

**PURSUANT TO EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR NEWSOM,
ONE OR MORE BOARD MEMBERS MAY PARTICIPATE IN THE MEETING
VIA TELECONFERENCE**

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 17, 2020, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

NOTICE TO THE PUBLIC

Due to the evolving situation with the COVID-19 Novel Coronavirus and Executive Order N-35-20, so long as state or local public health officials have imposed or recommended social distancing measures Vallecitos Water District will hold future meetings via teleconferencing and allow members of the public to observe and address the meeting telephonically or otherwise electronically. During this period of time, Vallecitos Water District will not be making any physical location available for members of the public to observe the meeting and offer public comment. The public is encouraged to watch and participate in the meeting from the safety of their homes. The meeting can be viewed on the agenda page located on the main page of the District's website. Public comments or questions can be submitted to the following email address: PublicComment@vwd.org. All written comments that are received at least 90 minutes before the meeting will be provided to the Board, and a record of the receipt of comment will be noted during the meeting. Members of the public viewing the meeting via the Zoom videoconferencing platform can express their desire to provide input at the appropriate time by utilizing the "Raise Hand" function. Additional instructions for online participation will be posted on the District's website. www.vwd.org/meetings

CALL TO ORDER – PRESIDENT EVANS

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 JUNE 17, 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. Alternatively, persons wishing to address the Board at this time may utilize the "Raise Hand" feature of the Zoom videoconferencing platform. 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.

CONSENT CALENDAR

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.

1.1 APPROVAL OF MINUTES (pp. 5-16)

- A. FINANCE/INVESTMENT COMMITTEE MEETING – MAY 26,2020
- B. REGULAR BOARD MEETING – JUNE 3, 2020
- C. CLOSED SESSION BOARD MEETING – JUNE 3, 2020

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JUNE 17, 2020 - \$3,853,883.31 (pp. 17-19)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 20-39)

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

1.4 CONSUMER CONFIDENCE REPORT (pp. 40-47)

The 2019 Water Quality Report is provided to customers in the Vallecitos Water District.

Recommendation: Approve the 2019 Water Quality Report

1.5 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE "LINDAUER ANNEXATION," APN 182-101-01 INTO THE VALLECITOS WATER DISTRICT AND SEWER IMPROVEMENT DISTRICT 5 (LINDAUER FAMILY TRUST 08-18-06) (pp. 48-51)

The property is located at 317 East Olive Street on the southeast corner of East Olive Street and Sycamore Street in the City of San Marcos.

Recommendation: Approve the Annexation with Conditions

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

PUBLIC HEARING

- 2.1 APPROVAL OF REIMBURSEMENT AGREEMENT FOR SEWER MAIN EXTENSION, WALNUT HILLS DRIVE, APNS 220-270-05, 220-270-16, 220-270-21, 220-270-22 & 220-270-37 (ELITHARP, KLIMA, FROST, RICHARDSON & NELSON) (pp. 52-70)

On June 3, 2020, the Board of Directors authorized the General Manager to accept the Walnut Hills Drive sewer improvements.

Recommendation: 1) Hold a Public Hearing; 2) Authorize the General Manager to approve the Walnut Hills Sewer Main Reimbursement Agreement

ACTION ITEM(S)

- 3.1 RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR FISCAL YEAR JULY 1, 2020 TO JUNE 30, 2021 COLLECTED ON THE TAX ROLL (pp. 71-72)

The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees for Improvement District "A"

Recommendation: Approve Resolution

- 3.2 CONSTRUCTION CONTRACT AWARD FOR THE SAN MARCOS INTERCEPTOR PROJECT, PHASE 2 (pp. 73-77)

The project will replace the existing 21-inch diameter sewer interceptor with approximately 12,200 feet of 42-inch diameter sewer pipeline between Twin Oaks Valley Road and Pacific Street.

Recommendation: 1) Authorize the General Manager to enter into a professional services agreement with Valley CM for construction management, inspection and engineering services; 2) Authorize the General Manager to execute a construction contract with TC Construction

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

REPORTS

- 4.1 GENERAL MANAGER
4.2 DISTRICT LEGAL COUNSEL
4.3 SAN DIEGO COUNTY WATER AUTHORITY

- 4.4 ENCINA WASTEWATER AUTHORITY
- *Capital Improvement Committee*
- *Policy and Finance Committee*

4.5 STANDING COMMITTEES

- 4.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS
ATTENDED

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

OTHER BUSINESS

5.1 MEETINGS

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

6.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

7.1 ADJOURNMENT

*******END OF AGENDA*******

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Friday, June 12, 2020.

Diane Posvar

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
TUESDAY, MAY 26, 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. The meeting was held via teleconference.

Present: Director Martin
 Director Sannella
 General Manager Pruim
 Finance Manager Owen
 Principal Financial Analyst Arthur
 Elissia Saavedra, Customer Service Supervisor
 Executive Secretary Posvar

ITEM FOR DISCUSSION

COVID-RELATED FINANCIAL TRACKING SYSTEM

General Manager Pruim stated the Board heard a brief presentation of the COVID-19 related financial tracking system at the May 20 Regular Board meeting. The purpose of this meeting was for staff to provide the metrics that have been established, give the Committee an idea of how the reports will look, and to receive the Committee's feedback as to what information they would like presented to the Board. Staff will be presenting COVID-19 related financial information to the Board monthly.

Finance Manager Owen stated that in the future this information will be presented as actual versus budget once the budget has been established for Fiscal Year (FY) 2020-2021. Information presented each month will include water sales, water purchases, delinquency and lock charges, and bad debt expense.

Staff provided a recap of the presentation on the COVID-19 Financial Plan Update from the May 20 Board meeting. Principal Financial Analyst Arthur discussed information on water sales composition and water sales comparison. General Manager Pruim suggested this information be presented monthly year-to-date, month to previous year, and month to assumptions for FY 2020-2021.

The Committee had no requests for additional information on reporting of water sales composition and water sales comparison as presented by staff.

Finance Manager Owen provided historical data on delinquency and lock charges.

General discussion took place regarding lock charges. Director Martin asked if staff costs related to locking meters will decrease as lock charges decrease. Staff responded that there would not be a direct cost reduction. Costs would be reallocated to other tasks such as replacing meters. Director Sannella asked what is assumed in the proposed budget regarding

lock charges. Finance Manager Owen stated the FY 2020-21 budget assumes no lock charges with a 50% recovery (approximately \$125,000) built in for FY 2021-22. Approximately \$80,000 in lock charges has been collected this year to date. Director Martin requested data on the type of customer that is taking advantage of the waived lock charges.

Finance Manger Owen reviewed bad debt expense data from 2005 to 2020, stating that it peaked at \$112,000 in 2009. An assumption of bad debt expense of \$328,000 for water and \$130,000 for sewer is built into the proposed FY 2020-2021 budget. Actual bad debt expense versus the approved budget will be tracked and compared to prior years' data. He presented a graph comparing data for March and April year-to-date prior year, year-to-date current year, and the budget year-to-date. Finance Manager Owen stated he intends to create similar graphs for delinquency and lock charges. Director Martin suggested the graphs include categories of bad debt, such as agriculture, commercial, etc. going forward.

Customer Service Supervisor Saavedra reviewed graphs illustrating the number of delinquent accounts, delinquency charges, and fee waivers due to COVID-19, stating that she will provide a breakdown by customer category if possible. She discussed the protocols currently in place regarding fee waivers.

Customer Service Supervisor Saavedra discussed accounts overdue 60 days stating there isn't enough COVID-19 related data yet. Director Sannella suggested tracking the number of overdue accounts at 90 and 120 days as well as the customer classifications.

General Manager Pruium cautioned against gathering too much data. The purpose of tracking COVID-19 related data is to determine the accuracy of assumptions that were made pertaining to the budget and identify any necessary adjustments over time.

Finance Manager Owen reviewed the number of fee waiver requests for April and May which included accounts that had one-time requests, more than one-time with a note of documentation needed, and special care who provided the District with documentation of their COVID-19 related hardship. Director Sannella thought this information was useful.

General Manager Pruium stated the COVID-19 related tracking reports with revisions discussed at this meeting will be provided at the second Board meeting of each month as an action item for discussion.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:53 p.m.

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 3, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Regular meeting to order at the hour of 5:00 p.m. The meeting was held via teleconference.

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

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Risk Management Supervisor Woolslayer
Principal Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 3, 2020

President Evans requested the agenda be amended to consider Action Item 2.3, Vallecitos Water District Recommended Fiscal Year 2020/2021 Budget, before the other action items.

20-06-03 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of June 3, 2020 as amended.

PUBLIC COMMENT

None.

CONSENT CALENDAR

20-06-04 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

- 1.1 Approval of Minutes
 - A. Regular Board Meeting – May 20, 2020
- 1.2 Warrant List through June 3, 2020 - \$3,307,443.87
- 1.3 Approval of Construction Agreement for Panera Bread, APNs 219-331-39 and 219-331-40 (Patriot San Marcos, LLC)
- 1.4 Approval of Construction Agreement for Pico Avenue Sewer Improvements, North County Transit District Crossing (El Dorado II, LP)

ACTION ITEMS

VALLECITOS WATER DISTRICT RECOMMENDED FISCAL YEAR 2020/2021 BUDGET

General Manager Pruim stated the Draft Proposed Budget for Fiscal Year (FY) 2020/2021 was presented to the Board at the Regular Board meeting on May 20, 2020. Along with the recommended budget, staff would present the five-year financial forecast which includes assumptions for future rate increases necessary to fund District operations and rate increases for water purchases from the San Diego County Water Authority (SDCWA), the District's single largest expense. The Board would be asked to adopt a one-year budget for July 1, 2020 to June 30, 2021; however, they would not be asked to adopt any rate increases at this time. The rate increases presented are for future years and for budgeting and planning purposes only. The recommended budget incorporates the Board's recommendations made at the May 20 meeting including the CalPERS Unfunded Accrued Liability (UAL) funding.

Finance Manager Owen facilitated a presentation on the Recommended Budget for FY 2020/2021, along with Principal Financial Analyst Arthur who discussed water sales revenue, average customer bills, water purchases, and sewer revenue, as follows:

- Budget Process & Calendar
- Budgeting for COVID-19
- 2020/2021 Budget - \$90,625,000
- 2020/2021 Water Operating Expense Budget - \$42,726,000
- Operating Budget – Water
- 2020/2021 Wastewater Operating Expense Budget - \$13,310,000
- Operating Budget – Sewer
- Salary & Benefits Budget-to-Budget Comparison
- Operating Budget – Salaries & Benefits
- Operating Budget – Full-Time Equivalent Employees

- Salaries & Benefits Initiatives
- Water Sales – Sales
- Budget Assumptions
- FY 2020/2021 Budget Effects
- Average Customer Bill
- Water Purchases
- Water Sales – Revenue
- Sewer Revenues
- Capital Budget-to-Budget Comparison
- Capital Improvement Projects by Function Total
- CalPERS UAL Funding Policy
- Reserve Balances
- Replacement Reserves
- Days in Cash
- Recommendations

Finance Manager Owen noted the FY 2020/2021 Recommended Budget totaling \$90,625,000 is approximately \$7.5 million less than the FY 2019/2020 budget and total salaries and benefits decreased by \$320,000.

Staff recommended the Board approve the revised Vallecitos Water District CalPERS UAL Funding Policy and the Recommended FY 2020/2021 Budget which reflects the CalPERS UAL Funding Policy.

20-06-05 MOTION WAS MADE by Director Martin, seconded by President Evans, and carried unanimously, to approve the revised Vallecitos Water District CalPERS UAL Funding Policy and the Recommended FY 2020/2021 Budget which reflects the CalPERS UAL Funding Policy.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION 2020 BOARD ELECTIONS – SOUTHERN NETWORK, SEAT C

General Manager Pruim stated the CSDA is holding an election for Southern Network, Seat C on their Board of Directors for the term ending in 2023. There are four candidates seeking the position. Each member agency is allowed to vote for one candidate. Votes are due on July 10, 2020.

General discussion took place.

The Board took no action.

AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR THE TRES AMIGOS WATERLINE REPLACEMENT PROJECT

Capital Facilities Senior Engineer Morgan stated the District's Tres Amigos Waterline consists of approximately 19,000 feet of pipelines ranging from 6-inch to 12-inch diameter. The pipelines were installed in the 1950s and 1960s, extending from the North Twin Oaks Tank No. 2 in Pleasant Heights Drive to north of Carrio Drive. The original Tres Amigos Line Extension Project occurred in 1958 which installed 6-inch and 8-inch diameter tar wrapped 12-14-gauge steel pipelines, a material that is considered thin-wall steam pipeline and not adequate for use in pressurized water distribution systems. This project will replace approximately 7,800 feet of the Tres Amigos Waterline considered most at risk beginning at the tee junction in Tres Amigos Ranch Road, travelling northbound in VWD easements, dead ending at the District's northern boundary, and includes the relocation of the existing pipelines out of private backyards and into the public right-of-way.

Capital Facilities Senior Engineer Morgan further stated the District submitted a Request for Proposals to four local engineering firms requesting they present their experience in designing waterline replacements of comparative scope to this project. Staff received proposals from all four firms. NV5 was selected as the most qualified consultant. Staff met with NV5 to revise and finalize the Scope of Services and Fee Schedule. The time and material not-to-exceed project fee is \$318,600.

Staff recommended the Board authorize the General Manager to enter into a professional engineering services agreement with NV5 in the amount of \$318,600 for design, bid, and engineering services during construction of the Tres Amigos Waterline Replacement Project.

General discussion took place regarding the cost component of bids for professional services versus construction bids.

20-06-06 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to authorize the General Manager to enter into a professional engineering services agreement with NV5 in the amount of \$318,600 for design, bid, and engineering services during construction of the Tres Amigos Waterline Replacement Project.

FINAL ACCEPTANCE OF SEWER MAIN EXTENSION, WALNUT HILLS DRIVE, APNs 220-270-05, 220-270-16, 220-270-21, 220-270-22 & 220-270-37 (ELITHARP, KLIMA, FROST, RICHARDSON & NELSON)

Director Elitharp recused himself from discussion and voting on this item as he is one of the project proponents.

District Engineer Gumpel stated the owners of five existing single-family residences on Walnut Hills Drive collaborated to install a new sewer main in order to receive service to their properties. On December 11, 2019, the Board approved the construction of the sewer main. The project constructed approximately 573 feet of 8-inch diameter PVC sewer main. Upon final acceptance of the project, sewer service will be available to up to 10 homes. The owners requested a reimbursement agreement for the construction costs associated with the sewer main which allows future private reimbursement of proportionate shares of the construction costs of a main line extension over a period of 20 years pursuant to District Ordinance No. 180.

District Engineer Gumpel further stated the reimbursement agreement will be brought before the Board at a future meeting. Ordinance No. 180 assumes that the project acceptance and reimbursement agreement are approved by the Board at the same meeting and requires a minimum 10-day notice be given to all property owners within the reimbursement area that may be served by the sewer main extension. Staff is seeking project acceptance prior to approval of the reimbursement agreement; therefore, staff requested the Board waive the 10-day noticing requirement for the project acceptance. Ten-day notice will be given to all property owners within the reimbursement area prior to the Board's consideration of the reimbursement agreement at a public meeting.

Staff recommended the Board waive the 10-day noticing requirement for project acceptance, and authorize the General Manager to accept the project improvements and approve the Filing of a Notice of Completion for the Walnut Hills Drive Sewer Main Extension.

20-06-07 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Director Elitharp abstaining, to waive the 10-day noticing requirement for project acceptance, authorize the General Manager to accept the project improvements and approve the Filing of a Notice of Completion for the Walnut Hills Drive Sewer Main Extension.

Director Elitharp rejoined the meeting.

DISTRICT REOPENING UPDATE

General Manager Pruiem provided a timeline of COVID-19 related events and discussed COVID-19's impact on the District's employees, customers, and Board/Committee meetings. Since Governor Newsom issued a Stay at Home order on March 19, the District has been responding to ever changing orders from state, county and federal officials. The District established a virtual Emergency Operations Center and coordinated efforts with the SDCWA and North County wastewater agencies.

General Manager Pruiem stated that on April 2 the District moved to a teleconferencing format for all Board and Committee meetings. The District's public lobby has been closed

to the public since March 19 which impacts the Engineering and Customer Service departments who are working with customers remotely. Cleaning and disinfection was enhanced and staff who could easily work remotely were sent home to do so. The Operations & Maintenance staff were divided in half working alternating weeks to avoid spread of COVID-19. Physical distancing and use of facial coverings when physical distancing is not possible were implemented and, more recently, measures to take employees' temperatures were put in place. To date no employees have exhibited COVID-19 symptoms or had temperatures over 100.4 degrees which would require them to be sent home.

General Manager Pruim further stated the District's reopening plan calls for the Engineering counter to open to the public by appointment only later this month and then opening to the public by mid-July, depending on what the county dictates. The reopening of the Customer Service counter will take place at a slower pace as many more people come to that counter than the Engineering counter. Signs will be posted to alert the public as to what the District is doing to keep them safe, and what is and isn't allowed. The District will start to resume traditional Board meetings when the county health officials allow in-person meetings; however, the teleconferencing option will still be made available to vulnerable persons. All Operations and Maintenance employees were called back to work with the current restrictions on June 1. Staff that have been telecommuting will begin to be phased back into the office mid-June, but not all at once. Staff travel will be restricted for COVID-19 and budget reasons.

General Manager Pruim noted that Risk Management Supervisor Woolslayer obtained facial shields and 8,000 disinfecting wipes from the county, as well as some N95 respirators. The District also received two automatic temperature scanners which will relieve staff that has been assigned to take employees' temperatures upon entering District buildings.

General discussion took place.

This item was presented for information only.

REPORTS

GENERAL MANAGER

General Manager Pruim stated bid opening for the San Marcos Sewer Interceptor Project took place on May 28. Ten bids were received for the large project ranging from \$6.6 Million up to \$10.2 Million. The lowest bid was slightly above the Engineer's Estimate.

General Manager Pruim thanked the Board and the Finance Committee for their patience during the budget process.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin commented on a 2015 decision regarding 1090 conflicts of interest that impacted independent contractors, particularly design companies in that if they designed or participated in the preparation of contracts, they couldn't participate in the subsequent contract under design build or lease back scenarios. The courts and the Fair Political Practices Commission have been working to scale back on this, and a recent 1090 letter was released which may be of interest to the Engineering staff.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the Board met on May 28 during which a public hearing for the rate increase was scheduled on June 25. Much discussion took place regarding how to handle the matter as the Metropolitan Water District (MWD) had a significant rate increase of almost 9%. The SDCWA is looking at a 6.3% overall rate increase. There has been an effort to get MWD to delay their rate increase and review their budget again in September to determine if there is an opportunity to lower rates. If that were to happen, the SDCWA would consider passing any changes on to SDCWA member agencies.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee has not met since the last Board meeting.

Director Martin stated the Board met on May 27 at which the Board was provided an overview of the upcoming budget.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin reported on his attendance to the San Diego North Economic Development Council's virtual Annual Economic Summit on May 27.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin commended General Manager Pruim for the great job he's been doing throughout the COVID-19 pandemic.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 6:47 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 17, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 3, 2020, AT 4:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Closed Session meeting to order at the hour of 4:00 p.m. The meeting was held via teleconference.

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

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

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF JUNE 3, 2020

20-06-01 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Closed Session Meeting of June 3, 2020.

PUBLIC COMMENT

None.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION

Per Government Code § 54956.9 (a) – Kessner v. City of Santa Clara, et al.
Case No. 20CV364054

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Per Government Code § 54956.9 (d) – Significant Exposure to Litigation [One (1) Potential Case] and Initiation of Litigation [One (1) Potential Case]

20-06-02 MOTION WAS MADE by President Evans, seconded by Director Hernandez, and carried unanimously, to move into Closed Session pursuant to Government Code Sections 54956.9 (a) and 54956.9 (d).

REPORT AFTER CLOSED SESSION

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

ADJOURNMENT

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

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 3, 2020 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

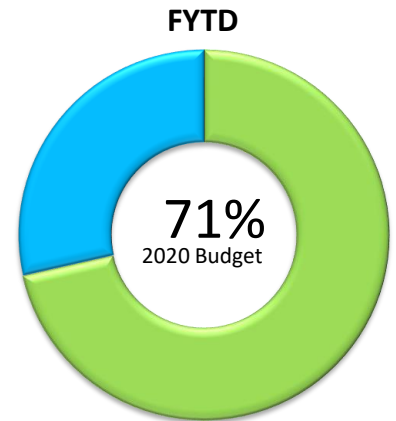
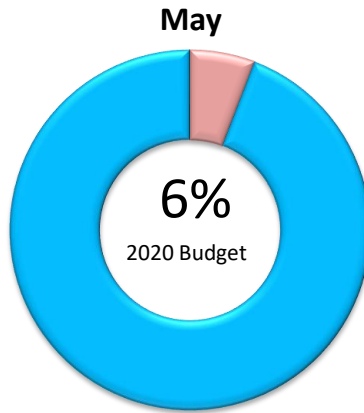
Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
May 31, 2020**

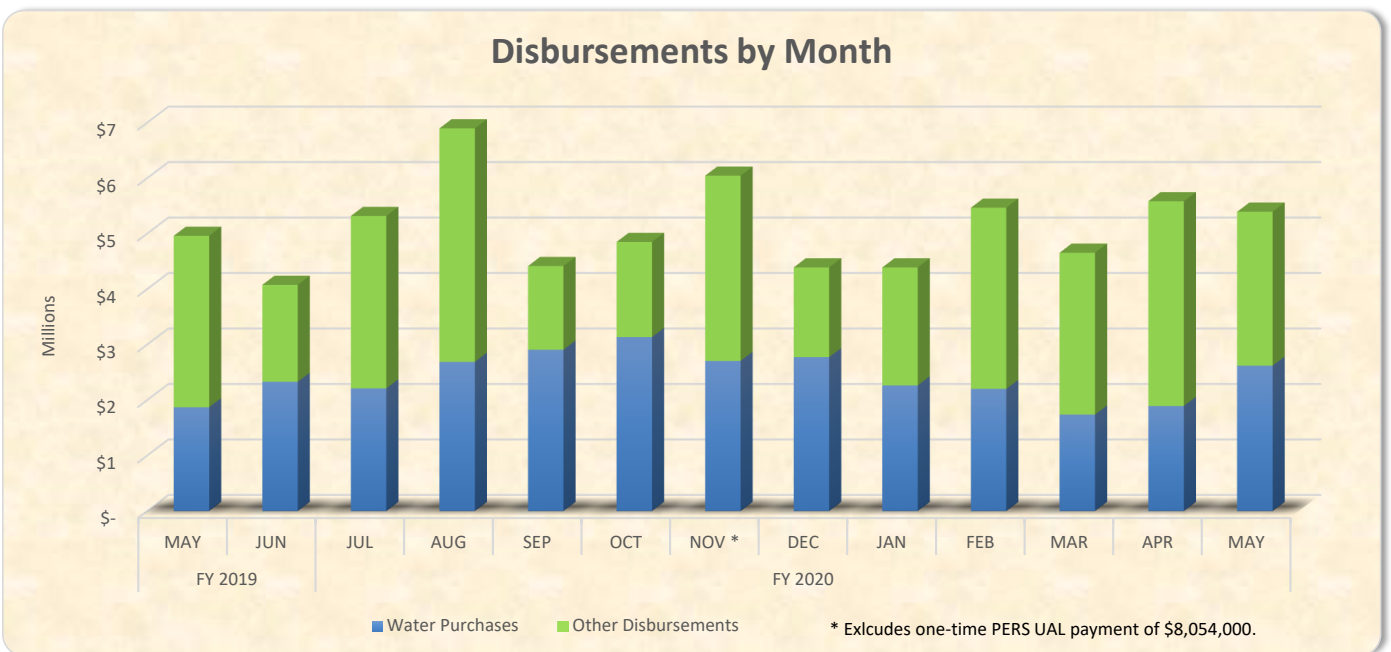
Summary

| | | |
|---------------------|----|--------------|
| ■ May Disbursements | \$ | 5,394,292 * |
| ■ YTD Disbursements | \$ | 66,252,075 * |
| ■ FY2020 Budget | \$ | 92,718,000 |

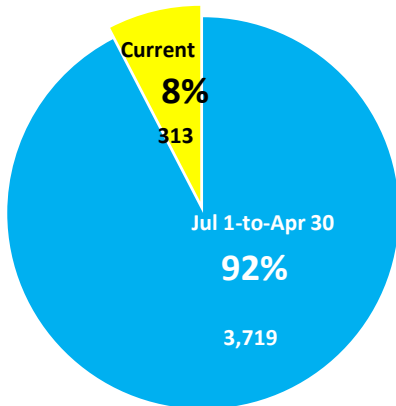
* Excludes Debt Service



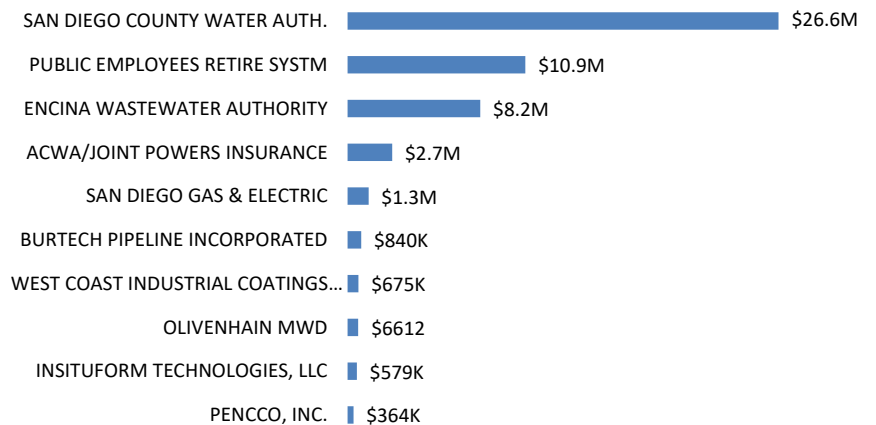
Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD



VALLECITOS WATER DISTRICT
WARRANTS LIST
June 17, 2020

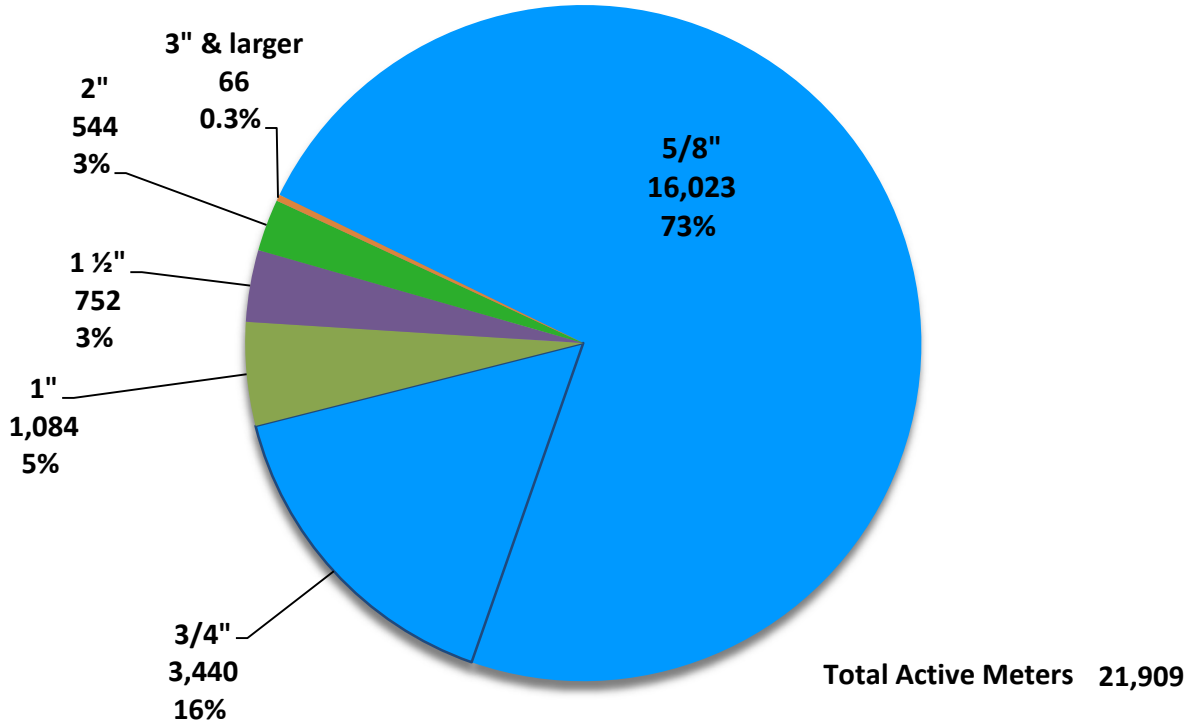
| PAYEE | DESCRIPTION | CHECK# | AMOUNT |
|-------------------------------------|--|----------------|-----------|
| CHECKS | | | |
| Garnishments | Payroll Garnishments | 119206 through | - |
| Action Mail | Covid Splash Newsletter Prj 20201-40 | 119207 | 1,266.73 |
| Adkins Bee Removal | Bee Removals - 3 Locations | 119208 | 337.50 |
| James D Austin | Water Distribution Cert Renewal - SWRCB | 119209 | 90.00 |
| Boncor Water Systems | Soft & Drinking Water Service - June | 119210 | 1,811.00 |
| Boot World Inc | Safety Boots | 119211 | 552.09 |
| Cal Desal | Annual Membership Dues | 119212 | 1,000.00 |
| Chandler Asset Management, Inc. | Investment Management Svcs - May | 119213 | 3,911.94 |
| Charles F. Neuman | Board Member Portrait Prj 20120-40 | 119214 | 200.00 |
| DirecTV Inc | Satellite Svc - June | 119215 | 77.54 |
| Dylan Imler | Closed Account Refund | 119216 | 16.36 |
| EDCO Waste & Recycling Serv | Trash Svc - May | 119217 | 878.13 |
| Edith Baires | Closed Account Refund | 119218 | 47.66 |
| Rhondi Emmanuel | Break Room Supplies | 119219 | 107.52 |
| Franchise Tax Board | Income Tax Withholding | 119220 | 112.50 |
| Golden State Graphics | Between The Pipes Newsletter Prj 20201-40 | 119221 | 4,079.76 |
| Haaker Equipment Co. | Slither Hose - For Vactor Truck | 119222 | 1,750.13 |
| Hawthorne Machinery Co. | Fleet Supplies | 119223 | 255.39 |
| Insituform Technologies | Closed Account Refund | 119224 | 1,100.00 |
| Interstate Batteries | Batteries 2 - Veh 184 & 193 | 119225 | 262.65 |
| Jesse Halbig | CWEA Collections Cert Renewal | 119226 | 99.00 |
| JCI Jones Chemicals Inc | Chlorine | 119227 | 2,043.21 |
| Kaman Industrial Technologies | Hardware Supplies | 119228 | 129.11 |
| Kay & Anthony Pagatpatan | Closed Account Refund | 119229 | 71.97 |
| Knight Security & Fire Systems | Annual Patrol Alarm Response - MRF | 119230 | 300.00 |
| Lawnmowers Plus Inc | Hardware Supplies | 119231 | 168.73 |
| Lloyd Pest Control | Pest Control - May | 119232 | 565.00 |
| Mallory Safety & Supply, LLC | Gloves | 119233 | 480.99 |
| Mark Feder | Closed Account Refund | 119234 | 323.83 |
| MGM Plastics Inc | Safety Supplies Prj 20201-850 | 119235 | 242.44 |
| Morton Salt, Inc. | Industrial Salt | 119236 | 3,515.13 |
| North County Transit District | Pico Sewer Upgrade NCTD Crossing - License Agreement Prj 20201-799 | 119237 | 18,348.00 |
| Occu Med Ltd | Medical Services - Apr | 119238 | 84.00 |
| Pacific Pipeline Supply | Repair Clamp, Copper Pipes 500, Couplings 6 | 119239 | 6,470.15 |
| Parkhouse Tire Inc | Tires 12 - Warehouse Stock | 119240 | 1,493.01 |
| Popshap LLC | Fever Checking Kiosks 2 Prj 20201-850 | 119241 | 4,920.00 |
| SDG&E | Power - May | 119242 | 19,626.09 |
| Sanil Patel | Closed Account Refund | 119243 | 90.84 |
| Schmidt Fire Protection Co Inc | Quarterly Maintenance - Fire Sprinkler System | 119244 | 305.00 |
| Shaw Equipment Rentals Inc | Closed Account Refund | 119245 | 515.03 |
| SHI International Corp. | Secure Gateway Licensing 20-21 | 119246 | 198.96 |
| Southern Counties Lubricants, LLC | Diesel Fuel | 119247 | 780.42 |
| Staples Advantage | Office Supplies - May | 119248 | 1,087.44 |
| State Water Resources Control Board | Drinking Water Cert - J Woodard | 119249 | 80.00 |
| Technique Data Systems Inc | Black Ink Cartridges - 2 | 119250 | 66.63 |
| Think Forward, LLC | Svc - District Scada Radio | 119251 | 170.00 |
| Tri-City Healthcare District | Covid Testing Prj 20201-850 | 119252 | 587.00 |
| Tri-City Healthcare District | Covid Testing Prj 20201-850 | 119253 | 1,598.00 |
| Tri-City Healthcare District | Covid Testing Prj 20201-850 | 119254 | 2,185.00 |
| Uline Inc | 55 Gallon Drums - 6 | 119255 | 686.61 |
| Universal Manufacturing Corp | Antenna Towers 2 - SCADA Prj 20201-4 | 119256 | 6,553.00 |
| Viasat Inc | Internet Svc - June | 119257 | 104.95 |
| Walters Wholesale Electric | Power Pedestal Replacement - SDG&E Meter | 119258 | 1,919.80 |
| Backflow Solutions, Inc. | Backflow Testing - Qty 355 | 119259 | 5,202.60 |
| Cal Gov HR | Membership Renewals 20-21, R Emmanuel & B Anderson | 119260 | 120.00 |
| Calolympic Safety | N95 Respirator Prj 20201-850 | 119261 | 258.28 |
| Capital Industrial Coatings, LLC | North Twin Oaks Tank Prj 20191-3 | 119262 | 57,650.75 |
| CCI | Water Treatment - May | 119263 | 220.00 |
| Jeffrey Colwell | Video Production Svcs Prj 20201-41 | 119264 | 542.50 |
| Charles P Crowley Co Inc | Pump Rebuild Kits - 2 | 119265 | 1,819.24 |
| Dion International Trucks LLC | Emergency Repair - Fuel Primer - Vactor 183, Fleet Supplies | 119266 | 1,092.99 |
| Grainger Inc | Cleaning Solution, Hardware Supplies | 119267 | 462.20 |
| Infosend Inc | Postage, Printing, & Support Fee - May | 119268 | 5,532.68 |
| JWC Environmental Inc. | Headworks Grinder 2 Scheduled Rebuild Parts - MRF | 119269 | 32,229.34 |
| Mallory Safety & Supply, LLC | Gloves & Safety Supplies | 119270 | 5,434.01 |

VALLECITOS WATER DISTRICT
WARRANTS LIST
June 17, 2020

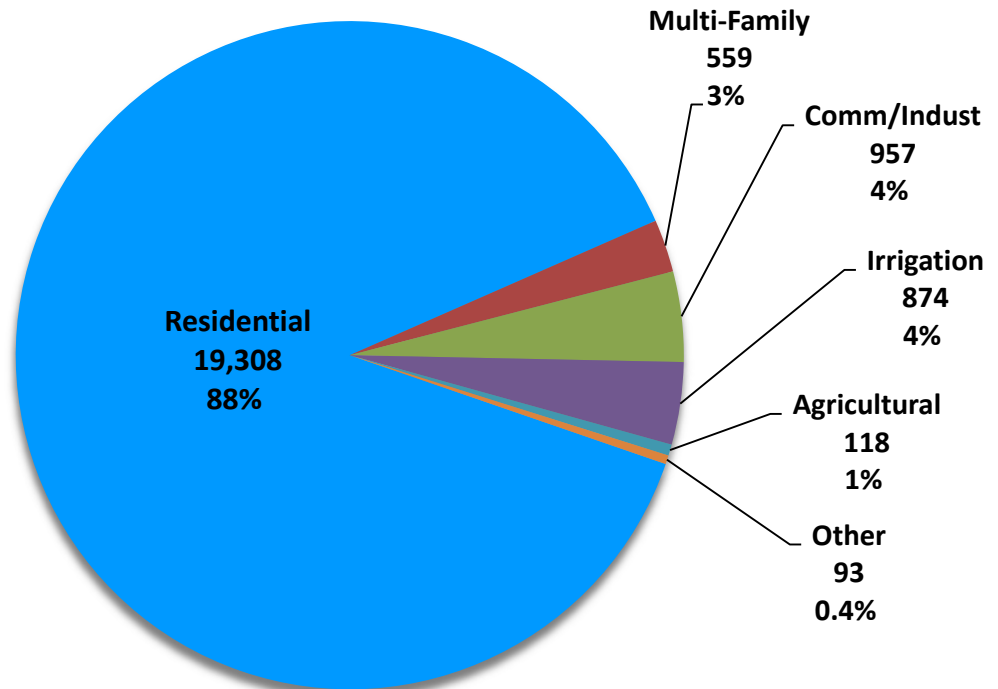
| PAYEE | DESCRIPTION | CHECK# | AMOUNT |
|---|---|--------|----------------------------|
| Mission Resource Conservation District | Water Use Evaluations 2 Prj 20201-43 | 119271 | 227.00 |
| North County Auto Parts | Fleet Supplies - May | 119272 | 1,041.94 |
| Olivenhain MWD | Bluewater Strategies Costs | 119273 | 7,446.92 |
| Ostari Inc | Veeam Backup, SQL Project, VMware App Upgrades, Router Upgrades, Cloud Security | 119274 | 10,642.50 |
| Richard W. Gittings | Hillside Development - May | 119275 | 1,400.00 |
| Underground Service Alert | Dig Alert Svc & CA State Regulatory Costs - June | 119276 | 562.10 |
| Unifirst Corporation | Uniform Delivery | 119277 | 1,629.22 |
| Total Disbursements (71 Checks) | | | <u>227,180.51</u> |
| WIRES | | | |
| Public Employees Retirement System | Retirement Contribution - June 2, 2020 Payroll | Wire | 75,831.98 |
| Union Bank | Union Bank debt payment - Principal | Wire | 2,125,000.00 |
| Union Bank | Union Bank debt payment - Interest | Wire | 1,034,750.00 |
| Total Wires | | | <u>3,235,581.98</u> |
| PAYROLL | | | |
| Total direct deposits | | Wire | 241,810.91 |
| VWD Employee Association | | 119205 | 584.00 |
| Payroll & Garnishments | 119206 through | 119206 | 689.06 |
| IRS | Federal payroll tax deposits | Wire | 97,046.70 |
| Employment Development Department | California payroll tax deposit | Wire | 18,256.43 |
| CalPERS | Deferred compensation withheld | Wire | 23,704.61 |
| VOYA | Deferred compensation withheld | Wire | 7,929.09 |
| Total June 2, 2020 Payroll Disbursements | | | <u>390,020.80</u> |
| Total direct deposits | | Wire | 641.21 |
| IRS | Federal payroll tax deposits | Wire | 381.15 |
| Employment Development Department | California payroll tax deposit | Wire | 77.66 |
| Special Payroll Disbursements (i.e., final checks, accrual payouts, etc.) | | | <u>1,100.02</u> |
| Total Payroll Disbursements | | | <u>391,120.82</u> |
| TOTAL DISBURSEMENTS | | | <u><u>3,853,883.31</u></u> |

Vallecito Water District
 Active Water Meters
 May 31, 2020

Active Meters by Size as of May 31, 2020

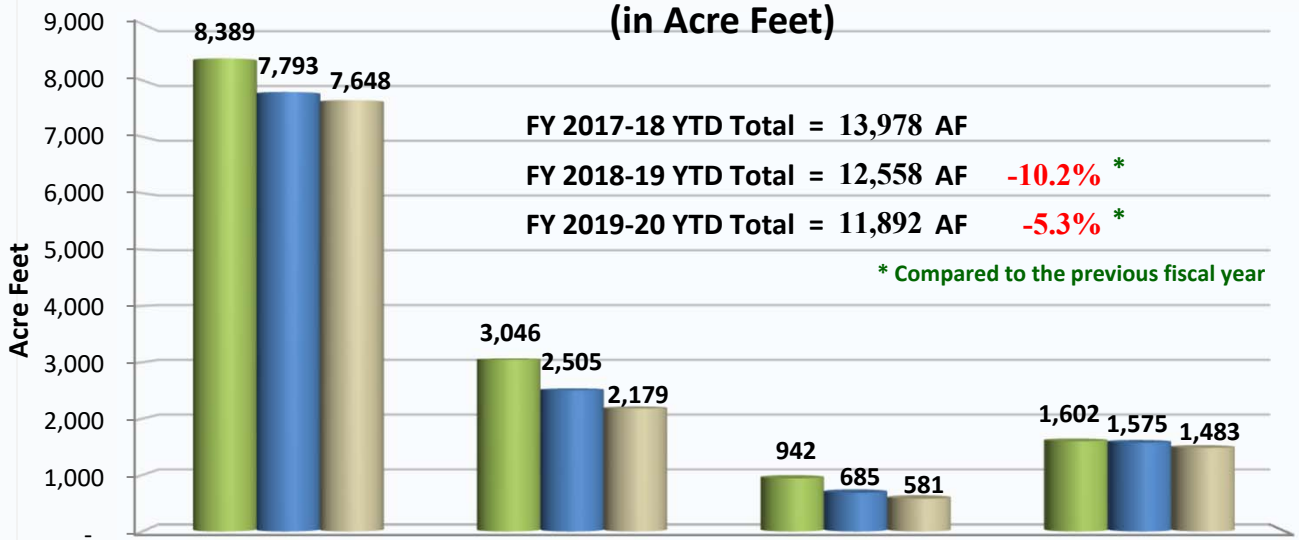


Active Meters by Type as of May 31, 2020



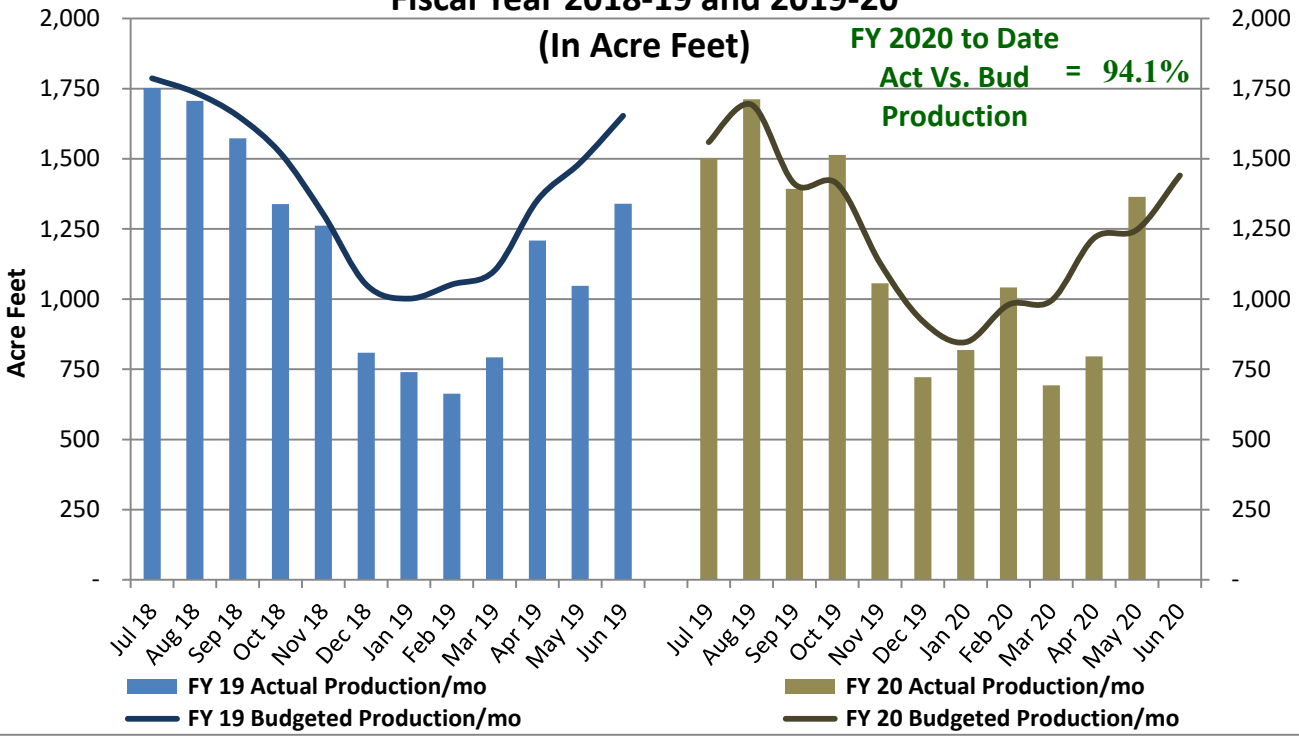
Vallejos Water District
 Water Production/Sales
 May 31, 2020

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

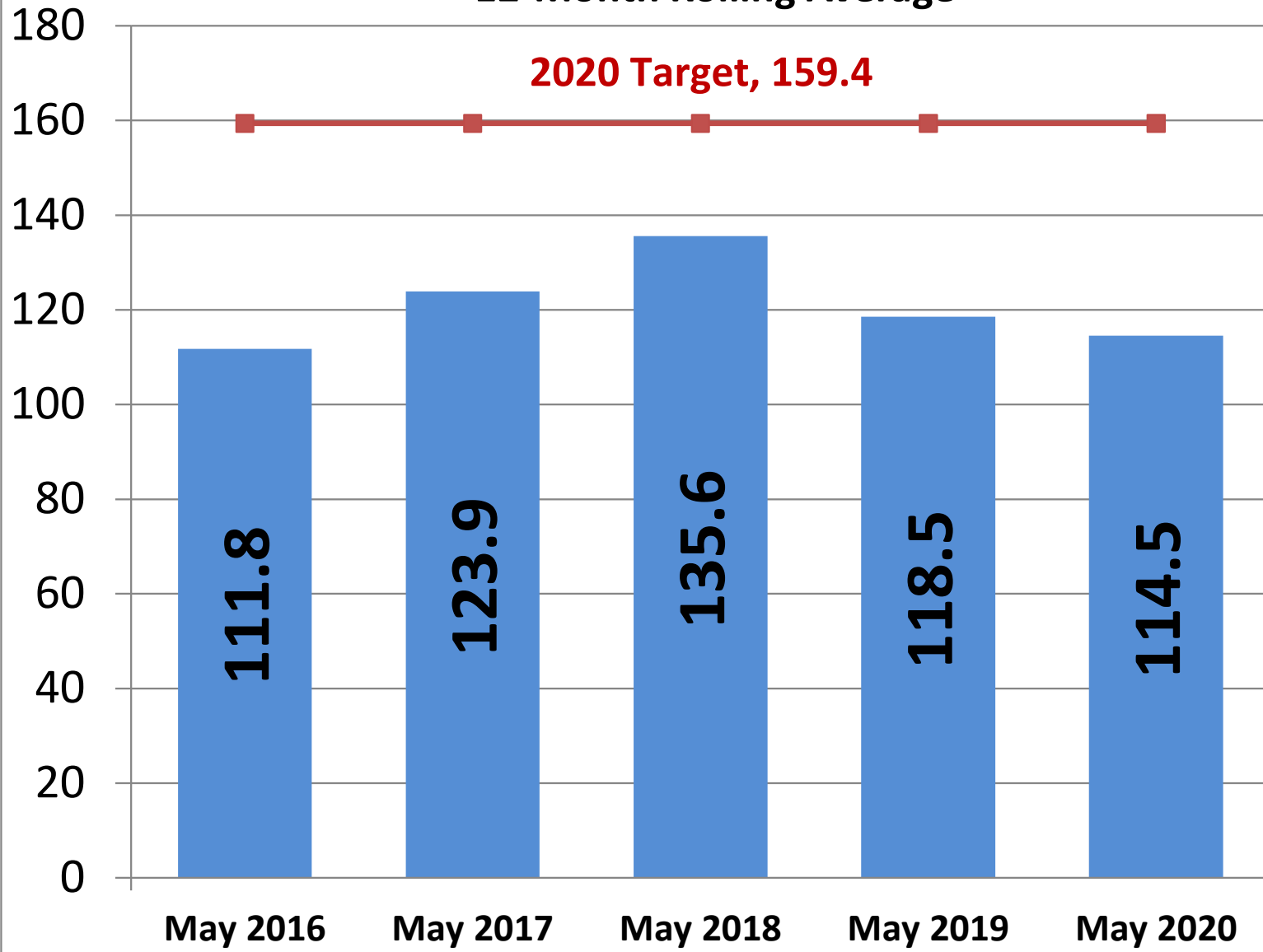


| | Residential | Irrigation | Agricultural | Commer/ Indust/ Construct/ Other |
|------------|-------------|------------|--------------|-------------------------------------|
| FY 2017-18 | 8,389 | 3,046 | 942 | 1,602 |
| FY 2018-19 | 7,793 | 2,505 | 685 | 1,575 |
| FY 2019-20 | 7,648 | 2,179 | 581 | 1,483 |

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: JUNE 17, 2020
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the eleven months ended May 31, 2020 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 11-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 Eleven Months Ended May 31, 2020

| | Current | Prior Year Actual | | | Current Year Budget | | |
|-----------------------------|---------------------|---------------------|------------------|--------------|---------------------|--------------------|---------------|
| | Year | Amount | Variance | | Amount | Variance | |
| | Actual | | \$ | % | | \$ | % |
| Revenue | | | | | | | |
| Water Sales | \$ 25,100,922 | \$ 26,062,910 | \$ (961,988) | -3.7% | \$ 28,698,000 | \$ (3,597,078) | -12.5% |
| Ready-to-serve | 13,193,074 | 12,713,843 | 479,231 | 3.8% | 12,654,000 | 539,074 | 4.3% |
| Pumping cost recovery | 342,591 | 282,651 | 59,940 | 21.2% | 308,000 | 34,591 | 11.2% |
| Late & lock charges | 271,316 | 346,037 | (74,721) | -21.6% | 336,000 | (64,684) | -19.3% |
| Backflow fees | 93,133 | 85,470 | 7,663 | 9.0% | 89,000 | 4,133 | 4.6% |
| Other revenue | 326,709 | 511,245 | (184,536) | -36.1% | 197,600 | 129,109 | 65.3% |
| Total Revenue | 39,327,745 | 40,002,156 | (674,411) | -1.7% | 42,282,600 | (2,954,855) | -7.0% |
| Expenses | | | | | | | |
| Water costs | 26,226,250 | 25,877,017 | 349,233 | 1.3% | 29,148,000 | (2,921,750) | -10.0% |
| Pumping costs | 717,065 | 752,101 | (35,036) | -4.7% | 822,000 | (104,935) | -12.8% |
| Water quality | 111,496 | 110,751 | 745 | 0.7% | 206,000 | (94,504) | -45.9% |
| Water treatment | 446,067 | 382,513 | 63,554 | 16.6% | 445,000 | 1,067 | 0.2% |
| Tanks & reservoirs | 303,686 | 338,755 | (35,069) | -10.4% | 424,000 | (120,314) | -28.4% |
| Trans & distribution | 1,453,918 | 2,040,239 | (586,321) | -28.7% | 1,689,000 | (235,082) | -13.9% |
| Services | 72,988 | 52,907 | 20,081 | 38.0% | 82,000 | (9,012) | -11.0% |
| Meters | 635,247 | 570,907 | 64,340 | 11.3% | 708,000 | (72,753) | -10.3% |
| Backflow prevention | 77,743 | 51,529 | 26,214 | 50.9% | 61,000 | 16,743 | 27.4% |
| Customer accounts | 580,307 | 611,329 | (31,022) | -5.1% | 615,000 | (34,693) | -5.6% |
| Building & grounds | 318,394 | 342,936 | (24,542) | -7.2% | 361,000 | (42,606) | -11.8% |
| Equipment & vehicles | 223,267 | 214,826 | 8,441 | 3.9% | 305,000 | (81,733) | -26.8% |
| Engineering | 1,486,292 | 1,429,750 | 56,542 | 4.0% | 1,485,000 | 1,292 | 0.1% |
| Safety & compliance | 177,165 | 239,071 | (61,906) | -25.9% | 223,000 | (45,835) | -20.6% |
| Information Technology | 778,064 | 730,405 | 47,659 | 6.5% | 946,000 | (167,936) | -17.8% |
| General & administrative | 2,340,780 | 2,747,772 | (406,992) | -14.8% | 2,736,000 | (395,220) | -14.4% |
| Total Expenses | 35,948,729 | 36,492,808 | (544,079) | -1.5% | 40,256,000 | (4,307,271) | -10.7% |
| Net Operating Income | \$ 3,379,016 | \$ 3,509,348 | (130,332) | -3.7% | \$ 2,026,600 | 1,352,416 | 66.7% |

Explanation of Significant Variances

The unfavorable prior year variance in **Other revenue** is due to a refund received in 2019 from ACWA/JPIA related to lower than expected insurance claims.

The favorable 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 a favorable prior year variance as a result of fewer main breaks during the year thus far.

Variances are considered significant if they exceed \$91666 and 20%.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Eleven Months Ended May 31, 2020

| | Current Year Actual | Prior Year Actual | | | Current Year Budget | | |
|--------------------------|---------------------------|---------------------|------------|--------|---------------------|-------------|--------|
| | | Amount | Variance | | Amount | Variance | |
| | | | \$ | % | | \$ | % |
| Revenue | | | | | | | |
| Sewer service charges | \$ 16,800,234 | \$ 16,617,138 | \$ 183,096 | 1.1% | \$ 16,643,000 | \$ 157,234 | 0.9% |
| Reclaimed water sales | 2,260,500 | 1,788,736 | 471,764 | 26.4% | 2,261,000 | (500) | 0.0% |
| Other revenue | 313,079 | 783,469 | (470,390) | -60.0% | 75,000 | 238,079 | 317.4% |
| Total Revenue | <u>19,373,813</u> | <u>19,189,343</u> | 184,470 | 1.0% | <u>18,979,000</u> | 394,813 | 2.1% |
| Expenses | | | | | | | |
| Collection & conveyance | 1,958,073 | 1,837,538 | 120,535 | 6.6% | 2,205,000 | (246,927) | -11.2% |
| Lift stations | 243,125 | 157,641 | 85,484 | 54.2% | 312,000 | (68,875) | -22.1% |
| Source Control | 160,019 | 157,997 | 2,022 | 1.3% | 185,000 | (24,981) | -13.5% |
| Effluent disposal | 2,655,309 | 2,314,891 | 340,418 | 14.7% | 3,226,000 | (570,691) | -17.7% |
| Meadowlark | 2,320,658 | 2,736,030 | (415,372) | -15.2% | 3,267,000 | (946,342) | -29.0% |
| Customer Accounts | 413,396 | 413,027 | 369 | 0.1% | 462,000 | (48,604) | -10.5% |
| Building & grounds | 187,916 | 230,452 | (42,536) | -18.5% | 250,000 | (62,084) | -24.8% |
| Equipment & vehicles | 183,076 | 163,690 | 19,386 | 11.8% | 231,000 | (47,924) | -20.7% |
| Engineering | 626,898 | 598,909 | 27,989 | 4.7% | 658,000 | (31,102) | -4.7% |
| Safety & compliance | 118,118 | 158,028 | (39,910) | -25.3% | 175,000 | (56,882) | -32.5% |
| Information technology | 618,134 | 600,097 | 18,037 | 3.0% | 763,000 | (144,866) | -19.0% |
| General & administrative | <u>1,414,271</u> | <u>1,065,589</u> | 348,682 | 32.7% | <u>1,320,000</u> | 94,271 | 7.1% |
| Total Expenses | <u>10,898,993</u> | <u>10,433,889</u> | 465,104 | 4.5% | <u>13,054,000</u> | (2,155,007) | -16.5% |
| Net Operating Income | <u>\$ 8,474,820</u> | <u>\$ 8,755,454</u> | (280,634) | -3.2% | <u>\$ 5,925,000</u> | 2,549,820 | 43.0% |

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 low 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 to the District.

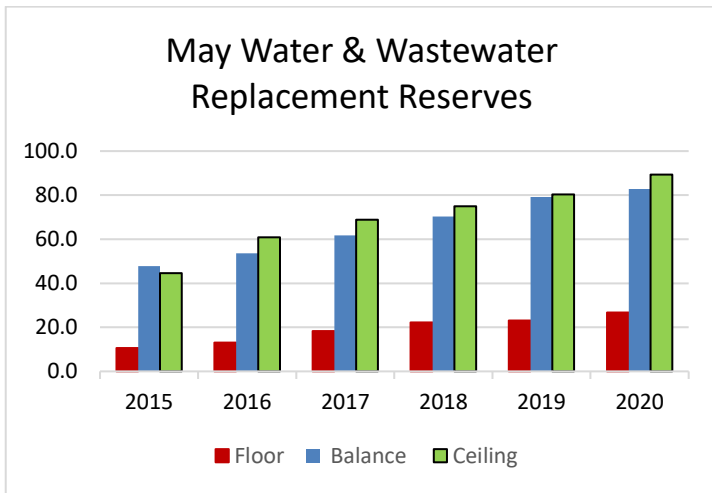
The **Meadowlark Plant** has a favorable budget variance as a result of less than anticipated outside services being performed thus far, as well as lower than anticipated materials and supplies, and chemical costs.

General & administrative has an unfavorable prior year variance due to budgeted decreases in labor charged to projects

Variances are considered significant if they exceed \$91666 and 20%.

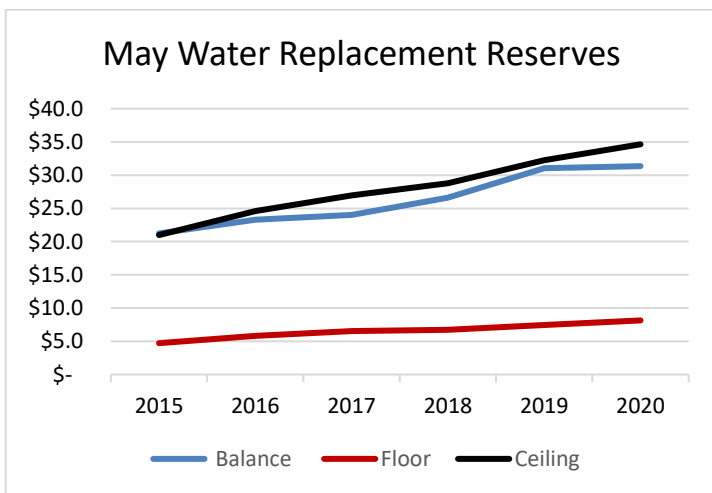
REPLACEMENT RESERVES

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 May 31, 2020, the total water and wastewater replacement reserve balance was \$82.8 million, 5 percent greater than May 31, 2019.



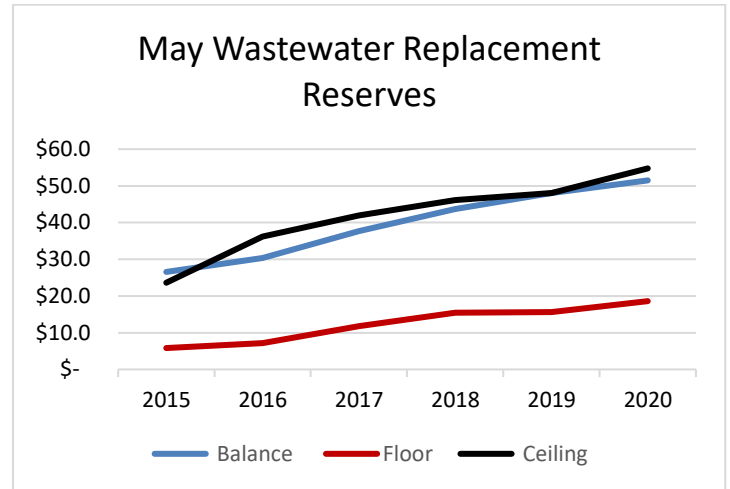
WATER REPLACEMENT RESERVE

As of May 31, 2020, the District’s water replacement reserve totaled \$31.3 million, an increase of 1 percent, or \$0.3 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.



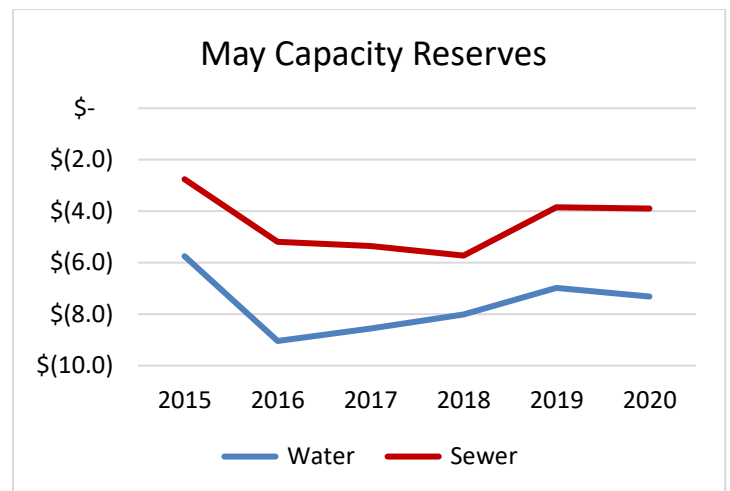
WASTEWATER REPLACEMENT RESERVE

As of May 31, 2020, the balance in the District’s wastewater replacement reserve totaled \$51.5 million, an increase of 7 percent, or \$3.4 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 May 31, 2020, the water capacity fund had a deficit of \$7.3 million and the sewer capacity fund had a deficit of \$3.9 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 ELEVEN MONTHS ENDED MAY 31, 2020

| | 110 | 120 | 210 | 220 | Total |
|--|----------------------|------------------|---------------------------|------------------|-------------------|
| | Water Replacement | Capacity | Wastewater 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 | 3,379,016 | | 8,474,820 | | 11,853,836 |
| Capital Facility Fees | - | 1,675,164 | - | 4,985,929 | 6,661,093 |
| Property Tax | 1,279,497 | - | 1,026,893 | - | 2,306,389 |
| Investment Earnings | 853,326 | - | 761,973 | - | 1,615,299 |
| RDA pass-through | 657,836 | - | 623,897 | - | 1,281,733 |
| Annexation Fees | 1,757 | - | - | - | 1,757 |
| TOTAL REVENUES | 6,171,432 | 1,675,164 | 10,887,583 | 4,985,929 | 23,720,107 |
| LESS DISTRIBUTIONS | | | | | |
| Capital Projects | | | | | |
| Encina Wastewater Authority Five Year Plan | - | - | 4,594,807 | - | 4,594,807 |
| Rock Springs Sewer Replacement | - | - | 424,365 | 518,670 | 943,035 |
| Schoolhouse Tank Refurbishment | 804,102 | - | - | - | 804,102 |
| Sewer Rehabilitation And Repairs | - | - | 711,301 | - | 711,301 |
| Montiel Lift Station And Forcemain Replacement | - | - | 333,141 | 136,072 | 469,213 |
| District-Wide SCADA Upgrade Project | 215,400 | - | 206,953 | - | 422,353 |
| Lawrence Welk Court Water Line Replacement | 224,156 | - | - | - | 224,156 |
| District Wide Valve Replacement | 203,879 | - | - | - | 203,879 |
| San Marcos Interceptor Sewer | - | - | 62,559 | 139,242 | 201,801 |
| OSHA Compliant Ladder Systems | 173,332 | - | - | - | 173,332 |
| MRF Biological Selector Improvements | - | - | 138,796 | - | 138,796 |
| Palos Vista Pump Station Generator | 136,576 | - | - | - | 136,576 |
| MRF - Influent Pumps & Motors | - | - | 86,595 | - | 86,595 |
| Asset Management Replacement Schedule | 43,492 | - | 41,787 | - | 85,279 |
| Fire Services - Backflow Preventer Upgrades | 79,385 | - | - | - | 79,385 |
| Sewer Bypass Repair | - | - | 75,964 | - | 75,964 |
| District Wide Solar Project | 33,635 | - | 32,316 | - | 65,950 |
| Technology Infrastructure Upgrades | 32,085 | - | 30,827 | - | 62,912 |
| North Twin Oaks Tank 1 Refurbishment | 62,478 | - | - | - | 62,478 |
| Water Operations Control Panel Upgrades | 42,020 | - | - | - | 42,020 |
| Tres Amigos Water Line Replacement Phase 1 | 28,592 | - | - | - | 28,592 |
| 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 |
| MRF - Tertiary Influent Chamber Repairs | - | - | 16,095 | - | 16,095 |
| Cal State San Marcos Meter Upgrade | 15,093 | - | - | - | 15,093 |
| All other capital projects | 14,165 | - | 26,726 | 3,006 | 43,896 |
| Total Capital Project Expenditures | 2,141,931 | - | 6,814,459 | 796,989 | 9,753,379 |
| Capital Budget - Vehicles/Mobile Equipmnt | 242,564 | - | 292,452 | - | 535,015 |
| Debt Service | - | 526,737 | - | 1,737,275 | 2,264,012 |
| Fund PERS UAL | 4,107,540 | - | 3,946,460 | - | 8,054,000 |
| Interest Expense | - | 130,579 | - | 84,864 | 215,443 |
| TOTAL DISTRIBUTIONS | 6,492,035 | 657,316 | 11,053,371 | 2,619,128 | 20,821,850 |
| ENDING BALANCE | \$ 37,320,542 | \$ (7,315,299) | \$ 58,524,206 | \$ (3,901,578) | \$ 84,627,871 |
| Less: Operating Reserves | 5,970,100 | - | 7,024,900 | - | 12,995,000 |
| Replacement Reserves/Restricted Funds | \$ 31,350,442 | \$ (7,315,299) | \$ 51,499,306 | \$ (3,901,578) | \$ 71,632,871 |
| Replacement reserve floor | \$ 8,136,700 | | \$ 18,603,400 | | |
| Replacement reserve ceiling | \$ 34,640,500 | | \$ 54,762,600 | | |

VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR MAY 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 May follows:

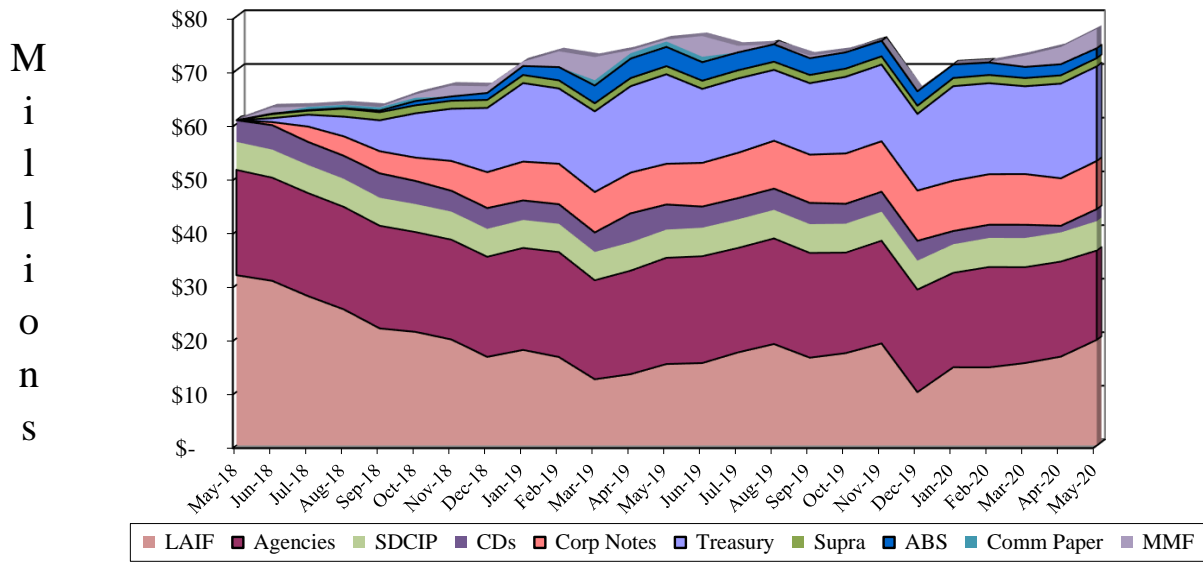
| <u>Date</u> | <u>Activity</u> | <u>Investment</u> | <u>Amount</u> | <u>Maturity</u> | <u>Yield</u> |
|--|-----------------|-------------------|-----------------------|-----------------|--------------|
| 05/06/20 | Purchased | FEDERAL FARM CR | 1,048,667 | 05/06/22 | 0.25% |
| 05/07/20 | Purchased | FREDDIE MAC | 984,586 | 05/05/23 | 0.38% |
| 05/12/20 | Deposit | LAIF | 600,000 | Open | 1.37% |
| 05/15/20 | Withdrawal | LAIF | (1,300,000) | Open | 1.37% |
| 05/15/20 | Sold | JDOT 2017-B A3 | (30,803) | 10/15/21 | 1.82% |
| 05/15/20 | Sold | JDOT 2019-A A2 | (33,416) | 12/15/21 | 2.85% |
| 05/15/20 | Sold | NAR 2016-C A4 | (60,463) | 01/17/23 | 1.38% |
| 05/15/20 | Sold | TAOT 2017-B CLA3 | (19,990) | 07/15/21 | 1.76% |
| 05/15/20 | Sold | TAOT 2019-A A2A | (24,253) | 10/15/21 | 2.83% |
| 05/18/20 | Withdrawal | LAIF | (1,500,000) | Open | 1.37% |
| 05/18/20 | Full Call | JPMORGAN CHASE BK | (245,000) | 08/16/21 | 1.65% |
| 05/18/20 | Sold | HAROT 2017-3 A3 | (16,151) | 09/20/21 | 1.79% |
| 05/18/20 | Sold | HONDA AUTO RECV | (6,537) | 05/18/22 | 3.01% |
| 05/18/20 | Sold | HAROT 2019-1 A2 | (31,972) | 09/20/21 | 2.75% |
| 05/21/20 | Sold | HAROT 2018-3 A3 | (11,952) | 08/22/22 | 2.95% |
| 05/22/20 | Purchased | FNMA | 1,051,824 | 05/22/23 | 0.25% |
| 05/26/20 | Full Call | FNMA MTN | (1,000,000) | 08/24/20 | 1.40% |
| 05/26/20 | Full Call | FNMA NTS | (1,000,000) | 08/25/21 | 1.60% |
| 05/29/20 | Matured | FNMA NTS | (750,000) | 05/29/20 | 1.50% |
| Change in investments during the month | | | <u>\$ (2,345,461)</u> | | |

| | <u>Current</u> |
|--|----------------|
| Weighted average annual yield for total Vallecitos investments | 1.770% |
| Weighted average days to maturity | 471 |

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 March 31, 2020. 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 April 30, 2020. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting

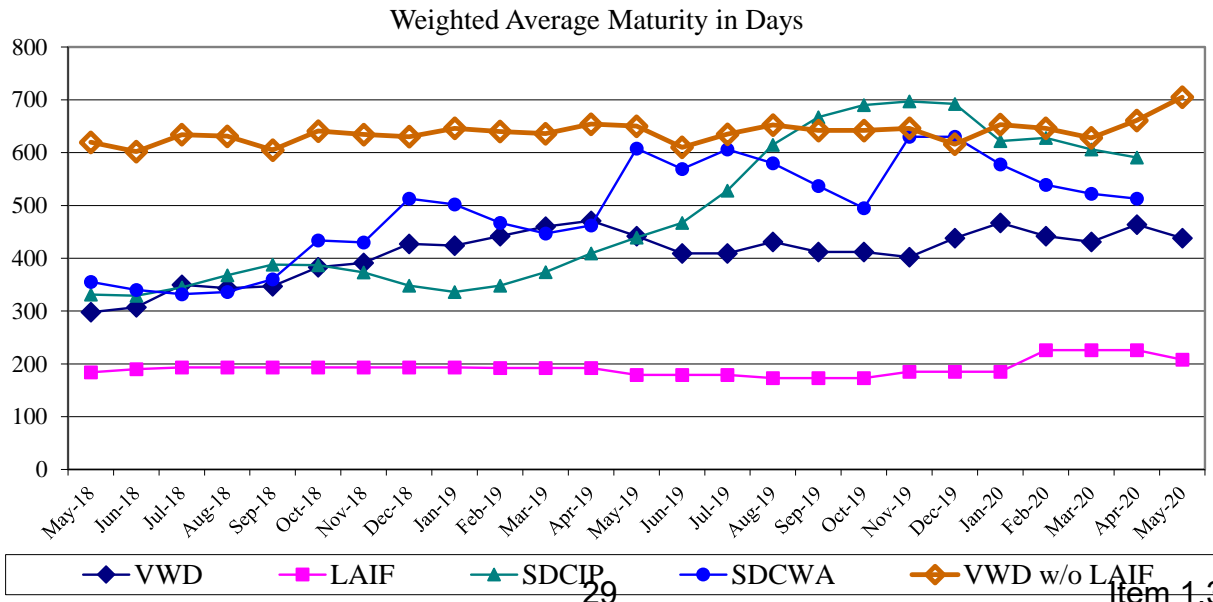
Safety

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.



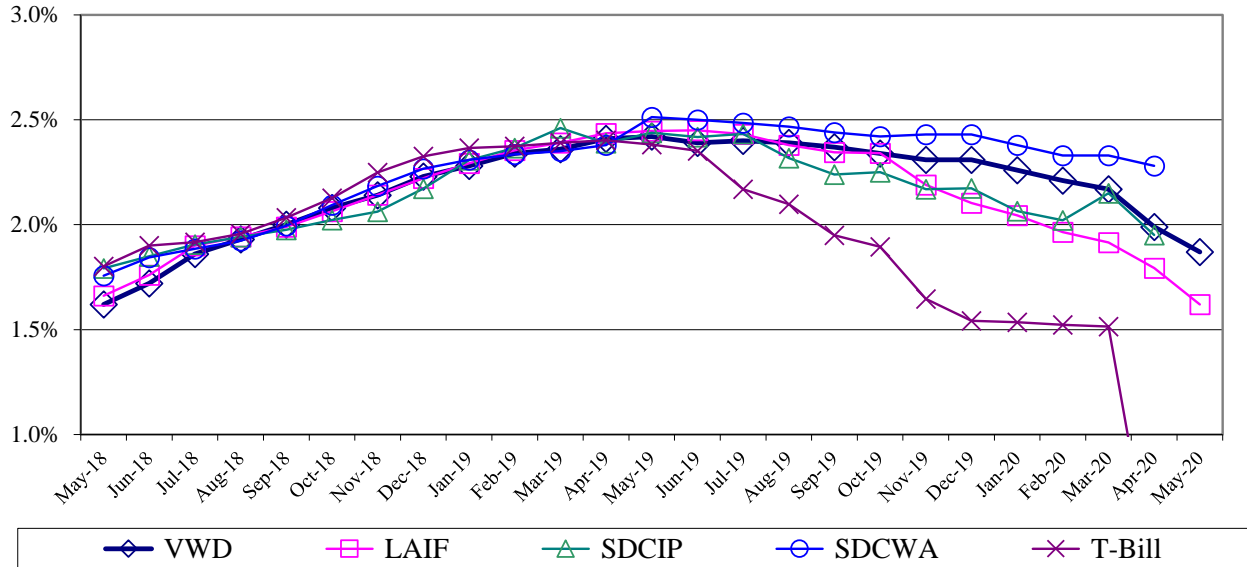
Liquidity

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 \$17.5 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 | 1.29 |
| Average Coupon | 1.73% |
| Average Purchase YTM | 1.77% |
| Average Market YTM | 0.64% |
| Average S&P/Moody Rating | AA+/Aa1 |
| Average Final Maturity | 1.37 yrs |
| Average Life | 1.32 yrs |

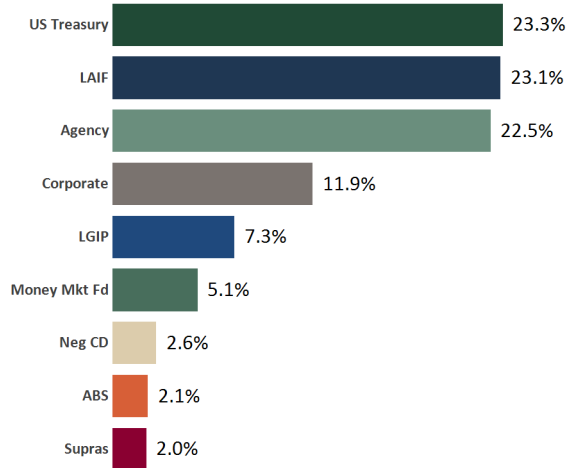
ACCOUNT SUMMARY

| | Beg. Values as of 4/30/20 | End Values as of 5/31/20 |
|---------------------------|------------------------------|-----------------------------|
| Market Value | 77,693,069 | 75,668,428 |
| Accrued Interest | 268,049 | 275,492 |
| Total Market Value | 77,961,118 | 75,943,920 |
| Income Earned | 117,766 | 108,086 |
| Cont/WD | | |
| Par | 76,113,431 | 74,038,979 |
| Book Value | 76,262,744 | 74,186,387 |
| Cost Value | 76,087,312 | 74,010,079 |

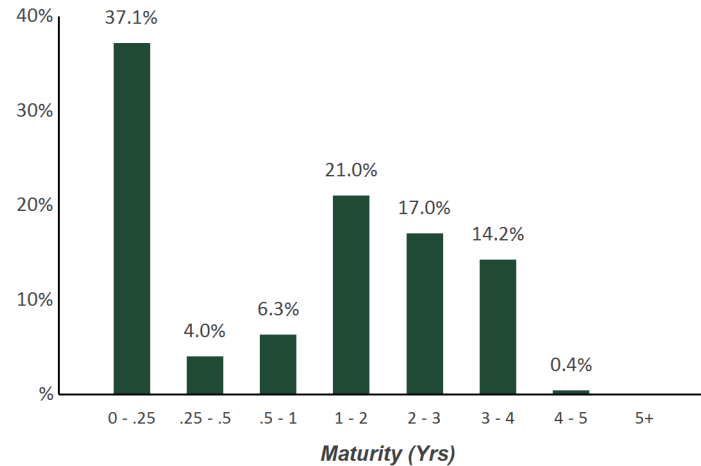
TOP ISSUERS

| | |
|---------------------------------|--------------|
| Government of United States | 23.3% |
| Local Agency Investment Fund | 23.1% |
| Federal Home Loan Bank | 7.5% |
| Federal Farm Credit Bank | 7.5% |
| County of San Diego Pooled Inve | 7.3% |
| Dreyfus Treasury and Agency | 5.1% |
| Federal National Mortgage Assoc | 4.9% |
| Federal Home Loan Mortgage Corp | 2.7% |
| Total | 81.3% |

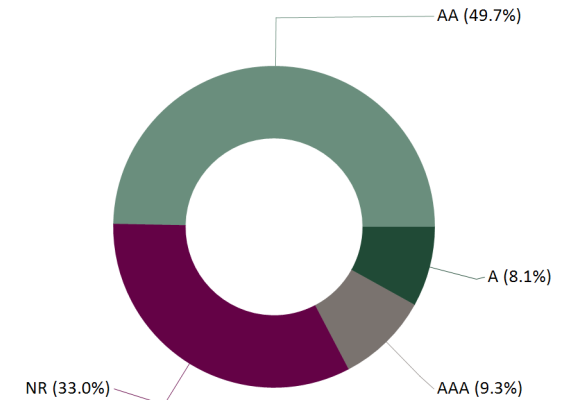
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of May 31, 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 |
|------------------|--|---------------------|-----------------------------|--|----------------------|--|----------------------------------|--------------------------------|----------------------------|
| ABS | | | | | | | | | |
| 89190BAD0 | Toyota Auto Receivables Trust 2017-B A3 1.76% Due 7/15/2021 | 81,885.83 | 09/26/2018 2.78% | 80,929.43 81,502.71 | 100.14 0.86% | 82,003.49 64.05 | 0.11% 500.78 | Aaa / AAA NR | 1.12 0.16 |
| 43814PAC4 | Honda Auto Receivables Trust 2017-3 A3 1.79% Due 9/20/2021 | 107,658.69 | 12/11/2018 2.73% | 106,262.49 107,001.98 | 100.33 0.65% | 108,011.83 69.59 | 0.14% 1,009.85 | NR / AAA AAA | 1.31 0.29 |
| 43814WAB1 | Honda Auto Receivables Trust 2019-1 A2 2.75% Due 9/20/2021 | 214,854.19 | 02/19/2019 2.77% | 214,840.35 214,847.15 | 100.61 0.57% | 216,169.44 213.36 | 0.28% 1,322.29 | NR / AAA AAA | 1.31 0.28 |
| 47788BAD6 | John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021 | 76,651.16 | 11/14/2018 3.14% | 75,594.21 76,153.48 | 100.20 0.68% | 76,808.16 62.00 | 0.10% 654.68 | Aaa / NR AAA | 1.38 0.18 |
| 89239AAB9 | Toyota Auto Receivables Trust 2019-A A2A 2.83% Due 10/15/2021 | 148,773.73 | 02/05/2019 2.85% | 148,760.22 148,766.79 | 100.55 0.34% | 149,586.33 187.12 | 0.20% 819.54 | Aaa / AAA NR | 1.38 0.22 |
| 47789JAB2 | John Deere Owner Trust 2019-A A2 2.85% Due 12/15/2021 | 145,865.24 | 03/05/2019 2.87% | 145,858.59 145,861.53 | 100.43 0.92% | 146,496.20 184.76 | 0.19% 634.67 | Aaa / NR AAA | 1.54 0.22 |
| 43814UAG4 | Honda Auto Receivables Trust 2018-2 A3 3.01% Due 5/18/2022 | 85,613.10 | 05/22/2018 3.03% | 85,611.23 85,612.18 | 101.40 0.60% | 86,815.14 93.06 | 0.11% 1,202.96 | NR / AAA AAA | 1.96 0.58 |
| 43815HAC1 | Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022 | 177,018.00 | 08/21/2018 2.98% | 176,993.71 177,004.44 | 101.43 0.88% | 179,548.98 145.06 | 0.24% 2,544.54 | Aaa / NR AAA | 2.23 0.68 |
| 65478WAE5 | Nissan Auto Receivables Trust 2016-C A4 1.38% Due 1/17/2023 | 278,408.94 | 01/24/2019 2.95% | 272,579.76 275,462.00 | 100.14 0.59% | 278,801.48 170.76 | 0.37% 3,339.48 | Aaa / NR AAA | 2.63 0.18 |
| 47789KAC7 | John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024 | 275,000.00 | 03/04/2020 1.11% | 274,983.20 274,984.05 | 100.37 0.90% | 276,020.80 134.44 | 0.36% 1,036.75 | Aaa / NR AAA | 4.21 1.82 |
| Total ABS | | 1,591,728.88 | 2.58% | 1,582,413.19 1,587,196.31 | 0.70% | 1,600,261.85 1,324.20 | 2.11% 13,065.54 | Aaa / AAA AAA | 2.20 0.57 |
| AGENCY | | | | | | | | | |
| 3133EJ3B3 | FFCB Note 2.8% Due 12/17/2021 | 1,000,000.00 | 12/26/2018 2.70% | 1,002,780.00 1,001,443.76 | 103.98 0.22% | 1,039,826.00 12,755.56 | 1.39% 38,382.24 | Aaa / AA+ AAA | 1.55 1.50 |



| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|---------------|------------------------------------|-----------------|-----------------------------|------------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| AGENCY | | | | | | | | | |
| 3135G0U92 | FNMA Note 2.625% Due 1/11/2022 | 500,000.00 | 03/05/2019 2.60% | 500,350.00 500,197.84 | 103.90 0.20% | 519,507.50 5,104.17 | 0.69% 19,309.66 | Aaa / AA+ AAA | 1.62 1.57 |
| 3137EADB2 | FHLMC Note 2.375% Due 1/13/2022 | 1,000,000.00 | 03/25/2020 0.63% | 1,031,090.00 1,027,924.30 | 103.52 0.20% | 1,035,164.00 9,104.17 | 1.38% 7,239.70 | Aaa / AA+ AAA | 1.62 1.58 |
| 3133EKBV7 | FFCB Note 2.55% Due 3/1/2022 | 750,000.00 | 02/27/2019 2.55% | 750,075.00 750,043.66 | 104.03 0.24% | 780,213.75 4,781.25 | 1.03% 30,170.09 | Aaa / AA+ AAA | 1.75 1.71 |
| 313378WG2 | FHLB Note 2.5% Due 3/11/2022 | 500,000.00 | 04/08/2019 2.36% | 501,945.00 501,181.22 | 103.99 0.25% | 519,971.50 2,777.78 | 0.69% 18,790.28 | Aaa / AA+ NR | 1.78 1.74 |
| 3133ELWD2 | FFCB Note 0.375% Due 4/8/2022 | 930,000.00 | 04/03/2020 0.45% | 928,623.60 928,725.42 | 100.24 0.24% | 932,249.67 513.44 | 1.23% 3,524.25 | Aaa / AA+ AAA | 1.85 1.84 |
| 3135G0V59 | FNMA Note 2.25% Due 4/12/2022 | 1,000,000.00 | 03/24/2020 0.59% | 1,033,760.00 1,030,690.91 | 103.83 0.19% | 1,038,281.00 3,062.50 | 1.37% 7,590.09 | Aaa / AA+ AAA | 1.87 1.83 |
| 3133ELYR9 | FFCB Note 0.25% Due 5/6/2022 | 1,050,000.00 | 04/30/2020 0.31% | 1,048,666.50 1,048,713.99 | 100.00 0.25% | 1,050,006.30 182.29 | 1.38% 1,292.31 | Aaa / AA+ AAA | 1.93 1.92 |
| 313383WD9 | FHLB Note 3.125% Due 9/9/2022 | 500,000.00 | 01/30/2019 2.68% | 507,580.00 504,777.07 | 106.37 0.31% | 531,867.00 3,559.03 | 0.71% 27,089.93 | Aaa / AA+ AAA | 2.28 2.20 |
| 3130AFE78 | FHLB Note 3% Due 12/9/2022 | 1,000,000.00 | 01/25/2019 2.71% | 1,010,700.00 1,006,984.20 | 106.26 0.50% | 1,062,584.00 14,333.33 | 1.42% 55,599.80 | Aaa / AA+ AAA | 2.53 2.41 |
| 3137EAER6 | FHLMC Note 0.375% Due 5/5/2023 | 985,000.00 | 05/05/2020 0.39% | 984,586.30 984,595.76 | 100.16 0.32% | 986,579.94 246.25 | 1.30% 1,984.18 | Aaa / AA+ AAA | 2.93 2.91 |
| 3135G04Q3 | FNMA Note 0.25% Due 5/22/2023 | 1,055,000.00 | 05/20/2020 0.35% | 1,051,824.45 1,051,853.45 | 99.79 0.32% | 1,052,810.88 65.94 | 1.39% 957.43 | NR / AA+ AAA | 2.98 2.96 |
| 3133834G3 | FHLB Note 2.125% Due 6/9/2023 | 650,000.00 | 10/30/2019 1.66% | 660,432.50 658,737.32 | 105.41 0.32% | 685,194.90 6,599.31 | 0.91% 26,457.58 | Aaa / AA+ NR | 3.02 2.91 |
| 3133EKZK5 | FFCB Note 1.6% Due 8/14/2023 | 1,000,000.00 | 08/28/2019 1.48% | 1,004,700.00 1,003,799.65 | 104.12 0.31% | 1,041,154.00 4,755.56 | 1.38% 37,354.35 | Aaa / AA+ AAA | 3.21 3.12 |
| 3130A3DL5 | FHLB Note 2.375% Due 9/8/2023 | 700,000.00 | 10/09/2019 1.44% | 724,864.00 720,775.10 | 106.63 0.33% | 746,442.20 3,832.99 | 0.99% 25,667.10 | Aaa / AA+ NR | 3.27 3.15 |
| 3130A3VC5 | FHLB Note 2.25% Due 12/8/2023 | 1,000,000.00 | 02/13/2020 1.46% | 1,029,240.00 1,026,973.01 | 106.62 0.36% | 1,066,190.00 10,812.50 | 1.42% 39,216.99 | Aaa / AA+ NR | 3.52 3.37 |
| 3135G0V34 | FNMA Note 2.5% Due 2/5/2024 | 1,000,000.00 | 01/30/2020 1.44% | 1,041,280.00 1,037,844.69 | 108.06 0.29% | 1,080,622.00 8,055.56 | 1.43% 42,777.31 | Aaa / AA+ AAA | 3.68 3.51 |



| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|---------------------|---|----------------------|-----------------------------|--|----------------------|--|------------------------------------|--------------------------------|----------------------------|
| AGENCY | | | | | | | | | |
| 3133EKM1 | FFCB Note 2.23% Due 2/23/2024 | 750,000.00 | 07/30/2019 1.91% | 760,425.00 758,512.50 | 106.81 0.39% | 801,050.25 4,552.92 | 1.06% 42,537.75 | Aaa / AA+ AAA | 3.73 3.58 |
| 3130A7PH2 | FHLB Note 1.875% Due 3/8/2024 | 1,000,000.00 | 03/03/2020 0.85% | 1,040,350.00 1,037,898.70 | 105.43 0.42% | 1,054,300.00 4,322.92 | 1.39% 16,401.30 | Aaa / AA+ NR | 3.77 3.64 |
| Total Agency | | 16,370,000.00 | 1.38% | 16,613,272.35 16,581,672.55 | 0.30% | 17,024,014.89 99,417.47 | 22.55% 442,342.34 | Aaa / AA+ AAA | 2.62 2.54 |
| CORPORATE | | | | | | | | | |
| 40428HPV8 | HSBC USA Inc Note 2.75% Due 8/7/2020 | 250,000.00 | 10/10/2018 3.26% | 247,772.50 249,775.58 | 100.39 0.59% | 250,985.00 2,177.08 | 0.33% 1,209.42 | A2 / A- A+ | 0.19 0.18 |
| 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% | 490,920.00 498,157.85 | 100.61 0.50% | 503,033.00 894.44 | 0.66% 4,875.15 | A3 / A A | 0.43 0.34 |
| 69371RN93 | Paccar Financial Corp Note 2.8% Due 3/1/2021 | 300,000.00 | 07/23/2018 3.12% | 297,585.00 299,306.01 | 101.73 0.48% | 305,198.70 2,100.00 | 0.40% 5,892.69 | A1 / A+ NR | 0.75 0.74 |
| 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% | 493,125.00 497,725.03 | 101.55 0.52% | 507,772.00 1,597.22 | 0.67% 10,046.97 | A1 / A AA- | 0.87 0.78 |
| 369550BE7 | General Dynamics Corp Note 3% Due 5/11/2021 | 350,000.00 | 06/28/2018 3.08% | 349,247.50 349,752.76 | 102.42 0.43% | 358,484.00 583.33 | 0.47% 8,731.24 | A2 / A NR | 0.95 0.94 |
| 857477AV5 | State Street Bank Note 1.95% Due 5/19/2021 | 500,000.00 | 10/12/2018 3.30% | 483,360.00 493,808.37 | 101.57 0.32% | 507,869.50 325.00 | 0.67% 14,061.13 | A1 / A AA- | 0.97 0.96 |
| 808513AW5 | Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021 | 320,000.00 | Various 3.09% | 321,372.10 320,420.92 | 102.48 0.46% | 327,920.00 288.89 | 0.43% 7,499.08 | A2 / A A | 0.97 0.88 |
| 931142EJ8 | Wal-Mart Stores Note 3.125% Due 6/23/2021 | 290,000.00 | 06/20/2018 3.13% | 289,985.50 289,994.86 | 102.83 0.45% | 298,205.84 3,977.43 | 0.40% 8,210.98 | Aa2 / AA AA | 1.06 1.04 |
| 02665WBG5 | American Honda Finance Note 1.7% Due 9/9/2021 | 500,000.00 | 07/20/2018 3.19% | 478,045.00 491,068.18 | 100.87 1.01% | 504,367.00 1,936.11 | 0.67% 13,298.82 | A3 / A- NR | 1.28 1.25 |
| 89233P5F9 | Toyota Motor Credit Corp Note 3.4% Due 9/15/2021 | 500,000.00 | 05/31/2018 3.03% | 505,785.00 502,272.51 | 103.26 0.85% | 516,311.50 3,588.89 | 0.68% 14,038.99 | A1 / A+ A+ | 1.29 1.26 |
| 24422ETL3 | John Deere Capital Corp Note 2.65% Due 1/6/2022 | 500,000.00 | Various 3.29% | 489,627.50 495,195.65 | 103.28 0.58% | 516,400.00 5,336.80 | 0.69% 21,204.35 | A2 / A A | 1.60 1.55 |



| 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 |
|------------------------|---|----------------------|-----------------------------|--|----------------------|--|------------------------------------|-----------------------------|----------------------------|
| CORPORATE | | | | | | | | | |
| 74005PBA1 | Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022 | 300,000.00 | 06/27/2018 3.15% | 292,848.00 296,636.89 | 102.43 0.76% | 307,303.20 2,164.17 | 0.41% 10,666.31 | A2 / A NR | 1.71 1.43 |
| 037833CQ1 | Apple Inc Callable Note Cont 4/11/22 2.3% Due 5/11/2022 | 500,000.00 | 10/30/2018 3.30% | 483,395.00 490,852.41 | 103.79 0.26% | 518,946.50 638.89 | 0.68% 28,094.09 | Aa1 / AA+ NR | 1.95 1.83 |
| 68389XBB0 | Oracle Corp Callable Note Cont 3/15/2022 2.5% Due 5/15/2022 | 500,000.00 | Various 3.28% | 486,304.00 492,926.11 | 103.48 0.54% | 517,408.50 555.56 | 0.68% 24,482.39 | A3 / A+ A- | 1.96 1.76 |
| 084664BT7 | Berkshire Hathaway Note 3% Due 5/15/2022 | 500,000.00 | 12/11/2018 3.31% | 495,015.00 497,154.28 | 105.63 0.12% | 528,126.00 666.67 | 0.70% 30,971.72 | Aa2 / AA A+ | 1.96 1.91 |
| 09247XAJ0 | Blackrock Inc Note 3.375% Due 6/1/2022 | 500,000.00 | 11/28/2018 3.36% | 500,215.00 500,122.71 | 105.91 0.41% | 529,528.50 8,437.50 | 0.71% 29,405.79 | Aa3 / AA- NR | 2.00 1.92 |
| 06051GEU9 | Bank of America Corp Note 3.3% Due 1/11/2023 | 400,000.00 | 09/05/2019 2.13% | 414,984.00 411,717.00 | 105.84 1.03% | 423,352.40 5,133.33 | 0.56% 11,635.40 | A2 / A- A+ | 2.62 2.48 |
| 90331HNL3 | US Bank NA Callable Note Cont 12/23/22 2.85% Due 1/23/2023 | 480,000.00 | 07/22/2019 2.24% | 489,580.80 487,177.92 | 105.50 0.68% | 506,393.28 4,864.00 | 0.67% 19,215.36 | A1 / AA- AA- | 2.65 2.46 |
| 69353RFL7 | PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023 | 500,000.00 | 06/11/2019 2.44% | 519,580.00 514,719.33 | 107.84 0.80% | 539,197.50 8,409.72 | 0.72% 24,478.17 | A2 / A NR | 3.02 2.77 |
| 931142EK5 | Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023 | 500,000.00 | 05/21/2019 2.65% | 514,115.00 510,499.48 | 108.38 0.57% | 541,888.00 7,319.44 | 0.72% 31,388.52 | Aa2 / AA AA | 3.07 2.83 |
| Total Corporate | | 8,690,000.00 | 3.02% | 8,642,861.90 8,689,283.85 | 0.57% | 9,008,690.42 60,994.47 | 11.94% 319,406.57 | A1 / A+ A+ | 1.66 1.56 |
| LAIF | | | | | | | | | |
| 90LAIF\$00 | Local Agency Investment Fund State Pool | 17,530,234.71 | Various 1.31% | 17,530,234.71 17,530,234.71 | 1.00 1.31% | 17,530,234.71 45,532.67 | 23.14% 0.00 | NR / NR NR | 0.00 0.00 |
| Total LAIF | | 17,530,234.71 | 1.31% | 17,530,234.71 | 1.31% | 17,530,234.71 45,532.67 | 23.14% 0.00 | NR / NR NR | 0.00 0.00 |

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of May 31, 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 |
|--|---|---------------------|-----------------------------|--|----------------------|--|---------------------------------|--------------------------------|----------------------------|
| LOCAL GOV INVESTMENT POOL | | | | | | | | | |
| 90SDCP\$00 | County of San Diego Pooled Investment Pool | 5,523,000.00 | Various 1.69% | 5,523,000.00 5,523,000.00 | 1.00 1.69% | 5,523,000.00 0.00 | 7.27% 0.00 | NR / NR AAA | 0.00 0.00 |
| Total Local Gov Investment Pool | | 5,523,000.00 | 1.69% | 5,523,000.00 5,523,000.00 | 1.69% | 5,523,000.00 0.00 | 7.27% 0.00 | NR / NR AAA | 0.00 0.00 |
| MONEY MARKET FUND FI | | | | | | | | | |
| 261908206 | Dreyfus Treasury Money Market Fund | 3,854,015.11 | Various 0.01% | 3,854,015.11 3,854,015.11 | 1.00 0.01% | 3,854,015.11 0.00 | 5.07% 0.00 | Aaa / AAA NR | 0.00 0.00 |
| Total Money Market Fund FI | | 3,854,015.11 | 0.01% | 3,854,015.11 3,854,015.11 | 0.01% | 3,854,015.11 0.00 | 5.07% 0.00 | Aaa / AAA NR | 0.00 0.00 |
| NEGOTIABLE CD | | | | | | | | | |
| 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% | 244,510.00 244,986.97 | 100.14 0.06% | 245,341.53 1,362.60 | 0.32% 354.56 | NR / NR NR | 0.10 0.10 |
| 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 | 100.47 0.33% | 246,157.38 362.47 | 0.32% 1,157.38 | NR / NR NR | 0.41 0.40 |
| 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 | 100.14 0.06% | 245,347.66 37.25 | 0.32% 347.66 | NR / NR NR | 0.58 0.08 |
| 78012UVJ1 | Royal Bank of Canada Yankee CD 1% Due 2/19/2021 | 1,000,000.00 | 04/20/2020 1.00% | 1,000,000.00 1,000,000.00 | 100.00 1.00% | 1,000,000.00 1,138.89 | 1.32% 0.00 | P-1 / A-1+ F-1+ | 0.72 0.72 |
| 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 | 101.54 0.23% | 248,769.57 22.15 | 0.33% 3,769.57 | NR / NR NR | 1.08 1.07 |
| Total Negotiable CD | | 1,980,000.00 | 1.30% | 1,979,510.00 1,979,986.97 | 0.59% | 1,985,616.14 2,923.36 | 2.62% 5,629.17 | Aaa / AAA AAA | 0.63 0.57 |



| 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 |
|----------------------------|--|---------------------|-----------------------------|--|----------------------|--|----------------------------------|--------------------------------|----------------------------|
| SUPRANATIONAL | | | | | | | | | |
| 4581X0CD8 | Inter-American Dev Bank Note 2.125% Due 11/9/2020 | 750,000.00 | 05/22/2018 2.81% | 737,865.00 747,829.18 | 100.79 0.33% | 755,904.75 973.96 | 1.00% 8,075.57 | Aaa / AAA AAA | 0.44 0.44 |
| 459058GH0 | Intl. Bank Recon & Development Note 2.75% Due 7/23/2021 | 750,000.00 | 07/24/2018 2.86% | 747,607.50 749,087.22 | 102.75 0.34% | 770,592.75 7,333.33 | 1.02% 21,505.53 | Aaa / AAA NR | 1.15 1.12 |
| Total Supranational | | 1,500,000.00 | 2.84% | 1,485,472.50 1,496,916.40 | 0.34% | 1,526,497.50 8,307.29 | 2.02% 29,581.10 | Aaa / AAA AAA | 0.80 0.79 |
| US TREASURY | | | | | | | | | |
| 912828XH8 | US Treasury Note 1.625% Due 6/30/2020 | 750,000.00 | 05/31/2018 2.43% | 737,753.91 749,533.33 | 100.12 0.16% | 750,904.50 5,122.77 | 1.00% 1,371.17 | Aaa / AA+ AAA | 0.08 0.08 |
| 912828L65 | US Treasury Note 1.375% Due 9/30/2020 | 750,000.00 | 06/27/2018 2.53% | 731,044.92 747,219.92 | 100.39 0.20% | 752,929.50 1,746.93 | 0.99% 5,709.58 | Aaa / AA+ AAA | 0.33 0.33 |
| 912828WC0 | US Treasury Note 1.75% Due 10/31/2020 | 750,000.00 | 07/20/2018 2.64% | 735,292.97 747,309.91 | 100.64 0.22% | 754,775.25 1,141.30 | 1.00% 7,465.34 | Aaa / AA+ AAA | 0.42 0.42 |
| 912828A42 | US Treasury Note 2% Due 11/30/2020 | 750,000.00 | 11/28/2018 2.85% | 737,695.31 746,940.64 | 100.90 0.19% | 756,767.25 40.98 | 1.00% 9,826.61 | Aaa / AA+ AAA | 0.50 0.50 |
| 912828N89 | US Treasury Note 1.375% Due 1/31/2021 | 750,000.00 | 10/30/2018 2.86% | 725,859.38 742,842.88 | 100.79 0.19% | 755,947.50 3,456.39 | 1.00% 13,104.62 | Aaa / AA+ AAA | 0.67 0.66 |
| 912828U81 | US Treasury Note 2% Due 12/31/2021 | 750,000.00 | 11/08/2018 3.05% | 726,650.39 738,243.84 | 102.87 0.18% | 771,533.25 6,304.95 | 1.02% 33,289.41 | Aaa / AA+ AAA | 1.59 1.55 |
| 912828W55 | US Treasury Note 1.875% Due 2/28/2022 | 1,000,000.00 | 01/30/2019 2.56% | 979,921.88 988,621.21 | 102.96 0.18% | 1,029,570.00 4,738.45 | 1.36% 40,948.79 | Aaa / AA+ AAA | 1.75 1.72 |
| 912828W89 | US Treasury Note 1.875% Due 3/31/2022 | 750,000.00 | 09/27/2018 2.92% | 724,013.67 736,438.38 | 103.11 0.18% | 773,291.25 2,382.17 | 1.02% 36,852.87 | Aaa / AA+ AAA | 1.83 1.80 |
| 912828XR6 | US Treasury Note 1.75% Due 5/31/2022 | 750,000.00 | 09/24/2018 2.93% | 719,208.98 733,298.62 | 103.14 0.18% | 773,554.50 35.86 | 1.02% 40,255.88 | Aaa / AA+ AAA | 2.00 1.97 |
| 912828XW5 | US Treasury Note 1.75% Due 6/30/2022 | 350,000.00 | 09/07/2018 2.80% | 336,792.97 342,783.20 | 103.27 0.17% | 361,456.90 2,574.52 | 0.48% 18,673.70 | Aaa / AA+ AAA | 2.08 2.04 |
| 9128282P4 | US Treasury Note 1.875% Due 7/31/2022 | 1,000,000.00 | 12/28/2018 2.53% | 977,617.19 986,481.33 | 103.66 0.18% | 1,036,641.00 6,284.34 | 1.37% 50,159.67 | Aaa / AA+ AAA | 2.17 2.12 |
| 912828L24 | US Treasury Note 1.875% Due 8/31/2022 | 750,000.00 | 09/20/2018 2.94% | 720,439.45 733,146.38 | 103.84 0.16% | 778,828.50 3,553.84 | 1.03% 45,682.12 | Aaa / AA+ AAA | 2.25 2.20 |



| CUSIP | Security Description | Par Value/Units | Purchase Date Book Yield | Cost Value Book Value | Mkt Price Mkt YTM | Market Value Accrued Int. | % of Port. Gain/Loss | Moody/S&P Fitch | Maturity Duration |
|--|---|----------------------|-----------------------------|--|----------------------|---|---------------------------------------|--------------------------------|----------------------------|
| US TREASURY | | | | | | | | | |
| 9128282W9 | US Treasury Note 1.875% Due 9/30/2022 | 1,000,000.00 | 03/19/2019 2.43% | 981,406.25 987,733.89 | 103.95 0.18% | 1,039,453.00 3,176.23 | 1.37% 51,719.11 | Aaa / AA+ AAA | 2.33 2.29 |
| 912828M80 | US Treasury Note 2% Due 11/30/2022 | 800,000.00 | 12/24/2019 1.70% | 806,875.00 805,859.81 | 104.53 0.18% | 836,218.40 43.72 | 1.10% 30,358.59 | Aaa / AA+ AAA | 2.50 2.45 |
| 9128284D9 | US Treasury Note 2.5% Due 3/31/2023 | 1,000,000.00 | 02/21/2019 2.51% | 999,414.06 999,595.94 | 106.52 0.19% | 1,065,234.00 4,234.97 | 1.41% 65,638.06 | Aaa / AA+ AAA | 2.83 2.74 |
| 912828R28 | US Treasury Note 1.625% Due 4/30/2023 | 1,000,000.00 | 12/04/2019 1.60% | 1,000,898.44 1,000,768.95 | 104.16 0.19% | 1,041,641.00 1,413.04 | 1.37% 40,872.05 | Aaa / AA+ AAA | 2.92 2.85 |
| 912828R69 | US Treasury Note 1.625% Due 5/31/2023 | 1,100,000.00 | Various 2.00% | 1,083,765.62 1,088,196.36 | 104.27 0.20% | 1,146,921.60 48.84 | 1.51% 58,725.24 | Aaa / AA+ AAA | 3.00 2.94 |
| 912828T91 | US Treasury Note 1.625% Due 10/31/2023 | 1,000,000.00 | 09/25/2019 1.60% | 1,000,898.44 1,000,748.90 | 104.81 0.21% | 1,048,125.00 1,413.04 | 1.38% 47,376.10 | Aaa / AA+ AAA | 3.42 3.33 |
| 912828V80 | US Treasury Note 2.25% Due 1/31/2024 | 1,000,000.00 | 12/16/2019 1.71% | 1,021,210.94 1,018,858.86 | 107.39 0.23% | 1,073,867.00 7,541.21 | 1.42% 55,008.14 | Aaa / AA+ AAA | 3.67 3.52 |
| 912828X70 | US Treasury Note 2% Due 4/30/2024 | 1,000,000.00 | 03/03/2020 0.71% | 1,052,539.06 1,049,458.71 | 106.84 0.24% | 1,068,438.00 1,739.13 | 1.41% 18,979.29 | Aaa / AA+ AAA | 3.92 3.78 |
| Total US Treasury | | 17,000,000.00 | 2.29% | 16,799,298.83 16,944,081.06 | 0.19% | 17,616,097.40 56,992.68 | 23.27% 672,016.34 | Aaa / AA+ AAA | 2.16 2.10 |
| TOTAL PORTFOLIO | | 74,038,978.70 | 1.77% | 74,010,078.59 74,186,386.96 | 0.64% | 75,668,428.02 275,492.14 | 100.00% 1,482,041.06 | Aa1 / AA+ AAA | 1.37 1.29 |
| TOTAL MARKET VALUE PLUS ACCRUED | | | | | | 75,943,920.16 | | | |

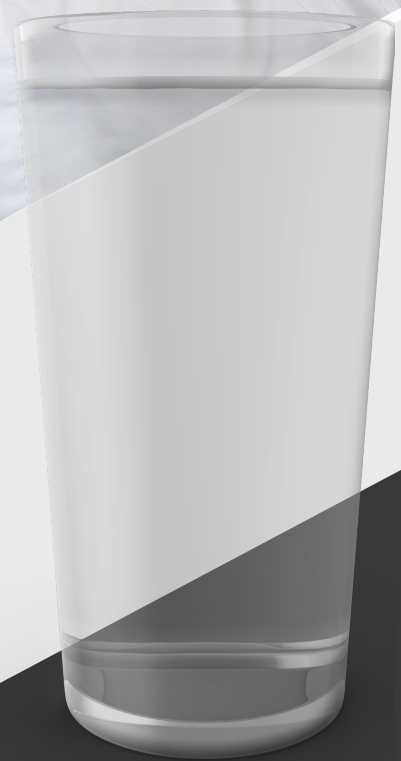
**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

| Matter Description | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Total |
|--|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| General Counsel Services | \$10,914 | \$5,557 | \$9,183 | \$5,284 | \$2,215 | \$12,391 | \$6,930 | \$10,083 | \$7,810 | \$18,504 | \$5,857 | \$11,254 | \$9,723 | \$115,704 |
| Labor/Employment | 5,577 | 21,718 | 14,492 | 5,447 | 2,135 | 3,679 | 3,948 | 2,359 | 3,504 | 4,073 | 468 | 1,666 | 2,089 | \$71,153 |
| Engineering - Construction/Contracting | 2,647 | 3,172 | 1,693 | 546 | 1,641 | 1,968 | 2,878 | 4,143 | 3,433 | 1,615 | 2,200 | 2,662 | 8,528 | \$37,126 |
| Fees and Taxes | - | - | 728 | - | 2,744 | 7,241 | 5,491 | 1,204 | - | 1,802 | 1,812 | 2,562 | 2,550 | \$26,133 |
| Environmental | - | 7,935 | 116 | - | - | 1,800 | 2,910 | 678 | - | - | - | - | - | \$13,439 |
| Adv. Butler | 2,302 | 302 | 136 | - | 30 | 417 | - | 1,702 | 138 | 2,831 | 8,593 | 1,063 | 81 | \$17,594 |
| Renewable Energy | - | - | - | - | - | - | - | 4,710 | 1,824 | - | - | - | - | \$6,839 |
| Driscoll & Omens Prop 218 Sole | - | - | - | - | - | - | - | - | - | - | - | - | 500 | \$500 |
| Driscoll & Omens Prop 218 Shared | - | - | - | - | - | - | - | - | - | - | - | - | 2,323 | \$2,323 |
| Total | \$21,439 | \$38,684 | \$26,348 | \$11,277 | \$8,764 | \$27,495 | \$22,157 | \$24,878 | \$16,708 | \$28,825 | \$18,931 | \$19,207 | \$26,098 | \$287,989 |



WATER
QUALITY
REPORT

2019



VALLECITOS
WATER
DISTRICT

2019 Water Quality Report

For more than 60 years, the Vallecitos Water District (Vallecitos) has taken pride in the water it delivers to its now more than 102,000 residents. As a result of its commitment to excellence, Vallecitos is proud to provide the 2019 water quality test results for drinking water delivered to its customers.

After more than 150 types of tests conducted by its wholesalers – Metropolitan Water District of Southern California (MWD) and San Diego County Water Authority (SDCWA) – and additional tests performed by the City of Oceanside, Olivenhain Municipal Water District (OMWD) and Vallecitos, it has been concluded that your water either met or exceeded

all state and federal potable drinking water standards. Along with these tests, your drinking water went through a treatment process that included filtering and disinfecting to ensure acceptable quality. Results of our own testing, along with the City of Oceanside's, OMWD's and our wholesalers' monitoring are found in the tables of this report.

This publication is a summary of last year's water quality. Included are details about where your water comes from, what it contains, and how it compares to state and federal standards.

Origins of Your Drinking Water

As of 2014, Vallecitos customers received 100 percent imported water from SDCWA, which purchased the water from MWD from Northern California and the Colorado River. In November of 2015, to reduce dependence on imported water and provide customers an increased level of reliability despite drought and other regulatory issues, Vallecitos customers began receiving ocean water from the Western Hemisphere's largest desalination treatment plant. The Carlsbad Claude "Bud" Lewis Desalination Plant provides superior quality water free of salt and

virtually any mineral, biological or organic compounds by taking water from Carlsbad's Agua Hedionda Lagoon, processing it, and then distributing it through a 54-inch pipeline 10 miles eastward before being delivered to your faucet. In 2015, Vallecitos began receiving a blend of desalinated and imported water from SDCWA. However, in 2016, Vallecitos began receiving water directly from the plant.

Whether imported or local, your water remains safe during its journey due to increased security at key facilities, increased water sampling, and aerial and ground patrols. Protecting your water doesn't end with the thousands of tests performed throughout the year. Vallecitos also supports regulatory changes in public policy to improve water quality.

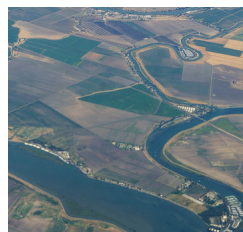
The end result is more than 5 billion gallons of an exceptional product delivered annually through 19 operational storage reservoirs and 350 miles of pipeline to a 45-square-mile area that includes San Marcos; Lake San Marcos; portions of Escondido, Carlsbad, and Vista; and unincorporated areas in San Diego County.



Claude "Bud" Lewis Desalination Plant in Carlsbad



Colorado River via the 242-mile Colorado River Aqueduct



Sacramento-San Joaquin Delta via the 444-mile CA Aqueduct

The Water We Drink

The U.S. Congress has directed the U.S. Environmental Protection Agency (USEPA) to require water systems to report the quality of the drinking water they serve annually. Vallecitos supports this regulation and has provided Water Quality Reports and other water quality data to all of its customers for many years.

The Reason for Contaminants

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline at (800) 426-4791.



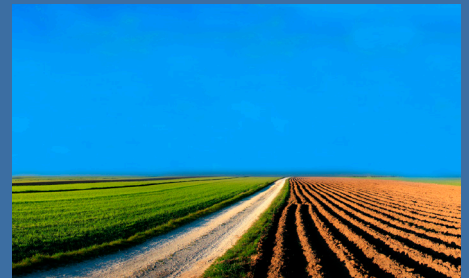
In order to ensure that tap water is safe to drink, the USEPA and the State Water Resources Control Board prescribe regulations that limit the amount of

certain contaminants in water provided by public water systems. Vallecitos and its water wholesalers treat the water according to these regulations.

The sources of drinking water (both bottled and tap water) include rivers, lakes, streams, reservoirs, ponds, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or human activity.

Contaminants possibly present in source water before treatment include:

- **Microbial contaminants**, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic contaminants**, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- **Pesticides and herbicides**, which may come from a variety of sources, such as agriculture, urban stormwater runoff, and residential uses.
- **Organic chemical contaminants**, including synthetic and volatile organic compounds that are by-products of industrial processes and petroleum production and can come from gas stations, urban stormwater runoff, agricultural application and septic systems.
- **Radioactive contaminants**, which can be naturally-occurring or the result of oil and gas production and mining activities.



Health Advisories Regarding Your Water

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons, such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, persons with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Center for Disease Control guidelines on the appropriate means to lessen the risk of infection by *Cryptosporidium* or other microbial contaminants are available from the **Safe Drinking Water Hotline (800) 426-4791**.

The tables below list all the drinking water contaminants tested for during the 2019 calendar year. Thousands of water quality tests were performed on your drinking water last year. Many more parameters were tested for and not found. The results in this report show that your water met, and in most cases exceeded, all of the stringent state (State Water Resources Control Board) and federal (U.S. Environmental Protection Agency) water quality standards relating to public health and aesthetics, such as taste, odor and color. Unless otherwise noted, the data in the following tables reflect testing from January 1, 2019, through December 31, 2019. The monitoring of certain contaminants is not required annually since they are not expected to vary significantly from year to year. Therefore, though representative of the water quality, some of the data may be more than one year old.

Summary of Vallecitos Water District's 2019 Water Quality Analysis

| Parameter | Units | State or Federal MCL [MRDL] | PHG (MCLG) [MRDLG] | Range Average | Treatment Plant Effluents | | | | | Major Sources in Drinking Water |
|--|----------|-----------------------------|--------------------|--------------------------------|---------------------------|-------------------------|-----------------------|-----------------------------|----------------------------|---|
| | | | | | Twin Oaks Treatment Plant | Skinner Treatment Plant | Weese Treatment Plant | Carlsbad Desalination Plant | Olivenhain Treatment Plant | |
| Percent State Project Water | % | NA | NA | Range Average | NR | 6 - 100 54 | NR | NA | 10 - 79 56 | NA |
| PRIMARY STANDARDS - Mandatory Health-Related Standards - Data provided by the San Diego County Water Authority (Twin Oaks Treatment Plant), the Metropolitan Water District (Skinner Treatment Plant), the City of Oceanside (Weese Treatment Plant), San Diego County Water Authority (Claude "Bud" Lewis Carlsbad Desalination Plant), and the Olivenhain Municipal Water District (David C. McCollom Water Treatment Plant). | | | | | | | | | | |
| CLARITY | | | | | | | | | | |
| Combined Filter Effluent Turbidity | NTU % | 0.3 95 (a) | NA | Average % ≤ 0.1 | 0.01 - 0.02 100% | 0.07 100% | 0.15 100% | 0.06 100% | 0.09 100% | Soil runoff |
| MICROBIOLOGICAL | | | | | | | | | | |
| Total Coliform Bacteria (b) | % | 5.0 | (0) | Range Average | ND | NA | ND | ND | ND | Naturally present in the environment |
| E. coli (c) | (c) | (c) | (0) | Range Average | ND | NA | ND | ND | ND | Human and animal fecal waste |
| Heterotrophic Plate (d) | CFU/mL | TT | NA | Range Average | ND | ND - 1 ND | NR | NA | NR | Naturally present in the environment |
| INORGANIC CHEMICALS | | | | | | | | | | |
| Arsenic | ppb | 10 | 0.004 | Range Average | NRA 3 | ND | NRA 1 | ND | NR | Natural deposits erosion; runoff from orchards; glass and electronics production wastes |
| Barium | ppb | 1,000 | 2,000 | Range Average | NRA 50 | ND | NRA 110 | ND | NR | Oil and metal refineries discharges; natural deposits erosion |
| Fluoride Treatment-Related (e) | ppm | 2.0 | 1 | Optimal Fluoride Control Range | | 0.6 - 1.2 | NA | NA | NA | Erosion of natural deposits; water additive for dental health; discharge from fertilizer and aluminum factories |
| | | | | Range Average | 0.5 - 0.7 0.7 | 0.3 - 0.8 0.7 | Not Added | 0.60 - 0.80 0.70 | 0.61 - 0.98 0.78 | |
| Nitrate (as N) (f) | ppm | 10 | 10 | Range Average | 0.2 - 0.4 0.3 | ND | 0.12 - 0.19 0.14 | ND | NR | Runoff and leaching from fertilizer use; sewage; natural deposits erosion |
| RADIOLOGICALS | | | | | | | | | | |
| Gross Alpha Particle Activity | pCi/L | 15 | (0) | Range Average | ND | ND - 4 ND | NRA 2.1 | ND | NR | Erosion of natural deposits |
| Gross Beta Particle Activity (g) | pCi/L | 50 | (0) | Range Average | ND - 3.5 2.3 | ND - 5 ND | NA | ND | NR | Decay of natural and man-made deposits |
| Uranium | pCi/L | 20 | 0.43 | Range Average | 1.0 - 1.1 1.1 | ND - 3 ND | NRA 2.0 | ND | NR | Erosion of natural deposits |
| DISINFECTION BY-PRODUCTS PRECURSORS | | | | | | | | | | |
| Bromate (h) | ppb | 10 | 0.1 | Range Average | 2 - 4.8 3.1 | ND - 10 2.8 | NR | NA | NR | By-product of drinking water ozonation |
| DBP Precursors Control (TOC) | ppm | TT | NA | Range Average | 1.9 - 2.5 2.2 | 2.0 - 2.7 2.4 | NR | NA | NR | Various natural and man-made sources |

This analysis report lists only the detected parameters which are required by law to be published. However, more than 150 parameters were monitored. If you would like a copy of the full reports, including the non-detected contaminants, call the District's Public Information Office at (760) 744-0460 or the reports can be viewed on our website at www.vwd.org.

The San Diego County Water Authority (SDCWA) experienced a treatment process failure at its regional treatment plant. Water in the treatment plant was not in contact with the proper dosage of ozone disinfectant for the required amount of time. On April 21-22, 2019, a segment of the disinfection treatment facility did not provide the intended disinfection of pathogens. Upon being notified of the malfunction, a review of the overall pathogen removal at the treatment plant was performed. It was determined however, unable to be confirmed, that the required reduction of pathogens was most likely achieved. The SDCWA implemented policy and engineering changes to immediately identify and correct improper valve conditions that led to the April 21-22 incident. SDCWA has prepared new procedures for ensuring that the continuous disinfection treatment facility is operating as designed and as required. Inadequately treated water may contain disease causing organisms. These organisms include bacteria, viruses, and parasites that can cause symptoms such as nausea, cramps, diarrhea, and associated headaches.

Summary of Vallecitos Water District's 2019 Water Quality Analysis - Continued

| Parameter | Units | State or Federal MCL [MRDL] | PHG (MCLG) [MRDLG] | Range Average | Treatment Plant Effluents | | | | | Major Sources in Drinking Water |
|--|-------|-----------------------------|--------------------|---------------|---------------------------|-------------------------|-----------------------|-----------------------------|----------------------------|--|
| | | | | | Twin Oaks Treatment Plant | Skinner Treatment Plant | Weese Treatment Plant | Carlsbad Desalination Plant | Olivenhain Treatment Plant | |
| SECONDARY STANDARDS - Aesthetic Standards - Data provided by the San Diego County Water Authority, Metropolitan Water District, Olivenhain Municipal Water District, and the City of Oceanside. | | | | | | | | | | |
| Aluminum (i) | ppb | 200 | 600 | Range | ND | ND - 94 | 48 - 140 | ND | NR | Residue from water treatment process; natural deposits erosion |
| | | | | Highest RAA | | 51 | 90 | | | |
| Chloride | ppm | 500 | NA | Range | NRA | 68 - 78 | 55 - 86 | 65.7 - 94.0 | NR | Runoff/leaching from natural deposits; seawater influence |
| | | | | Average | 75 | 73 | 67 | 79.1 | | |
| Color | Units | 15 | NA | Range | ND | ND - 2 | ND - 3 | ND | NR | Naturally occurring organic materials |
| | | | | Average | | 1 | ND | | | |
| Manganese | ppb | 50 | NL = 500 | Range | ND | ND | NA | ND | NR | Leaching from natural deposits |
| | | | | Average | | | | | | |
| Odor Threshold (j) | TON | 3 | NA | Range | NRA | 1 | ND | ND | ND | Naturally occurring organic materials |
| | | | | Average | 1 | | | | | |
| Silver | ppb | 100 | NA | Range | ND | ND | NR | ND | NR | Industrial discharges |
| | | | | Average | | | | | | |
| Specific Conductance | µS/cm | 1,600 | NA | Range | NRA | 576 - 644 | NR | 345 - 496 | NR | Substances that form ions in water; seawater influence |
| | | | | Average | 600 | 610 | | 408 | | |
| Sulfate | ppm | 500 | NA | Range | NRA | 90 - 108 | 62 - 223 | 10.0 - 19.3 | NR | Runoff/leaching from natural deposits; industrial wastes |
| | | | | Average | 89 | 99 | 117 | 12.2 | | |
| Total Dissolved Solids (TDS) | ppm | 1,000 | NA | Range | NRA | 330 - 379 | 304 - 560 | 147 - 282 | NR | Runoff/leaching from natural deposits |
| | | | | Average | 340 | 354 | 402 | 212 | | |
| Turbidity (a) | NTU | 5 | NA | Range | ND | ND | 0.10 - 0.40 | ND - 0.37 | NR | Soil runoff |
| | | | | Average | | | | 0.15 | | |

ABBREVIATIONS AND DEFINITIONS

| | |
|---|--|
| <p>A - Absent</p> <p>CFU/mL - Colony-Forming Units per milliliter</p> <p>DBP - Disinfection By-Products</p> <p>MCL - Maximum Contaminant Level - The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste and appearance of drinking water.</p> <p>MCLG - Maximum Contaminant Level Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.</p> <p>MPN - Most Probable Number</p> <p>MRDL - Maximum Residual Disinfectant Level - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.</p> <p>MRDLG - Maximum Residual Disinfectant Level Goal - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.</p> <p>N - Nitrogen</p> <p>NA - Not Applicable</p> | <p>NRA - No Running Average - Single Sample Collected</p> <p>NR - Not Reported</p> <p>ND - Not Detected</p> <p>NTU - Nephelometric Turbidity Units</p> <p>NL - Notification Level - The level at which notification of the public water system's governing body is required.</p> <p>pCi/L - picoCuries per liter</p> <p>PHG - Public Health Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.</p> <p>ppb - parts per billion or micrograms per liter (µg/L)</p> <p>ppm - parts per million or milligrams per liter (mg/L)</p> <p>RAA - Running Annual Average</p> <p>SI - Saturation Index (Langelier)</p> <p>TOC - Total Organic Carbon</p> <p>TT - Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water.</p> <p>µS/cm - microSiemen per centimeter; also equivalent to µmho/cm (micromho per centimeter)</p> <p>Primary Standards - (Primary Drinking Water Standards) - MCLs and MRDLs are set to provide the maximum feasible protection to public health. They regulate contaminant levels based on toxicity and adverse health affects.</p> <p>Secondary Standards - (Secondary Drinking Water Standards) - Requirements that ensure appearance, taste and smell of drinking water are acceptable.</p> |
|---|--|

FOOTNOTES

- (a) - The turbidity level of the filtered water shall be less than or equal to 0.3 NTU (0.1 NTU at Twin Oaks Treatment Plant) in 95% of the measurements taken each month and shall not exceed 1 NTU at anytime. The less than or equal to 0.3 NTU in 95% measurement values are Treatment Technique requirements. Turbidity is a measure of the cloudiness of the water and is an indicator of treatment performance. The monthly averages and ranges of turbidity shown in the Secondary Standards section were based on the treatment plant effluents.
- (b) - Total coliform MCLs: No more than 5.0% of the monthly samples may be total coliform-positive. Compliance is based on the combined distribution system sampling from all the treatment plants. The MCL was not violated.
- (c) - *E. coli* MCLs: The occurrence of 2 consecutive total coliform-positive samples, one of which contains fecal coliform/*E. coli*, constitutes an acute MCL violation. The MCL was not violated.
- (d) - All distribution samples collected had detectable total chlorine residuals and no HPC was required. HPC reporting level is 1 CFU/mL.
- (e) - MWD, SDCWA, and OMWD were in compliance with all provisions of the State's Fluoridation System Requirements.
- (f) - State MCL is 45 mg/L as nitrate, which equals 10 mg/L as N.
- (g) - SWRCB considers 50 pCi/L to be the level of concern for beta particles; the gross beta particle activity MCL is 4 millirem/year annual dose equivalent to the total body or any internal organ.
- (h) - Reporting level is 3.0 ppb for Bromate.
- (i) - Aluminum and copper both have primary and secondary standards.
- (j) - Metropolitan utilizes a flavor-profile analysis method that can detect odor occurrences more accurately. Call MWD at (213) 217-6850 for more information.

Summary of Vallecitos Water District's 2019 Water Quality Analysis - Continued

Other Detected Constituents That May be of Interest to Consumers

| Parameter | Units | State or Federal MCL [MRDL] | PHG (MCLG) [MRDLG] | Range Average | Treatment Plant Effluents | | | | | Major Sources in Drinking Water |
|--|----------|-----------------------------|--------------------|---------------|---------------------------|-------------------------|-----------------------|--------------------------|----------------------------|--|
| | | | | | Twin Oaks Treatment Plant | Skinner Treatment Plant | Weese Treatment Plant | Carlsbad Treatment Plant | Olivenhain Treatment Plant | |
| Alkalinity | ppm | NA | NA | Range | NRA | 84 - 87 | 74 - 112 | 37 - 75 | NR | Runoff/leaching of natural deposits; carbonate, bicarbonate, hydroxide, and occasionally borate, silicate, and phosphate |
| | | | | Average | 86 | 86 | 89 | 62 | | |
| Boron | ppb | NL = 1,000 | NA | Range | NRA | 120 | NA | 460 - 733 | NR | Runoff/leaching from natural deposits; industrial wastes; naturally occurring in ocean water. |
| | | | | Average | 120 | | 596 | | | |
| Calcium | ppm | NA | NA | Range | NRA | 33 - 39 | 26 - 71 | 15.6 - 24.9 | NR | Runoff/leaching from natural deposits |
| | | | | Average | 34 | 36 | 40 | 19.3 | | |
| Chlorate | ppb | NL = 800 | NA | Range | 190 - 450 | 35 | NR | NA | NR | By-product of drinking water chlorination; industrial processes |
| | | | | Average | 251 | | | | | |
| Chromium VI (a) | ppb | 10 | 0.02 | Range | 0.06 - 0.49 | ND | NR | NA | NR | Industrial waste discharge; could be naturally present as well |
| | | | | Average | 0.27 | | | | | |
| Corrosivity (b) (Aggressiveness Index) | AI | NA | NA | Range | NRA | 12 | NR | 11.6 - 12.9 | NR | Elemental balance in water; affected by temperature, other factors |
| | | | | Average | 12 | | | 12.0 | | |
| Corrosivity (c) (Saturation Index) | SI | NA | NA | Range | NRA | 0.20 - 0.28 | NR | -0.05 - 0.51 | NR | Elemental balance in water; affected by temperature, other factors |
| | | | | Average | 0.11 | .24 | | .27 | | |
| Hardness | ppm | NA | NA | Range | NRA | 139 - 164 | 110 - 290 | 39.0 - 62.2 | NR | The sum of naturally occurring poly-valent cations present in the water |
| | | | | Average | 140 | 152 | 164 | 48.2 | | |
| Magnesium | ppm | NA | NA | Range | NRA | 14 - 16 | 11 - 27 | 0.61 - 1.25 | NR | Runoff/leaching from natural deposits |
| | | | | Average | 14 | 15 | 16 | 0.83 | | |
| N-Nitrosodimethylamine (NDMA) | ppt | NL = 10 | 3 | Range | NRA | 3.9 | NR | NA | NR | By-product of drinking water chloramination; industrial processes |
| | | | | Average | 2.3 | | | | | |
| pH | pH Units | NA | NA | Range | 7.6 - 8.5 | 8.1 - 8.2 | 8.1 - 8.5 | 6.0 - 8.7 | NR | NA |
| | | | | Average | 8.2 | 8.1 | 8.2 | 8.5 | | |
| Potassium | ppm | NA | NA | Range | NRA | 3.3 - 3.6 | NR | 1.9 - 3.6 | NR | Salt present in the water; naturally-occurring |
| | | | | Average | 3.2 | 3.4 | | 2.4 | | |
| Sodium | ppm | NA | NA | Range | NRA | 62 - 69 | NA | 47.8 - 77.8 | NR | The salt present in the water, generally naturally occurring |
| | | | | Average | 64 | 66 | 92 | 61.8 | | |

ABBREVIATIONS, DEFINITIONS AND FOOTNOTES

Abbreviations and Definitions - (Please refer to main table for other abbreviations and definitions)

- NR** - Not Reported
- NL** - Notification Level - The level at which notification of the public water system's governing body is required.
- ppt** - parts per trillion or nanograms per liter (ng/L).
- NRA** - No Running Average - Single Sample Collected

Footnotes:

- (a) - Reporting level is 0.03 ppb for Chromium VI.
- (b) - AI <10.0 = Highly aggressive and very corrosive water
AI ≥ 12.0 = Non-aggressive water
AI (10.0 - 11.9) = Moderately aggressive water
- (c) - Positive SI index = non-corrosive; tendency to precipitate and/or deposit scale on pipes
Negative SI index = corrosive; tendency to dissolve calcium carbonate

Summary of Vallecitos Water District's 2019 Water Quality Analysis - Continued

| Parameter | Units | State or Federal MCL [MRDL] | PHG (MCLG) [MRDLG] | Range Average | Within VWD's System | Major Sources in Drinking Water |
|---|-------|-----------------------------|--------------------|-----------------------|---------------------|---|
| Summary of Water Quality Tests Within VWD's Distribution System - Data Provided by Vallecitos Water District | | | | | | |
| Total Coliform Bacteria (a) | % | 5.0 (a) | (0) | Range Average | ND | Naturally present in the environment |
| Fecal Coliform & E. coli (b) | (b) | (b) | (0) | Range Average | ND | Human and animal fecal waste |
| Total Trihalomethanes (TTHM) (c) | ppb | 80 | NA | Range Highest LRAA | 8.7 - 66.0 41.0 | By-product of drinking water chlorination |
| Haloacetic Acids (five) (HAA5) (d) | ppb | 60 | NA | Range Highest LRAA | 1.7 - 19.0 12.0 | By-product of drinking water chlorination |
| Total Chlorine Residual (e) | ppm | [4.0] | [4.0] | Range Highest RAA | 0.1 - 3.4 2.18 | Drinking water disinfectant added for treatment |
| Secondary Standards - Aesthetics | | | | | | |
| Color | Units | 15 | NA | Range Average | ND | Naturally occurring organic materials |
| Odor Threshold | TON | 3 | NA | Range Average | ND | Naturally occurring organic materials |
| Turbidity | NTU | 5 | NA | Range Average | 0.05 - 0.85 0.21 | Soil runoff |
| MONITORED AT CUSTOMERS' TAP | | | | | | |
| Copper (f) | ppb | AL = 1,300 | 300 | 90th Percentile | 270 | House pipes internal corrosion; erosion of natural deposits; leaching from wood preservatives |
| Lead (f) | ppb | AL = 15 | 0.2 | 90th Percentile | 1.2 | House pipes internal corrosion; erosion of natural deposits; discharges from industrial manufacturers |
| UNREGULATED CONTAMINANT MONITORING RULE 4 (UCMR4) | | | | | | |
| Manganese (g) | ppb | 50 | NL = 500 | Range Average | ND - 65 12.62 | Leaching from natural deposits |
| HAA9 (g) | ppb | NA | NA | Range Average | ND - 8.3 1.77 | By-product of drinking water chlorination |
| ABBREVIATIONS AND DEFINITIONS | | | | | | |

- | | |
|---|---|
| <p>AL - Action Level</p> <p>HAA5 - Haloacetic Acids (five)</p> <p>MCL - Maximum Contaminant Level - The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste and appearance of drinking water.</p> <p>MCLG - Maximum Contaminant Level Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.</p> <p>MRDL - Maximum Residual Disinfectant Level - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.</p> | <p>MRDLG - Maximum Residual Disinfectant Level Goal - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.</p> <p>NL - Notification Level</p> <p>PHG - Public Health Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.</p> <p>ppb - parts per billion or micrograms per liter (µg/L)</p> <p>ppm - parts per million or milligrams per liter (mg/L)</p> <p>TTHM - Total Trihalomethanes</p> <p>RAA - Running Annual Average</p> <p>LRAA - Locational Running Annual Average; highest LRAA is the highest of all Locational Running Annual Averages. Calculated as average of all samples collected within a 12-month period.</p> |
|---|---|

FOOTNOTES

- (a) - The District tested more samples than required by the SWRCB. 1,378 samples were analyzed in 2019 and all samples tested negative for Total Coliform bacteria. The District was in compliance with the Total Coliform MCL for 2019.
- (b) - The District tested more samples than required by the SWRCB. 1,378 samples were analyzed in 2019 and all samples tested negative for Fecal/E. coli bacteria. The District was in compliance with the Fecal/E. coli MCL for 2019.
- (c) - The MCL for Total Trihalomethanes (TTHM) is determined by using a Locational Running Annual Average (LRAA) of the last four quarterly tests. The District was in compliance with the regulations concerning Total Trihalomethanes (TTHM) for 2019.
- (d) - The MCL for Haloacetic Acids (HAA5) is determined by using a Locational Running Annual Average (LRAA) of the last four quarterly tests. The District was in compliance with the regulations concerning Haloacetic Acids (HAA5) for 2019.
- (e) - Total chlorine is the sum of free and combined chlorine. Free chlorine is defined as the concentration of residual chlorine in water present as dissolved gas (Cl₂), hypochlorous acid (HOCl), and/or hypochlorite ion (OCl⁻). Combined chlorine is defined as the residual chlorine existing in water in chemical combination with ammonia or organic amines which can be found in natural or polluted waters. Ammonia is sometimes deliberately added to chlorinated public water supplies to provide inorganic chloramines. This process is generally referred to as "chloramination". The water provided to you has had inorganic chloramines added as a disinfectant.
- (f) - The federal and state standards for Lead and Copper are treatment techniques requiring agencies to optimize corrosion control treatment. The District is required to take 50 samples every three years. The data shown is from 53 samples taken during the 2018 period. Our next sample period is scheduled for June, 2021. The District was in compliance with the "Lead and Copper Rule" in 2018. In 2017, the District collected 73 samples from 19 schools and one daycare camp.
- (g) - Quarterly UCMR 4 monitoring was conducted in 2019. Manganese and Haloacetic were detected. Haloacetic acids are reported as HAA9.

*If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Vallecitos is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your drinking water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.



- Special Edition - 2019 Water Quality Report

201 Vallecitos de Oro
San Marcos, CA 92069
(760) 744-0460
www.vwd.org

Board of Directors

Division 1: Betty Evans
Division 2: Jim Hernandez
Division 3: Craig Elitharp
Division 4: Mike Sannella
Division 5: Hal Martin

Management Staff

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

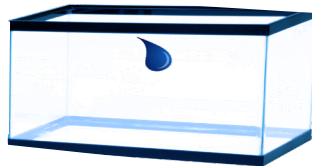
Due to the evolving situation with the COVID-19 Novel Coronavirus and Executive Order N-29-20, VWD will hold future meetings via teleconferencing. The public is encouraged to watch or listen to the meeting from their homes and observe the meeting electronically or listen in by phone. The District's Board meetings are held on the first and third Wednesday of each month at 5:00 p.m.

To provide public comments prior to the meeting, submit comments via e-mail at PublicComment@VWD.org up to 90 minutes in advance of the meeting. Comments received are handled by the Clerk of the Board of Directors as if submitted in person. All written comments that are received at least 90 minutes before the meeting will be provided to the Board, and a record of the receipt of comment will be noted during the meeting. To comment during the meeting or to watch or listen to the live meeting, go to www.vwd.org/



"Like us" on Facebook
or follow us on Twitter
[@vallecitoswater](https://www.facebook.com/vallecitoswater)

Parts per million (ppm) =
One drop in a 10-gallon aquarium



Parts per billion (ppb) =
One drop in a residential
swimming pool

FOR MORE INFORMATION: This report is only a summary of the water quality activities during the past year. If you have any questions about your water quality or Vallecitos Water District, please visit our web site at www.vwd.org or call (760) 744-0460 during business hours (Monday through Friday, 8 a.m. to 5 p.m.). The District's headquarters is located at 201 Vallecitos de Oro, San Marcos, CA 92069. Questions specific to water quality can be directed to Shawn Askine, Water Systems Supervisor, at (760) 744-0460, ext. 268. Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien. Para más información llame al (760) 744-0460.
For additional information, contact:

- * **U.S. Environmental Protection Agency (USEPA)** - (800) 426-4791 - <http://water.epa.gov/drink/index.cfm>
- * **National Center for Disease Control** - (404) 639-3311 - www.cdc.gov
- * **State Water Resources Control Board** - Division of Drinking Water
(916) 449-5577 - http://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/CCR.shtml
- * **Metropolitan Water District of Southern California** - (213) 217-6000 - www.mwdh2o.com
- * **San Diego County Water Authority** - (858)-522-6740 - www.sdcwa.org

DATE: JUNE 17, 2020
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE "LINDAUER ANNEXATION", APN 182-101-01 INTO THE VALLECITOS WATER DISTRICT AND SEWER IMPROVEMENT DISTRICT 5 (LINDAUER FAMILY TRUST 08-18-06)

BACKGROUND:

Lloyd and Marilyn Lindauer, Trustees of the Lindauer Family Trust 08-18-06, owners of the property, are requesting annexation into the Vallecitos Water District for water and sewer service. The property is approximately 4 acres located at 317 East Olive Street on the southeast corner of East Olive Street and Sycamore Drive, in the City of San Marcos.

DISCUSSION:

The property is currently within the Vista Irrigation District (VID) and receives water from a well. The property is on a septic system. The property will need to detach from VID, annex into the Vallecitos Water District water service area and annex into the Vallecitos Water District Sewer Improvement District 5 to receive water and sewer service from VWD.

The VWD annexation and the VID detachment of APN 182-101-01 will also require processing through the Local Agency Formation Commission (LAFCO) and the State Board of Equalization (SBOE) for the water and sewer service boundary changes.

FISCAL IMPACT:

Payment of \$19,484 (\$4,871.00/acre x 4 acres) in water annexation fees and payment of \$38,696 (\$9,674/acre x 4 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.

The Water and Wastewater Capital Facility Fees will be due prior to service being granted.

RECOMMENDATION:

Approve the conditions for annexation of 4 acres of APN 182-101-01 into the Vallecitos Water District which include the following:

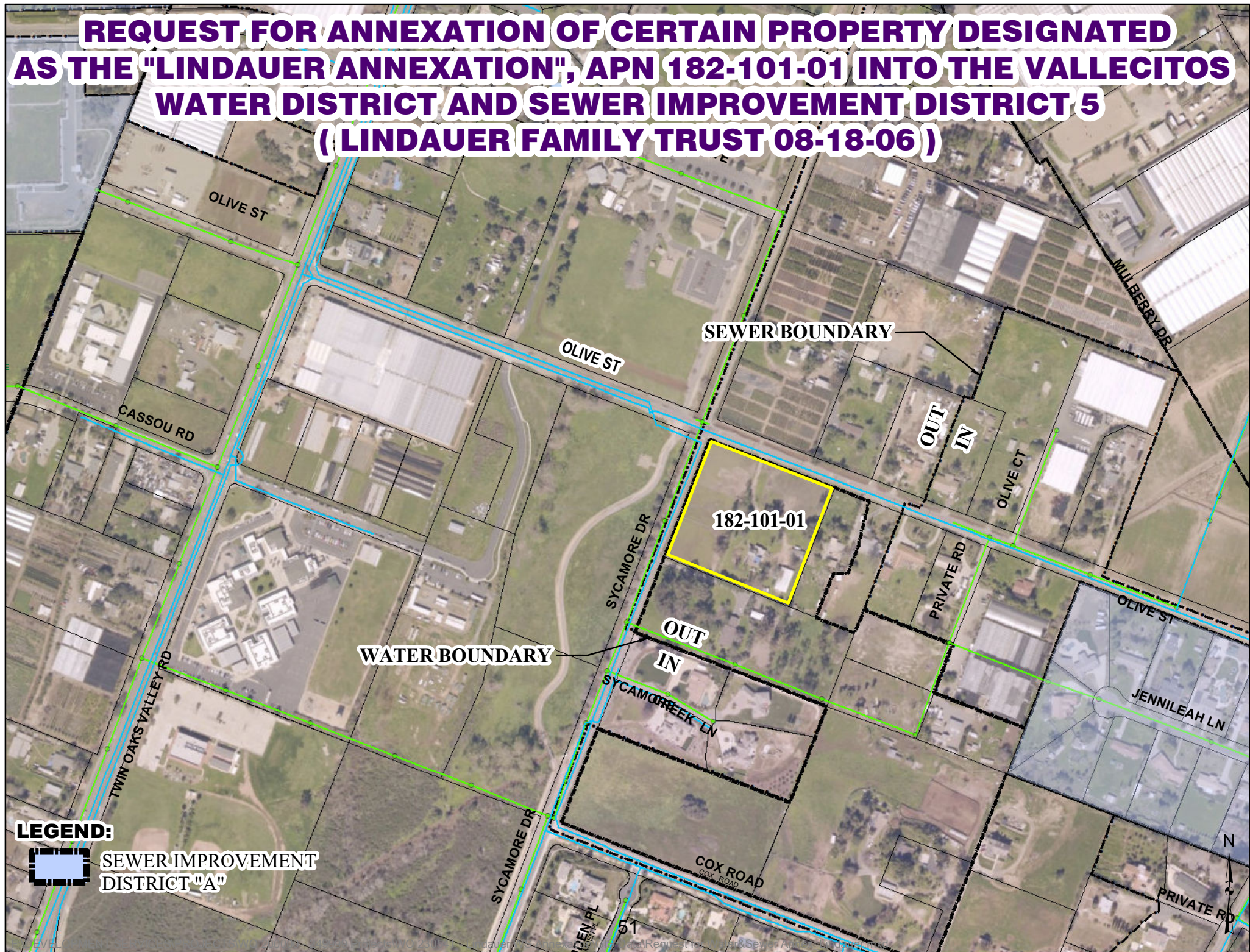
1. Payment of water annexation fee of \$19,484
2. Payment of sewer annexation fee of \$38,696
3. Payment of \$1,000.00 administration deposit (already paid).
4. Payment of State Board of Equalization fee of \$350
5. Completion of detachment from Vista Irrigation District.

6. Complete process for annexation and detachment through LAFCO.
7. 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.
8. 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 PROPERTY DESIGNATED AS THE "LINDAUER ANNEXATION", APN 182-101-01 INTO THE VALLECITOS WATER DISTRICT AND SEWER IMPROVEMENT DISTRICT 5 (LINDAUER FAMILY TRUST 08-18-06)



DATE: JUNE 17, 2020
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF REIMBURSEMENT AGREEMENT FOR SEWER MAIN EXTENSION, WALNUT HILLS DRIVE, APN'S 220-270-05, 220-270-16, 220-270-21, 220-270-22 & 220-270-37 (ELITHARP, KLIMA, FROST, RICHARDSON & NELSON)

BACKGROUND:

The owners of five existing single-family residences on Walnut Hills Drive (Owners) have collaborated to install a new sewer main in order to receive service to their properties. The project is located on Walnut Hills Drive south of East Barham Lane in the City of San Marcos.

The owners have requested a Reimbursement Agreement for the construction costs associated with the sewer main. A Reimbursement Agreement is entered into between the District and the owners for future private reimbursement of proportionate shares of the construction costs of a main line extension over the term of twenty years. Projects involving the extensions of facilities must reasonably benefit additional properties with frontage, or be accessible through legal access, on the newly constructed improvements.

DISCUSSION:

On June 3, 2020, the Board of Directors authorized the General Manager to accept the Walnut Hills Drive sewer improvements and approve the filing of a Notice of Completion. Sewer service is now available to five (5) single family homes. Approximately six (6) additional properties could potentially benefit from the sewer improvements.

Staff and the Owners determined the total eligible construction cost of the facilities to be reimbursed, the benefit area and the methodology utilized for determining the reimbursement per District Ordinance No. 180.

PROPOSED REIMBURSEMENT COSTS

The Owners have submitted cost documentation, including a reimbursement report, contractor invoices and cancelled checks, and staff has reviewed the actual costs incurred for the sewer main construction. The total requested expenses were \$182,526.51. Of that amount, \$173,274 were direct construction costs, \$3,156 were bonding costs, \$2,076.76 were surveying costs, \$843.75 were engineering costs, and \$3,176 were for compaction testing services.

Section 4.2 of District Ordinance No. 180 excludes certain costs including administrative, engineering, financing, surveying, permits, legal services, inspection related expenses, or sewer laterals serving applicants' properties. Staff has determined that the following costs are ineligible:

- \$10,554 for sewer lateral installations
- \$2,076.76 for surveying
- \$843.75 for engineering

This results in a proposed total reimbursable amount of \$169,052.

PROPOSED REIMBURSEMENT BENEFIT AREA

The District has determined there are 11 parcels total that can benefit from the Walnut Hills Sewer Main Extension (see attached figures). Two of these parcels are under the same ownership and are under the same address. The District and Owners have agreed to an equitable split methodology, dividing the total eligible costs by ten ownerships. This results in a \$16,905.20 share per ownership requesting connection, plus an escalator (Engineering News Record Construction Cost Index for Los Angeles) from the effective date of the Reimbursement Agreement for a twenty (20) year term.

Ordinance No. 180 requires that notification of a public hearing be sent to all property owners within the proposed benefit area a minimum of ten (10) days prior to Board authorization of the Reimbursement Agreement. Notices of the public hearing and the cost allocations were mailed to all property owners within the proposed benefit area on June 4, 2020, giving the date, time and place of said hearing. A copy of this public hearing notice is attached.

FISCAL IMPACT:

None. Per Ordinance No. 180, the District will retain 5% of the reimbursement amount when payment is received from any benefiting property for costs associated with the administration of the reimbursement agreement.



RECOMMENDATION:

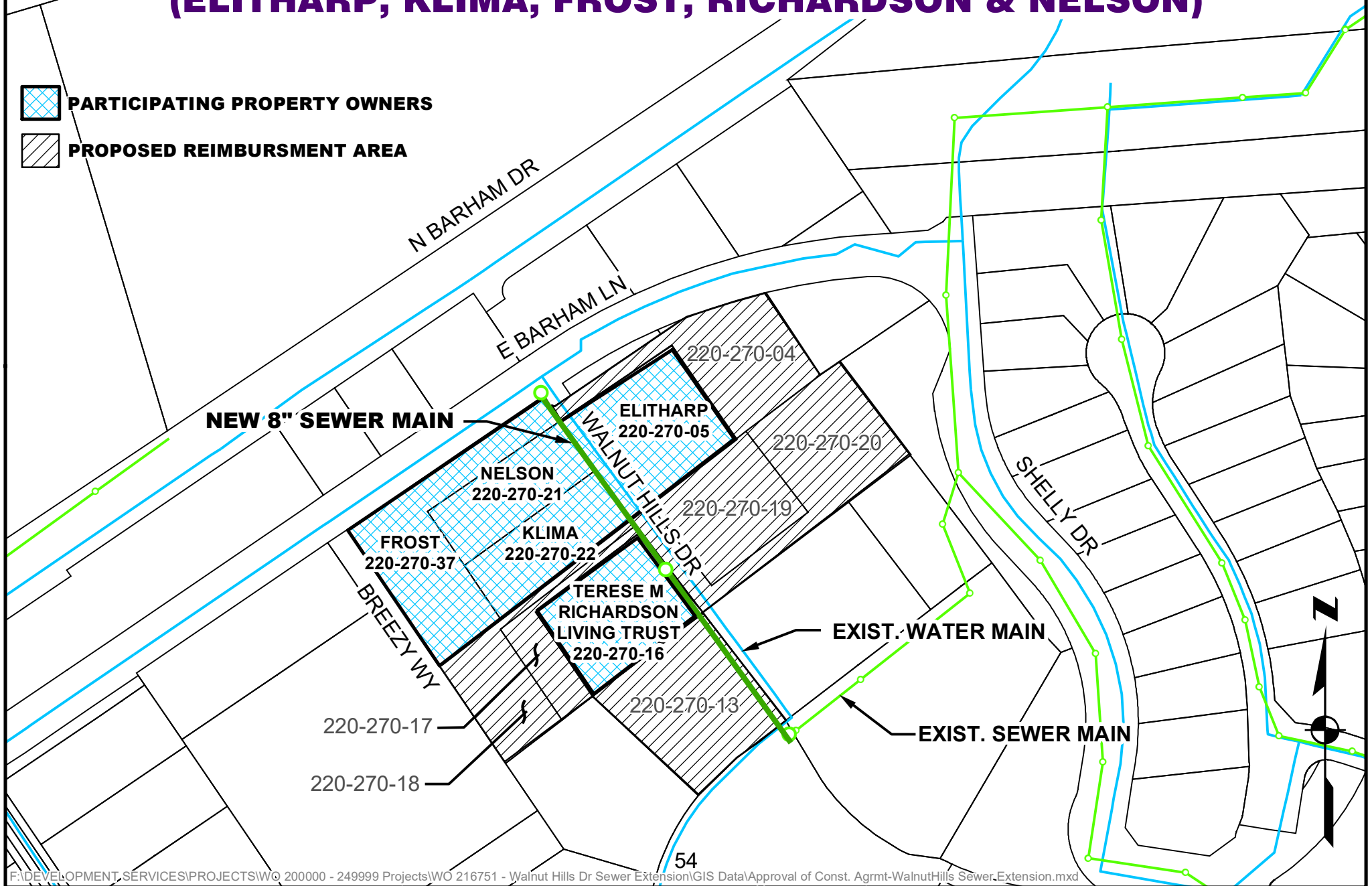
1. Hold a Public Hearing to solicit and consider public testimony regarding the Walnut Hills Sewer Main Reimbursement Agreement, and
2. Provided there are no compelling reasons to revise the Reimbursement Agreement, authorize the General Manager to approve the Walnut Hills Sewer Main Reimbursement Agreement.

ATTACHMENTS:

1. 2 Map Exhibits – 1 Plat Map & 1 Aerial
2. Public Hearing Notice

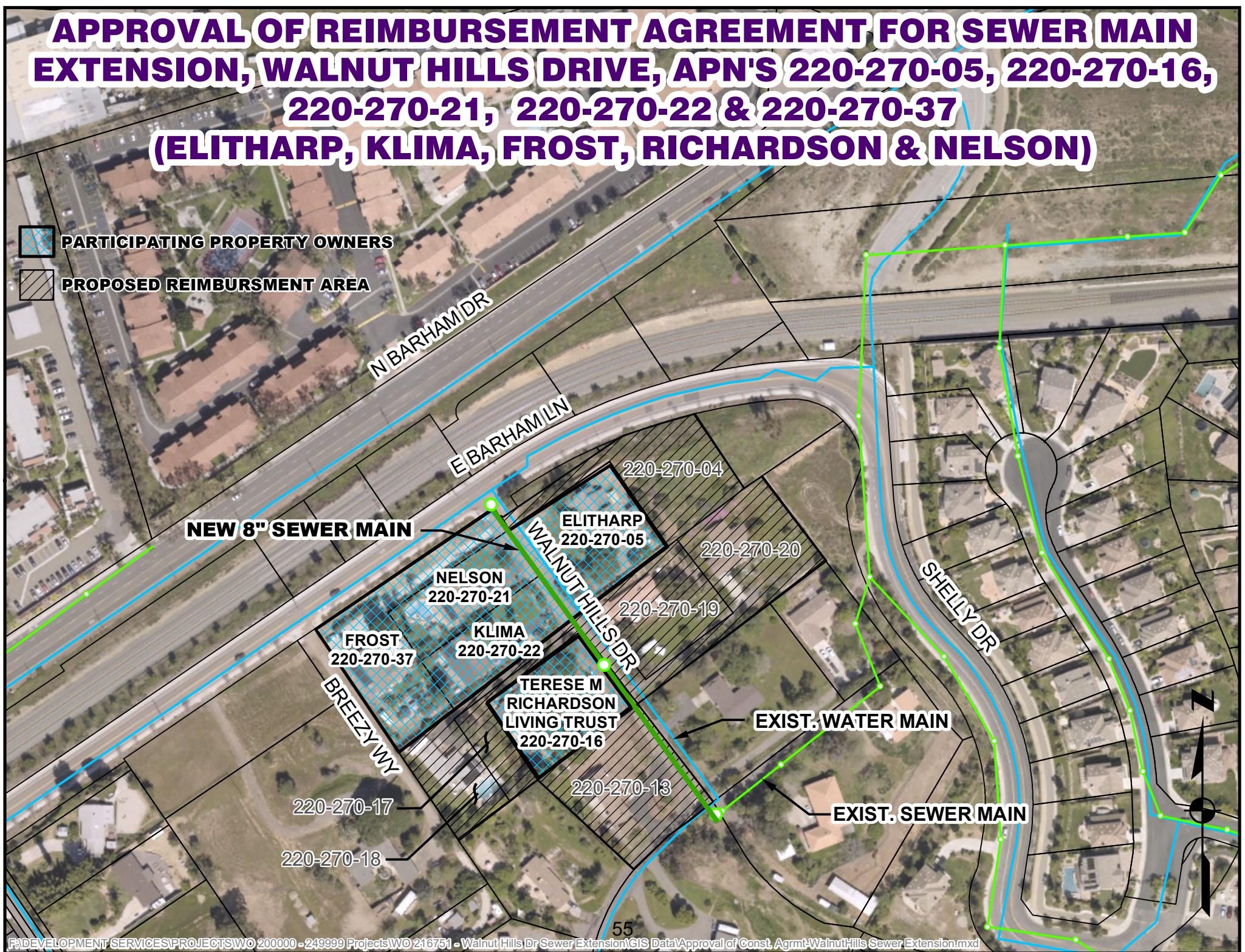
APPROVAL OF REIMBURSEMENT AGREEMENT FOR SEWER MAIN EXTENSION, WALNUT HILLS DRIVE, APN'S 220-270-05, 220-270-16, 220-270-21, 220-270-22 & 220-270-37 (ELITHARP, KLIMA, FROST, RICHARDSON & NELSON)

-  PARTICIPATING PROPERTY OWNERS
-  PROPOSED REIMBURSEMENT AREA



APPROVAL OF REIMBURSEMENT AGREEMENT FOR SEWER MAIN EXTENSION, WALNUT HILLS DRIVE, APN'S 220-270-05, 220-270-16, 220-270-21, 220-270-22 & 220-270-37 (ELITHARP, KLIMA, FROST, RICHARDSON & NELSON)

-  PARTICIPATING PROPERTY OWNERS
-  PROPOSED REIMBURSEMENT AREA





VALLECITOS WATER DISTRICT

A PUBLIC AGENCY

201 Vallecitos de Oro • San Marcos, California • 92069-1453 Telephone (760) 744-0460

June 4, 2020

**NOTICE OF PUBLIC HEARING
REIMBURSEMENT FOR WALNUT HILLS SEWER MAIN EXTENSION
JUNE 17, 2020, 5:00 P.M.
LOCATION: VALLECITOS WATER DISTRICT
201 VALLECITOS DE ORO
SAN MARCOS, CA 92069**

A Public Hearing will be held at 5:00 p.m. on June 17, 2020, at the regular meeting of the Board of Directors of the Vallecitos Water District (District), to consider establishing payback (reimbursement) amounts for properties which may ultimately benefit from a recently constructed sewer pipeline in Walnut Hills Drive in the City of San Marcos.

Due to the evolving situation with the COVID-19 Novel Coronavirus and Executive Order N35-20, the Vallecitos Water District is currently holding meetings via teleconferencing and allowing members of the public to observe and address the meeting telephonically or otherwise electronically. The meeting can be viewed on the agenda page located on the main page of the District's website. Public comments or questions regarding the Public Hearing can be submitted to the following email address: PublicComment@vwd.org. All written comments that are received at least 90 minutes before the meeting will be provided to the Board, and a record of the receipt of comment will be noted during the meeting. Members of the public viewing the meeting via the Zoom videoconferencing platform can express their desire to provide input at the appropriate time by utilizing the "Raise Hand" function. Additional instructions for online participation will be posted on the District's website. www.vwd.org/meetings

Five property owners (Owners) on Walnut Hills Drive have collaborated to install a new sewer pipeline in order to service their properties. The Owners have requested a Reimbursement Agreement for the eligible construction costs associated with the sewer pipeline. Per District Ordinance 180, a Reimbursement Agreement may be entered into between the District and the owners for future private reimbursement of proportionate shares of the construction costs of a main line extension over the term of twenty (20) years. In order to qualify for a Reimbursement Agreement projects involving the extensions of facilities must reasonably benefit additional properties with frontage, or be accessible through legal access, on the newly constructed improvements. A benefit area includes any property with frontage on a pipeline, installed by

private individual(s), that may present the option for customers to connect for service in the future with the payment of applicable fees.

The District has determined that ten (10) property addresses can benefit from the Walnut Hills Sewer Main Extension. Property owners whose properties could ultimately benefit from the pipeline installation will be required to pay a proportionate share of the construction costs prior to obtaining sewer service to their property ***if they apply for sewer service within twenty (20) years from the date of the final Board action approving the payback amounts.*** The payback costs apply only to the pipeline construction costs and do not include capital facility fees or additional facilities costs that may be required to serve each property. Your property has been determined to be within the area that may ultimately benefit from this facility.

The District has utilized an equitable split methodology to determine payback amounts for all benefitting properties, dividing the total eligible costs by the ten (10) property ownerships, which include the five (5) Owners that have already participated in the cost of the pipeline and are the beneficiaries of the proposed Reimbursement Agreement (see attached figure). The final calculated cost for reimbursement from benefitting property ownerships is \$16,905.20 each, plus an escalator (Engineering News Record Construction Cost Index for Los Angeles) from the effective date of the Reimbursement Agreement to the date that sewer service is requested. ***It is important to note that the reimbursement cost is only due if you decide to connect to District's sewer system within twenty (20) years from the date of Board approval.***

For additional information, or to send written comments, please contact the undersigned at 760-744-0460.

Sincerely,
VALLECITOS WATER DISTRICT



Robert Scholl, P.E.
Senior Engineer – Development Services

ELITHARP - WALNUT HILLS SEWER LINE REIMBURSEMENT - JUNE 2020
(EQUAL DIVISION FORMULA) VALID FOR 20 YEARS

| OWNER | ADDRESS | CITY | ST | ZIP | PARCEL NO. | % | \$\$\$\$\$\$ AMOUNT |
|-----------------------------------|--|------------|----|-------|-----------------|--------|------------------------|
| NORTH SD COUNTY TRANSIT DEV BOARD | 127 WALNUT HILLS DR mailing address 810 Mission Ave., Oceanside, CA Attn: Ruth Mbah | Oceanside | CA | 92057 | 220-270-04 | 10.00% | \$16,905.20 |
| CRAIG AND DIANE ELITHARP | 137 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-05 | 10.00% | \$16,905.20 |
| TEODORA & BLUERAY CURTISS | 162 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-13 | 10.00% | \$16,905.20 |
| TERESE M RICHARDSON LIVING TRUST | 146 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-16 | 10.00% | \$16,905.20 |
| CYNTHIA NIELSEN-VORRES | 140 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-17 & 18 | 10.00% | \$16,905.20 |
| SAMUEL & SANDRA WEISSER | 145 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-19 | 10.00% | \$16,905.20 |
| HUTCHINSON FAMILY TRUST 01-16-92 | 147 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-20 | 10.00% | \$16,905.20 |
| LLOYD AND KELLY NELSON | 136 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-21 | 10.00% | \$16,905.20 |
| HEIKE KLIMA | 138 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-22 | 10.00% | \$16,905.20 |
| ROBERT AND MARIA FROST | 134 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-37 | 10.00% | \$16,905.20 |
| TOTALS | | | | | | | \$169,052.00 |

**VALLECITOS WATER DISTRICT
REIMBURSEMENT AND ACQUISITION AGREEMENT**

APN'S: 220-270-05, 220-270-16, 220-270-21, 220-270-22 & 220-270-37

OWNERS: ELITHARP, KLIMA, FROST, RICHARDSON & NELSON

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 **N. Craig Elitharp and M. Diana Eng Elitharp; Heike Klima; Robert D. & Maria G. Frost; Terese M. Richardson Living Trust, Terese M. Richardson (Trustee), and Lloyd E. & Kelly L. Nelson** ("OWNER/DEVELOPER")

RECITALS

A. Developer owns property in San Diego County within the service jurisdiction of District.

B. Developer desires sewer service to its property from District. As a condition of providing service, District has required that Developer extend existing facilities which may benefit and provide service to other properties within the immediate area of Developer's property.

C. District adopted Ordinance No. 180 on March 20, 2013, which established District policies and procedures related to reimbursements for water and sewer extensions and/or over sizing of facilities.

D. Developer has constructed facilities pursuant to the construction agreement approved on **DECEMBER 11, 2019**, between District and Developer as shown on the plans and specifications prepared by **RANCHO COASTAL ENGINEERING & SURVEYING** (Engineer), and are identified as **WALNUT HILLS DRIVE SEWER EXTENSION, WO# 216751** (Project).

E. District and Developer, by this Agreement, desire to enter into a reimbursement agreement pursuant to the terms and conditions of District Ordinance No. 180.

COVENANTS

NOW, THEREFORE, it is agreed by and between the parties as follows:

Section 1. Conditions Precedent to Execution of Agreement.

As an express condition precedent to District's obligation to execute this Agreement, Developer agrees to provide, in a form acceptable to District, all documents necessary for acceptance and acquisition of facilities by District, including, but not limited to: easements, grants of fee interests, lien releases, subordination agreements and recorded notices of completion. Notices of completion shall be recorded by District.

Section 2. District Administrative Costs.

Developer shall be responsible for all District administrative costs attributable to Developer's request for a reimbursement agreement in accordance with Ordinance No. 180. Administrative costs shall include District expenses for engineering, legal services (including, but not limited to, costs of condemnation), management and incidental expenses related preparation and review of the reimbursement agreement. Administrative costs paid by applicant shall not be eligible for reimbursement.

Developer acknowledges and agrees that the District shall retain 5% of any payment received for reimbursement of administration costs incurred by the District during the term of this agreement.

Section 3. Construction Costs.

Construction costs shall only include Developer's costs directly related to construction of the facilities in accordance with Ordinance No. 180 and shall be subject to reimbursement as set forth in Section 5. Eligible construction costs shall not include applicant's costs for administrative, engineering, financing, legal services, surveying, permits, inspection related expenses, or water services and sewer laterals serving or appurtenances benefiting applicant's property.

Section 4. Contributions/Separate Agreements.

Developer warrants and acknowledges that all private agreements, including exemptions, or contributions from lands within the proposed benefit area have been disclosed to the District and have been taken into consideration in the proposed reimbursements. Developer further acknowledges that failure to disclose all private agreements and contributions may void this Agreement in its entirety

Section 5. Reimbursement and Agreement Term.

Developer shall be entitled to receive reimbursement payments until either all payments specified in the agreement have been made, or a maximum period of twenty (20) years from the effective date of the reimbursement agreement expires. The District agrees to reimburse applicant the amount received by the District, for each benefited property, the proportionate share of eligible construction costs plus an escalator based upon the increase in the ENR-LA Construction Cost Index from the effective date of the agreement to the date that sewer service is requested.

Following reimbursement of all approved construction costs or expiration of the agreement, applicant shall not be entitled to any further reimbursements. In no case is the District responsible for payment of any outstanding reimbursements from District funds and is under no obligation to make payments for uncollected reimbursements.

The term of this Agreement and District's obligation to reimburse Developer shall expire twenty (20) years from the Agreement's effective date, and the District shall have no further obligation to reimburse Developer after **JUNE 17, 2040**.

Section 6. Benefit Area and Reimbursements.

The attached Exhibit "A" identifies the benefit area, and Exhibit "B" identifies the reimbursement amounts as well as special conditions or limitations. These attachments form the sole basis of the benefit area and reimbursements for this Agreement and no other reimbursements shall be considered.

Section 7. Expiration.

Upon expiration of this Agreement, Developer shall have no further interest or right of reimbursement from District and all revenues subsequently received by District shall be the sole property of District.

Section 8. Records.

Developer warrants that accurate records of the actual construction costs have been kept according to accepted engineering and accounting principles. Developer will provide such records to the District for inspection and review in accordance with Ordinance No. 180.

Section 9. Warranties.

Developer further warrants that there are no liens, stop notices or claims against the project; that the legal time for filing any such claims, notices or liens has expired; and agrees to defend, indemnify and hold District harmless for any or all such liens, notices or claims.

Section 10. Reimbursement Payments.

Reimbursement payments shall be made to Developer within (90) days of receipt by District pursuant to the notice provision of **Section 12.8**. In the event payments are not claimed by Developer within one (1) calendar year after attempted delivery at the address set forth in **Section 12.8**, District shall have the right to retain payments and shall have no further obligation to pay Developer.

Section 11. No Guarantees.

Developer understands and acknowledges that District cannot guarantee that District will be able to collect construction costs from all property owners who connect to facilities. District agrees to make reasonable efforts to collect reimbursement costs from new connections.

Section 12. Miscellaneous Provisions.

12.1 Applicable Law. This Agreement and any disputes relating to this Agreement shall be construed under the laws of the State of California.

12.2 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, and State of California.

12.3 Attorney's Fees. In the event 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.

12.4 Assignment. Developer shall not be entitled to assign all or any portion of its respective rights or obligations as specified in the Agreement without obtaining the prior written consent of the District. Any purported assignment without the District's prior written consent shall be void.

12.5 Entire Agreement. This Agreement, together with all Exhibits attached hereto, contains all representations and the entire understanding between the parties. No other representations are intended or shall be implied. Any prior correspondence, memoranda or agreements, whether or not such correspondence, memoranda or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and any Exhibits to this Agreement.

12.6 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs and assigns. Notwithstanding the preceding sentence, and for the clarity of the Parties, this Agreement shall not automatically transfer to a bona fide purchaser of a property within the benefit area; a Developer may only assign or transfer his/her/their rights in this Agreement in full compliance with Section 12.4, including prior written consent of the District.

12.7 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 provisions of the Agreement as so interpreted are held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

12.8 Notices. All reimbursements, letters, statements or notices required pursuant to this Agreement shall be deemed effective upon posting in the United States mail to the following addresses:

N. Craig Elitharp and M. Diane Eng Elitharp
137 Walnut Hills Drive
San Marcos, CA 92078

Heike Klima
138 Walnut Hills Drive
San Marcos, CA 92078

Robert D. and Maria G. Frost
134 Walnut Hills Drive
San Marcos, CA 92078

Terese M. Richardson Living Trust, Terese M. Richardson (Trustee)
146 Walnut Hills Drive
San Marcos, CA 92078



Lloyd E. and Kelly L. Nelson
136 Walnut Hills Drive
San Marcos, CA 92078


*Name of Authorized Representative of Owner/Developer

† Acknowledgement of the signature(s) executing this Document, by a Notary Public, is required

12.9 Effective Date. This Agreement shall become effective as of JUNE 17, 2020 upon execution by the parties.

| “DISTRICT” VALLECITOS WATER DISTRICT | |
|---|--------------|
| By: _____ | Dated: _____ |
| Glenn Pruum, Secretary Board of Directors Vallecitos Water District | |

| “OWNER/DEVELOPER” | |
|--|------------------------|
| Name: <u>N. Craig Elitharp and M. Diana Eng Elitharp</u> | |
| Address: <u>137 Walnut Hills Drive, San Marcos, CA 92078</u> | APN: <u>220-270-05</u> |
| Signature*: <u></u> | Dated: <u>6/10/20</u> |
| Signature*: <u></u> | Dated: <u>6/10/20</u> |

| “OWNER/DEVELOPER” | |
|--|------------------------|
| Name: <u>Heike Klima</u> | |
| Address: <u>138 Walnut Hills Drive, San Marcos, CA 92078</u> | APN: <u>220-270-22</u> |
| Signature*: <u></u> | Dated: <u>6/10/20</u> |

"OWNER/DEVELOPER"

Name: Robert D. & Maria G. Frost

Address: 134 Walnut Hills Drive, San Marcos, CA 92078

APN: 220-270-37

Signature*: 

Dated: 6/10/2020

Signature*: 

Dated: 6/10/2020

"OWNER/DEVELOPER"

Name: Terese M. Richardson Living Trust, Terese M. Richardson (Trustee)

Address: 146 Walnut Hills Drive, San Marcos, CA 92078

APN: 220-270-16

Signature*: 
trustee

Dated: 6/10/2020

"OWNER/DEVELOPER"

Name: Lloyd E. & Kelly L. Nelson

Address: 136 Walnut Hills Drive, San Marcos, CA 92078

APN: 220-270-21

Signature*: 

Dated: 6/11/20

Signature*: 

Dated: 6/11/2020

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.

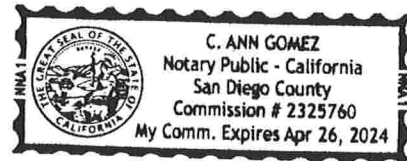
State of California
County of San Diego)

On June 11, 2020 before me, C. Ann Gomez, Notary Public
(insert name and title of the officer)

personally appeared Kelly Nelson & Erik Nelson,
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 C. Ann Gomez (Seal)

ACKNOWLEDGMENT

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State of California
County of San Diego)

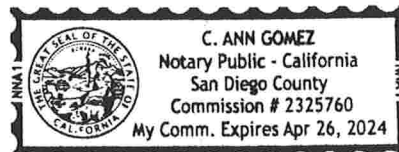
On June 10, 2020 before me, C. Ann Gomez, Notary Public
(insert name and title of the officer)

personally appeared Heike Klima,
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
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Signature C. Ann Gomez (Seal)



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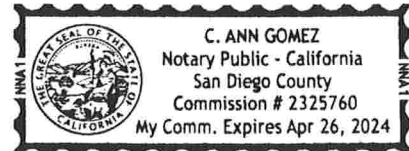
State of California
County of San Diego)

On June 10, 2020 before me, C. Ann Gomez, Notary Public
(insert name and title of the officer)

personally appeared N. Craig Elitharp & Martha Diana Eng Elitharp,
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
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State of California
County of San Diego)

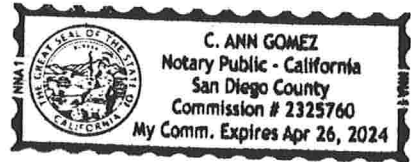
On June 10, 2020 before me, C. Ann Gomez, Notary Public
(insert name and title of the officer)

personally appeared Robert Frost & Maria Frost,
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.

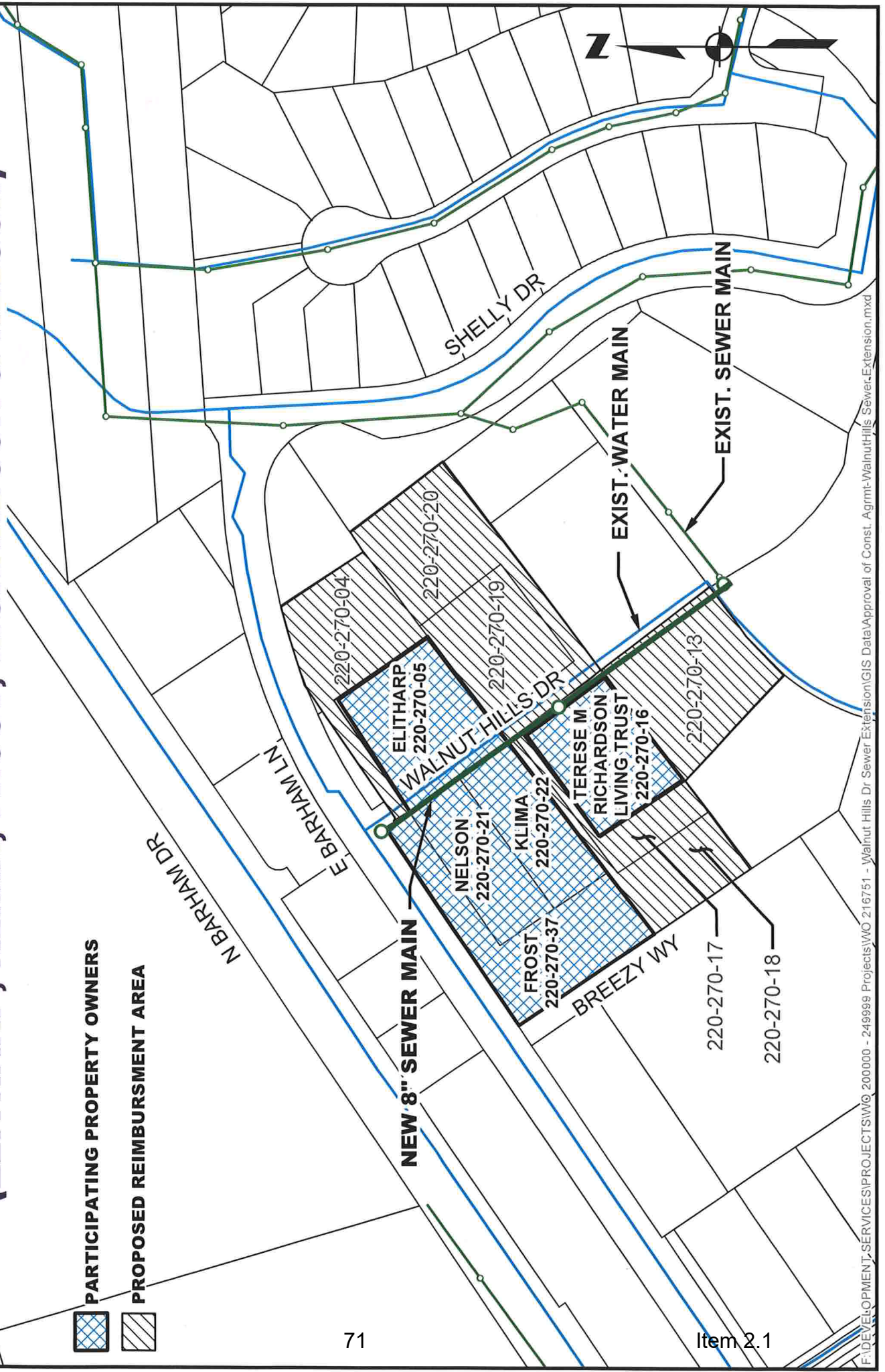
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature C. Ann Gomez (Seal)



APPROVAL OF REIMBURSEMENT AGREEMENT FOR SEWER MAIN EXTENSION, WALNUT HILLS DRIVE, APN'S 220-270-05, 220-270-16, 220-270-21, 220-270-22 & 220-270-37 (ELITHARP, KLIMA, FROST, RICHARDSON & NELSON)



-  PARTICIPATING PROPERTY OWNERS
-  PROPOSED REIMBURSEMENT AREA

ELITHARP - WALNUT HILLS SEWER LINE REIMBURSEMENT - JUNE 2020
(EQUAL DIVISION FORMULA) VALID FOR 20 YEARS

| OWNER | ADDRESS | CITY | ST | ZIP | PARCEL NO. | % | \$\$\$ AMOUNT |
|-----------------------------------|---|------------|----|-------|-----------------|--------|---------------------|
| NORTH SD COUNTY TRANSIT DEV BOARD | 127 WALNUT HILLS DR mailing address 810 Mission Ave., Oceanside, CA Attn: Ruth Mbah | Oceanside | CA | 92057 | 220-270-04 | 10.00% | \$16,905.20 |
| CRAIG AND DIANE ELITHARP | 137 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-05 | 10.00% | \$16,905.20 |
| TEODORA & BLUERAY CURTISS | 162 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-13 | 10.00% | \$16,905.20 |
| TERESE M RICHARDSON LIVING TRUST | 146 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-16 | 10.00% | \$16,905.20 |
| CYNTHIA NIELSEN-VORRES | 140 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-17 & 18 | 10.00% | \$16,905.20 |
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| HUTCHINSON FAMILY TRUST 01-16-92 | 147 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-20 | 10.00% | \$16,905.20 |
| LLOYD AND KELLY NELSON | 136 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-21 | 10.00% | \$16,905.20 |
| HEIKE KLIMA | 138 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-22 | 10.00% | \$16,905.20 |
| ROBERT AND MARIA FROST | 134 WALNUT HILLS DRIVE | San Marcos | CA | 92078 | 220-270-37 | 10.00% | \$16,905.20 |
| TOTALS | | | | | | | \$169,052.00 |

DATE: JUNE 17, 2020
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR FISCAL YEAR JULY 1, 2020, TO JUNE 30, 2021, COLLECTED ON THE TAX ROLL

BACKGROUND:

Sewer Improvement District "A" is a special service area where Vallecitos provides sewer collection services and another agency provides domestic water service and fire protection. For these areas, as prescribed by Ordinance 184, the District elects to have its sewer service fees collected on the County tax roll in the same manner and at the same time with general property taxes.

DISCUSSION:

The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees for Improvement District "A." These fees are added to the tax bill of each resident and are paid through the regular property taxes. The County of San Diego then transfers this revenue to Vallecitos. As part of this procedure, Vallecitos is required to hold a Public Hearing acknowledging this method of collection.

FISCAL IMPACT:

Including sewer service fees on the tax roll results in time and materials savings through reduced workload on staff and eliminating postage costs. Additional revenue is also realized through facilitated collections.

RECOMMENDATION:

Staff recommends approval of the resolution which elects the method used to collect sewer service fees for Improvement District "A" and sets the Public Hearing for the Regular Board meeting on July 15, 2020.

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER
SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR
FISCAL YEAR JULY 1, 2020 TO JUNE 30, 2021
COLLECTED ON THE TAX ROLL**

WHEREAS, Vallecitos Water District hereby elects to have its sewer service fees for Improvement District "A", as prescribed by Ordinance No. 184, or as amended, for fiscal year July 1, 2020, to June 30, 2021, collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separate from, general taxes;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Vallecitos Water District as follows:

SECTION 1: A written report has been prepared and filed with the Secretary of this District, which contains a description of each parcel of real property in Improvement District "A" receiving sewer service and the amount of the sewer service fees prescribed by Ordinance No. 184, or as amended. The Secretary of this District is authorized and directed to prepare and cause a notice to be published in the form and manner prescribed by law.

SECTION 2: July 15, 2020, at the hour of 5:00 p.m., at the office of the District, 201 Vallecitos de Oro, San Marcos, California, is fixed as the time and place for the hearing on the report required by law.

SECTION 3: Sewer service fees for properties that connect to the District's sewer system after the foregoing report is prepared, or properties connected to the system that are not included in the report for any reason, shall be billed to the property owners directly by Vallecitos Water District in accordance with rules and regulations established by ordinance of the District.

SECTION 4: Sewer service fees for properties that are not on the tax roll shall be billed to the property owners directly by Vallecitos Water District in accordance with rules and regulations established by ordinance of the District.

SECTION 5: Sewer service fees for fiscal year July 1, 2020, to June 30, 2021, may be paid directly to Vallecitos Water District in advance on or before August 1, 2020, and each calendar year thereafter.

SECTION 6: This resolution is adopted pursuant to Health and Safety Code Sections 5471 and 5473 to be effective immediately upon its adoption and its provisions shall supersede any conflicting provisions of existing ordinances, resolutions, rules, or regulations of the District.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 17th day of June 2020, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

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

Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District

DATE: JUNE 17, 2020
TO: BOARD OF DIRECTORS
SUBJECT: CONSTRUCTION CONTRACT AWARD FOR THE SAN MARCOS INTERCEPTOR PROJECT, PHASE 2

BACKGROUND:

The San Marcos Interceptor Project consists of replacing the existing 1960's era 21-inch diameter sewer interceptor with approximately 12,200-feet of 42-inch diameter sewer pipeline between Twin Oaks Valley Road and Pacific Street. The project was identified in the 1991 Master Plan and initially approved in the District's 1999/2000 Budget. The project has been phased to correspond to City of San Marcos (City) initiated development of the Creek District, with the following portions completed:

- 2002 - portion behind the Creekside Marketplace from SR-78 to Grand Avenue.
- 2005 - experimental pipe-bursting section from Twin Oaks Valley Road to east of Johnston Lane.
- 2013 - Phase 1A from Grand Avenue to Via Vera Cruz.
- 2014 - Phase 1 from east of Johnston Lane to the south side of SR-78.

Phase 2, extending from Via Vera Cruz to Pacific Street, will complete the remaining 3,400-feet of the project corridor. This project has been identified in the CIP Master Plan as CIP SP-11.

DISCUSSION:

On August 21, 2013, the Board of Directors approved an engineering services contract with Kennedy/Jenks Consultants (K/J) for design and environmental services for the Phase 2 portion of the Sewer Interceptor in the amount of \$381,732. Over the course of design from 2014 to 2019, K/J received 6 contract amendments totaling \$189,601. The project slowed due to the commitments of higher priority capital improvement projects, design changes, additional right-of-way acquisitions, City Creek District environmental coordination, and budget deferment.

On September 26, 2019, the District advertised a Request for Proposals (RFP) to four local construction management firms in San Diego County. These firms were asked to present their experience in construction management and inspection services for sanitary sewer improvement projects of comparative scope and effort. The four firms include the following:

- Valley CM
- Reilly CM
- Michael Baker International (MBI)
- MJS Construction Management

On October 25, 2019, staff received two proposals from Valley CM and Reilly CM. Staff reviewed the proposals, contacted the firms' listed references, and rated each firm based

on their relevant experience on similar projects, how well they addressed the proposal requirements, their approach to this project, and their labor estimate, fee, and schedule. Valley CM was selected as the most qualified consultant. Valley CM's time and material not-to-exceed project fee is \$493,614.

K/J and staff finalized project bid documents in February 2020 and began advertising for bid proposals in March 2020. Final right-of-way acquisition was completed in April 2020. The engineer's estimate for the project is valued at \$6,700,000.

On May 28, 2020, District staff received and opened bids from 10 contractors with bid results as follows:

| No. | COMPANY | Bid Price |
|------------|---------------------------|------------------|
| 1 | TC Construction | \$6,310,315.00 |
| 2 | Blue Pacific | \$6,445,350.00 |
| 3 | Steve P Rados | \$7,564,920.00 |
| 4 | Filanc | \$7,558,600.00 |
| 5 | Sukut | \$7,741,208.00 |
| 6 | Mike Prlich and Sons Inc. | \$8,422,985.00 |
| 7 | Burtech | \$8,360,547.50 |
| 8 | SC Valley Engineering | \$9,006,700.00 |
| 9 | MNR Construction | \$8,745,240.00 |
| 10 | CCL | \$10,258,088.00 |

Staff and Counsel have reviewed the bids and determined that there were no irregularities. Staff and Counsel completed the evaluation of qualifications, references, bid forms, and determined TC Construction was the lowest responsive, responsible bidder.

Valley CM will perform the construction management and inspection for the project including environmental biological monitoring and geotechnical engineering services. K/J will provide engineering services during construction. Staff will provide active project management services and inspection oversight services throughout construction.

FISCAL IMPACT:

The project is identified in the FY 20/21 Budget with a budget amount of \$8,500,000. The project funding sources are divided 29% from Sewer Replacement and 71% from Sewer Capacity funds. The total estimated cost and budget summary are as follows:

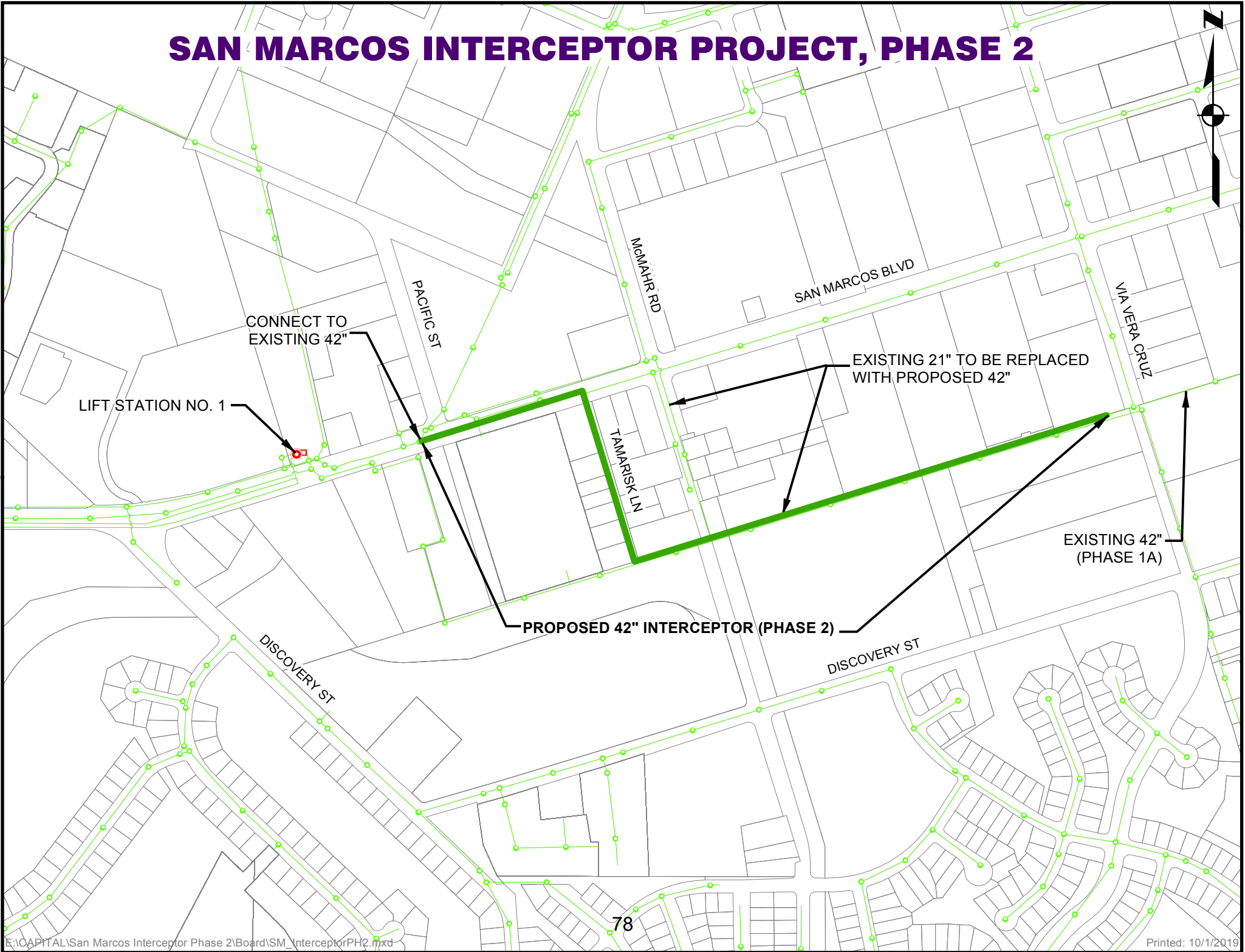
| | |
|--|-------------------|
| Budget | \$8,500,000 |
| Construction | \$6,310,315 |
| 5.0% Contingency (Ord. No. 146) | \$ 315,516 |
| Planning, Design, and Environmental (K/J) | \$ 484,195 |
| Staff & Overhead: Planning, Design, ROW Acquisition, And Environmental Services | \$ 385,000 |
| Bid and Construction Phase Services (K/J) | \$ 87,138 |
| Construction Management and Inspection (Valley CM) | \$ 493,614 |
| <u>Staff & Overhead: Construction Phase</u> | <u>\$ 264,222</u> |
| Total | \$8,340,000 |
| Budget Surplus | \$ 160,000 |

RECOMMENDATION:

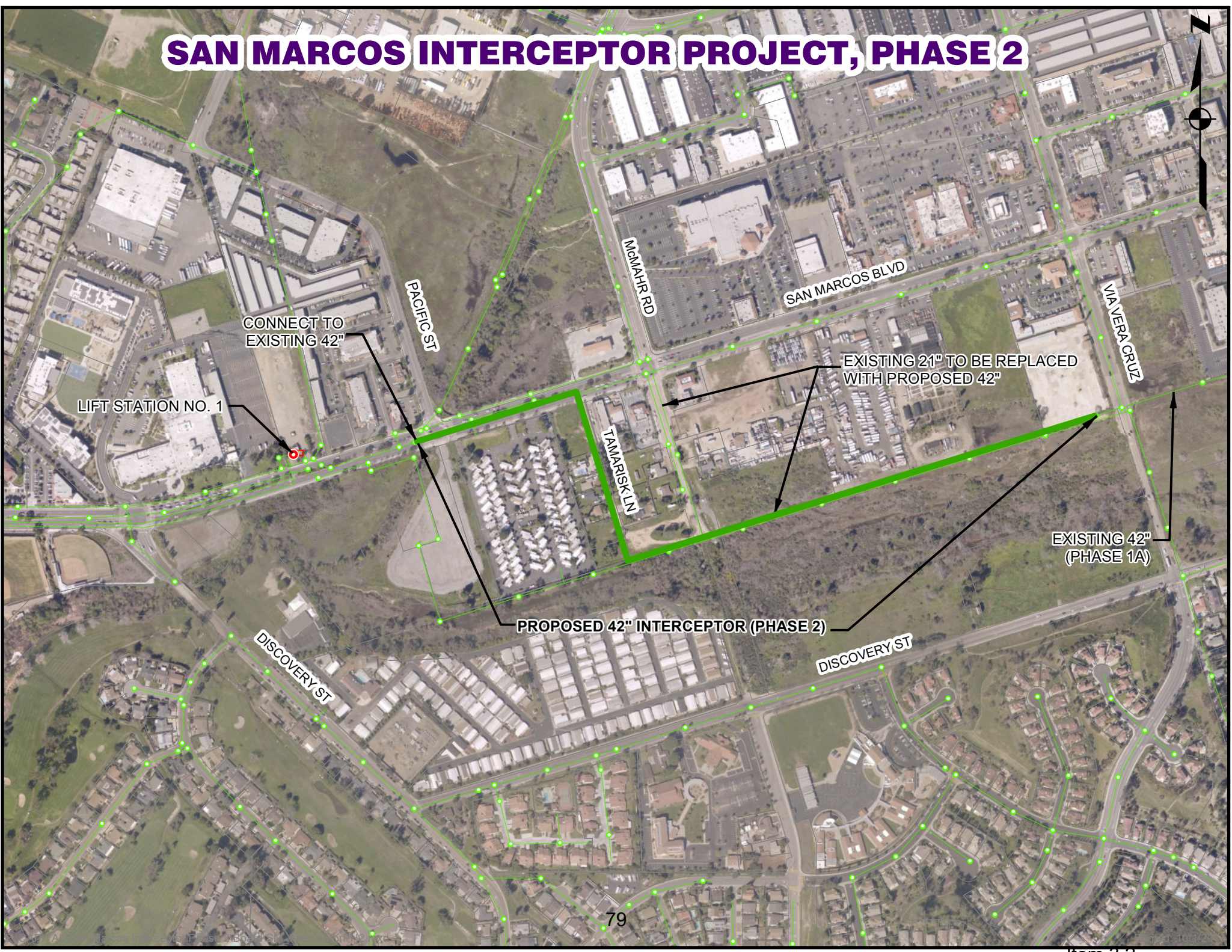
Recommendations for the San Marcos Interceptor Project, Phase II are as follows:

1. Authorize the General Manager to enter into a professional services agreement with Valley CM in the amount of \$493,614 for construction management, inspection, and geotechnical engineering services during project construction.
2. Authorize the General Manager to execute a construction contract with TC Construction in the amount of \$6,310,315.00, subject to the provisions of the contract.

SAN MARCOS INTERCEPTOR PROJECT, PHASE 2



SAN MARCOS INTERCEPTOR PROJECT, PHASE 2



LIFT STATION NO. 1

CONNECT TO EXISTING 42"

PACIFIC ST

N OMAHA RD

SAN MARCOS BLVD

VAVERA CRUZ

TAMARISK LN

EXISTING 21" TO BE REPLACED WITH PROPOSED 42"

EXISTING 42" (PHASE 1A)

PROPOSED 42" INTERCEPTOR (PHASE 2)

DISCOVERY ST

DISCOVERY ST