,975
Capital Facility Fees	-	1,154,945	-	4,559,888	5,714,833
Property Tax	762,790	-	614,067	-	1,376,858
RDA pass-through	657,836	-	623,897	-	1,281,733
Investment Earnings	645,092	-	601,760	-	1,246,852
Annexation Fees	1,757	-	-	-	1,757
<b>TOTAL REVENUES</b>	<b>5,785,621</b>	<b>1,154,945</b>	<b>7,951,555</b>	<b>4,559,888</b>	<b>19,452,008</b>
LESS DISTRIBUTIONS					
Capital Projects					
Rock Springs Sewer Replacement	-	-	421,976	515,749	937,725
Encina Wastewater Authority Five Year Plan	-	-	879,394	-	879,394
Schoolhouse Tank Refurbishment	758,027	-	-	-	758,027
Montiel Lift Station And Forcemain Replacement	-	-	245,161	100,136	345,297
District-Wide SCADA Upgrade Project	165,318	-	158,835	-	324,153
Lawrence Welk Court Water Line Replacement	213,492	-	-	-	213,492
OSHA Compliant Ladder Systems	173,332	-	-	-	173,332
San Marcos Interceptor Sewer	-	-	52,198	116,180	168,378
MRF Biological Selector Improvements	-	-	120,657	-	120,657
Palos Vista Pump Station Generator	117,089	-	-	-	117,089
MRF - Influent Pumps & Motors	-	-	86,595	-	86,595
Fire Services - Backflow Preventer Upgrades	75,328	-	-	-	75,328
Sewer Bypass Repair	-	-	74,082	-	74,082
District Wide Valve Replacement	63,158	-	-	-	63,158
Technology Infrastructure Upgrades	29,790	-	28,622	-	58,412
Sewer Rehabilitation And Repairs	-	-	48,907	-	48,907
Asset Managment Replacement Schedule	19,395	-	18,635	-	38,030
District Wide Solar Project	17,785	-	17,087	-	34,872
North Twin Oaks Tank 1 Refurbishment	27,910	-	-	-	27,910
Building A Kitchens	13,706	-	13,169	-	26,875
Door Access System Expansion	11,079	-	10,645	-	21,724
Security Infrastructure Monitoring Upgrades	8,758	-	8,414	-	17,172
Cal State San Marcos Meter Upgrade	15,093	-	-	-	15,093
Water Operations Control Panel Upgrades	14,272	-	-	-	14,272
All other capital projects	17,698	-	27,749	1,344	46,791
Capital Budget - Vehicles/Mobile Equipmnt	240,478	-	253,029	-	493,506
Debt Service	-	526,737	-	1,511,813	2,038,550
Fund PERS UAL	4,107,540	-	3,946,460	-	8,054,000
Interest Expense	-	94,439	-	60,191	154,631
<b>TOTAL DISTRIBUTIONS</b>	<b>6,089,247</b>	<b>621,176</b>	<b>6,411,615</b>	<b>2,305,413</b>	<b>15,427,450</b>
ENDING BALANCE	\$ 37,337,519	\$ (7,799,377)	\$ 60,229,934	\$ (4,013,904)	\$ 85,754,172
Less: Operating Reserves	5,970,100	-	7,024,900	-	12,995,000
Replacement Reserves/Restricted Funds	\$ 31,367,419	\$ (7,799,377)	\$ 53,205,034	\$ (4,013,904)	\$ 72,759,172
Replacement reserve floor	\$ 8,136,700		\$ 18,603,400		
Replacement reserve ceiling	\$ 34,640,500		\$ 54,762,600		

VALLECITOS WATER DISTRICT  
INVESTMENT REPORT FOR FEBRUARY 2020

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 February follows:

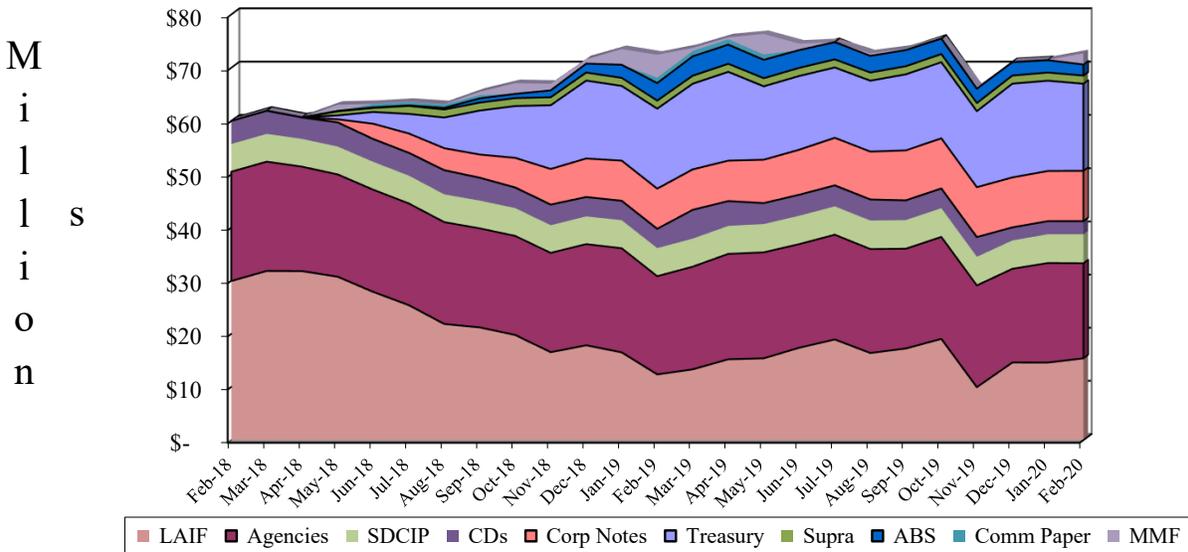
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
02/03/20	Deposit	LAIF	600,000	Open	1.92%
02/03/20	Full Call	FFCB	(250,000)	12/07/20	1.77%
02/05/20	Full Call	FHLB	(750,000)	04/28/20	1.67%
02/07/20	Deposit	LAIF	600,000	Open	1.92%
02/14/20	Purchased	FHLB	1,029,240	12/08/23	2.25%
02/18/20	Withdrawal	LAIF	(1,100,000)	Open	1.92%
02/18/20	Sold	TAOT 2017-B CLA3	(24,313)	07/15/21	1.76%
02/18/20	Sold	JDOT 2017-B A3	(40,258)	10/15/21	1.82%
02/18/20	Sold	HAROT 2017-3 A3	(19,622)	09/20/21	1.79%
02/18/20	Sold	HAROT 2019-1 A2	(37,767)	09/20/21	2.75%
02/18/20	Sold	JDOT 2019-B A2	(35,036)	04/15/21	2.83%
02/18/20	Sold	JDOT 2019-A A2	(38,499)	12/15/21	2.85%
02/18/20	Sold	TAOT 2019-A A2A	(28,614)	10/15/21	2.83%
02/18/20	Sold	NAR 2016-C A4	(19,661)	01/17/23	1.38%
02/21/20	Deposit	LAIF	700,000	Open	1.92%
02/26/20	Full Call	FHLMC	(1,000,000)	11/26/21	1.88%
Change in investments during the month			<u>\$ (414,530)</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	2.170%
Weighted average days to maturity	431

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 December 31, 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 January 31, 2020. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting

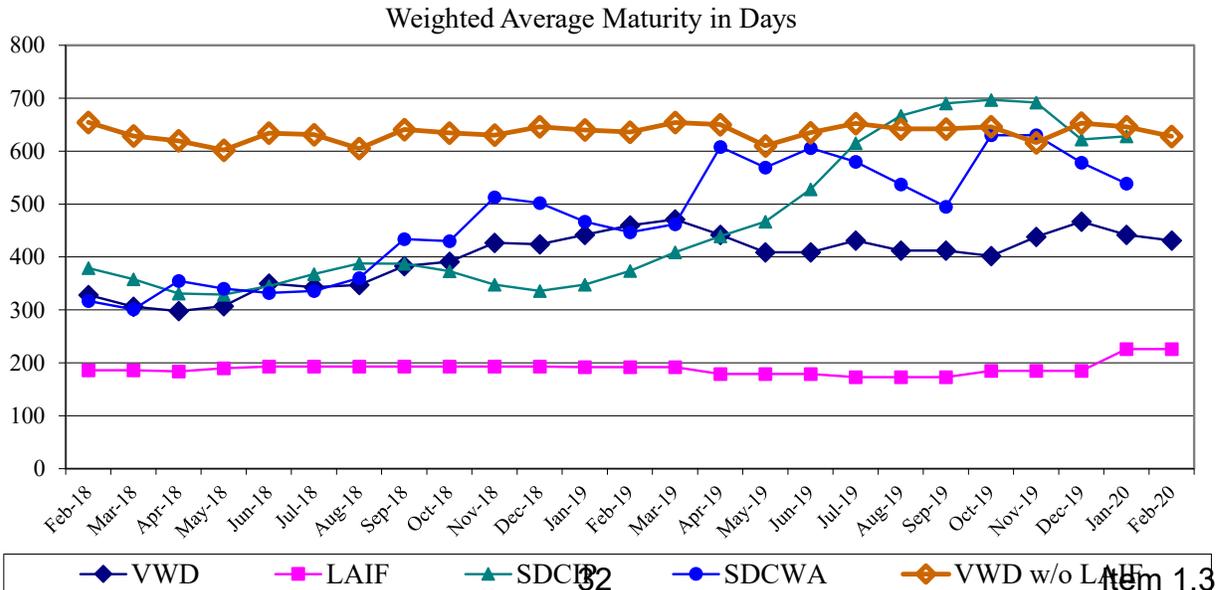
Safety

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.



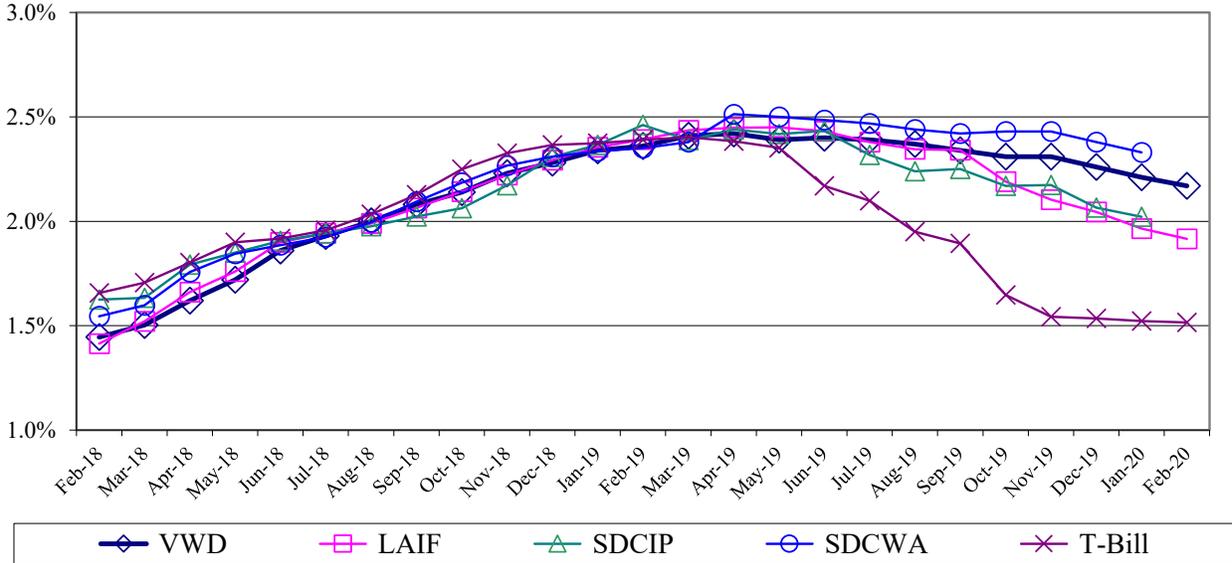
Liquidity

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 \$15.4 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	1.18
Average Coupon	2.03%
Average Purchase YTM	2.17%
Average Market YTM	1.38%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	1.37 yrs
Average Life	1.23 yrs

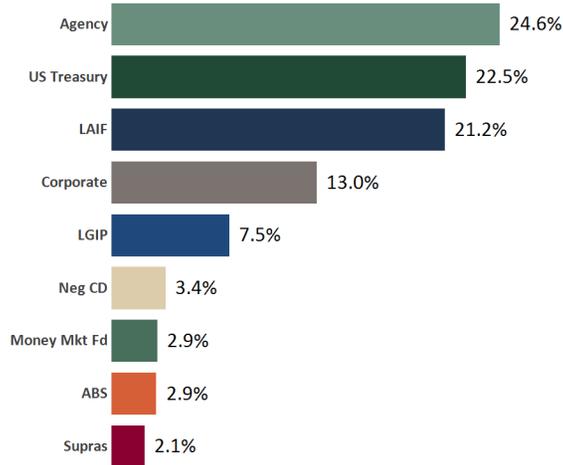
**ACCOUNT SUMMARY**

	Beg. Values as of 1/31/20	End Values as of 2/29/20
Market Value	71,489,939	72,735,656
Accrued Interest	290,466	307,273
<b>Total Market Value</b>	<b>71,780,405</b>	<b>73,042,929</b>
Income Earned	131,464	118,655
Cont/WD		
Par	70,817,423	71,710,786
Book Value	70,759,359	71,690,207
Cost Value	70,577,431	71,505,303

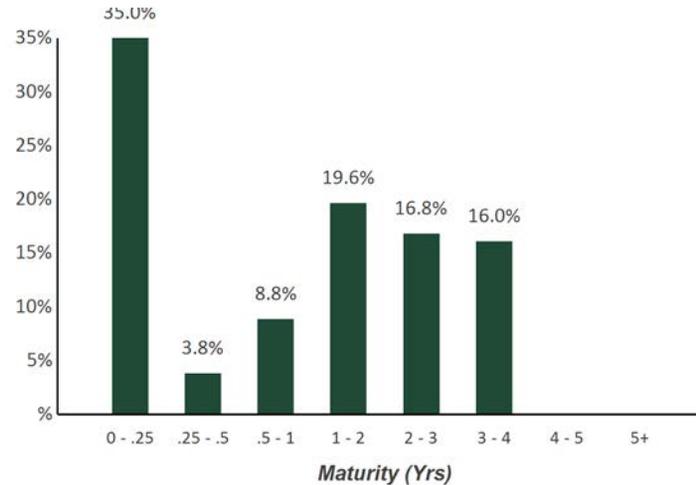
**TOP ISSUERS**

Government of United States	22.5%
Local Agency Investment Fund	21.2%
Federal Home Loan Bank	8.4%
Federal National Mortgage Assoc	8.0%
County of San Diego Pooled Inve	7.5%
Federal Farm Credit Bank	6.9%
Dreyfus Treasury and Agency	2.9%
Bank of Montreal Chicago	1.4%
<b>Total</b>	<b>78.7%</b>

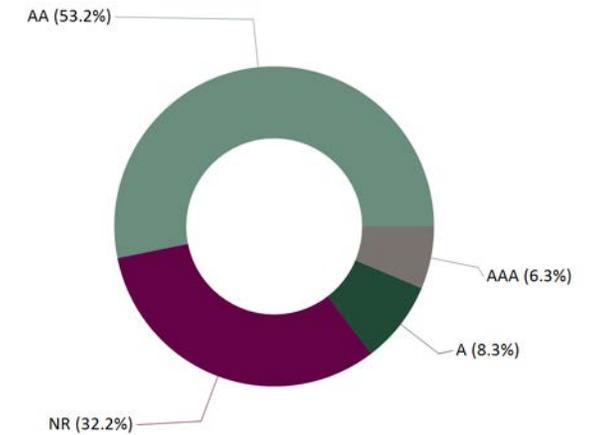
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**Vallecitos Water District Consolidated Account**

Account #10594

**Holdings Report**

As of February 29, 2020



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
<b>ABS</b>									
47788EAB4	John Deere Owner Trust 2018-B A2 2.83% Due 4/15/2021	27,508.20	01/29/2019 2.95%	27,484.56 27,506.48	100.07 0.94%	27,528.00 34.60	0.04% 21.52	Aaa / NR AAA	1.13 0.04
89190BAD0	Toyota Auto Receivables Trust 2017-B A3 1.76% Due 7/15/2021	146,348.53	09/26/2018 2.78%	144,639.22 145,509.78	100.04 1.60%	146,409.41 114.48	0.20% 899.63	Aaa / AAA NR	1.38 0.25
43814PAC4	Honda Auto Receivables Trust 2017-3 A3 1.79% Due 9/20/2021	161,003.22	12/11/2018 2.73%	158,915.21 159,831.29	100.04 1.69%	161,067.08 104.07	0.22% 1,235.79	NR / AAA AAA	1.56 0.37
43814WAB1	Honda Auto Receivables Trust 2019-1 A2 2.75% Due 9/20/2021	318,253.46	02/19/2019 2.77%	318,232.96 318,241.02	100.50 1.46%	319,831.03 316.04	0.44% 1,590.01	NR / AAA AAA	1.56 0.38
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	166,852.68	11/14/2018 3.14%	164,551.93 165,570.40	100.10 1.44%	167,014.18 134.97	0.23% 1,443.78	Aaa / NR AAA	1.63 0.25
89239AAB9	Toyota Auto Receivables Trust 2019-A A2A 2.83% Due 10/15/2021	227,998.24	02/05/2019 2.85%	227,977.54 227,985.65	100.42 1.52%	228,956.95 286.77	0.31% 971.30	Aaa / AAA NR	1.63 0.32
47789JAB2	John Deere Owner Trust 2019-A A2 2.85% Due 12/15/2021	234,932.41	03/05/2019 2.87%	234,921.70 234,925.46	100.51 1.30%	236,129.13 297.58	0.32% 1,203.67	Aaa / NR AAA	1.79 0.33
43814UAG4	Honda Auto Receivables Trust 2018-2 A3 3.01% Due 5/18/2022	105,000.00	05/22/2018 3.03%	104,997.71 104,998.72	101.21 1.21%	106,274.39 114.13	0.15% 1,275.67	NR / AAA AAA	2.22 0.67
43815HAC1	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	205,000.00	08/21/2018 2.98%	204,971.87 204,982.52	101.40 1.20%	207,863.85 167.99	0.28% 2,881.33	Aaa / NR AAA	2.48 0.79
65478WAE5	Nissan Auto Receivables Trust 2016-C A4 1.38% Due 1/17/2023	480,338.54	01/24/2019 2.95%	470,281.45 474,320.52	99.93 1.63%	479,994.54 294.61	0.66% 5,674.02	Aaa / NR AAA	2.88 0.29
<b>Total ABS</b>		<b>2,073,235.28</b>	<b>2.90%</b>	<b>2,056,974.15</b> <b>2,063,871.84</b>	<b>1.47%</b>	<b>2,081,068.56</b> <b>1,865.24</b>	<b>2.85%</b> <b>17,196.72</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>2.01</b> <b>0.38</b>
<b>AGENCY</b>									
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	99.99 1.40%	499,952.50 2,726.39	0.69% (47.50)	Aaa / AA+ AAA	0.08 0.09

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of February 29, 2020



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
<b>AGENCY</b>									
3136G3NZ4	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	100.09 1.14%	750,669.00 2,875.00	1.03% 669.00	Aaa / AA+ AAA	0.25 0.25
3130A8M67	FHLB Callable Note Cont 7/13/2017 1.2% Due 7/13/2020	500,000.00	11/22/2016 1.60%	492,970.00 499,291.18	100.00 1.20%	500,000.50 800.00	0.69% 709.32	Aaa / AA+ NR	0.37 0.37
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	100.06 1.16%	1,000,596.00 272.22	1.37% 596.00	Aaa / AA+ AAA	0.48 0.23
3133EGC94	FFCB Callable Note Cont 2/2/2017 1.38% Due 11/2/2020	500,000.00	11/04/2016 1.40%	499,600.00 499,932.56	100.00 1.38%	500,004.50 2,280.83	0.69% 71.94	Aaa / AA+ AAA	0.68 0.20
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	99.93 1.47%	499,668.00 641.67	0.68% (332.00)	Aaa / AA+ AAA	0.92 0.26
3133EFC54	FFCB Callable Note Cont 2/17/2017 1.62% Due 2/17/2021	150,000.00	11/18/2016 1.67%	149,667.00 149,924.26	100.00 1.62%	150,003.90 94.50	0.21% 79.64	Aaa / AA+ AAA	0.97 0.15
3133EFZ91	FFCB Callable Note Cont 4/12/2017 1.62% Due 4/12/2021	750,000.00	04/12/2016 1.62%	749,925.00 749,983.28	100.00 1.59%	750,021.00 4,691.25	1.03% 37.72	Aaa / AA+ AAA	1.12 0.12
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	100.07 1.05%	500,374.50 708.33	0.69% 374.50	Aaa / AA+ AAA	1.41 0.16
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	100.11 1.17%	1,001,063.00 266.67	1.37% 1,063.00	Aaa / AA+ AAA	1.49 0.23
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	100.05 1.08%	1,000,464.00 6,815.97	1.38% 464.00	Aaa / AA+ NR	1.59 0.09
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	100.08 1.07%	1,000,780.00 5,295.83	1.38% 780.00	Aaa / AA+ AAA	1.66 0.16
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	1,000,000.00	12/26/2018 2.70%	1,002,780.00 1,001,679.26	103.31 0.94%	1,033,138.00 5,755.56	1.42% 31,458.74	Aaa / AA+ AAA	1.80 1.75
3135G0U92	FNMA Note 2.625% Due 1/11/2022	500,000.00	03/05/2019 2.60%	500,350.00 500,228.74	103.09 0.95%	515,467.00 1,822.92	0.71% 15,238.26	Aaa / AA+ AAA	1.87 1.82
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	750,000.00	02/27/2019 2.55%	750,075.00 750,049.95	103.10 0.99%	773,229.00 9,562.50	1.07% 23,179.05	Aaa / AA+ AAA	2.00 1.94
313378WG2	FHLB Note 2.5% Due 3/11/2022	500,000.00	04/08/2019 2.36%	501,945.00 501,348.92	103.10 0.96%	515,512.00 5,902.78	0.71% 14,163.08	Aaa / AA+ NR	2.03 1.96
313383WD9	FHLB Note 3.125% Due 9/9/2022	500,000.00	01/30/2019 2.68%	507,580.00 505,306.58	105.50 0.92%	527,486.50 7,465.28	0.73% 22,179.92	Aaa / AA+ AAA	2.53 2.41



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
<b>AGENCY</b>									
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,007,681.86	105.64 0.94%	1,056,448.00 6,833.33	1.46% 48,766.14	Aaa / AA+ AAA	2.78 2.66
3133834G3	FHLB Note 2.125% Due 6/9/2023	650,000.00	10/30/2019 1.66%	660,432.50 659,466.09	103.85 0.93%	675,031.50 3,146.18	0.93% 15,565.41	Aaa / AA+ NR	3.28 3.16
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,004,098.69	102.20 0.95%	1,022,037.00 755.56	1.40% 17,938.31	Aaa / AA+ AAA	3.46 3.36
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 722,375.86	104.87 0.97%	734,059.90 7,989.24	1.02% 11,684.04	Aaa / AA+ NR	3.53 3.35
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,028,904.15	104.83 0.95%	1,048,250.00 5,187.50	1.44% 19,345.85	Aaa / AA+ NR	3.78 3.61
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,040,435.25	105.85 0.98%	1,058,467.00 1,805.56	1.45% 18,031.75	Aaa / AA+ AAA	3.94 3.75
3133EKMX1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 759,087.50	104.86 0.98%	786,474.75 371.67	1.08% 27,387.25	Aaa / AA+ AAA	3.99 3.82
<b>Total Agency</b>		<b>17,500,000.00</b>	<b>1.79%</b>	<b>17,636,533.50</b> <b>17,629,794.13</b>	<b>1.08%</b>	<b>17,899,197.55</b> <b>84,066.74</b>	<b>24.62%</b> <b>269,403.42</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.09</b> <b>1.66</b>
<b>CORPORATE</b>									
40428HPV8	HSBC USA Inc Note 2.75% Due 8/7/2020	250,000.00	10/10/2018 3.26%	247,772.50 249,467.41	100.48 1.65%	251,195.75 458.33	0.34% 1,728.34	A2 / A A+	0.44 0.44
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%	490,920.00 497,064.45	100.38 1.67%	501,875.00 3,769.44	0.69% 4,810.55	A3 / A A	0.68 0.58
459200JF9	IBM Corp Note 2.25% Due 2/19/2021	500,000.00	06/26/2018 3.07%	489,640.00 496,196.69	100.81 1.41%	504,032.00 375.00	0.69% 7,835.31	A2 / A NR	0.98 0.96
69371RN93	Paccar Financial Corp Note 2.8% Due 3/1/2021	300,000.00	07/23/2018 3.12%	297,585.00 299,072.13	101.55 1.25%	304,641.00 4,200.00	0.42% 5,568.87	A1 / A+ NR	1.00 0.98
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%	493,125.00 497,066.86	101.14 1.40%	505,687.00 4,722.22	0.70% 8,620.14	A1 / A AA-	1.13 1.02
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	350,000.00	06/28/2018 3.08%	349,247.50 349,686.64	102.07 1.26%	357,238.35 3,208.33	0.49% 7,551.71	A2 / A+ NR	1.20 1.17



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
<b>CORPORATE</b>									
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	500,000.00	10/12/2018 3.30%	483,360.00 492,190.11	100.74 1.34%	503,701.50 2,762.50	0.69% 11,511.39	A1 / A AA-	1.22 1.20
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	320,000.00	Various 3.09%	321,372.10 320,540.47	102.29 1.23%	327,332.81 2,888.88	0.45% 6,792.34	A2 / A A	1.22 1.11
931142EJ8	Wal-Mart Stores Note 3.125% Due 6/23/2021	290,000.00	06/20/2018 3.13%	289,985.50 289,993.64	102.33 1.34%	296,749.17 1,711.81	0.41% 6,755.53	Aa2 / AA AA	1.32 1.29
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	500,000.00	07/20/2018 3.19%	478,045.00 489,301.02	100.53 1.35%	502,628.00 4,061.11	0.69% 13,326.98	A2 / A NR	1.53 1.49
89233P5F9	Toyota Motor Credit Corp Note 3.4% Due 9/15/2021	500,000.00	05/31/2018 3.03%	505,785.00 502,716.39	103.22 1.29%	516,084.50 7,838.89	0.72% 13,368.11	Aa3 / AA- A+	1.55 1.49
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 494,438.81	102.65 1.20%	513,261.00 2,024.30	0.71% 18,822.19	A2 / A A	1.85 1.80
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 296,141.05	101.70 1.45%	305,090.40 326.67	0.42% 8,949.35	A2 / A NR	1.96 1.67
037833CQ1	Apple Inc Callable Note Cont 4/11/22 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 489,665.42	102.20 1.24%	511,005.50 3,513.89	0.70% 21,340.08	Aa1 / AA+ NR	2.20 2.05
68389XBB0	Oracle Corp Callable Note Cont 3/15/2022 2.5% Due 5/15/2022	500,000.00	Various 3.28%	486,304.00 492,013.36	102.19 1.41%	510,953.00 3,680.56	0.70% 18,939.64	A1 / A+ A	2.21 1.98
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 496,787.09	103.42 1.42%	517,121.50 4,416.67	0.71% 20,334.41	Aa2 / AA A+	2.21 2.12
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,138.18	104.69 1.26%	523,469.00 4,218.75	0.72% 23,330.82	Aa3 / AA- NR	2.25 2.16
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 412,846.94	104.92 1.54%	419,665.20 1,833.33	0.58% 6,818.26	A2 / A- A+	2.87 2.73
90331HNL3	US Bank NA Callable Note Cont 12/23/22 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 487,884.20	104.32 1.29%	500,716.32 1,444.00	0.69% 12,832.12	A1 / AA- AA-	2.90 2.70
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 515,982.55	106.25 1.49%	531,226.00 4,034.72	0.73% 15,243.45	A2 / A NR	3.27 3.01
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 511,386.49	106.83 1.25%	534,137.00 3,069.44	0.74% 22,750.51	Aa2 / AA AA	3.32 3.06

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of February 29, 2020



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
<b>Total Corporate</b>		<b>9,190,000.00</b>	<b>3.02%</b>	<b>9,132,501.90</b> <b>9,180,579.90</b>	<b>1.36%</b>	<b>9,437,810.00</b> <b>64,558.84</b>	<b>13.01%</b> <b>257,230.10</b>	<b>A1 / A+</b> <b>A+</b>	<b>1.86</b> <b>1.74</b>
<b>LAIF</b>									
90LAIF\$00	Local Agency Investment Fund State Pool	15,400,608.84	Various 1.89%	15,400,608.84 15,400,608.84	1.00 1.89%	15,400,608.84 49,443.22	21.15% 0.00	NR / NR NR	0.00 0.00
<b>Total LAIF</b>		<b>15,400,608.84</b>	<b>1.89%</b>	<b>15,400,608.84</b> <b>15,400,608.84</b>	<b>1.89%</b>	<b>15,400,608.84</b> <b>49,443.22</b>	<b>21.15%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>LOCAL GOV INVESTMENT POOL</b>									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,459,000.00	Various 2.02%	5,459,000.00 5,459,000.00	1.00 2.02%	5,459,000.00 0.00	7.47% 0.00	NR / NR AAA	0.00 0.00
<b>Total Local Gov Investment Pool</b>		<b>5,459,000.00</b>	<b>2.02%</b>	<b>5,459,000.00</b> <b>5,459,000.00</b>	<b>2.02%</b>	<b>5,459,000.00</b> <b>0.00</b>	<b>7.47%</b> <b>0.00</b>	<b>NR / NR</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>MONEY MARKET FUND FI</b>									
261908206	Dreyfus Treasury Money Market Fund	2,117,941.89	Various 1.20%	2,117,941.89 2,117,941.89	1.00 1.20%	2,117,941.89 0.00	2.90% 0.00	Aaa / AAA NR	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>2,117,941.89</b>	<b>1.20%</b>	<b>2,117,941.89</b> <b>2,117,941.89</b>	<b>1.20%</b>	<b>2,117,941.89</b> <b>0.00</b>	<b>2.90%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>NEGOTIABLE CD</b>									
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 26,974.72	1.41% 0.00	P-1 / A-1 F-1+	0.01 0.01
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	100.01 1.49%	245,012.25 1,996.92	0.34% 12.25	NR / NR NR	0.02 0.02
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%	244,510.00 244,954.56	99.95 1.53%	244,882.16 498.05	0.34% (72.40)	NR / NR NR	0.36 0.35
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	99.86 1.71%	244,667.05 1,278.70	0.34% (332.95)	NR / NR NR	0.66 0.65



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
<b>NEGOTIABLE CD</b>									
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	100.02 1.56%	245,057.09 12.42	0.34% 57.09	NR / NR NR	0.83 0.08
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	100.20 1.50%	245,485.84 11.08	0.34% 485.84	NR / NR NR	1.33 1.32
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	99.99 1.66%	244,963.50 155.05	0.34% (36.50)	NR / NR NR	1.46 1.44
<b>Total Negotiable CD</b>		<b>2,470,000.00</b>	<b>2.06%</b>	<b>2,469,510.00</b> <b>2,469,954.56</b>	<b>2.03%</b>	<b>2,470,067.89</b> <b>30,926.94</b>	<b>3.42%</b> <b>113.33</b>	<b>Aaa / AA</b> <b>AAA</b>	<b>0.46</b> <b>0.38</b>
<b>SUPRANATIONAL</b>									
4581X0CD8	Inter-American Dev Bank Note 2.125% Due 11/9/2020	750,000.00	05/22/2018 2.81%	737,865.00 746,588.72	100.68 1.14%	755,103.00 4,958.33	1.04% 8,514.28	Aaa / AAA AAA	0.70 0.69
459058GH0	Intl. Bank Recon & Development Note 2.75% Due 7/23/2021	750,000.00	07/24/2018 2.86%	747,607.50 748,885.83	102.37 1.04%	767,772.00 2,177.08	1.05% 18,886.17	Aaa / AAA NR	1.40 1.37
<b>Total Supranational</b>		<b>1,500,000.00</b>	<b>2.84%</b>	<b>1,485,472.50</b> <b>1,495,474.55</b>	<b>1.09%</b>	<b>1,522,875.00</b> <b>7,135.41</b>	<b>2.09%</b> <b>27,400.45</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>1.05</b> <b>1.03</b>
<b>US TREASURY</b>									
912828XH8	US Treasury Note 1.625% Due 6/30/2020	750,000.00	05/31/2018 2.43%	737,753.91 748,052.86	100.10 1.33%	750,732.75 2,042.41	1.03% 2,679.89	Aaa / AA+ AAA	0.33 0.33
912828L65	US Treasury Note 1.375% Due 9/30/2020	750,000.00	06/27/2018 2.53%	731,044.92 745,106.14	100.07 1.25%	750,527.25 4,310.96	1.03% 5,421.11	Aaa / AA+ AAA	0.59 0.58
912828WCO	US Treasury Note 1.75% Due 10/31/2020	750,000.00	07/20/2018 2.64%	735,292.97 745,681.69	100.36 1.21%	752,666.25 4,399.04	1.04% 6,984.56	Aaa / AA+ AAA	0.67 0.66
912828A42	US Treasury Note 2% Due 11/30/2020	750,000.00	11/28/2018 2.85%	737,695.31 745,394.15	100.63 1.15%	754,746.00 3,770.49	1.04% 9,351.85	Aaa / AA+ AAA	0.75 0.74
912828N89	US Treasury Note 1.375% Due 1/31/2021	750,000.00	10/30/2018 2.86%	725,859.38 740,144.29	100.23 1.12%	751,758.00 849.93	1.03% 11,613.71	Aaa / AA+ AAA	0.92 0.91
912828U81	US Treasury Note 2% Due 12/31/2021	750,000.00	11/08/2018 3.05%	726,650.39 736,372.61	101.93 0.93%	764,502.00 2,513.74	1.05% 28,129.39	Aaa / AA+ AAA	1.84 1.80



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
<b>US TREASURY</b>									
912828W55	US Treasury Note 1.875% Due 2/28/2022	1,000,000.00	01/30/2019 2.56%	979,921.88 986,977.80	101.90 0.91%	1,019,023.00 50.95	1.40% 32,045.20	Aaa / AA+ AAA	2.00 1.96
912828W89	US Treasury Note 1.875% Due 3/31/2022	750,000.00	09/27/2018 2.92%	724,013.67 734,570.62	102.00 0.90%	765,000.00 5,878.59	1.06% 30,429.38	Aaa / AA+ AAA	2.08 2.03
912828XR6	US Treasury Note 1.75% Due 5/31/2022	750,000.00	09/24/2018 2.93%	719,208.98 731,190.90	101.91 0.89%	764,296.50 3,299.18	1.05% 33,105.60	Aaa / AA+ AAA	2.25 2.20
912828XW5	US Treasury Note 1.75% Due 6/30/2022	350,000.00	09/07/2018 2.80%	336,792.97 341,908.44	101.99 0.89%	356,959.05 1,026.44	0.49% 15,050.61	Aaa / AA+ AAA	2.33 2.28
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 984,907.00	102.35 0.89%	1,023,516.00 1,545.33	1.40% 38,609.00	Aaa / AA+ AAA	2.42 2.36
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 731,257.79	102.43 0.89%	768,222.75 38.21	1.05% 36,964.96	Aaa / AA+ AAA	2.50 2.44
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 986,407.82	102.54 0.88%	1,025,430.00 7,838.11	1.41% 39,022.18	Aaa / AA+ AAA	2.59 2.51
912828M80	US Treasury Note 2% Due 11/30/2022	800,000.00	12/24/2019 1.70%	806,875.00 806,450.93	103.01 0.89%	824,093.60 4,021.86	1.13% 17,642.67	Aaa / AA+ AAA	2.75 2.67
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,559.96	104.91 0.88%	1,049,141.00 10,450.82	1.45% 49,581.04	Aaa / AA+ AAA	3.08 2.95
912828R28	US Treasury Note 1.625% Due 4/30/2023	1,000,000.00	12/04/2019 1.60%	1,000,898.44 1,000,835.51	102.30 0.89%	1,023,008.00 5,446.43	1.41% 22,172.49	Aaa / AA+ AAA	3.17 3.07
912828R69	US Treasury Note 1.625% Due 5/31/2023	1,100,000.00	Various 2.00%	1,083,765.62 1,087,203.73	102.33 0.90%	1,125,652.00 4,493.17	1.55% 38,448.27	Aaa / AA+ AAA	3.25 3.15
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,000,000.00	09/25/2019 1.60%	1,000,898.44 1,000,804.15	102.63 0.90%	1,026,250.00 5,446.43	1.41% 25,445.85	Aaa / AA+ AAA	3.67 3.54
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,020,154.62	105.16 0.91%	1,051,562.00 1,854.40	1.44% 31,407.38	Aaa / AA+ AAA	3.92 3.76
<b>Total US Treasury</b>		<b>16,000,000.00</b>	<b>2.39%</b>	<b>15,746,759.77</b> <b>15,872,981.01</b>	<b>0.97%</b>	<b>16,347,086.15</b> <b>69,276.49</b>	<b>22.47%</b> <b>474,105.14</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.29</b> <b>2.22</b>
<b>TOTAL PORTFOLIO</b>		<b>71,710,786.01</b>	<b>2.17%</b>	<b>71,505,302.55</b> <b>71,690,206.72</b>	<b>1.38%</b>	<b>72,735,655.88</b> <b>307,272.88</b>	<b>100.00%</b> <b>1,045,449.16</b>	<b>Aa1 / AA+</b> <b>AAA</b>	<b>1.37</b> <b>1.18</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>73,042,928.76</b>			

**VALLECITOS WATER DISTRICT  
SUMMARY OF LEGAL FEES**

<b>Matter Description</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Jan-20</b>	<b>Total</b>
General Counsel Services	\$3,422	\$9,177	\$10,914	\$5,557	\$9,183	\$5,284	\$2,215	\$12,391	\$6,930	\$10,083	\$7,810	\$18,504	\$5,857	\$107,327
Labor/Employment	-	2,610	5,577	21,718	14,492	5,447	2,135	3,679	3,948	2,359	3,504	4,073	468	\$70,008
Engineering - Construction/Contracting	2,938	2,840	2,647	3,172	1,693	546	1,641	1,968	2,878	4,143	3,433	1,615	2,200	\$31,714
Fees and Taxes	364	-	-	-	728	-	2,744	7,241	5,491	1,204	-	1,802	1,812	\$21,385
Environmental	-	-	-	7,935	116	-	-	1,800	2,910	678	-	-	-	\$13,439
VWD v. Brian Thomas Boyd	104	-	-	-	-	-	-	-	-	-	-	-	-	\$104
Adv. Butler	-	-	2,302	302	136	-	30	417	-	1,702	138	2,831	8,593	\$16,450
Renewable Energy	-	-	-	-	-	-	-	-	-	4,710	1,824	-	-	\$6,534
<b>Total</b>	<b>\$6,828</b>	<b>\$14,628</b>	<b>\$21,439</b>	<b>\$38,684</b>	<b>\$26,348</b>	<b>\$11,277</b>	<b>\$8,764</b>	<b>\$27,495</b>	<b>\$22,157</b>	<b>\$24,878</b>	<b>\$16,708</b>	<b>\$28,825</b>	<b>\$18,931</b>	<b>\$266,962</b>

**DATE: MARCH 18, 2020**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR FITZPATRICK TOWN HOMES APN(S) 220-100-82, 220-100-83 & 220-100-85 (KB HOME COASTAL)**

**BACKGROUND:**

KB Home Coastal, owner of the project, has completed the installation of water and sewer facilities for their residential subdivision located north of Richmar Avenue between Marcos Street and N. Twin Oaks Valley Road.

**DISCUSSION:**

Water and/or sewer facilities for private land development projects are constructed by a developer. When completed to the satisfaction of the District, those facilities are accepted by the Board of Directors and become District property.

The project constructed approximately 260 feet of 8-inch diameter water main and 230 feet of 8-inch diameter sewer main.

Upon final acceptance of the project, water and sewer service will be available to APN's 220-100-82 and 220-100-83. Sewer service will become available, and the existing water service will be relocated, for APN 220-100-85.

The owner has provided the District with the required security to guarantee repairs due to failure of materials or workmanship for a period of one year. All current fees and charges have been paid to date.

Along with the water and sewer mains, assorted appurtenances were installed such as water meters, fire hydrants, gate valves, sewer laterals and manholes.

KB Home Coastal has paid a total of \$13,110 in water capital facility fees and \$19,798 in wastewater capital facility fees for service to APN's 220-100-82 and 220-100-83. In 2005, the owner of APN 220-100-85 paid \$2,650 in wastewater capital facility fees for sewer service to his lot as well.

**FISCAL IMPACT:**

None. Future water and sewer revenues will offset costs of service.

**RECOMMENDATION:**

Accept the project improvements and approve the filing of a Notice of Completion for Fitzpatrick Town Homes.

**ATTACHMENTS:**

2 Map Exhibits – 1 Plat Map & 1 Aerial



# FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR FITZPATRICK TOWN HOMES APN(S) 220-100-82, 220-100-83 & 220-100-85 (KB HOME COASTAL)



**DATE: MARCH 18, 2020**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.)**

**BACKGROUND:**

Warmington Residential California, Inc., owner of the project, has completed the plan check process with the District. The development is located on Richland Road north of Rose Ranch Road in the County of San Diego. The project consists of 20 single family residential lots.

**DISCUSSION:**

A Construction Agreement is typically entered into between a developer and the District to ensure that the required public facilities are constructed to support the demands of the development.

A portion of the existing sewer main in Vineyard Road was identified as deficient and is not able to accept the additional flow from the proposed Orchard Hills development upstream until the pipeline is increased in size. The project will replace approximately 217 feet of existing 8-inch diameter VCP sewer main with 15-inch diameter PVC sewer main.

All engineering fees and inspection deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are not applicable for this project as there are no new service connections.

The owner has submitted standard surety bonds to guarantee completion of the project. The following bond amounts have been reviewed and approved by staff:

Labor and Materials	\$52,691.00
Faithful Performance	\$52,691.00

**FISCAL IMPACT:**

None.

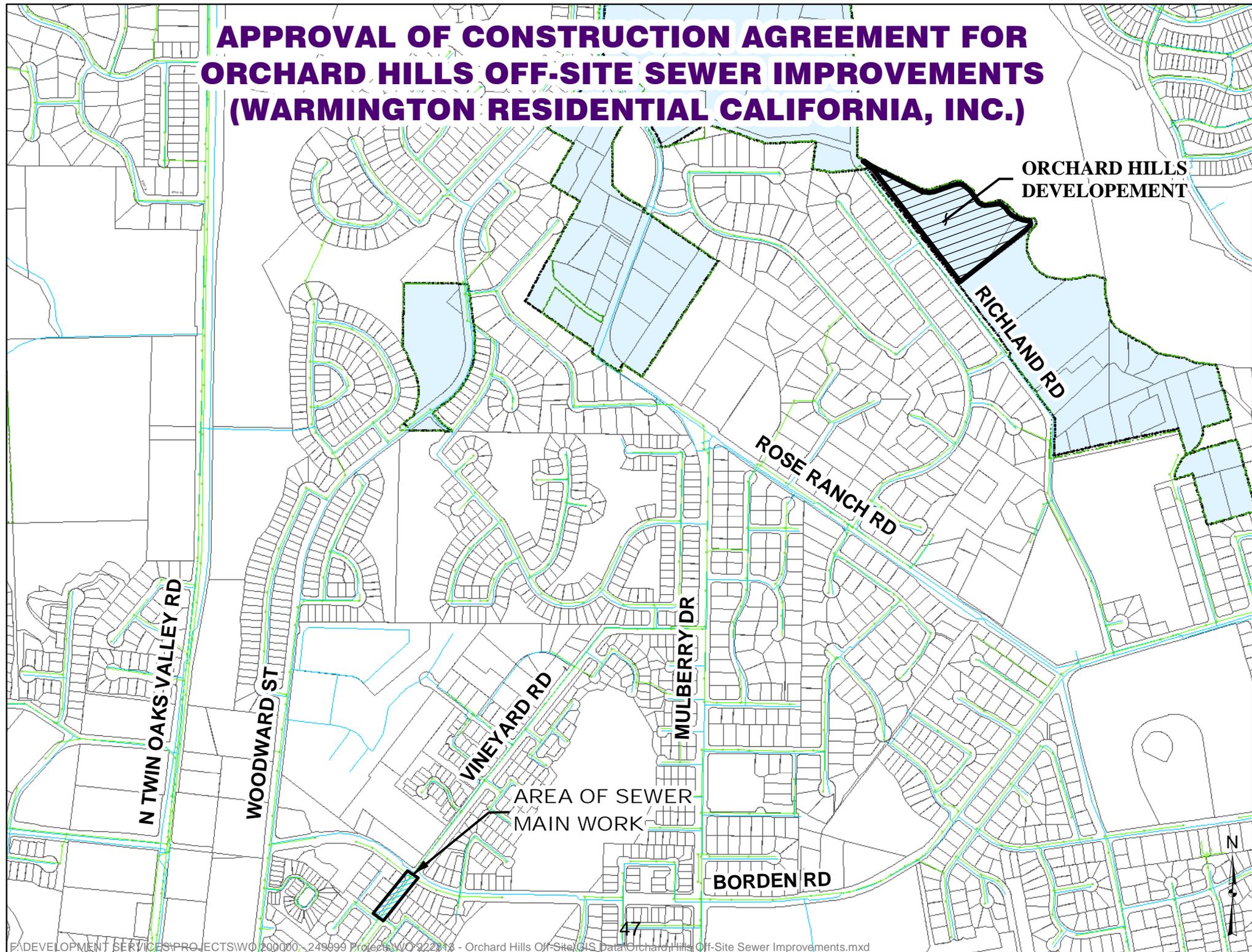
**RECOMMENDATION:**

Approve the construction agreement for Orchard Hills Off-site Sewer Improvements.

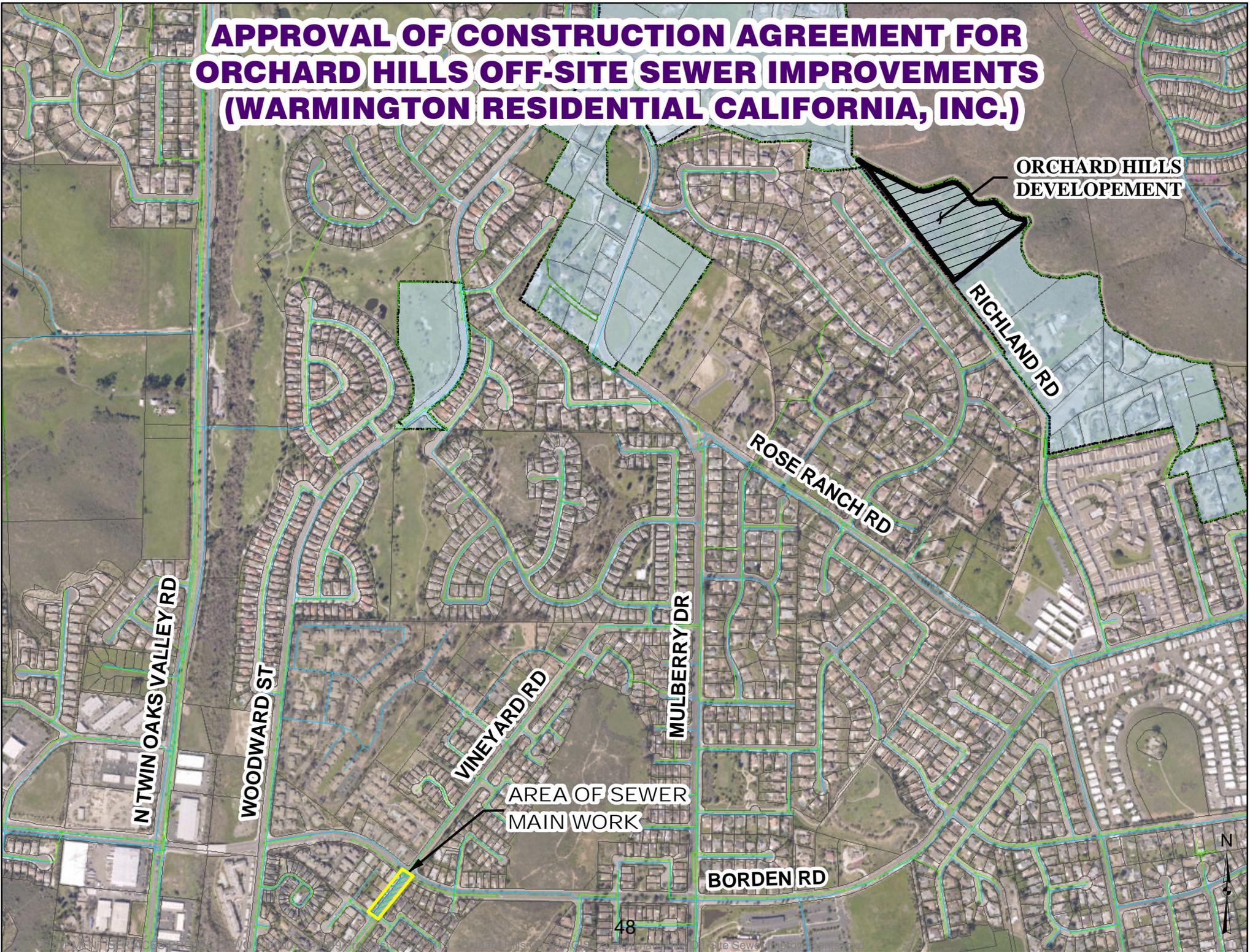
**ATTACHMENTS:**

2 Map Exhibits – 1 Plat Map & 1 Aerial  
Construction Agreement

# APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.)



# APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.)



ORCHARD HILLS DEVELOPMENT

RICHLAND RD

ROSE RANCH RD

N TWIN OAKS VALLEY RD

WOODWARD ST

VINEYARD RD

MULBERRY DR

AREA OF SEWER MAIN WORK

BORDEN RD

48



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE  
DEDICATED TO THE VALLECITOS WATER DISTRICT**

THIS AGREEMENT is entered into by and between VALLECITOS WATER DISTRICT ("DISTRICT"), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **WARMINGTON SAN MARCOS ASSOCIATES, LLC** ("DEVELOPER"), a California Corporation.

**RECITALS**

1. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **21.36** acres commonly described as Tax Assessor's Parcel Nos. **218-220-10 & 218-220-17** ("PROJECT").

2. DEVELOPER has requested that DISTRICT provide water and/or sewer service to parts of the PROJECT upon payment of applicable fees, construction and installation by DEVELOPER of the water and/or sewer facilities ("FACILITIES") necessary to serve the PROJECT and acceptance of the FACILITIES by the DISTRICT.

3. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **Latitude 33** and are identified as **Vineyard Road Off-Site Improvements (Orchard Hills)**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before \_\_\_\_\_, **2021**. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

## COVENANTS

**4. CONDITIONS PRECEDENT TO EXECUTION OF AGREEMENT.** Each of the following items is an express condition precedent to the obligation of the DISTRICT to execute this Agreement:

**4.1 FEES AND CHARGES.** DEVELOPER shall pay all fees and charges due as established by the DISTRICT in its discretion from time to time. All Capital Facility and Connection fees are non-refundable.

**4.2 ENVIRONMENTAL REVIEW.** DEVELOPER shall provide the DISTRICT with all environmental documents previously utilized to obtain approvals for the PROJECT. In the event that the DISTRICT determines additional environmental review is necessary, all fees and costs to prepare this additional environmental review shall be borne solely by the DEVELOPER.

**4.3 APPROVED PLANS AND SPECIFICATIONS.** DEVELOPER shall prepare and submit to the DISTRICT a set of plans and specifications for the FACILITIES. The plans and specifications for the FACILITIES include DISTRICT's standard specifications and applicable special provisions and are incorporated herein by reference as if set forth in full. Approval of these plans and specifications by the DISTRICT shall be a condition precedent to the obligations of the DISTRICT to execute this Agreement. Approval of these plans and specifications by the DISTRICT shall not relieve the DEVELOPER of liability for any improper design or construction of the FACILITIES.

**4.4 CHANGES TO PLANS AND SPECIFICATIONS.** DISTRICT, without liability to DISTRICT, DISTRICT's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original DISTRICT estimated cost of the work as may be determined necessary or desirable by DISTRICT in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high water tables requiring dewatering.

**5. COMMERCIAL GENERAL LIABILITY AND AUTOMOBILE LIABILITY INSURANCE.** Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall provide and maintain the following commercial general liability and automobile liability insurance:

**5.1 COVERAGE.** Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

A. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001);

B. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto).

**5.2 LIMITS.** The DEVELOPER shall maintain limits no less than the following:

A. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.

B. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.

**5.3 REQUIRED PROVISIONS.** The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

A. DISTRICT, its directors, officers, employees, and authorized volunteers are to be given insured status (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of the DEVELOPER; products and completed operations of the DEVELOPER; premises owned, occupied or used by the DEVELOPER; and automobiles owned, leased, hired or borrowed by the DEVELOPER. The coverage shall contain no special limitations on the scope of protection afforded to DISTRICT, its directors, officers, employees, or authorized volunteers.

B. For any claims related to this project, the DEVELOPER's insurance shall be primary insurance as respects DISTRICT, its directors, officers,

employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by DISTRICT, its directors, officers, employees, or authorized volunteers shall not contribute to it.

C. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to DISTRICT, its directors, officers, employees, or authorized volunteers.

D. The DEVELOPER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

E. Each insurance policy required by this agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the DEVELOPER, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to DISTRICT.

Such liability insurance shall indemnify the DEVELOPER and his/her sub-DEVELOPER's against loss from liability imposed by law upon, or assumed under contract by, the DEVELOPER or his/her sub-DEVELOPER's for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.

The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support. Additionally, the automobile liability policy shall cover all owned, non-owned, and hired automobiles.

All of the insurance shall be provided on policy forms and through companies satisfactory to DISTRICT.

**6. DEDUCTIBLES AND SELF-INSURED RETENTIONS.** Any deductible or self-insured retention must be declared to and approved by DISTRICT. At the option of DISTRICT, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

**7. ACCEPTABILITY OF INSURANCE.** Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by DISTRICT.

**8. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE.**

The DEVELOPER and all sub-DEVELOPERs shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The DEVELOPER shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

**9. RESPONSIBILITY FOR WORK.** Until the completion and final acceptance by DISTRICT of all the work under and implied by this agreement, the work shall be under the DEVELOPER's responsible care and charge. The DEVELOPER shall rebuild, repair, restore and make good all injuries, damages, re-erectations, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

**10. EVIDENCE OF INSURANCE.** Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall file with DISTRICT a certificate of insurance (Accord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this agreement. Such evidence shall include an additional insured endorsement signed by the insurer's representative and evidence of waiver of rights of subrogation against DISTRICT (if builder's risk insurance is applicable). Such evidence shall also include confirmation that coverage includes or has been modified to include **Required Provisions, A-E**.

The DEVELOPER shall, upon demand of DISTRICT, deliver to DISTRICT such policy or policies of insurance and the receipts for payment of premiums thereon.

**11. CONTINUATION OF COVERAGE.** If any of the required coverage expires during the term of this agreement, the DEVELOPER shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT (if builder's risk insurance is applicable) to DISTRICT at least ten (10) days prior to the expiration date.

**12. SUB-DEVELOPERS.** In the event that the DEVELOPER employs other DEVELOPERs (sub-DEVELOPERs) as part of the work covered by this agreement, it shall be the DEVELOPER's responsibility to require and confirm that each sub-DEVELOPER meets the minimum insurance requirements specified above.

**13. SECURITY.** Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$ 52,691**. Each payment and performance bond shall represent 100% of the

estimated construction costs of the FACILITIES. Bonds shall be furnished by surety companies satisfactory to the DISTRICT. Surety companies, to be acceptable to the DISTRICT, must have an acceptable rating from Best's Key Rating Guide, authorized to do business and have an agent for service of process in California.

If at any time a surety on any such bond is declared as bankrupt or loses its right to do business in the state of California for any reason, DEVELOPER shall, within ten (10) days after notice from the DISTRICT, substitute acceptable bonds in such form and sum and signed by such other surety or sureties as may be satisfactory to the DISTRICT in its sole discretion. The premium on such bonds shall be paid by the DEVELOPER.

In the event the PROJECT is sold, transferred or assigned the performance and payment bonds shall remain in effect unless new bonds acceptable to the DISTRICT have been provided.

The performance and the payment bonds must remain in effect throughout the period for performance of the work until the work is accepted by formal action of the Board of Directors of the DISTRICT.

In lieu of providing these performance and payment bonds, DEVELOPER may provide the DISTRICT with a cash deposit to replace either or both of these bonds, or may provide the DISTRICT with an Instrument of Credit, or Irrevocable Letter of Credit on a form acceptable to the DISTRICT. No substitution or modification of the DISTRICT's standard Instrument of Credit or Irrevocable Letter of Credit shall be accepted without approval of the DISTRICT.

**14. DEVELOPER'S FAILURE TO PROVIDE INSURANCE OR BONDS.** In the event any insurance or security provided to the DISTRICT in accordance with this Agreement is terminated or canceled for any reason, or is limited in the scope of coverage required by this Agreement, DEVELOPER shall have thirty (30) consecutive days from written notice from DISTRICT to procure the required insurance or security. The failure of DEVELOPER to present alternative insurance or security acceptable to DISTRICT within this thirty- (30-) day period shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement or sue DEVELOPER for damages at the election of the DISTRICT.

**15. EASEMENTS.** Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole

discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to DISTRICT, in no case less than twenty (20) feet without specified approval of the Board of Directors; (2) be free and clear of all liens and/or encumbrances which could affect title to the easement; and (3) have recorded subordination agreements for all trust deeds or other liens to insure that the DISTRICT has prior rights in any easements being conveyed to the DISTRICT. DEVELOPER shall procure a policy of title insurance in favor of the DISTRICT covering easements to be granted in amounts determined by the DISTRICT subject only to those conditions of record acceptable to the DISTRICT. All fees and costs to procure easements required by the DISTRICT shall be borne solely by DEVELOPER. Nothing in this Agreement shall obligate the DISTRICT to exercise its condemnation authorities to acquire any easement determined necessary by the DISTRICT. All easements being conveyed to the DISTRICT must be in a recordable form acceptable to the DISTRICT prior to approval of plans and specifications by the DISTRICT.

**16. QUALIFIED SERVICE COMMITMENT.** Nothing in this Agreement is intended to limit the power of the DISTRICT to restrict the use of water as provided by California Water Code §§ 350 et seq., and §§ 31026 et seq. DEVELOPER is advised and understands that the ability of the DISTRICT to provide water service to the PROJECT is dependent upon the continuing availability of water imported to the DISTRICT from other agencies. In the event of a water shortage, threatened water shortage, or an emergency, water service to DEVELOPER's project may not be available or may be curtailed or restricted. Consequently, the DISTRICT cannot guarantee that water will be available at the time service is requested. The declaration of a water shortage, threatened water shortage or emergency shall be exercised in the sole discretion of the DISTRICT. DEVELOPER agrees that the DISTRICT shall not be liable for any damages, costs, fees, or expenses of any kind, caused by any curtailment, restriction, or termination of potable water service determined necessary by the DISTRICT.

**17. CONSTRUCTION OF FACILITIES.** DEVELOPER shall not commence construction of any FACILITIES required by this Agreement until DEVELOPER has received written authorization from the DISTRICT to proceed. All work performed on the FACILITIES shall be done in strict compliance with the approved plans and specifications and in a good and workmanlike manner as determined by the DISTRICT in its sole discretion. All work performed on the FACILITIES by DEVELOPER shall be subject to inspection by the DISTRICT's designated representatives and DEVELOPER shall comply with all instructions given by the

DISTRICT's representative during construction of the work. All fees and costs to construct the FACILITIES shall be borne by DEVELOPER.

**18. COMPLIANCE WITH APPLICABLE LAW.** DEVELOPER shall insure that all work performed on the project is performed in a manner which complies with all applicable federal and state laws and all county and local government rules and regulations, including all rules and regulations of DISTRICT, as these rules and regulations may be modified or changed from time to time. DEVELOPER shall be solely responsible for obtaining and paying for all permits, licenses and approvals necessary to construct the FACILITIES. DEVELOPER shall provide verification that permits, licenses and approvals have been obtained promptly upon demand from DISTRICT.

**19. PREVAILING WAGES.** DEVELOPER is aware of the provisions of California Labor Code §§ 1770 et seq., which requires the payment of prevailing wage rates and the performance of other requirements if it is determined that DEVELOPER's contract with its contractor to construct the FACILITIES is a public works contract. DEVELOPER agrees to hold the DISTRICT and its officers, employees and agents harmless from any claim of liability, including costs of defense and attorney's fees, arising from any alleged failure to comply with these provisions of the Labor Code.

DEVELOPER, and not the DISTRICT, shall be liable for insuring that prevailing wages, as set by the Director of the Department of Industrial Relations, have been paid for all work performed in accordance with this contract. In the event of any claim, DEVELOPER shall provide the DISTRICT with all information in DEVELOPER's possession concerning the claim within ten (10) consecutive days following written demand from the DISTRICT.

**20. UTILIZATION OF A PORTION OF WORK.** DISTRICT shall have the right upon written notification to the DEVELOPER to utilize such portions of the work DISTRICT deems sufficiently complete to be utilized or placed into service.

**21. ACCEPTANCE OF WORK.** Upon completion of the FACILITIES required by this Agreement to the satisfaction of the DISTRICT, the FACILITIES which have been constructed shall be presented to the Board of Directors of the DISTRICT for dedication and the filing of a Notice of Completion. The DISTRICT shall have no obligation to accept the FACILITIES or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the DISTRICT in its sole discretion. Upon recordation of a Notice of Completion, all right, title, ownership and interest in the FACILITIES shall be deemed to have been transferred to the DISTRICT. DEVELOPER shall not allow any part of PROJECT to be occupied prior to acceptance of FACILITIES by DISTRICT.

**22. WATER SERVICE MAINTENANCE AFTER ACCEPTANCE OF WORK.** Due to the uncertainty of prompt sale/construction/occupancy of the project's lots and based on the need to provide adequate flow to residences, DEVELOPER shall be responsible for periodic flushing of the services within the subdivision until such time as the subdivision is sold. The DISTRICT and DEVELOPER will cooperate to provide manpower and schedule work.

**23. LIABILITY FOR WORK PRIOR TO FORMAL ACCEPTANCE.** Until the Board of Directors of the DISTRICT has formally accepted all work performed in accordance with this Agreement, DEVELOPER shall be solely responsible for all damage to the work regardless of cause and for all damages or injuries to any person or property from any cause excepting injury or damage caused by the sole or active negligence of DISTRICT, its agents, servants or employees.

**24. LIABILITY AFTER ACCEPTANCE OF WORK.** After the Board of Directors of the DISTRICT has accepted the FACILITIES by formal action of the Board, DEVELOPER and DEVELOPER's successors in interest shall remain liable for all injuries or damage to persons or property including damage to the work itself, arising from or related to design or construction of the FACILITIES.

**25. RELEASE OF SECURITY.** Forty (40) days after the Notice of Completion has been filed by the DISTRICT, the DISTRICT shall release any security previously provided by DEVELOPER, as long as no claims have been filed. The security shall not be released until the DISTRICT has received a warranty bond or alternative security acceptable to the DISTRICT covering 25% of the original performance bond or alternative security amount. DISTRICT must have warranty bond prior to Board acceptance of the project. This new security shall remain in effect until the warranty period has expired One (1) year from final Board Acceptance and DEVELOPER has corrected all defects noted by the DISTRICT during the warranty period.

**26. WARRANTY.** DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon

demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee required by this section. This section does not in any way limit liability of the DEVELOPER for any design defects or defects in the work subsequently discovered by the DISTRICT.

**27. INDEMNITY.** DEVELOPER shall be solely responsible and liable for design defects or defects in work performed to construct the FACILITIES required by this Agreement. This shall include liability and responsibility for injury or damage to the work itself. DEVELOPER hereby agrees to hold harmless, indemnify and defend the DISTRICT, the DISTRICT's representatives and each of the DISTRICT's officers, employees and agents from any and all claims, suits or action of every name, kind and description brought for or on account of injuries to or death of any person or damage to any property resulting from design or construction of the FACILITIES except where the injury or damage has been caused by the sole and active negligence of the DISTRICT, its agents, servants or employees. In the event that any suit is instituted naming the DISTRICT as a party, the DISTRICT shall be entitled to appoint its own independent counsel to represent the DISTRICT; and DEVELOPER agrees to pay all attorney's fees and litigation costs associated with this defense. This indemnity shall extend to any claims arising because DEVELOPER has failed to properly secure any necessary easement, land right, contract or approval

**28. AS-BUILT DRAWINGS.** Prior to acceptance of the work by the Board of Directors of the DISTRICT, DEVELOPER shall provide the DISTRICT with two (2) blueprint copies of "as-built" drawings. Upon approval of the blueprint copies the DISTRICT will require a bonded mylar or original drawing, disk and certification by a licensed engineer in the state of California as to the accuracy and completeness of the "as-built" drawings.

**29. CASH DEPOSITS.** DEVELOPER shall provide the DISTRICT with an initial cash deposit in the amount of \$ 13,160.50 to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to \$ 2,500, DEVELOPER agrees to deposit such additional sums as the DISTRICT may determine from time to time to cover all fees and costs of the DISTRICT. Prior to final acceptance of the project, a final accounting will be forwarded to the developer for payment. Additional deposits for additional inspections after acceptance of the project may be requested.

**30. MISCELLANEOUS PROVISIONS.**

**30.1 VENUE.** In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that

venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

- 30.2 MODIFICATION.** This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.
- 30.3 ATTORNEY'S FEES.** In the event of any legal or equitable proceeding to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to all reasonable attorney's fees and costs in addition to any other relief granted by law. This provision shall apply to the entire Agreement.
- 30.4 ENTIRE AGREEMENT.** This Agreement, together with all the exhibits attached to this Agreement, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda or agreements are in conflict with this Agreement are intended to be replaced in total by this Agreement and its exhibits.
- 30.5 ASSIGNMENTS.** DEVELOPER shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior consent of the DISTRICT, which consent shall not be unreasonably withheld. Any purported assignment without the DISTRICT's prior written consent shall be void.
- 30.6 BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs and assigns.
- 30.7 UNENFORCEABLE PROVISIONS.** The terms, conditions and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 30.8 REPRESENTATION OF CAPACITY TO CONTRACT.** Each of the parties to this Agreement represents and warrants that he has the authority to execute this Agreement on behalf of the entity represented by that individual.

- 30.9 OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT COUNSEL.** DEVELOPER warrants and represents that DEVELOPER has been advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.
- 30.10 NO WAIVER.** The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.
- 30.11 NOTICES.** All letters, statements or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

DISTRICT:  
Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069  
Attn: Glenn Pruim

DEVELOER:  
Warmington San Marcos Associates, LLC  
3090 Pullman Street  
Costa Mesa, CA 92626  
Attn: Greg Ocasek

- 30.12 EFFECTIVE DATE.** The effective date of this Agreement, executed in counterparts in the North County Judicial District, County of San Diego, State of California, is \_\_\_\_\_.

**"DISTRICT"**  
**VALLECITOS WATER DISTRICT**

By: \_\_\_\_\_  
Glenn Pruim, Secretary  
Board of Directors  
Vallecitos Water District

Dated: \_\_\_\_\_

**"DEVELOPER"**

Company: WARMINGTON SAN MARCOS ASSOCIATES, LLC, a California limited liability company  
BY: WRG BUILDER V, L.P., a California limited partnership, its Manager  
BY: WARMINGTON RESIDENTIAL CALIFORNIA, INC., a California corporation, its General Partner

Name: **James J. Deckard**

Title: **Senior Vice President**

Signature\*:  \_\_\_\_\_

Dated: 3-4-20

\*Acknowledgment of the signature(s) of authorized representative(s) of DEVELOPER executing this Construction Agreement, by a Notary Public, is required. Attach acknowledgment to this page.

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Orange )

On 3/4/2020 before me, Jill Renee Cresap, Notary Public  
(insert name and title of the officer)

personally appeared James J. Deckard,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in  
his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jill Renee Cresap (Seal)



Description of Attached Document:

Date:

\_\_\_\_\_

\_\_\_\_\_

**DATE: MARCH 18, 2020**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN 172-091-28 FROM THE VALLECITOS WATER DISTRICT**

**BACKGROUND:**

Robert Wilmott is the owner of a 1.43-acre property located at 28616 Champagne Boulevard in Escondido, just south of Lawrence Welk Court and east of Interstate 15.

**DISCUSSION:**

Mr. Wilmott requested detachment from Vallecitos Water District (VWD) and annexation into Valley Center Municipal Water District because his well was failing and there are no VWD water facilities nearby to serve the property. Valley Center Municipal Water District has existing water facilities available. The conditions for detachment from VWD's water service area were approved by the Board on May 15, 2019. On January 31, 2020, LAFCO ordered the re-organization per LAFCO File No. RO19-08 including annexation into Valley Center Municipal Water District and detachment from VWD. The owner has completed all conditions of the annexation and detachment.

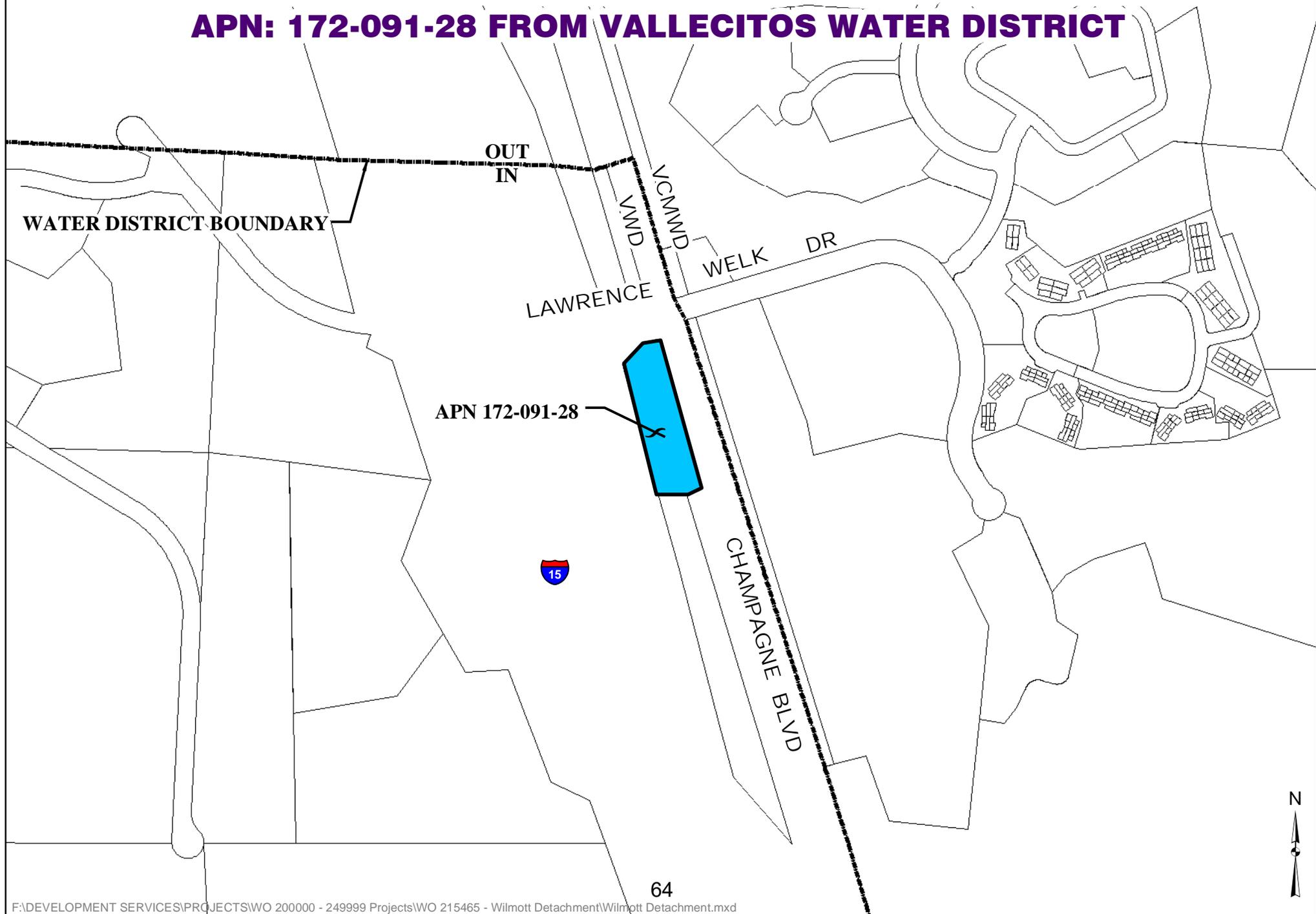
**FISCAL IMPACT:**

Payment of \$1,947.66 in detachment fees (\$1,362 per acre x 1.43 acres) were collected in December 2019 in accordance with Ordinance No. 200. There is no loss of revenue from water service since the property has been on well water and never received service from VWD.

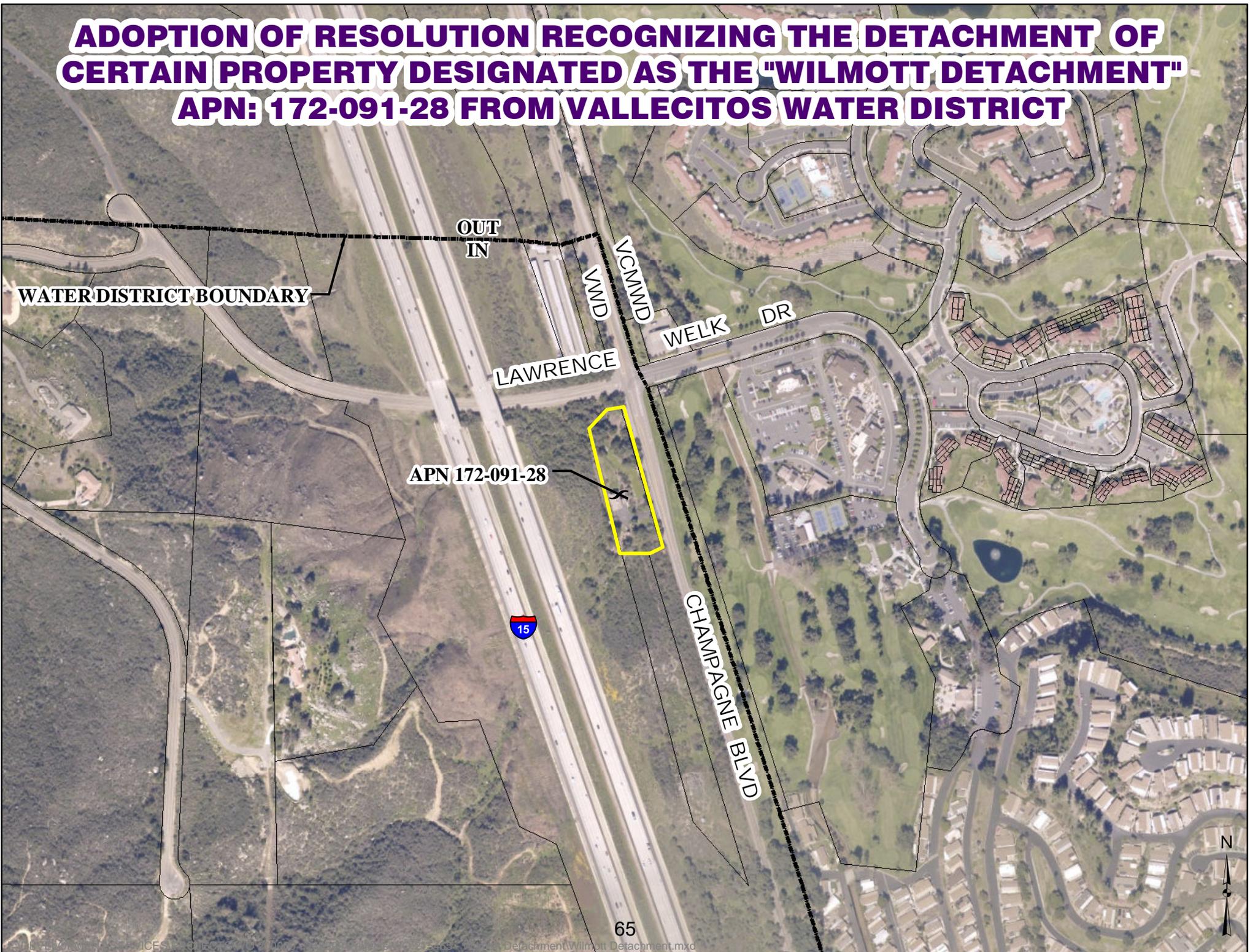
**RECOMMENDATION:**

Adopt the resolution recognizing the detachment of APN 172-091-28 from the Vallecitos Water District.

**ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN: 172-091-28 FROM VALLECITOS WATER DISTRICT**



# ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN: 172-091-28 FROM VALLECITOS WATER DISTRICT



OUT  
IN

WATER DISTRICT BOUNDARY

VMD  
VCMMD

LAWRENCE

WELK DR

APN 172-091-28



CHAMPAGNE BLVD

65



**RESOLUTION NO.**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT RECOGNIZING THE DETACHMENT OF  
CERTAIN PROPERTY DESIGNATED AS THE “WILMOTT DETACHMENT” APN 172-  
091-28 FROM THE VALLECITOS WATER DISTRICT**

WHEREAS, a petition for the detachment from Vallecitos Water District with the annexation to Valley Center Municipal Water District was filed with the Local Agency Formation Commission of the County of San Diego on June 7, 2019; and

WHEREAS, the Executive Officer of the Local Agency Formation Commission examined the petition and determined that it is signed by the requisite number of signers, and has attached his certificate to the petition showing the results of his examination, as provided in Government Code Section 56706; and

WHEREAS, the land described in said petition is the land hereinafter described in Exhibit “A” attached hereto; and

WHEREAS, the regular county assessment roll is utilized by this District; and

WHEREAS, the Board of Directors certifies that the determination by the Local Agency Formation Commission (LAFCO) that this reorganization is exempted by State CEQA Guidelines Section 15320 from the requirements of CEQA has been reviewed and considered; and

WHEREAS, while the territory currently is located within the Vallecitos Water District, there are no water facilities able to serve the site that precludes the provision of water service from that District’s distribution system; and

WHEREAS, because water service can be provided by Valley Center Municipal Water District systems, representatives from both Districts agree to this reorganization; and

WHEREAS, the inclusion of the land will be for the best interest of the land, and the owners thereof have consented to the inclusion of said land in the Valley Center Municipal Water District; and

NOW, THEREFORE, BE IT RESOVED BY THE BOARD OF DIRECTORS OF THE VALLECTIOS WATER DISTRICT, finds, determines and orders as follows:

Section 1. The Board of Directors of the Vallecitos Water District does hereby recognize the approval of the detachment from Vallecitos Water District and the annexation to Valley Center Municipal Water District of all the land described in the

petition above referred to pursuant to Resolution RO19-08 of the Local Agency Formation Commission of the County of San Diego; Exhibit "A", attached hereto and incorporated herein, is the legal description of the land included within the Vallecitos Water District pursuant to this Resolution and the proceedings above referred to, which said description is sufficient to identify this land.

Section 2. The conditions of said detachment from Vallecitos Water District are as follows:

Section 2.1: Payment of the Vallecitos detachment fee of \$1,947.66.00 (\$1,362.00 per acre for 1.43 acres).

Section 2.2: Payment of the VWD Administration deposit of \$1,000.00.

Section 2.3: Submittal of a geographic description of the property including plat map.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 18<sup>th</sup> day of March, 2020, by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

---

Betty D. Evans, President  
Board of Directors  
Vallecitos Water District

ATTEST:

---

Glenn Prum, Secretary  
Board of Directors  
Vallecitos Water District

**EXHIBIT 'A-1'**  
**28616 CHAMPAGNE BLVD - CHANGE OF ORGANIZATION**

**GEOGRAPHIC DESCRIPTION**

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 12, TOWNSHIP 11 SOUTH, RANGE 3 WEST, SAN BERNADINO MERIDIAN, ACCORDING THE OFFICIAL PLAT THEREOF, AND AS MORE FULLY DESCRIBED AS EXHIBIT "A" IN DEED TO ROBERT C. WILMOT, RECORDED DECEMBER 20, 2002 AS FILE NO. 2002-1170895 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, ALONG WITH THE RIGHT-OF-WAYS OF LAWRENCE WELK DRIVE AND CHAMPAGNE BOULEVARD MEASURED TO THE CENTERLINES AND ADJACENT TO THE PROPERTY DESCRIBED IN EXHIBIT "A", LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES :

BEGINNING AT THE NORTHERN MOST CORNER OF THE AREA TO BE ANNEXED, ALSO BEING THE INTERSECTION OF THE CENTERLINE OF LAWRENCE WELK DRIVE AND THE CENTERLINE OF CHAMPAGNE BOULEVARD, ALSO BEING A POINT ON THE EXISTING BOUNDARY OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT;

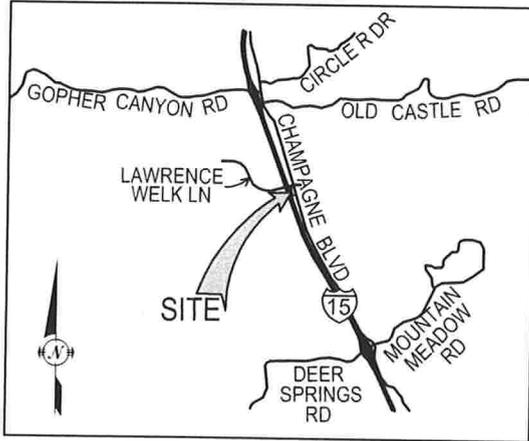
1. THENCE, ALONG SAID RIGHT-OF-WAY AND VCMWD BOUNDARY S16°18'04"E, 589.15 FEET;
2. THENCE, DEPARTING SAID CENTERLINE AND SAID VCMWD BOUNDARY S73°41'56"W, 56.00 FEET; TO THE EASTERN MOST CORNER OF THE PARCEL DESCRIBED IN EXHIBIT "A" OF DEED TO ROBERT WILMOTT, ALSO BEING A POINT ON THE WESTERN RIGHT-OF-WAY OF CHAMPAGNE BOULEVARD;
3. THENCE, ALONG SAID EXHIBIT "A" PARCEL BOUNDARY AND ALONG SAID RIGHT-OF-WAY S73°41'56"W, 44.00 FEET;
4. THENCE, DEPARTING SAID RIGHT-OF-WAY, N87°08'59"W, 115.14 FEET; TO A POINT ON THE EASTERLY RIGHT-OF-WAY OF INTERSTATE ROUTE 15;
5. THENCE, ALONG SAID RIGHT-OF-WAY, N14°29'00"W, 432.90 FEET;
6. THENCE, N45°40'31"E, 107.66 FEET: TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF LAWRENCE WELK DRIVE;
7. THENCE, DEPARTING SAID EXHIBIT "A" PARCEL BOUNDARY, N16°18'04"W, 70.03 FEET, TO A POINT ON THE CENTERLINE OF LAWRENCE WELK DRIVE;
8. THENCE ALONG SAID CENTERLINE AND DEPARTING SAID INTERSTATE ROUTE 15 FRONTAGE ALONG A CURVE TO THE LEFT, HAVING A CHORD WHICH BEARS N74°54'55.6"E FOR 91.15 FEET, A RADIUS OF 2000.00 FEET, A CENTRAL ANGLE OF 2°36'41.4", AND AN ARC DISTANCE OF 91.16 FEET;
9. THENCE, N73°36'34.8"E, 8.87 FEET, TO THE POINT OF BEGINNING AND CONTAINING 2.47 ACRES OF LAND MORE OR LESS.

FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

# EXHIBIT 'A-2'

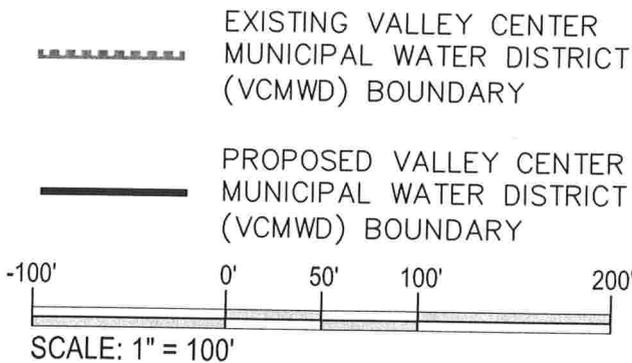
**COURSES:**

1. S16°18'04"E, 589.15'
2. S73°41'56"W, 56.00'
3. S73°41'56"W, 44.00'
4. N87°08'59"W, 115.14'
5. N14°29'00"W, 432.90'
6. N45°40'31"E, 107.66'
7. N16°18'04"W, 70.03'
8. R=2000.00, L=91.16', Δ=02°36'41.4"  
CHORD=N74°54'55.6"E, 91.15'
9. N73°36'34.77"E, 8.87'



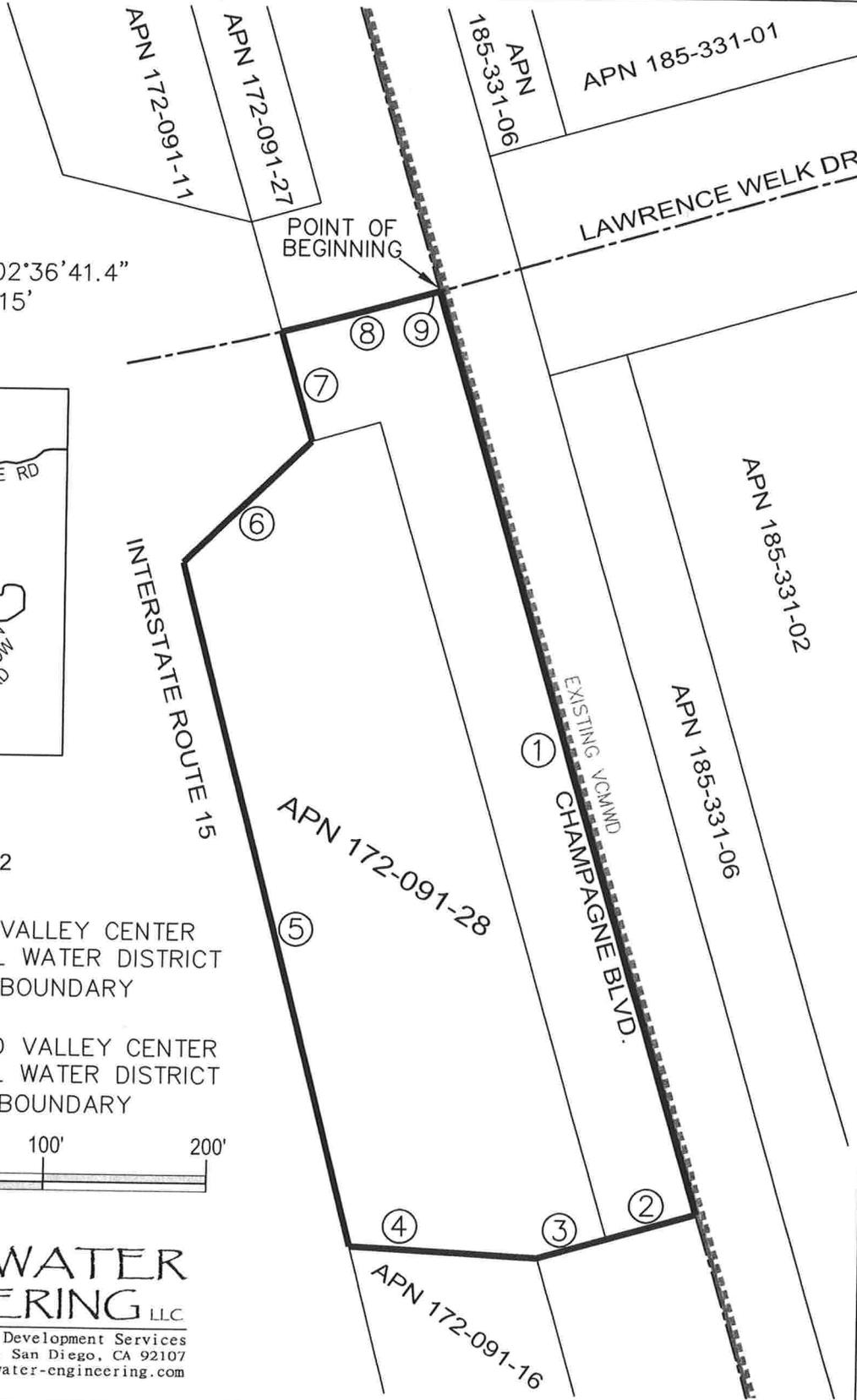
**VICINITY MAP**

NO SCALE  
THOMAS BRO. MAP PG. 1069-A2



**SWEETWATER ENGINEERING LLC**

Civil Engineering, Land Development Services  
1968 Sunset Cliffs Blvd, San Diego, CA 92107  
Ph: (619) 230-5727 Sweetwater-engineering.com



ASSESSOR'S PARCEL NUMBER: 172-091-28	LAFCO RESOLUTION NO. CO##-##: DA##-##	ACREAGE: 2.47	DATE: 05/21/2019	SCALE: 1" = 100'
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28616 CHAMPAGNE BLVD-WILMOTT

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 12, TOWNSHIP 11 SOUTH, RANGE 3 WEST, SAN BERNADINO MERIDIAN, ACCORDING THE OFFICIAL PLAT THEREOF, AND AS MORE FULLY DESCRIBED AS EXHIBIT "A" IN DEED TO ROBERT C. WILMOTT, RECORDED DECEMBER 20, 2002 AS FILE NO. 2002-1170895 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, ALONG WITH THE RIGHT-OF-WAYS OF LAWRENCE WELK DRIVE AND CHAMPAGNE BOULEVARD MEASURED TO THE CENTERLINES AND ADJACENT TO THE PROPERTY DESCRIBED IN EXHIBIT "A".

**DATE: MARCH 18, 2020**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS “NORTH COAST CHURCH” APN(S) 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICTS 5 & 6 (NORTH COAST CHURCH)**

**BACKGROUND:**

Dennis Choy, owner of property, is requesting annexation into the District’s sewer service area. The property is approximately 2.57 acres located at 2355/2375 Montiel Road in San Marcos north of Highway 78 and east of Nordahl Road.

The property is currently within the Vallecitos Water District’s (VWD’s) water service boundary and receives water service from VWD. However, the property is outside of VWD’s sewer service area.

**DISCUSSION:**

The District currently has an 8-inch sewer main in Montiel Road fronting the property and a 10-inch sewer main along the eastern property line.

Prior to connection to the District’s sewer facilities, the owner must complete the annexation process, including payment of sewer annexation fees which are currently \$9,674 per acre.

Payment of all engineering fees, bonds and inspection deposits will be required prior to any construction of facilities to these parcels.

**FISCAL IMPACT:**

Payment of \$24,862.18 (\$9,674.00/acre x 2.57 acres) in sewer annexation fees will be collected in accordance with Ordinance No. 200. All other fees will cover actual costs and have no fiscal impact. Wastewater Capital Facility Fees will be determined during plan check and will be due prior to the issuance of the final building inspection and/or utility release per Resolution No. 1441.

**RECOMMENDATION:**

Approve the annexation of APNs 228-370-20 & 228-370-39 into VWD’s Sewer Improvement Districts 5 & 6 with the following conditions:

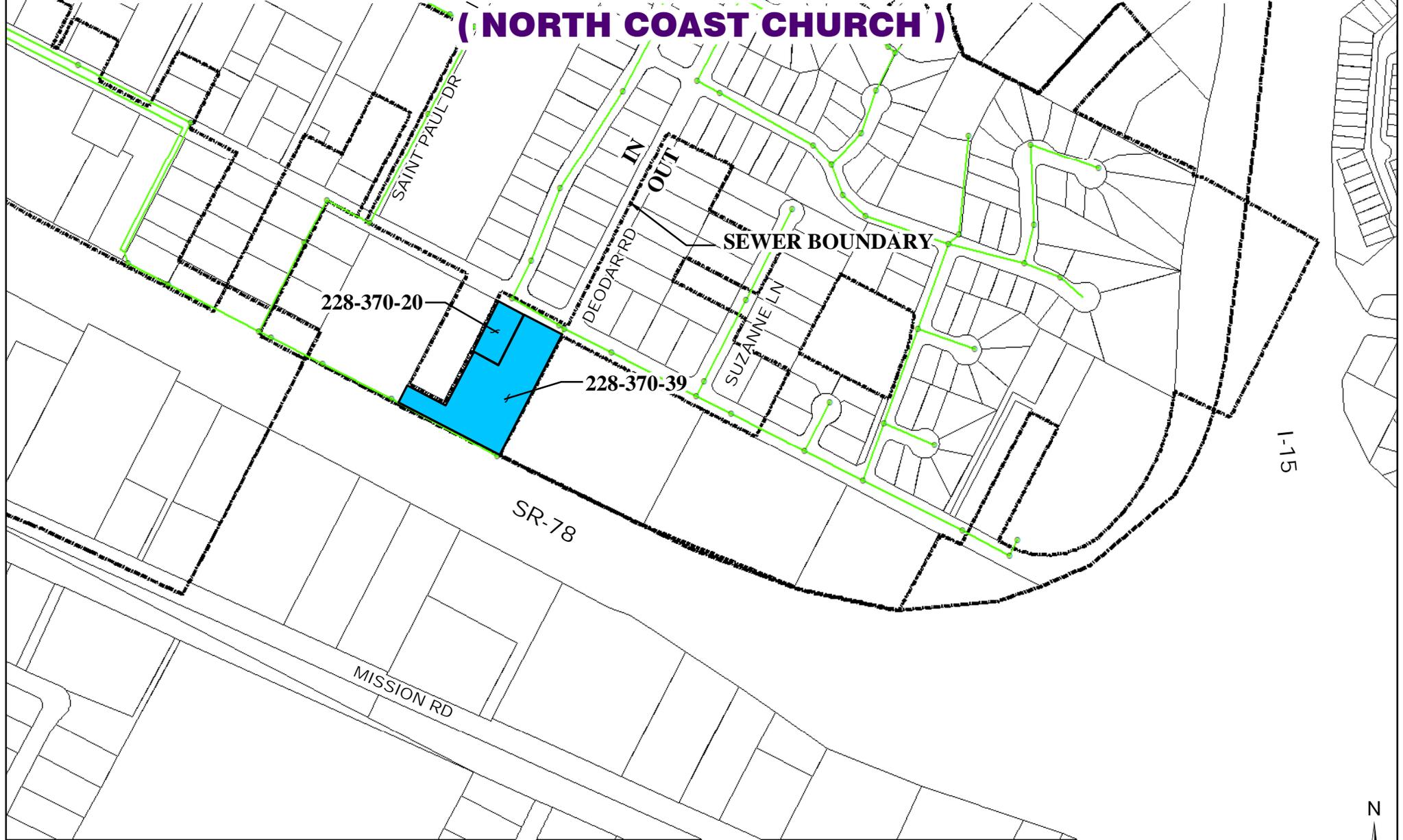
1. Payment of sewer annexation fee of \$9,674 per acre (2.57 acres) = \$24,862.18.
2. Payment of \$1,000 sewer administration deposit (already paid).
3. Payment of State Board of Equalization fee of \$350 (already paid).

4. Submittal of a copy of the title report initiated or updated within the last 6 months showing ownership and a geographic description of the property including a plat map.
5. Completion of annexation within 2 years of initial Board approval. If annexation is not complete within 2 years of Board approval, a new request for annexation may be required.

**ATTACHMENTS:**

2 Map Exhibits - 1 Plat & 1 Aerial

**REQUEST FOR ANNEXATION OF CERTAIN PROPERTIES DESIGNATED AS "NORTH COAST CHURCH" APN(S) 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICT 5 & 6 ( NORTH COAST CHURCH )**





**DATE: MARCH 18, 2020**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO.1 REFURBISHMENT**

**BACKGROUND:**

North Twin Oaks Tank No.1 was built in 1961 on El Paso Alto, West of Twin Oaks Valley Road, and was last inspected in 2015. The existing interior lining and exterior coating of this 0.6 million-gallon tank has deteriorated and requires full refurbishment. This project will remove and replace the existing lining and coating. Due to the age of the tank and level of deterioration, repairs or replacement to the ceiling rafters will be required. Equipment upgrades will also be necessary to meet current American Water Works Association (AWWA) and Division of Occupational Safety and Health Administration (Cal/OSHA) standards.

The Board awarded Harper & Associates Engineering a purchase order for the design and inspection of the tank for a fee of \$54,415 on December 5, 2018.

District staff received and opened construction bids on February 18, 2020, from three contractors with bid results as follows:

<b><u>Bidder</u></b>	<b><u>Amount</u></b>
Capital Industrial Coatings LLC	\$446,425
Paso Robles Tank	\$526,649
Advanced Industrial Services	\$560,400

The Engineer's estimate was \$425,000.

**DISCUSSION:**

Staff and Counsel reviewed the bids and identified two (2) minor deviations in Capital Industrial Coatings LLC's bid. This included adding an extra "zero" to the DIR Registration Number for its listed subcontractor, Premier Tank, and failing to attach a notary acknowledgement for Capital's signature on the bid bond. Neither of these deviations affected the bid price and therefore may be waived by the Board as inconsequential deviations.

A protest letter was received from Paso Robles Tank on February 26, 2020, claiming Capital Industrial Coatings LLC lacked the required 5 years of experience and an unbalanced bid for two bid items.

Staff and Counsel completed the evaluation of qualifications and the protest letter, and determined Capital Industrial Coatings, LLC is the lowest responsive, responsible bidder.

Harper & Associates Engineering performed the design and will also provide inspection services for the project. Staff will provide construction management and inspection services and coordinate the refurbishment work with the District's water system operations.

**FISCAL IMPACT:**

The total estimated cost and budget summary are as follows:

Budget	\$573,000
Construction	\$446,425
10% Change Order (Ord. No. 146)	\$ 44,643
Design/Inspection Consultant	\$ 54,415
Staff (Design & Estimated Construction)	\$ 27,131
<u>Staff Overhead (Design &amp; Estimated Construction)</u>	<u>\$ 54,517</u>
Total	\$627,131
Projected Budget Shortfall	\$ 54,131

**RECOMMENDATION:**

Recommendations for the North Twin Oaks Tank No.1 Capital Improvement project are as follows:

1. Waive the two minor deviations from Capital Industrial Coatings LLC's bid.
2. Reject the protest letter from Paso Robles Tank.
3. Increase the project budget by \$54,131.
4. Authorize the General Manager to execute a construction contract with Capital Industrial Coatings LLC in the amount of \$446,425, subject to provisions of the contract.

# CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT



# CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT

**TWIN OAKS RESERVOIR NO. 1  
(33 MILLION GALLONS)**

**TWIN OAKS RESERVOIR NO. 2  
(40 MILLION GALLONS)**

EL PASO ALTO

TWIN OAKS VALLEY RD

VALLE PASO

BRIDLE CREEK RD

EL PASO ALTO

**NORTH TWIN OAKS NO. 1  
(0.6 MILLION GALLONS)**

