

**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, JULY 15, 2020, AT 5:00 P.M.
VIA TELECONFERENCE

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 JULY 15, 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.

PRESENTATION

Chris Robbins, Public Information/Conservation Supervisor, will share the District's recent "Work We Do" video, "Tank Cleaning," that highlights the District's efforts to maintain a safe water supply.

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. 6-13)

- A. FINANCE/INVESTMENT COMMITTEE MEETING – JUNE 29, 2020
- B. REGULAR BOARD MEETING – JULY 1, 2020

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JULY 15, 2020 - \$4,702,178.28 (pp. 14-16)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 17-37)

- A. WATER METER COUNT – JUNE 30, 2020
- B. WATER PRODUCTION/SALES REPORT – 2019/2020
- C. QUARTERLY FINANCIAL REPORT – JUNE 30, 2020
- D. PER CAPITA WATER CONSUMPTION – JUNE 30, 2020
- E. WATER REVENUE AND EXPENSE REPORT – JUNE 30, 2020
- F. SEWER REVENUE AND EXPENSE REPORT – JUNE 30, 2020
- G. RESERVE FUNDS ACTIVITY – JUNE 30, 2020
- H. INVESTMENT REPORT – JUNE 30, 2020
- I. LEGAL FEES SUMMARY – JUNE 30, 2020

1.4 OPERATIONS & MAINTENANCE METRICS QUARTERLY REPORT – JUNE 30, 2020 (pp. 38-45)

1.5 ORDINANCE ESTABLISHING ADMINISTRATIVE CHARGES TO RECOVER INDIRECT COSTS FOR FISCAL YEAR 2020-21 (pp. 46-51)

The proposed ordinance maintains the District's desire to recover all administrative expenses incurred in connection with providing direct service

Recommendation: Adopt Ordinance

- 1.6 RESOLUTION ADOPTING THE ANNUAL PAY SCHEDULE WITH THE COST OF SALARY ADJUSTMENT FOR FISCAL YEAR 2020/21 (pp. 52-55)

A resolution to approve the pay schedule must be adopted by the Board of Directors.

Recommendation: Adopt Resolution

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

PUBLIC HEARING

- 2.1 PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT "A" FOR THE FISCAL YEAR JULY 1, 2020 TO JUNE 30, 2021 (pp. 56-60)

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

Recommendation: 1) Hold Public Hearing; 2) Adopt Resolution

ACTION ITEM(S)

- 3.1 APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020/21 (pp. 61-63)

Article XIII B of the California constitution (Proposition 4) requires the District establish an appropriations limit.

Recommendation: Adopt Resolution

- 3.2 AWARD OF WATER RATE COST OF SERVICE STUDY CONSULTANT AGREEMENT (pp. 64-65)

The District must complete a Cost of Service Study prior to considering any rate changes.

Recommendation: Authorize the General Manager to enter into a contract with Raftelis Financial Consultants, Inc.

- 3.3 COVID FINANCIAL REPORTING PRESENTATION (pp. 66)

In preparing the FY2021 budget, staff developed a series of assumptions to estimate the financial impact that COVID may have on the District.

Recommendation: Receive presentation and provide direction

3.4 SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS EVENT – PER DIEM APPROVAL (pp. 67)

The San Marcos Chamber of Commerce event requires approval for per diem in accordance with District Ordinance No. 216.

Recommendation: Request Board direction

*****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, July 10, 2020.

Diane Posvar

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, JUNE 29, 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 Sannella
Director Martin
General Manager Pruiam
Finance Manager Owen
Principal Financial Analyst Arthur
Administrative Secretary Johnson

Others Present: Shannon Ayala, DavisFarr LLP

ITEM(S) FOR DISCUSSION

AUDIT KICK-OFF

Finance Manager Owen introduced Shannon Ayala of DavisFarr LLP. Ms. Ayala provided a brief presentation on the interim audit procedures currently underway for the Fiscal Year (FY) ending June 30, 2020 as follows:

- SAS 114 Planning Letter
- Interim Fieldwork
- Final Fieldwork

OVERHEAD RATE FY 20-21

Finance Manager Owen stated the overhead rate is presented to the Board annually after the budget is approved as it is calculated based on the budget. He facilitated a presentation on the overhead rate for FY 20-21 which included the following:

- Purpose
- Background/Methodology
- Methodology
- Current Year Calculation – Indirect Costs
- Current Year Calculation – Direct Costs
- Current Year Calculation
- Prior Year Comparison
- Next Steps

Finance Manager Owen stated the overhead rate for FY 20-21 is 209.45%, a decrease from the previous year's rate of 217.48%. This item will be presented at the Regular Board meeting on July 15 at which the Board will be asked to adopt an ordinance establishing the overhead rate for FY 20-21.

General discussion took place.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:22 p.m.

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 1, 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
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Scholl
Asset Management Supervisor Bowman
Public Information Representative Urabe
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 1, 2020

20-07-01 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of July 1, 2020.

PUBLIC COMMENT

None.

PRESENTATION

President Evans presented Lisa Urabe, Public Information Representative, with an e-copy of her Master Gardener Certificate from the University of California, Cooperative Extension.

CONSENT CALENDAR

20-07-02 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – June 17, 2020
- B. Regular Board Meeting – June 17, 2020

- 1.2 Warrant List through July 1, 2020 - \$1,082,781.67
- 1.3 Request for Annexation of Certain Property Designated as "Sunrise Orix," APN 228-312-10, Into the Vallecitos Water District and Sewer Improvement Districts 1, 2, 5, 6 & A (Sunrise Gardens Project Owner, LLC)
- 1.4 Approval of Construction Agreement for El Dorado Apartments Offsite Water and Sewer Improvements, APNS 220-100-08, 220-100-09, 220-100-10, 220-100-12, 220-100-14, 220-100-29, 220-100-56, 220-100-59, 220-100-62 & 220-100-66 (El Dorado II, LP)
- 1.5 Approval of As-Needed Engineering Services Agreements for Fiscal Year 20/21 and 21/22

ACTION ITEMS

ENCROACHMENT AGREEMENT WITH OLIVENHAIN MUNICIPAL WATER DISTRICT FOR THE INSTALLATION, USE, MAINTENANCE AND REPAIR OF RADIO COMMUNICATION FACILITIES

General Manager Pruiem stated Olivenhain Municipal Water District (OMWD) is in the process of converting their entire meter reading program to automated metering infrastructure which will enable OMWD to read all of their water meters without sending personnel out into the field. Individual Advanced Metering Infrastructure (AMI) water meters transmit usage data to a regional collector antenna which in turn transmits the data to a centralized receiving facility. Numerous collector antennas are required to collect all of the data. The ideal location for a collector antenna in OMWD's most recent phase of their conversion is at the District's Double Peak Tank located at 931 Double Peak Drive in San Marcos.

General Manager Pruiem further stated OMWD's facilities would consist of a tower, an antenna mounted on the tower, and a base station radio cabinet at the base of the tower. The District already has an antenna tower at the Double Peak Tank site; however, OMWD's tower will not interfere with the District's communication needs. There are no environmental concerns associated with the installation of the tower at the site.

Staff recommended the Board approve the encroachment agreement with OMWD for the installation, use, maintenance, and repair of radio communication facilities on the Double Peak Tank site.

General discussion took place regarding the size of the tower to be installed and the anticipated installation date. OMWD's tower will be the same size as the District's existing tower. Construction will likely begin within the next few weeks and will take a few days to complete. General Manager Pruiem stated a joint press release will be issued on July 2, 2020 provided the Board approves the encroachment agreement.

- 20-07-03 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to authorize the execution of an encroachment agreement with OMWD for the installation, use, maintenance, and repair of radio communication facilities on the Double Peak Tank site.

REPAIR OF 16" FAILSAFE OUTFALL SEWER PIPELINE

Asset Management Supervisor Bowman provided background information on the Failsafe Outfall Sewer Pipeline and its function, and facilitated a presentation on the repair of the pipeline as follows:

- Existing Meadowlark Reclamation Facility (MRF) Treatment Process
- MRF Outlet Piping
- Failsafe Pipeline Alignment
- Failsafe Pipeline Reaches
- Failsafe Pipeline Buena Reach Repair Locations
- Total Repair Costs
- Next Steps

Asset Management Supervisor Bowen stated the Failsafe Outfall Sewer Pipeline is a shared asset among Buena Sanitation District (BSD), the City of Carlsbad and Vallecitos, and consists of three sections, or reaches. Through cost sharing agreements, Vallecitos is responsible for operating and maintaining the pipeline; however, incurred costs are distributed among the agencies at different percentages based on capacity. Vallecitos is responsible for 100% of the San Marcos Reach. The Buena Reach is shared 50/50 with BSD and Vallecitos, and the Carlsbad Reach shared costs are split between the three agencies.

Asset Management Supervisor Bowen discussed two recent breaks that occurred in the Buena Reach of the Failsafe pipeline: one on April 1 and another on April 11. Recycled water was spilled, not sewer, during both breaks; therefore, no public notification or sampling was required. Cass Construction was hired to assist with the repairs as staff was unable to perform repairs primarily due to the depth and equipment required. The cost to repair the two breaks is \$173,730.25 plus an additional \$4,105.28 for landscape replacement for a total of \$177,835.83 which will be shared 50/50 with BSD. Vallecitos will pay the invoices and will seek reimbursement from BSD per the shared agreement.

Asset Management Supervisor Bowen further stated that recent repairs such as these have demonstrated a significant need to improve the condition of the Failsafe pipeline. A Capital Improvement Program project budgeted for FY 20/21 will be accelerated to install access points to provide access to the pressurized system to rehabilitate, repair, and/or replace sections of the Failsafe pipeline.

General discussion took place.

Staff recommended the Board approve payment to Cass Construction in the amount of \$157,180.25 for the April 1 and April 11 events.

Mike Hunsaker, member of the public, addressed the Board expressing his concerns regarding the amount of wastewater treatment during rain events, MRF's capacity, the condition of the San Marcos Reach and raw sewage, and he asked how treatment is facilitated during a deluge.

District Engineer Gumpel responded to Mr. Hunsaker's concerns.

20-07-04 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to approve payment to Cass Construction in the amount of \$157,180.25.

REPORTS

GENERAL MANAGER

General Manager Pruim stated plans were made to bring the administrative employees who are still telecommuting during the COVID-19 pandemic back to the office on July 6. Due to rising cases, California and San Diego County are slowing their reopening, and the District will delay the employees' return until July 13. That date may change if conditions worsen or stay the same. Telecommuting staff are continuing to produce good work. All operations staff are back at work.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated the Fair Political Practices Commission (FPPC) issued an amendment clarifying when public officials are required to identify financial conflicts of interest during meetings. The amendment is in response to situations where officials were leaving public meetings prior to an item being called, from the FPPC's perspective, in order to avoid making the disclosure. The regulations have been amended to clarify that if an official is at a meeting and leaves before the item is considered, the official must make their disclosure regarding their financial conflict of interest before they leave. If an official comes late to a meeting after an item has been heard, they must disclose on the record that they had a financial conflict on an item already considered. The only way to avoid making a financial conflict disclosure is to be absent from the entire meeting.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the Board met on June 25 during which the Board took action on the following:

- Performance evaluations were conducted for the General Manager and General Counsel. Contracts for both were extended under the current terms and conditions with no change in compensation.
- The Board approved SDCWA's overall rate increase for FY 20/21 of 4.8% which is less than anticipated and an \$80 million draw from the rate stabilization fund over the next two years. Key points included: 94% of the rate increase is direct pass-through expenses from Metropolitan Water District (MWD); MWD's Board has indicated they will reconsider their rates and charges again in September, and the SDCWA will also review their rates at that time and will immediately put discounted rates into effect if they occur; the desal funding shortfall has allowed the SDCWA to delay and defer dredging expenses; a hiring freeze is in place; and no travel or conferences are allowed.
- The Board approved the issuance of water revenue refunding bonds to refund certain outstanding debt.

Lani Lutar, consultant to the MWD, addressed the Board stating that she wished to clarify confusion over MWD's rate increase. During FY 18/19 water sales for MWD were at their lowest in 40 years resulting in the collection of nearly \$200 million less than budgeted which would have resulted in a rate increase proposal of 8% to 12%. MWD staff initially proposed a 5% increase for FY 20/21 and FY 21/22. The Board approved increases of 3% in FY 20/21 and 4% in FY 21/22.

ENCINA WASTEWATER AUTHORITY

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

STANDING COMMITTEES

Director Sannella reported that the Finance/Investment Committee met on June 29 during which the Committee heard a presentation regarding the annual audit and how it will focus on COVID-19 related impacts to revenue. General Manager Pruiim stated the Committee also discussed the overhead rate which will be presented at the July 15 Board meeting.

Director Martin reported on the June 30 Hillside Property Ad Hoc Committee meeting. There are no nesting gnatcatcher birds on the property. Consultant Rick Gittings is gathering information on grading. Director Hernandez stated that Mr. Gittings is also reviewing an analysis of the District's existing property sites for the mitigation of sage.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Hernandez and Martin reported on their participation in a California Special Districts Association virtual happy hour, "Beers with Peers."

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Evans suggested inviting the SDCWA to provide a presentation on their energy management policies at a future Board meeting in September or October. She also requested that there be only one Board meeting held in August if possible.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 6:02 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, July 15, 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:

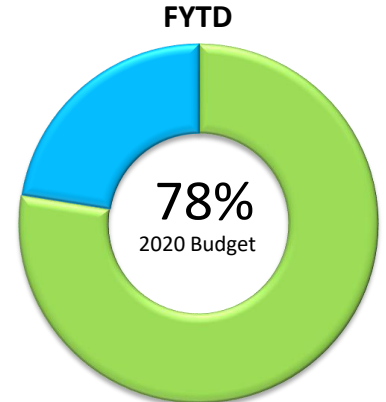
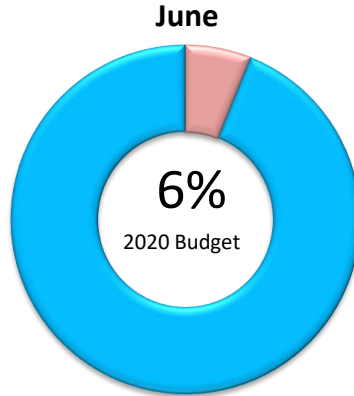
Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
June 30, 2020**

Summary

June Disbursements	\$	5,641,084 *
YTD Disbursements	\$	71,893,158 *
FY2020 Budget	\$	92,718,000

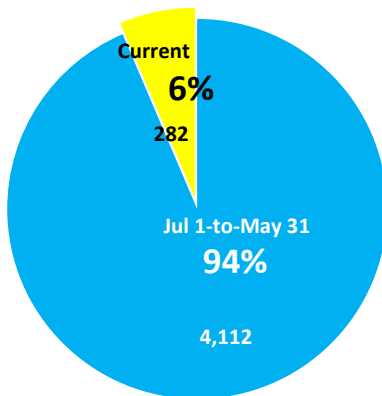
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$28.5M
PUBLIC EMPLOYEES RETIRE SYSTM	\$11.1M
ENCINA WASTEWATER AUTHORITY	\$8.2M
ACWA/JOINT POWERS INSURANCE	\$3.0M
SAN DIEGO GAS & ELECTRIC	\$1.4M
BURTECH PIPELINE INCORPORATED	\$840K
OLIVENHAIN MWD	\$752K
WEST COAST INDUSTRIAL COATINGS...	\$675K
INSITUFORM TECHNOLOGIES, LLC	\$579K
PENCCO, INC.	\$384K

VALLECITOS WATER DISTRICT
WARRANTS LIST
July 15, 2020

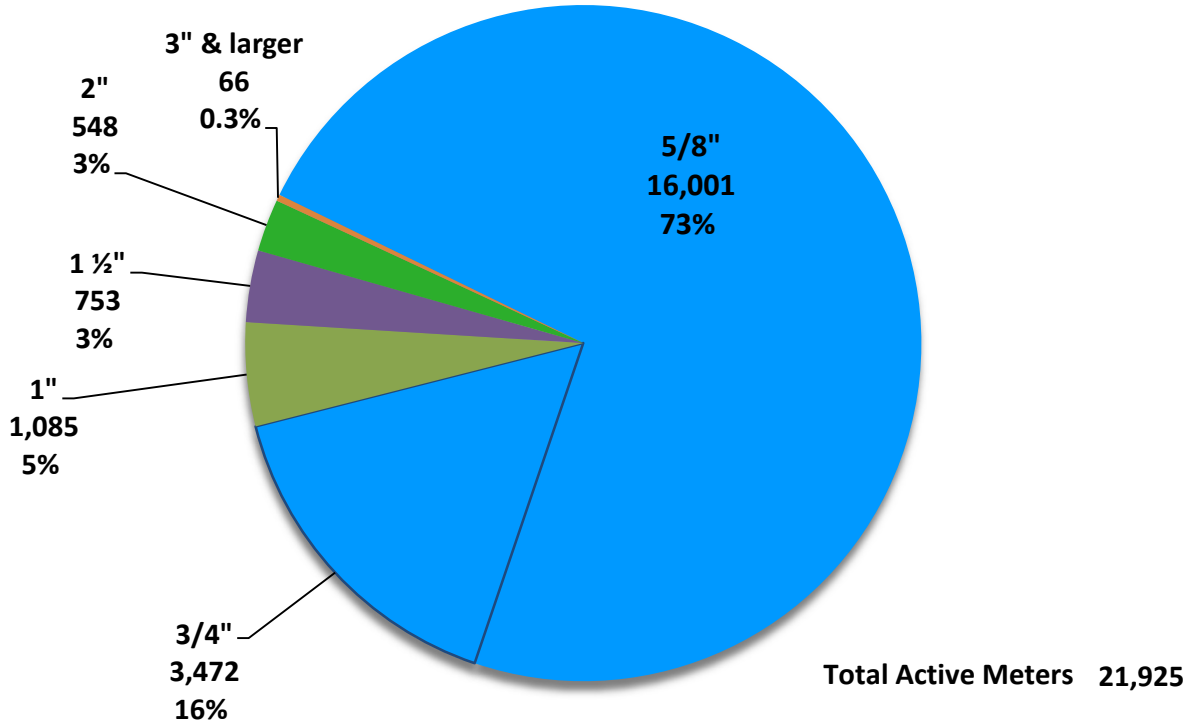
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	119373 through	119374 -
Air Pollution Control District	Emissions Fee 7941 Corintia St	119375	2,505.89
Ando Pilve	Wireless Ntwrk Prj 20201-22	119376	9,700.00
Backflow Solutions, Inc.	Backflow Test 440	119377	6,578.00
Cdw Government Inc	Drones 2 Prj 20201-40	119378	1,079.91
Conner Nelson	Closed Account Refund	119379	24.43
Corodata Media Storage Inc	Back Up Storage Tape June	119380	177.90
Daniel Miller	Closed Account Refund	119381	61.90
Danny & Susan Eubank	Closed Account Refund	119382	295.13
Ed Howard	Deposit Refund	119383	525.70
Erlab, Inc	Portabel Fume Hood Replacement MRF	119384	655.85
Hach Company	Water Quality Supplies	119385	1,824.93
Harrington Industrial	Unscheduled Repair Parts TOR & PVC Pipe Supplies	119386	4,276.21
Infrastructure Engr Corp	High Point Waterline Prj 20191-544	119387	25,066.00
James Weise	Deposit Refund	119388	519.48
JCI Jones Chemicals Inc	Chlorine	119389	2,043.21
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004	119390	3,393.63
Land Surveying Consultants, Inc	Survey Coordination Prj 20201-13	119391	1,950.00
Landreth Construction	Deposit Refund	119392	1,244.83
Lynn Wellborn	Closed Account Refund	119393	94.61
Mallory Safety And Supply, LLC	Safety Supplies	119394	1,693.98
Mariela Baca	Closed Account Refund	119395	6.00
Matchpoint Water Asset Management Inc	Leak Detection Svcs	119396	1,000.00
McMaster-Carr Supply Co	Steel Hangers MRF	119397	1,316.39
Michael Baker International, Inc.	Montiel Lift Station and Forcemain Replacement Prj 20201-02	119398	6,068.04
One Source Distributors LLC	District-Wide SCADA Upgrade Prj 20201-04	119399	5,398.85
Parkhouse Tire Inc	Tires 4	119400	691.13
Pencco, Inc.	Calcium Nitrate	119401	12,713.72
Process Solutions, Inc.	Chlorine Generation System Repair	119402	9,129.24
Regina Torres	Closed Account Refund	119403	9.01
San Diego Gas & Electric	Power May & June	119404	63,906.29
SHI International Corp.	Computer Replacements(2) & IT Supplies	119405	6,879.35
Shred-It Us JV LLC	Shredding Svcs June	119406	258.74
Superior Ready Mix Concrete LP	Sand Slurry, Rock & Cold Mix	119407	20,917.78
Taewoo Kim	Closed Account Refund	119408	51.84
Teldata	Scada Upgrade MRF	119409	8,847.08
Tony Ma	Closed Account Refund	119410	150.00
Tony's Custom Upholstery	Seat Repair Veh 232	119411	257.75
Trimaran Healthcare, LLC	Deposit Refund	119412	1,518.66
Turner Construction	Deposit Refund	119413	1,059.14
Union Bank	COVID-19 Supplies & Meetings & Travel June	119414	8,678.34
Union Bank	Meetings & Travel June	119415	332.51
Viasat Inc	Monthly Internet Service Backup - June	119416	100.76
Vortex Industries Inc	Gate Repairs Main Office	119417	325.00
Henry Kohlmann	Backflow Test	119418	96.00
Professional Police Supply, Inc	Laptop Mount Veh 258	119419	562.98
Boncor Water Systems	Soft Water Svcs July	119420	1,811.00
CCI	Water Treatment June	119421	220.00
Electrical Sales, Inc	Scada Upgrade Prj 20201-4	119422	7,236.23
Zuza LLC	Video Production - Year in Review Prj 20201-40	119423	268.30
Grainger Inc	Sewage Ejection Pump & Hardware Supplies	119424	1,574.71
Hawthorne Machinery Co.	Excavator Rental	119425	3,002.52
Hodge Products Inc	District Locks 36	119426	520.68
Huntington & Associates, Inc.	CLA Val Replacement Parts & Control Valve Rebuild Kits 4	119427	2,976.83
Interstate Batteries	Batteries 18	119428	1,424.98
J W D'angelo Co, Inc	Bolts, Pvc Pipe, Vac Cover	119429	2,408.98
Lloyd Pest Control	Pest Control June	119430	620.00
Ostari, Inc	Wireless Access Upgrade	119431	12,360.34

VALLECITOS WATER DISTRICT
WARRANTS LIST
July 15, 2020

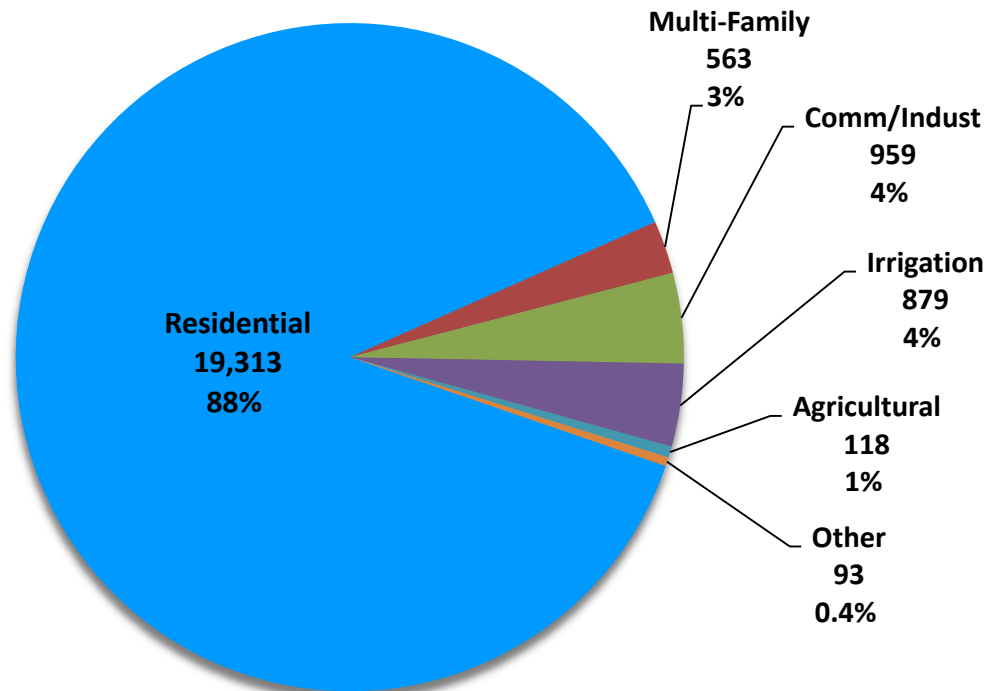
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Pacific Green Landscape, Inc.	Landscape Restoration Palomar Oaks	119432	4,105.58
Pacific Pipeline Supply	Pipe Beveller	119433	515.65
Richard W. Gittings	Hillside Development June	119434	1,400.00
Safety-Kleen Systems Inc	Parts Washer Rental	119435	410.83
San Diego County Water Auth.	Connection Fees Quarter Ending 6-30-20	119436	211,381.80
Southern Counties Lubricants, Llc	Unleaded Gasoline	119437	12,888.93
T.S. Industrial Supply	Hardware Supplies	119438	118.55
Underground Service Alert	Dig Alert Svc	119439	540.65
Unifirst Corporation	Uniform Delivery	119440	1,504.43
City Of Vista	Sewer Flow 7-1-18 To 6-30-19	119441	71,851.74
Waxie Sanitary Supply	Cleaning Supplies Prj 20201-850	119442	45.69
Total Disbursements (68 Checks)			<u>553,174.61</u>
WIRES			
San Diego County Water Authority	May Water Bill	Wire	2,619,651.63
Public Employees Retirement System	Retirement Contribution - FY 20-21	Wire	858,517.00
Encina Wastewater Authority	Quarterly UAL Additional Discretionary Payment	Wire	197,239.00
Public Employees Retirement System	Retirement Contribution - June 30, 2020 Payroll	Wire	75,683.14
Total Wires			<u>3,751,090.77</u>
PAYROLL			
Total direct deposits		Wire	247,310.73
VWD Employee Association		119373	578.00
Payroll & Garnishments		119374	689.06
IRS	Federal payroll tax deposits	Wire	99,842.68
Employment Development Department	California payroll tax deposit	Wire	19,292.03
CalPERS	Deferred compensation withheld	Wire	22,721.31
VOYA	Deferred compensation withheld	Wire	7,479.09
Total June 30, 2020 Payroll Disbursements			<u>397,912.90</u>
 TOTAL DISBURSEMENTS			 <u>4,702,178.28</u>

Vallecitos Water District
 Active Water Meters
 June 30, 2020

Active Meters by Size as of June 30, 2020

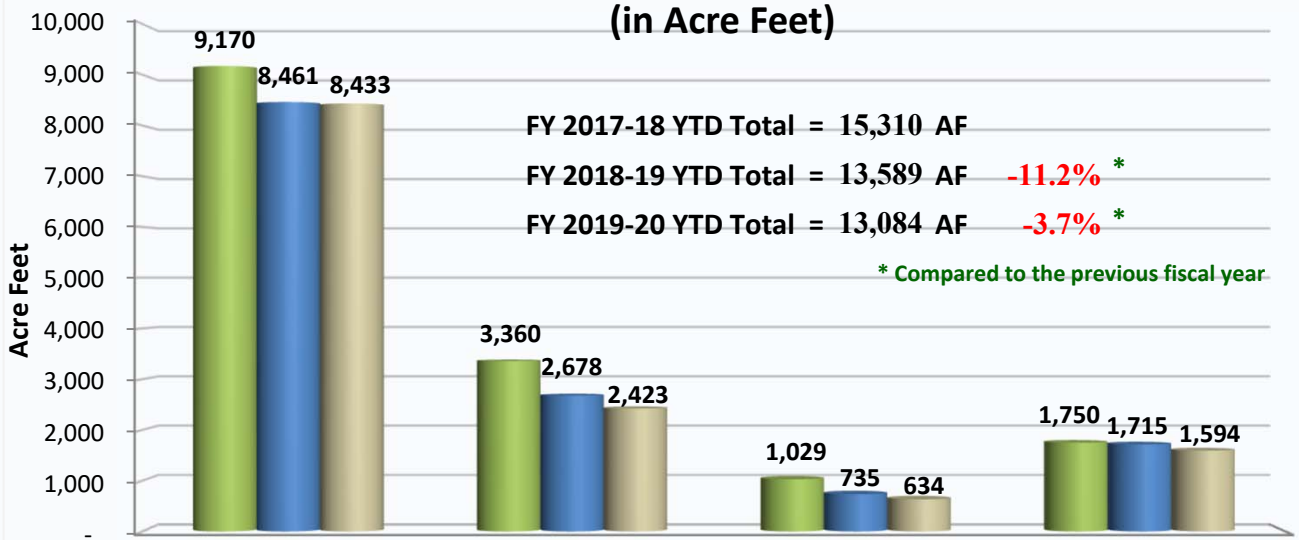


Active Meters by Type as of June 30, 2020



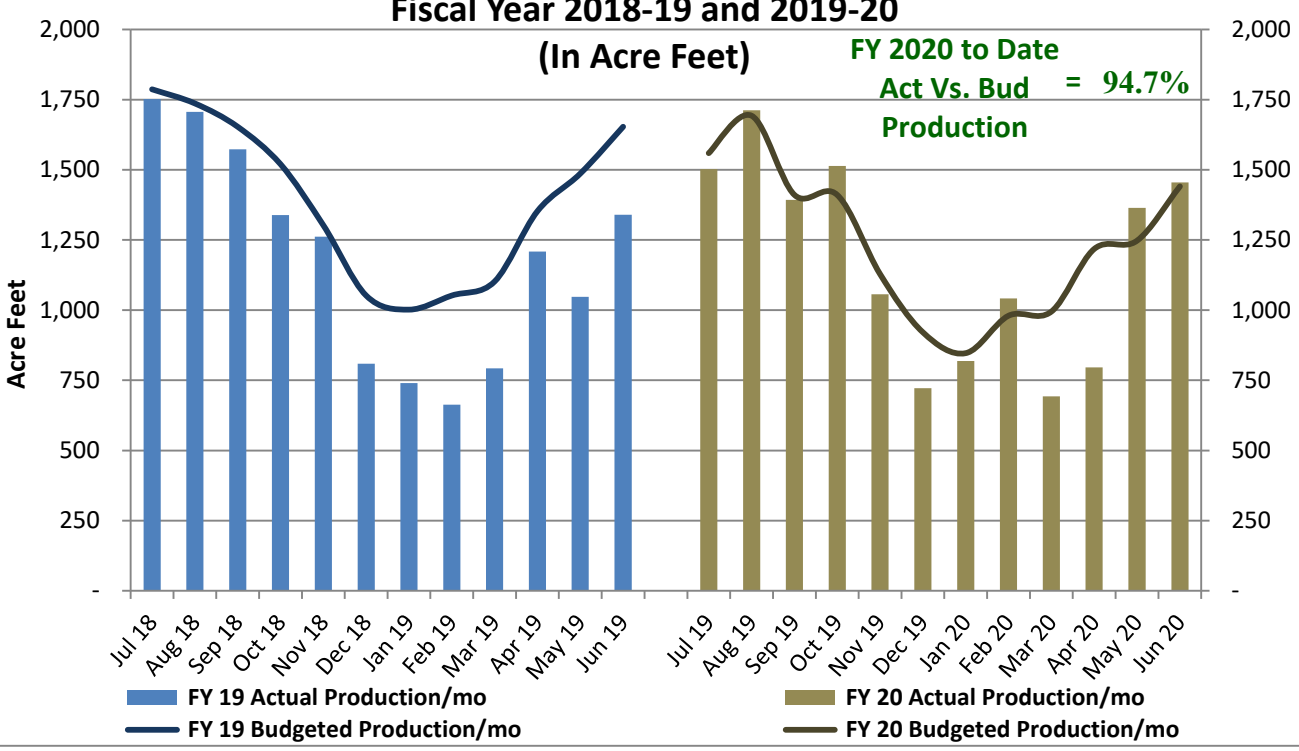
Vallejos Water District
 Water Production/Sales
 June 30, 2020

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	9,170	3,360	1,029	1,750
FY 2018-19	8,461	2,678	735	1,715
FY 2019-20	8,433	2,423	634	1,594

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



OVERVIEW

With the fourth quarter complete, the District's water fund had a net operating income of \$3.1 million (before depreciation) while the sewer fund had a net operating income of \$8.9 million (before depreciation). The District is cash funding capital projects and is current on all debt service payments.

WATER FUND

Overall, the water fund performed as expected during the fourth quarter of Fiscal Year 2020.

Revenues: Water Sales were 87% of total budget as a result of lower demand during the wet winter and spring months. Ready to Serve (RTS) exceeded expectations on the year by 4%. Pumping Charges are high due to increasing power costs. Other revenue was high 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 and a reimbursement from ACWA/JPIA.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 31,850,000	\$ 27,663,497	87%
Ready to Serve	13,804,000	14,408,027	104%
Pumping Cost Rec	342,000	380,419	111%
Other	680,000	774,822	114%
Total	\$ 46,676,000	\$ 43,226,765	93%

Expenses: Water Purchases were low due to decreased demand during the unusually wet winter months. Operating, Supporting, and General & Administration expenses were low due to less main breaks than anticipated, timing of materials being purchased, and outside services being performed.

Expense	Budget	YTD Actual	Percent
Water Purchases	\$ 32,250,000	\$ 29,194,267	91%
Operating	4,852,000	4,273,548	88%
Supporting	4,290,000	3,970,671	93%
General & Admin	2,985,000	2,638,698	88%
Total	\$ 44,377,000	\$ 40,077,184	90%

SEWER FUND

The Sewer Fund performed better than expected through the fourth quarter of Fiscal Year 2020.

Revenues: Sewer Service charges and Reclaimed water sales performed as planned. Like the water fund, Other revenue was high from the solar project reimbursement and fees received from a water and sewer annexation and a reimbursement from ACWA/JPIA.

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 18,179,000	\$ 18,265,979	100%
Reclaimed	2,466,000	2,466,000	100%
Other	80,000	319,292	399%
Total	\$ 20,725,000	\$ 21,051,271	102%

SEWER FUND (continued)

Expenses: Treatment expenses were low due to timing of budgeted material purchases and outside services. Operating and Supporting expenses were low primarily as a result of lower outside services and staffing costs. General & Administrative expenses were high due to less time charged to projects

Expense	Budget	YTD Actual	Percent
Treatment	\$ 7,085,000	\$ 5,533,386	78%
Operating	2,949,000	2,646,196	90%
Supporting	2,771,000	2,407,026	87%
General & Admin	1,440,000	1,565,311	109%
Total	\$ 14,245,000	\$ 12,151,919	85%

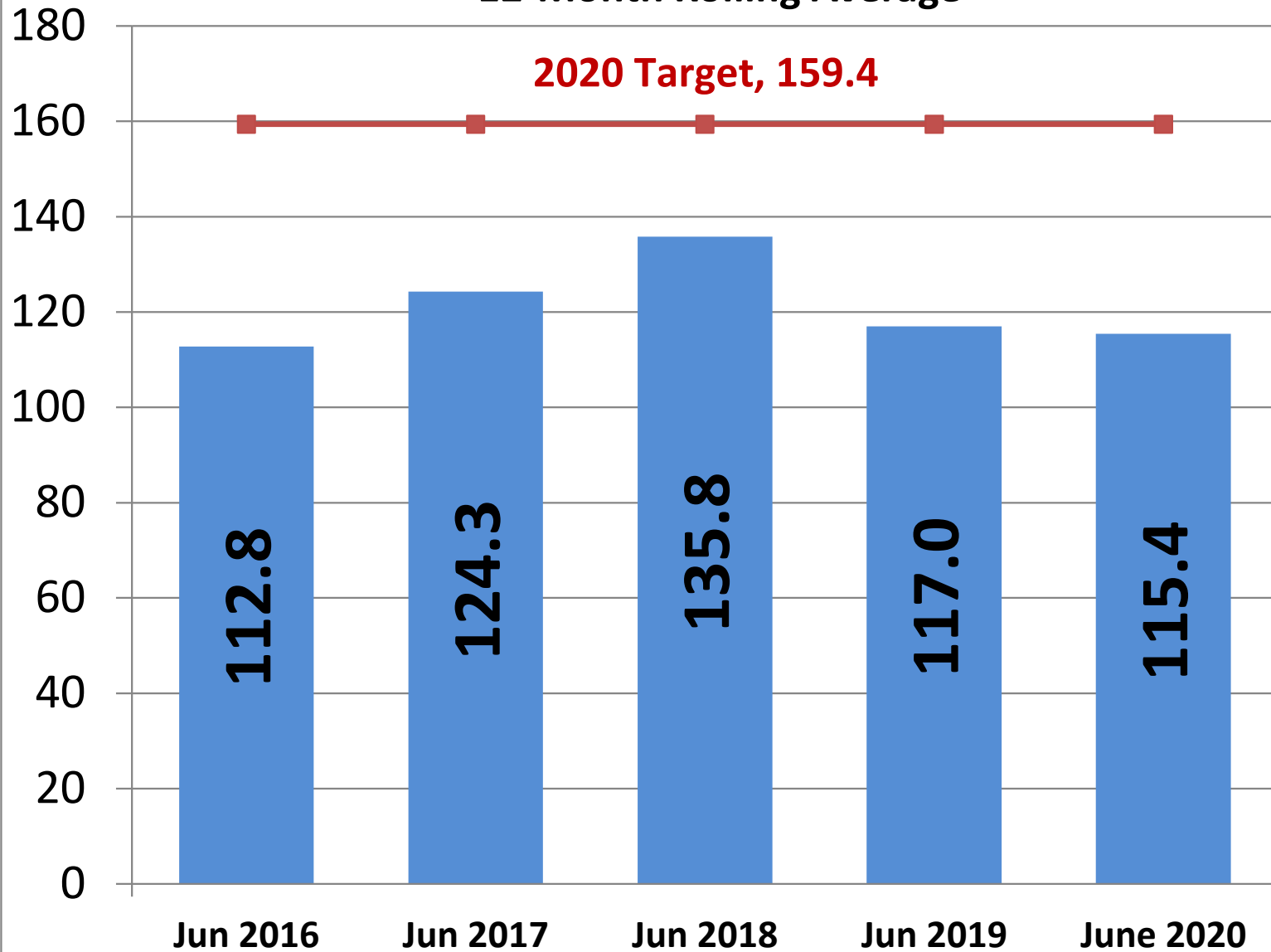
RESERVES AND FUNDS:

The following is a summary of the replacement reserves and capacity funds as of June 30, 2020.

Water:		
Revenues	Replacement	Capacity
FY 19/20 Operating Transfers	\$ 3,149,581	-
Capital Facility Fees	-	\$ 1,742,713
Property tax & Other	3,790,125	-
Total Revenue	6,939,706	1,742,713
Distributions		
Capital Projects	2,546,542	-
Fund PERS UAL	4,107,540	-
Debt Service	-	2,302,449
Total Distributions	6,654,082	2,302,449
Beginning Balance	37,641,145	(7,631,301)
Ending Balance	37,926,769	(8,191,036)
Less: Operating Reserves	5,970,100	-
Replacement Reserve Balance	\$ 31,956,669	\$ (8,191,036)
Replacement Reserve Floor	\$ 8,136,700	
Replacement Reserve Ceiling	\$ 34,640,500	

Wastewater:		
Revenues	Replacement	Capacity
FY 19/20 Operating Transfers	\$ 8,899,352	-
Capital Facility Fees	-	\$ 5,021,535
Property tax & Other	3,405,989	-
Total Revenue	12,305,341	5,021,535
Distributions		
Capital Projects	7,208,361	833,239
Fund PERS UAL	3,946,460	-
Debt Service	-	3,455,276
Total Distributions	11,154,821	4,288,515
Beginning Balance	58,689,994	(8,037,963)
Ending Balance	59,840,514	(7,304,943)
Less: Operating Reserves	7,024,900	-
Replacement Reserve Balance	\$ 52,815,614	\$ (7,304,943)
Replacement Reserve Floor	\$ 18,603,400	
Replacement Reserve Ceiling	\$ 54,762,600	

Gallons per Capita per Day 12-Month Rolling Average



DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the twelve months ended June 30, 2020 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 12-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 Year Ended June 30, 2020

(Unaudited) Prior Year Actual Current Year

	Current Year Actual	Budget		Variance		Variance	
		Amount	Amount	\$	%	\$	%
Revenue							
Water Sales	\$27,663,497	\$28,168,549	\$ (505,052)	-1.8%	\$31,850,000	\$ (4,186,503)	-13.1%
Ready-to-serve	14,408,027	13,901,206	506,821	3.6%	13,804,000	604,027	4.4%
Pumping cost recovery	380,419	303,711	76,708	25.3%	342,000	38,419	11.2%
Late & lock charges	289,471	371,437	(81,966)	-22.1%	367,000	(77,529)	-21.1%
Backflow fees	101,348	93,130	8,218	8.8%	97,000	4,348	4.5%
Other revenue	384,003	527,201	(143,198)	-27.2%	216,000	168,003	77.8%
Total Revenue	43,226,765	43,365,234	(138,469)	-0.3%	46,676,000	(3,449,235)	-7.4%
Expenses							
Water costs	29,194,267	28,031,580	1,162,687	4.1%	32,250,000	(3,055,733)	-9.5%
Pumping costs	802,674	849,107	(46,433)	-5.5%	910,000	(107,326)	-11.8%
Water quality	123,814	120,115	3,699	3.1%	224,000	(100,186)	-44.7%
Water treatment	503,304	416,362	86,942	20.9%	487,000	16,304	3.3%
Tanks & reservoirs	338,650	381,021	(42,371)	-11.1%	463,000	(124,350)	-26.9%
Trans & distribution	1,620,873	2,170,108	(549,235)	-25.3%	1,842,000	(221,127)	-12.0%
Services	77,771	53,471	24,300	45.4%	89,000	(11,229)	-12.6%
Meters	713,600	623,187	90,413	14.5%	771,000	(57,400)	-7.4%
Backflow prevention	92,862	57,686	35,176	61.0%	66,000	26,862	40.7%
Customer accounts	648,391	639,633	8,758	1.4%	671,000	(22,609)	-3.4%
Building & grounds	347,228	366,979	(19,751)	-5.4%	393,000	(45,772)	-11.6%
Equipment & vehicles	247,026	232,024	15,002	6.5%	332,000	(84,974)	-25.6%
Engineering	1,661,344	1,555,225	106,119	6.8%	1,618,000	43,344	2.7%
Safety & compliance	203,438	253,006	(49,568)	-19.6%	244,000	(40,562)	-16.6%
Information Technology	863,244	802,598	60,646	7.6%	1,032,000	(168,756)	-16.4%
General & administrative	2,638,698	3,005,766	(367,068)	-12.2%	2,985,000	(346,302)	-11.6%
Total Expenses	40,077,184	39,557,868	519,316	1.3%	44,377,000	(4,299,816)	-9.7%
Net Operating Income	\$ 3,149,581	\$ 3,807,366	(657,785)	-17%	\$ 2,299,000	850,581	

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 this year.

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

Transmission and distribution has a favorable prior year variance as a result of fewer main breaks during the year.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Year Ended June 30, 2020

(Unaudited)

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$ 18,265,979	\$ 18,139,016	\$ 126,963	0.7%	\$ 18,179,000	\$ 86,979	0.5%
Reclaimed water sales	2,466,000	1,953,236	512,764	26.3%	2,466,000	-	0.0%
Other revenue	319,292	789,143	(469,851)	-59.5%	80,000	239,292	299.1%
Total Revenue	21,051,271	20,881,395	169,876	0.8%	20,725,000	326,271	1.6%
Expenses							
Collection & conveyance	2,187,672	2,083,149	104,523	5.0%	2,406,000	(218,328)	-9.1%
Lift stations	286,353	178,439	107,914	60.5%	341,000	(54,647)	-16.0%
Source Control	172,171	170,533	1,638	1.0%	202,000	(29,829)	-14.8%
Effluent disposal	2,948,226	2,546,308	401,918	15.8%	3,521,000	(572,774)	-16.3%
Meadowlark	2,585,160	2,996,680	(411,520)	-13.7%	3,564,000	(978,840)	-27.5%
Customer Accounts	460,396	453,299	7,097	1.6%	505,000	(44,604)	-8.8%
Building & grounds	198,680	244,081	(45,401)	-18.6%	272,000	(73,320)	-27.0%
Equipment & vehicles	201,688	173,718	27,970	16.1%	253,000	(51,312)	-20.3%
Engineering	722,438	653,896	68,542	10.5%	717,000	5,438	0.8%
Safety & compliance	130,109	167,510	(37,401)	-22.3%	191,000	(60,891)	-31.9%
Information technology	693,715	662,655	31,060	4.7%	833,000	(139,285)	-16.7%
General & administrative	1,565,311	1,180,416	384,895	32.6%	1,440,000	125,311	8.7%
Total Expenses	12,151,919	11,510,684	641,235	5.6%	14,245,000	(2,093,081)	-14.7%
Net Operating Income	\$ 8,899,352	\$ 9,370,711	(471,359)	-5.0%	\$ 6,480,000	2,419,352	37.3%

Explanation of Significant Variances

Reclaimed Water Sales has a favorable prior year variance because 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.

Lift Stations have an unfavorable prior year variance due to budgeted decreases in labor charged to projects.

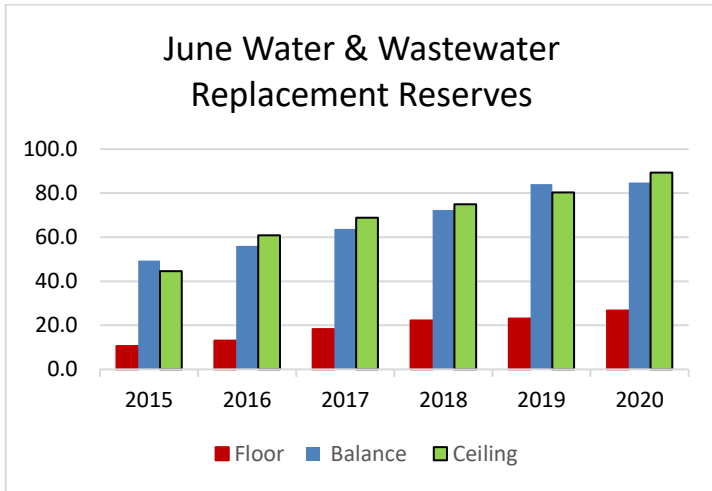
The **Meadowlark Plant** has a favorable budget variance as a result of less than anticipated outside services being performed, as well as lower than anticipated materials and supplies, and chemical costs.

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

Variances are considered significant if they exceed \$100000 and 20%.

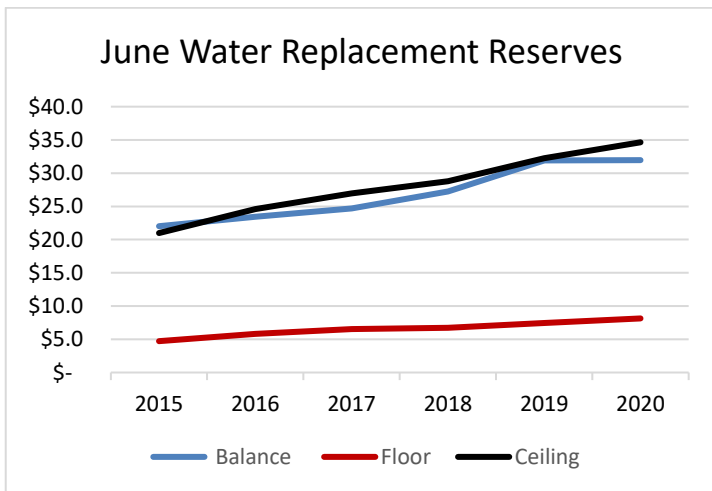
REPLACEMENT RESERVES

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 June 30, 2020, the total water and wastewater replacement reserve balance was \$84.8 million, 1 percent greater than June 30, 2019.



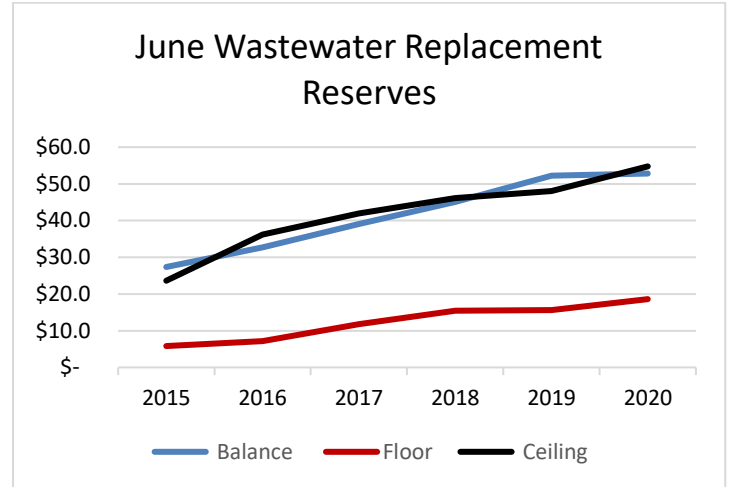
WATER REPLACEMENT RESERVE

As of June 30, 2020, the District’s water replacement reserve totaled \$32 million, an increase of 0.2 percent, or \$0.1 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.



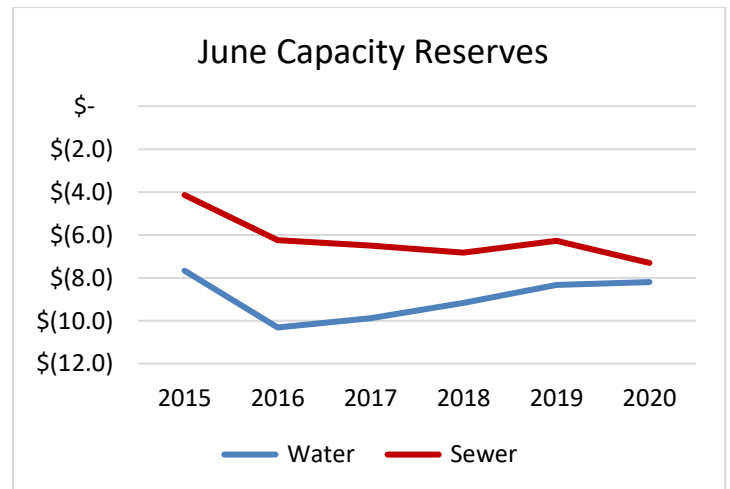
WASTEWATER REPLACEMENT RESERVE

As of June 30, 2020, the balance in the District’s wastewater replacement reserve totaled \$52.8 million, an increase of 1 percent, or \$0.6 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 June 30, 2020, the water capacity fund had a deficit of \$8.2 million and the sewer capacity fund had a deficit of \$7.3 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 TWELVE MONTHS ENDED JUNE 30, 2020

	110 Water 120		210 Wastewater 220		Total
	Replacement	Capacity	Replacement	Capacity	
BEGINNING BALANCE	\$ 37,641,145	\$ (7,631,301)	\$ 58,689,994	\$ (8,037,963)	\$ 80,661,876
REVENUES					
FY 19/20 Operating Transfers	3,149,581		8,899,352		12,048,933
Capital Facility Fees	-	1,742,713	-	5,021,535	6,764,248
RDA pass-through	1,493,458	-	1,426,750	-	2,920,208
Property Tax	1,290,568	-	1,035,971	-	2,326,539
Investment Earnings	1,004,342	-	943,268	-	1,947,610
Annexation Fees	1,757	-	-	-	1,757
TOTAL REVENUES	6,939,706	1,742,713	12,305,341	5,021,535	26,009,295
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Authority Five Year Plan	-	-	4,594,807	-	4,594,807
Rock Springs Sewer Replacement	-	-	425,849	520,484	946,333
Schoolhouse Tank Refurbishment	804,102	-	-	-	804,102
Sewer Rehabilitation And Repairs	-	-	716,436	-	716,436
Montiel Lift Station And Forcemain Replacement	-	-	378,578	154,631	533,209
District-Wide SCADA Upgrade Project	229,659	-	220,653	-	450,313
District Wide Valve Replacement	233,346	-	-	-	233,346
Lawrence Welk Court Water Line Replacement	225,704	-	-	-	225,704
San Marcos Interceptor Sewer	-	-	68,597	152,680	221,277
OSHA Compliant Ladder Systems	173,332	-	-	-	173,332
North Twin Oaks Tank 1 Refurbishment	146,184	-	-	-	146,184
MRF Biological Selector Improvements	-	-	145,164	-	145,164
Palos Vista Pump Station Generator	139,564	-	-	-	139,564
Asset Management Replacement Schedule	45,825	-	44,028	-	89,853
MRF - Influent Pumps & Motors	-	-	86,595	-	86,595
District Wide Solar Project	40,699	-	39,103	-	79,803
Fire Services - Backflow Preventer Upgrades	79,385	-	-	-	79,385
Sewer Bypass Repair	-	-	78,179	-	78,179
Technology Infrastructure Upgrades	32,085	-	30,827	-	62,912
Water Operations Control Panel Upgrades	42,020	-	-	-	42,020
Tres Amigos Water Line Replacement Phase 1	37,720	-	-	-	37,720
Building A Kitchens	13,706	-	13,169	-	26,875
Door Access System Expansion	11,079	-	10,645	-	21,724
Wireless Radio Network Upgrades	10,232	-	9,831	-	20,063
Security Infrastructure Monitoring Upgrades	8,758	-	8,414	-	17,172
MRF - Tertiary Influent Chamber Repairs	-	-	16,812	-	16,812
Cal State San Marcos Meter Upgrade	15,093	-	-	-	15,093
All other capital projects	15,483	-	25,352	5,444	46,279
Total Capital Project Expenditures	2,303,978	-	6,913,039	833,239	10,050,256
Capital Budget - Vehicles/Mobile Equipmnt	242,564	-	295,322	-	537,886
Debt Service	-	2,138,074	-	3,320,605	5,458,679
Fund PERS UAL	4,107,540	-	3,946,460	-	8,054,000
Interest Expense	-	164,375	-	134,671	299,046
TOTAL DISTRIBUTIONS	6,654,082	2,302,449	11,154,821	4,288,515	24,399,867
ENDING BALANCE	\$ 37,926,769	\$ (8,191,036)	\$ 59,840,514	\$ (7,304,943)	\$ 82,271,304
Less: Operating Reserves	5,970,100	-	7,024,900	-	12,995,000
Replacement Reserves/Restricted Funds	\$ 31,956,669	\$ (8,191,036)	\$ 52,815,614	\$ (7,304,943)	\$ 69,276,304
Replacement reserve floor	\$ 8,136,700		\$ 18,603,400		
Replacement reserve ceiling	\$ 34,640,500		\$ 54,762,600		

VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR JUNE 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 June follows:

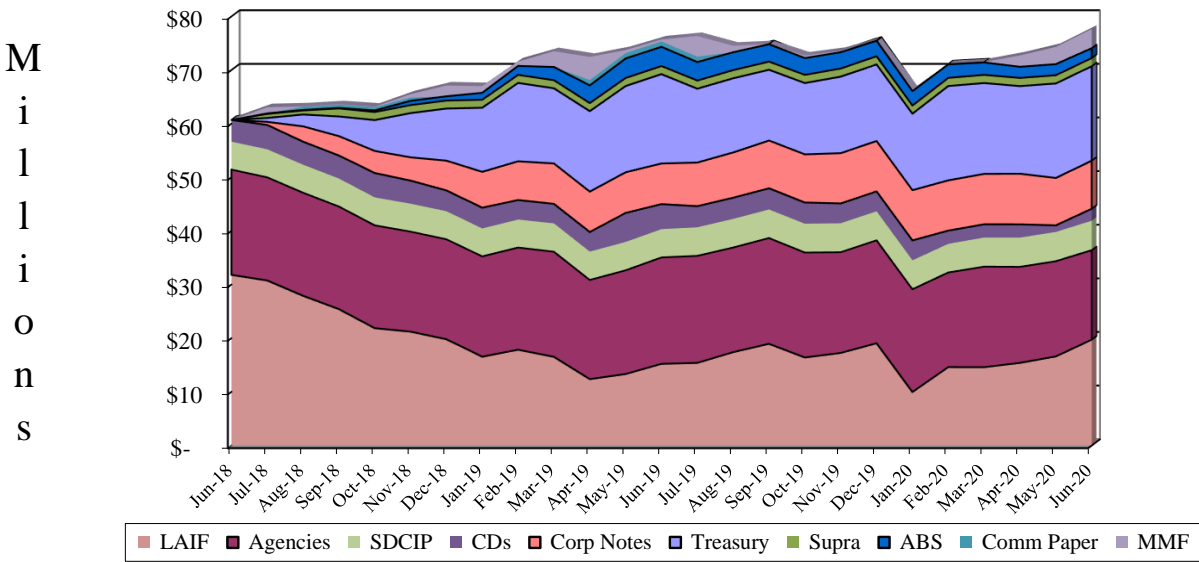
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
06/02/20	Deposit	LAIF	2,000,000	Open	1.22%
06/08/20	Purchased	Paccar Financial	299,583	06/08/23	0.80%
06/08/20	Purchased	FHLM	999,400	06/08/22	0.25%
06/11/20	Deposit	LAIF	850,000	Open	1.22%
06/15/20	Sold	JDOT 2017-B A3	(16,264)	10/15/21	1.82%
06/15/20	Sold	NAR 2016-C A4	(54,729)	01/17/23	1.38%
06/15/20	Sold	TAOT 2017-B CLA3	(19,709)	07/15/21	1.76%
06/15/20	Sold	TAOT 2019-A A2A	(24,783)	10/15/21	2.83%
06/15/20	Sold	JDOT 2019-A A2	(21,737)	12/15/21	2.85%
06/15/20	Withdrawal	LAIF	(1,350,000)	Open	1.22%
06/18/20	Sold	HAROT 2017-3 A3	(16,950)	09/20/21	1.79%
06/18/20	Sold	Honda Auto Recv	(6,925)	05/18/22	3.01%
06/18/20	Sold	HAROT 2019-1 A2	(34,341)	09/20/21	2.75%
06/22/20	Purchased	FFCB	999,530	06/22/22	0.26%
06/22/20	Sold	HAROT 2018-3 A3	(12,578)	08/22/22	2.95%
06/22/20	Withdrawal	LAIF	(1,900,000)	Open	1.22%
06/26/20	Purchased	FHLM	962,182	06/26/23	0.25%
06/26/20	Purchased	Mufg Bank Ltd Cp	849,528	09/14/20	0.25%
06/29/20	Full Call	Northern Bk C/D	(245,000)	12/29/20	1.85%
06/30/20	Matured	US Treasury	(750,000)	06/30/20	1.63%
06/30/20	Deposit	LAIF	600,000	Open	1.22%
Change in investments during the month			<u>\$ 3,107,207</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	1.700%
Weighted average days to maturity	489

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

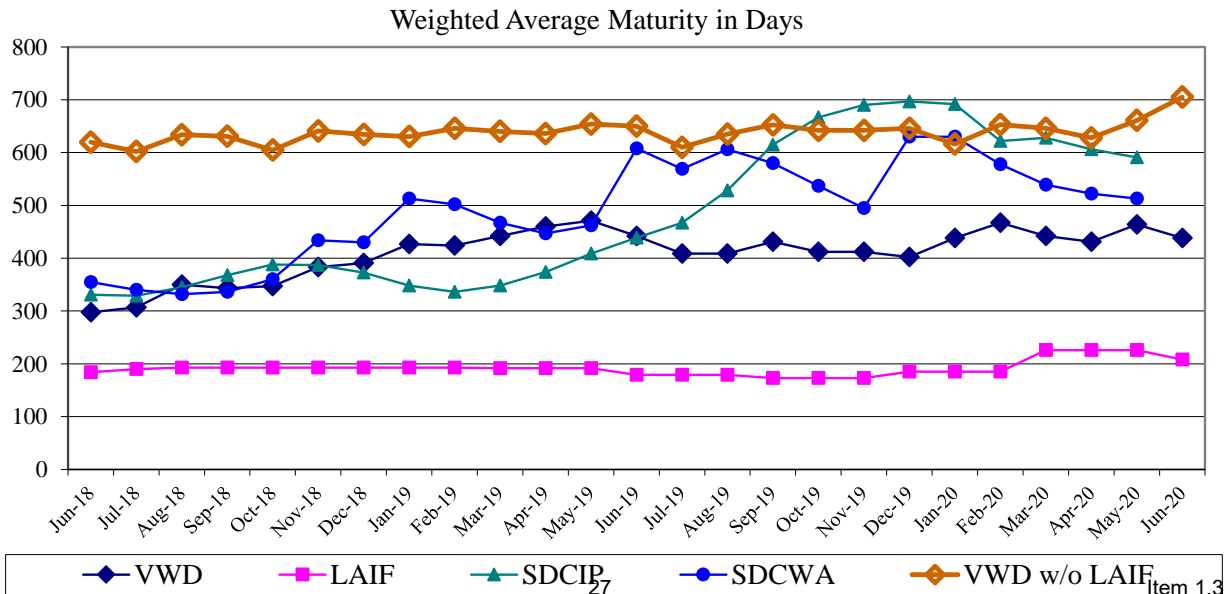
Safety

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.



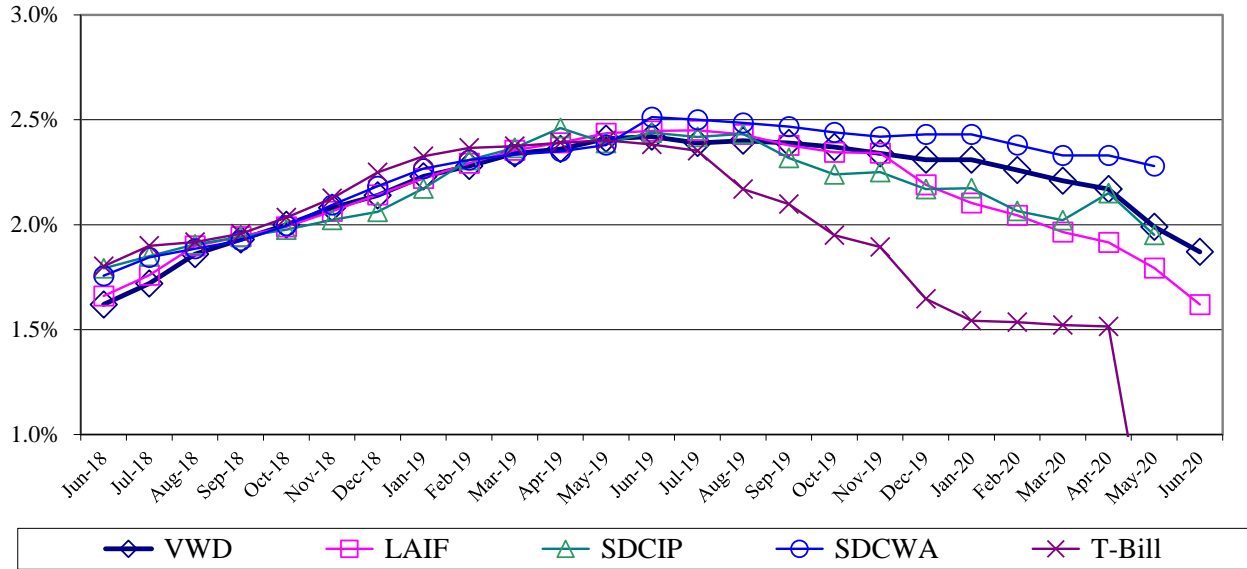
Liquidity

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 \$17.7 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	1.34
Average Coupon	1.67%
Average Purchase YTM	1.70%
Average Market YTM	0.59%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	1.41 yrs
Average Life	1.36 yrs

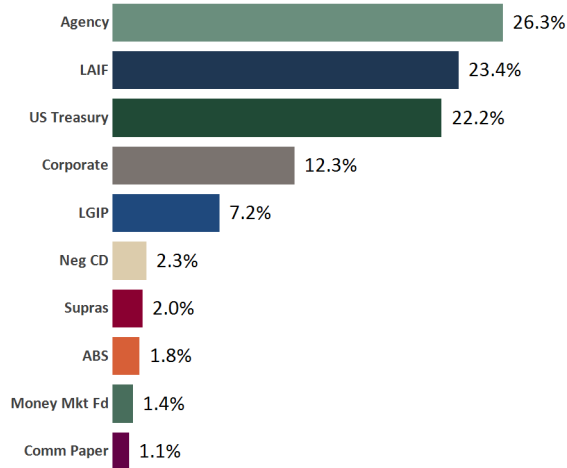
ACCOUNT SUMMARY

	Beg. Values as of 5/31/20	End Values as of 6/30/20
Market Value	75,668,428	75,916,094
Accrued Interest	275,492	276,044
Total Market Value	75,943,920	76,192,138
Income Earned	108,086	100,954
Cont/WD		
Par	74,038,979	74,318,344
Book Value	74,186,387	74,463,789
Cost Value	74,010,079	74,298,740

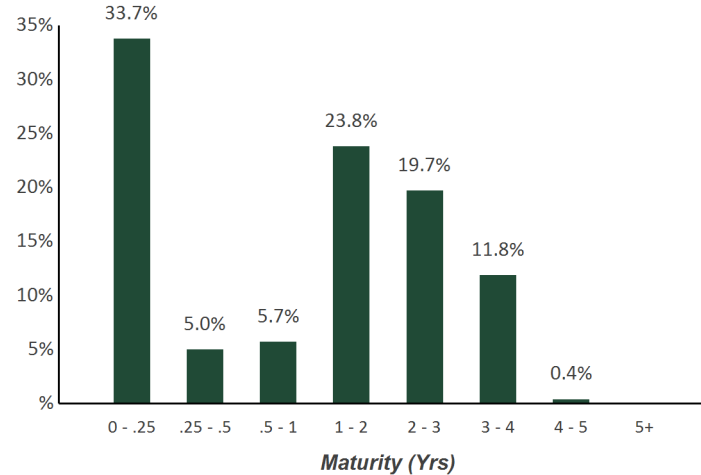
TOP ISSUERS

Local Agency Investment Fund	23.4%
Government of United States	22.2%
Federal Farm Credit Bank	8.7%
Federal Home Loan Bank	7.5%
County of San Diego Pooled Inve	7.2%
Federal Home Loan Mortgage Corp	5.2%
Federal National Mortgage Assoc	4.9%
Dreyfus Treasury and Agency	1.4%
Total	80.5%

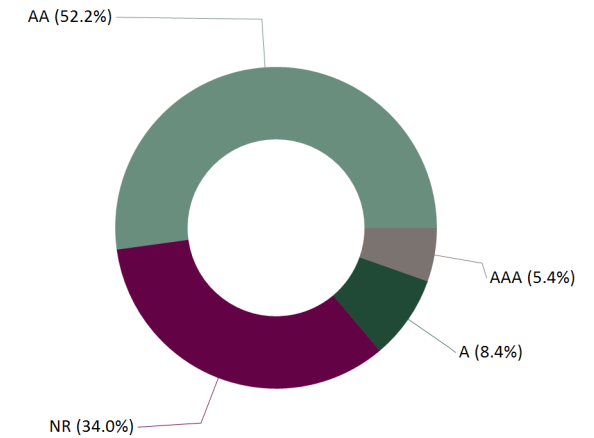
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of June 30, 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	62,176.85	09/26/2018 2.78%	61,450.64 61,907.28	100.15 0.56%	62,267.50 48.64	0.08% 360.22	Aaa / AAA NR	1.04 0.12
43814PAC4	Honda Auto Receivables Trust 2017-3 A3 1.79% Due 9/20/2021	90,708.56	12/11/2018 2.73%	89,532.18 90,190.12	100.37 0.25%	91,042.09 58.63	0.12% 851.97	NR / AAA AAA	1.22 0.24
43814WAB1	Honda Auto Receivables Trust 2019-1 A2 2.75% Due 9/20/2021	180,513.21	02/19/2019 2.77%	180,501.58 180,507.67	100.52 0.48%	181,449.52 179.26	0.24% 941.85	NR / AAA AAA	1.22 0.23
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	60,387.19	11/14/2018 3.14%	59,554.51 60,018.59	100.19 0.54%	60,501.69 48.85	0.08% 483.10	Aaa / NR AAA	1.29 0.15
89239AAB9	Toyota Auto Receivables Trust 2019-A A2A 2.83% Due 10/15/2021	123,990.93	02/05/2019 2.85%	123,979.67 123,985.49	100.48 0.17%	124,582.37 155.95	0.16% 596.88	Aaa / AAA NR	1.29 0.18
47789JAB2	John Deere Owner Trust 2019-A A2 2.85% Due 12/15/2021	124,127.82	03/05/2019 2.87%	124,122.16 124,124.83	100.46 0.39%	124,692.72 157.23	0.16% 567.89	Aaa / NR AAA	1.46 0.18
43814UAG4	Honda Auto Receivables Trust 2018-2 A3 3.01% Due 5/18/2022	78,688.07	05/22/2018 3.03%	78,686.35 78,687.26	101.39 0.41%	79,782.70 85.53	0.10% 1,095.44	NR / AAA AAA	1.88 0.53
43815HAC1	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	164,440.11	08/21/2018 2.98%	164,417.55 164,427.98	101.75 0.22%	167,323.72 134.75	0.22% 2,895.74	Aaa / NR AAA	2.15 0.64
65478WAE5	Nissan Auto Receivables Trust 2016-C A4 1.38% Due 1/17/2023	223,680.37	01/24/2019 2.95%	218,997.07 221,454.50	100.13 0.57%	223,965.77 137.19	0.29% 2,511.27	Aaa / NR AAA	2.55 0.16
47789KAC7	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	275,000.00	03/04/2020 1.11%	274,983.20 274,984.36	100.85 0.74%	277,327.88 134.44	0.36% 2,343.52	Aaa / NR AAA	4.13 2.32
Total ABS		1,383,713.11	2.54%	1,376,224.91 1,380,288.08	0.47%	1,392,935.96 1,140.47	1.83% 12,647.88	Aaa / AAA AAA	2.19 0.68
AGENCY									
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	1,000,000.00	12/26/2018 2.70%	1,002,780.00 1,001,366.96	103.79 0.21%	1,037,872.00 1,088.89	1.36% 36,505.04	Aaa / AA+ AAA	1.47 1.44

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of June 30, 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
AGENCY									
3135G0U92	FNMA Note 2.625% Due 1/11/2022	500,000.00	03/05/2019 2.60%	500,350.00 500,187.76	103.70 0.20%	518,517.50 6,197.92	0.69% 18,329.74	Aaa / AA+ AAA	1.53 1.49
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	1,000,000.00	03/25/2020 0.63%	1,031,090.00 1,026,506.82	103.33 0.20%	1,033,337.00 11,083.33	1.37% 6,830.18	Aaa / AA+ AAA	1.54 1.50
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	750,000.00	02/27/2019 2.55%	750,075.00 750,041.61	103.88 0.22%	779,089.50 6,375.00	1.03% 29,047.89	Aaa / AA+ AAA	1.67 1.63
313378WG2	FHLB Note 2.5% Due 3/11/2022	500,000.00	04/08/2019 2.36%	501,945.00 501,126.53	103.86 0.22%	519,283.00 3,819.44	0.69% 18,156.47	Aaa / AA+ NR	1.70 1.66
3133ELWD2	FFCB Note 0.375% Due 4/8/2022	930,000.00	04/03/2020 0.45%	928,623.60 928,781.98	100.27 0.22%	932,499.84 804.06	1.22% 3,717.86	Aaa / AA+ AAA	1.77 1.76
3135G0V59	FNMA Note 2.25% Due 4/12/2022	1,000,000.00	03/24/2020 0.59%	1,033,760.00 1,029,336.90	103.66 0.19%	1,036,567.00 4,937.50	1.37% 7,230.10	Aaa / AA+ AAA	1.78 1.75
3133ELYR9	FFCB Note 0.25% Due 5/6/2022	1,050,000.00	04/30/2020 0.31%	1,048,666.50 1,048,768.80	100.02 0.24%	1,050,238.35 401.04	1.38% 1,469.55	Aaa / AA+ AAA	1.85 1.84
3134GVJ66	FHLMC Note 0.25% Due 6/8/2022	1,000,000.00	06/04/2020 0.28%	999,400.00 999,418.90	99.90 0.30%	999,007.00 159.72	1.31% (411.90)	Aaa / NR AAA	1.94 1.93
3133ELN26	FFCB Note 0.26% Due 6/22/2022	1,000,000.00	06/17/2020 0.28%	999,530.00 999,535.79	100.00 0.26%	1,000,042.00 65.00	1.31% 506.21	Aaa / AA+ AAA	1.98 1.97
313383WD9	FHLB Note 3.125% Due 9/9/2022	500,000.00	01/30/2019 2.68%	507,580.00 504,604.40	106.28 0.25%	531,380.50 4,861.11	0.70% 26,776.10	Aaa / AA+ AAA	2.19 2.12
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,006,756.70	106.59 0.29%	1,065,939.00 1,833.33	1.40% 59,182.30	Aaa / AA+ AAA	2.44 2.37
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	985,000.00	05/05/2020 0.39%	984,586.30 984,607.12	100.26 0.28%	987,559.03 554.06	1.30% 2,951.91	Aaa / AA+ AAA	2.85 2.83
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	1,055,000.00	05/20/2020 0.35%	1,051,824.45 1,051,940.45	99.90 0.29%	1,053,892.25 285.73	1.38% 1,951.80	NR / AA+ AAA	2.89 2.88
3133834G3	FHLB Note 2.125% Due 6/9/2023	650,000.00	10/30/2019 1.66%	660,432.50 658,499.68	105.38 0.29%	684,950.50 844.10	0.90% 26,450.82	Aaa / AA+ NR	2.94 2.86
3137EAES4	FHLMC Note 0.25% Due 6/26/2023	965,000.00	06/24/2020 0.35%	962,182.20 962,195.07	99.84 0.30%	963,498.46 33.51	1.26% 1,303.39	Aaa / AA+ AAA	2.99 2.97
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,003,702.14	103.97 0.32%	1,039,730.00 6,088.89	1.37% 36,027.86	Aaa / AA+ AAA	3.12 3.04

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of June 30, 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
AGENCY									
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 720,253.11	106.30 0.39%	744,083.90 5,218.40	0.98% 23,830.79	Aaa / AA+ NR	3.19 3.07
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,026,343.29	106.36 0.39%	1,063,575.00 1,437.50	1.40% 37,231.71	Aaa / AA+ NR	3.44 3.32
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,036,999.95	107.85 0.30%	1,078,548.00 10,138.89	1.43% 41,548.05	Aaa / AA+ AAA	3.60 3.43
3133EKM1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 758,325.00	106.84 0.34%	801,313.50 5,946.67	1.06% 42,988.50	Aaa / AA+ AAA	3.65 3.50
3130A7PH2	FHLB Note 1.875% Due 3/8/2024	1,000,000.00	03/03/2020 0.85%	1,040,350.00 1,037,072.42	105.43 0.39%	1,054,325.00 5,885.42	1.39% 17,252.58	Aaa / AA+ NR	3.69 3.56
Total Agency		19,335,000.00	1.22%	19,574,384.55 19,536,371.38	0.28%	19,975,248.33 78,059.51	26.32% 438,876.95	Aaa / AA+ AAA	2.50 2.44
COMMERCIAL PAPER									
62479LJE6	MUFG Bank Ltd Discount CP 0.25% Due 9/14/2020	850,000.00	06/25/2020 0.25%	849,527.78 849,557.29	99.95 0.25%	849,557.29 0.00	1.12% 0.00	P-1 / A-1 NR	0.21 0.21
Total Commercial Paper		850,000.00	0.25%	849,527.78 849,557.29	0.25%	849,557.29 0.00	1.12% 0.00	Aaa / AA NR	0.21 0.21
CORPORATE									
40428HPV8	HSBC USA Inc Note 2.75% Due 8/7/2020	250,000.00	10/10/2018 3.26%	247,772.50 249,876.06	100.22 0.56%	250,560.00 2,750.00	0.33% 683.94	A2 / A- A+	0.10 0.10
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%	490,920.00 498,514.40	100.48 0.43%	502,415.50 1,852.78	0.66% 3,901.10	A3 / A A	0.35 0.26
69371RN93	Paccar Financial Corp Note 2.8% Due 3/1/2021	300,000.00	07/23/2018 3.12%	297,585.00 299,382.27	101.60 0.40%	304,807.80 2,800.00	0.40% 5,425.53	A1 / A+ NR	0.67 0.66
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%	493,125.00 497,939.65	101.52 0.34%	507,622.50 2,638.89	0.67% 9,682.85	A1 / A AA-	0.79 0.70
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	350,000.00	06/28/2018 3.08%	349,247.50 349,774.32	102.31 0.32%	358,080.80 1,458.33	0.47% 8,306.48	A2 / A NR	0.86 0.86

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of June 30, 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
CORPORATE									
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	500,000.00	10/12/2018 3.30%	483,360.00 494,336.07	101.44 0.33%	507,177.00 1,137.50	0.67% 12,840.93	A1 / A AA-	0.88 0.88
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	320,000.00	Various 3.09%	321,372.10 320,381.95	102.31 0.39%	327,388.16 1,155.56	0.43% 7,006.21	A2 / A A	0.89 0.80
931142EJ8	Wal-Mart Stores Note 3.125% Due 6/23/2021	290,000.00	06/20/2018 3.13%	289,985.50 289,995.26	102.79 0.28%	298,083.17 201.39	0.39% 8,087.91	Aa2 / AA AA	0.98 0.97
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	500,000.00	07/20/2018 3.19%	478,045.00 491,644.42	101.42 0.50%	507,098.50 2,644.44	0.67% 15,454.08	A3 / A- NR	1.19 1.18
89233P5F9	Toyota Motor Credit Corp Note 3.4% Due 9/15/2021	500,000.00	05/31/2018 3.03%	505,785.00 502,127.76	103.40 0.57%	517,018.00 5,005.56	0.69% 14,890.24	A1 / A+ A+	1.21 1.18
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 495,442.45	103.31 0.46%	516,545.50 6,440.98	0.69% 21,103.05	A2 / A A	1.52 1.48
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 296,798.58	102.50 0.62%	307,505.40 2,776.67	0.41% 10,706.82	A2 / A NR	1.63 1.34
037833CQ1	Apple Inc Callable Note Cont 4/11/22 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 491,239.48	103.54 0.30%	517,702.00 1,597.22	0.68% 26,462.52	Aa1 / AA+ NR	1.86 1.75
68389XBB0	Oracle Corp Callable Note Cont 3/15/2022 2.5% Due 5/15/2022	500,000.00	Various 3.28%	486,304.00 493,223.75	103.40 0.50%	516,989.50 1,597.23	0.68% 23,765.75	A3 / A A-	1.87 1.67
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 497,274.02	104.89 0.38%	524,466.00 1,916.67	0.69% 27,191.98	Aa2 / AA A+	1.87 1.83
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,117.67	105.71 0.39%	528,555.50 1,406.25	0.70% 28,437.83	Aa3 / AA- NR	1.92 1.87
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 411,348.54	106.73 0.62%	426,910.80 6,233.33	0.57% 15,562.26	A2 / A- A+	2.53 2.41
90331HNL3	US Bank NA Callable Note Cont 12/23/22 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 486,947.62	105.59 0.58%	506,844.48 6,004.00	0.67% 19,896.86	A1 / AA- AA-	2.57 2.38
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 514,307.41	108.08 0.64%	540,420.00 1,118.06	0.71% 26,112.59	A2 / A NR	2.94 2.74
69371RQ82	Paccar Financial Corp Note 0.8% Due 6/8/2023	300,000.00	06/01/2020 0.85%	299,583.00 299,591.76	100.38 0.67%	301,149.60 153.33	0.40% 1,557.84	A1 / A+ NR	2.94 2.90

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of June 30, 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
CORPORATE									
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 510,210.24	108.94 0.31%	544,683.50 236.11	0.72% 34,473.26	Aa2 / AA AA	2.99 2.79
Total Corporate		8,990,000.00	2.95%	8,942,444.90 8,990,473.68	0.45%	9,312,023.71 51,124.30	12.29% 321,550.03	A1 / A+ A+	1.62 1.53
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	17,730,234.71	Various 1.15%	17,730,234.71 17,730,234.71	1.00 1.15%	17,730,234.71 64,085.09	23.35% 0.00	NR / NR NR	0.00 0.00
Total LAIF		17,730,234.71	1.15%	17,730,234.71 17,730,234.71	1.15%	17,730,234.71 64,085.09	23.35% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,500,000.00	Various 1.64%	5,500,000.00 5,500,000.00	1.00 1.64%	5,500,000.00 0.00	7.22% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,500,000.00	1.64%	5,500,000.00 5,500,000.00	1.64%	5,500,000.00 0.00	7.22% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND FI									
261908206	Dreyfus Treasury Money Market Fund	1,044,395.80	Various 0.01%	1,044,395.80 1,044,395.80	1.00 0.01%	1,044,395.80 0.00	1.37% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		1,044,395.80	0.01%	1,044,395.80 1,044,395.80	0.01%	1,044,395.80 0.00	1.37% 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%	244,510.00 244,997.53	100.03 0.13%	245,068.36 1,644.52	0.32% 70.83	NR / NR NR	0.02 0.02
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	100.37 0.35%	245,910.67 664.52	0.32% 910.67	NR / NR NR	0.32 0.32
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 1,972.22	1.32% 0.00	P-1 / A-1+ F-1+	0.64 0.64

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of June 30, 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
NEGOTIABLE CD									
20033AQU3	Comenity Capital Bank Negotiable CD 1.65% Due 6/30/2021	245,000.00	06/30/2016 1.65%	245,000.00 245,000.00	101.44 0.21%	248,521.63 11.08	0.33% 3,521.63	NR / NR NR	1.00 0.99
Total Negotiable CD		1,735,000.00	1.23%	1,734,510.00 1,734,997.53	0.67%	1,739,500.66 4,292.34	2.29% 4,503.13	Aaa / AAA AAA	0.56 0.56
SUPRANATIONAL									
4581X0CD8	Inter-American Dev Bank Note 2.125% Due 11/9/2020	750,000.00	05/22/2018 2.81%	737,865.00 748,233.68	100.63 0.36%	754,734.75 2,302.08	0.99% 6,501.07	Aaa / AAA AAA	0.36 0.36
459058GH0	Intl. Bank Recon & Development Note 2.75% Due 7/23/2021	750,000.00	07/24/2018 2.86%	747,607.50 749,152.88	102.66 0.25%	769,927.50 9,052.08	1.02% 20,774.62	Aaa / AAA NR	1.06 1.04
Total Supranational		1,500,000.00	2.84%	1,485,472.50 1,497,386.56	0.30%	1,524,662.25 11,354.16	2.02% 27,275.69	Aaa / AAA AAA	0.72 0.71
US TREASURY									
912828L65	US Treasury Note 1.375% Due 9/30/2020	750,000.00	06/27/2018 2.53%	731,044.92 747,909.20	100.30 0.19%	752,226.00 2,592.21	0.99% 4,316.80	Aaa / AA+ AAA	0.25 0.25
912828WC0	US Treasury Note 1.75% Due 10/31/2020	750,000.00	07/20/2018 2.64%	735,292.97 747,840.85	100.52 0.20%	753,875.25 2,211.28	0.99% 6,034.40	Aaa / AA+ AAA	0.34 0.33
912828A42	US Treasury Note 2% Due 11/30/2020	750,000.00	11/28/2018 2.85%	737,695.31 747,444.93	100.73 0.24%	755,508.00 1,270.49	0.99% 8,063.07	Aaa / AA+ AAA	0.42 0.42
912828N89	US Treasury Note 1.375% Due 1/31/2021	750,000.00	10/30/2018 2.86%	725,859.38 743,722.85	100.69 0.20%	755,156.25 4,306.32	1.00% 11,433.40	Aaa / AA+ AAA	0.59 0.58
912828U81	US Treasury Note 2% Due 12/31/2021	750,000.00	11/08/2018 3.05%	726,650.39 738,854.02	102.73 0.18%	770,449.50 40.76	1.01% 31,595.48	Aaa / AA+ AAA	1.50 1.48
912828W55	US Treasury Note 1.875% Due 2/28/2022	1,000,000.00	01/30/2019 2.56%	979,921.88 989,157.10	102.82 0.18%	1,028,203.00 6,266.98	1.36% 39,045.90	Aaa / AA+ AAA	1.67 1.64
912828W89	US Treasury Note 1.875% Due 3/31/2022	750,000.00	09/27/2018 2.92%	724,013.67 737,047.44	102.96 0.18%	772,236.00 3,534.84	1.02% 35,188.56	Aaa / AA+ AAA	1.75 1.72

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of June 30, 2020

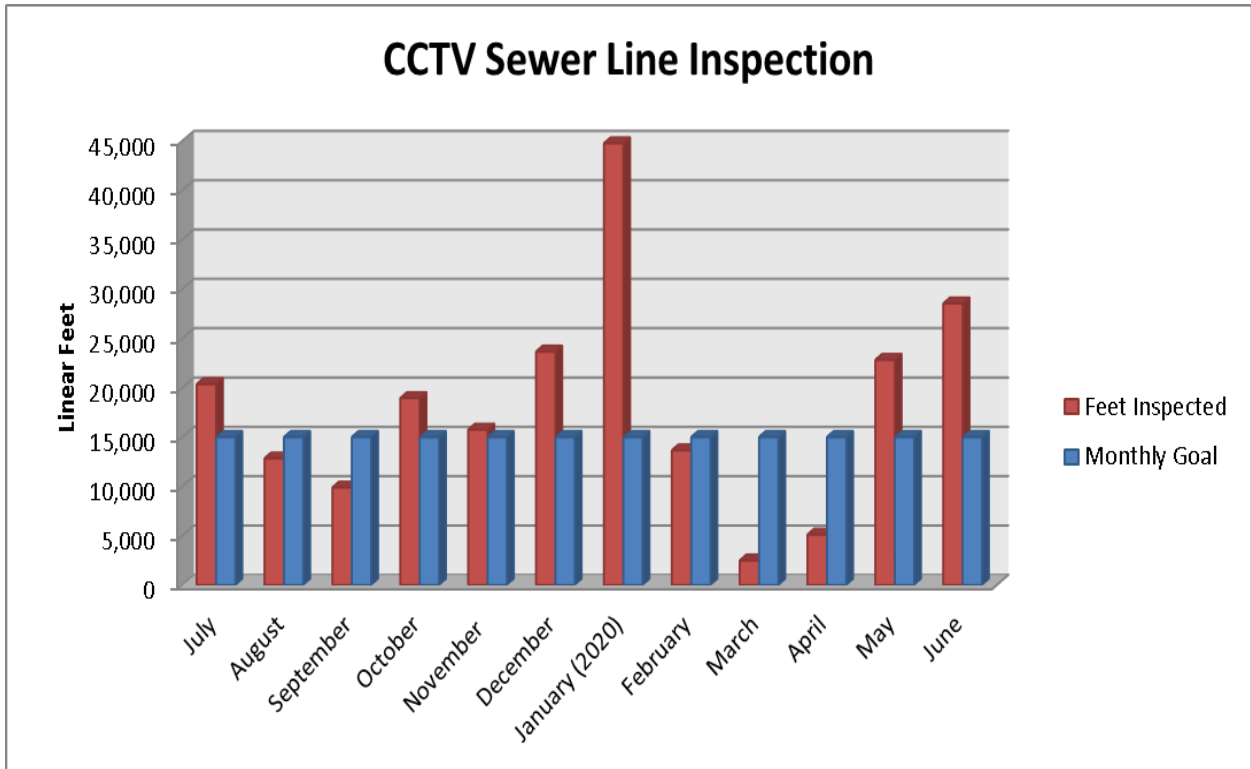


CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828XR6	US Treasury Note 1.75% Due 5/31/2022	750,000.00	09/24/2018 2.93%	719,208.98 733,985.92	103.01 0.18%	772,587.75 1,111.68	1.02% 38,601.83	Aaa / AA+ AAA	1.92 1.89
912828XW5	US Treasury Note 1.75% Due 6/30/2022	350,000.00	09/07/2018 2.80%	336,792.97 343,068.45	103.15 0.17%	361,019.40 16.64	0.47% 17,950.95	Aaa / AA+ AAA	2.00 1.97
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 986,994.70	103.55 0.17%	1,035,469.00 7,829.67	1.37% 48,474.30	Aaa / AA+ AAA	2.08 2.04
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 733,762.23	103.68 0.17%	777,627.00 4,700.24	1.03% 43,864.77	Aaa / AA+ AAA	2.17 2.12
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 988,166.30	103.83 0.17%	1,038,281.00 4,713.11	1.37% 50,114.70	Aaa / AA+ AAA	2.25 2.20
912828M80	US Treasury Note 2% Due 11/30/2022	800,000.00	12/24/2019 1.70%	806,875.00 805,667.06	104.40 0.17%	835,218.40 1,355.19	1.10% 29,551.34	Aaa / AA+ AAA	2.42 2.37
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,607.68	106.36 0.18%	1,063,633.00 6,284.15	1.40% 64,025.32	Aaa / AA+ AAA	2.75 2.66
912828R28	US Treasury Note 1.625% Due 4/30/2023	1,000,000.00	12/04/2019 1.60%	1,000,898.44 1,000,747.25	104.08 0.18%	1,040,781.00 2,737.77	1.37% 40,033.75	Aaa / AA+ AAA	2.83 2.77
912828R69	US Treasury Note 1.625% Due 5/31/2023	1,100,000.00	Various 2.00%	1,083,765.62 1,088,520.04	104.21 0.18%	1,146,319.90 1,514.00	1.51% 57,799.86	Aaa / AA+ AAA	2.92 2.86
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,000,000.00	09/25/2019 1.60%	1,000,898.44 1,000,730.88	104.77 0.19%	1,047,695.00 2,737.77	1.38% 46,964.12	Aaa / AA+ AAA	3.34 3.25
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,018,436.33	107.31 0.20%	1,073,125.00 9,395.60	1.42% 54,688.67	Aaa / AA+ AAA	3.59 3.44
912828X70	US Treasury Note 2% Due 4/30/2024	1,000,000.00	03/03/2020 0.71%	1,052,539.06 1,048,420.39	106.81 0.21%	1,068,125.00 3,369.57	1.41% 19,704.61	Aaa / AA+ AAA	3.84 3.70
Total US Treasury		16,250,000.00	2.28%	16,061,544.92 16,200,083.62	0.19%	16,847,535.45 65,988.27	22.20% 647,451.83	Aaa / AA+ AAA	2.17 2.11
TOTAL PORTFOLIO		74,318,343.62	1.70%	74,298,740.07 74,463,788.65	0.59%	75,916,094.16 276,044.14	100.00% 1,452,305.51	Aa1 / AA+ AAA	1.41 1.34
TOTAL MARKET VALUE PLUS ACCRUED						76,192,138.30			

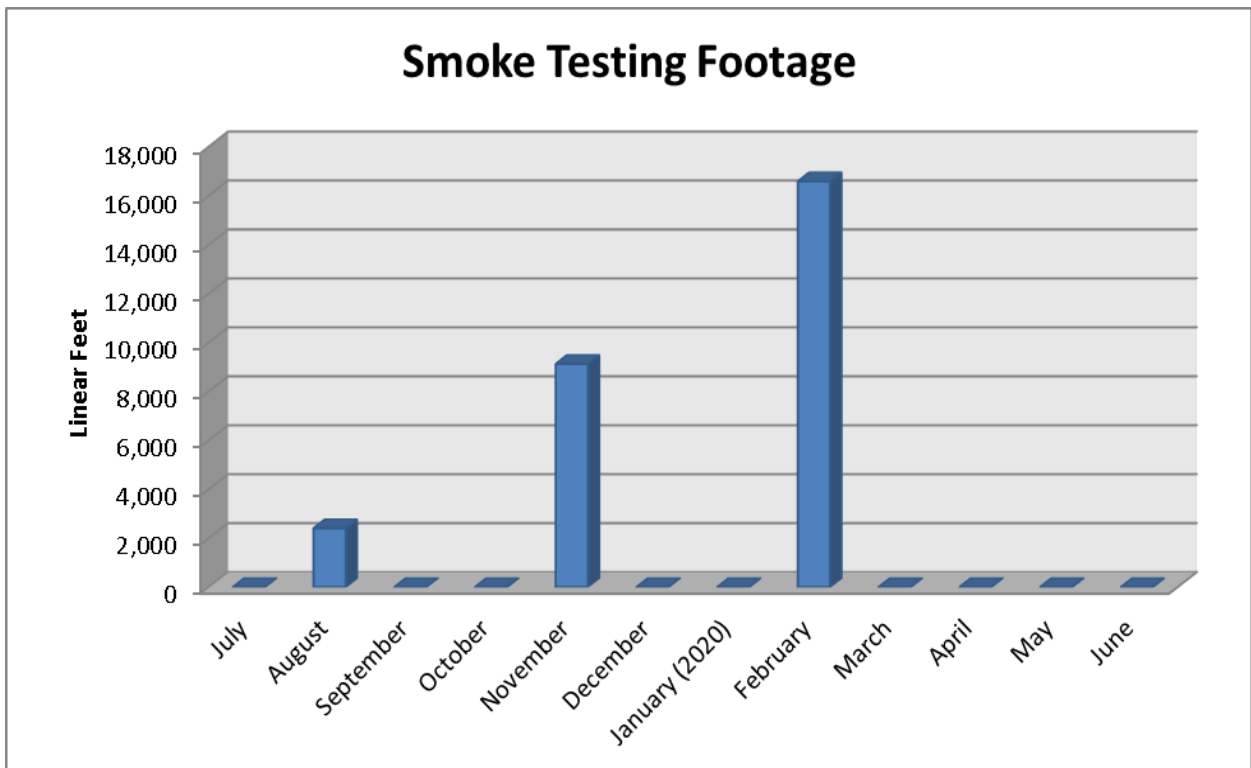
**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Total
General Counsel Services	\$9,183	\$5,284	\$2,215	\$12,391	\$6,930	\$10,083	\$7,810	\$18,504	\$5,857	\$11,254	\$9,723	\$9,182	\$6,304	\$114,718
Labor/Employment	14,492	5,447	2,135	3,679	3,948	2,359	3,504	4,073	468	1,666	2,089	889	2,297	\$47,045
Engineering - Construction/Contracting	1,693	546	1,641	1,968	2,878	4,143	3,433	1,615	2,200	2,662	8,528	7,968	8,966	\$48,242
Fees and Taxes	728	-	2,744	7,241	5,491	1,204	-	1,802	1,812	2,562	2,550	240	-	\$26,373
Environmental	116	-	-	1,800	2,910	678	-	-	-	-	-	870	870	\$7,244
Adv. Butler	136	-	30	417	-	1,702	138	2,831	8,593	1,063	81	646	319	\$15,954
Renewable Energy	-	-	-	-	-	4,710	1,824	-	-	-	305	-	630	\$7,469
Driscoll & Omens Prop 218 Sole	-	-	-	-	-	-	-	-	-	-	500	691	592	\$1,783
Driscoll & Omens Prop 218 Shared	-	-	-	-	-	-	-	-	-	-	2,323	1,089	1,406	<u>\$4,818</u>
Total	\$26,348	\$11,277	\$8,764	\$27,495	\$22,157	\$24,878	\$16,708	\$28,825	\$18,931	\$19,207	\$26,098	\$21,575	\$21,383	\$267,045

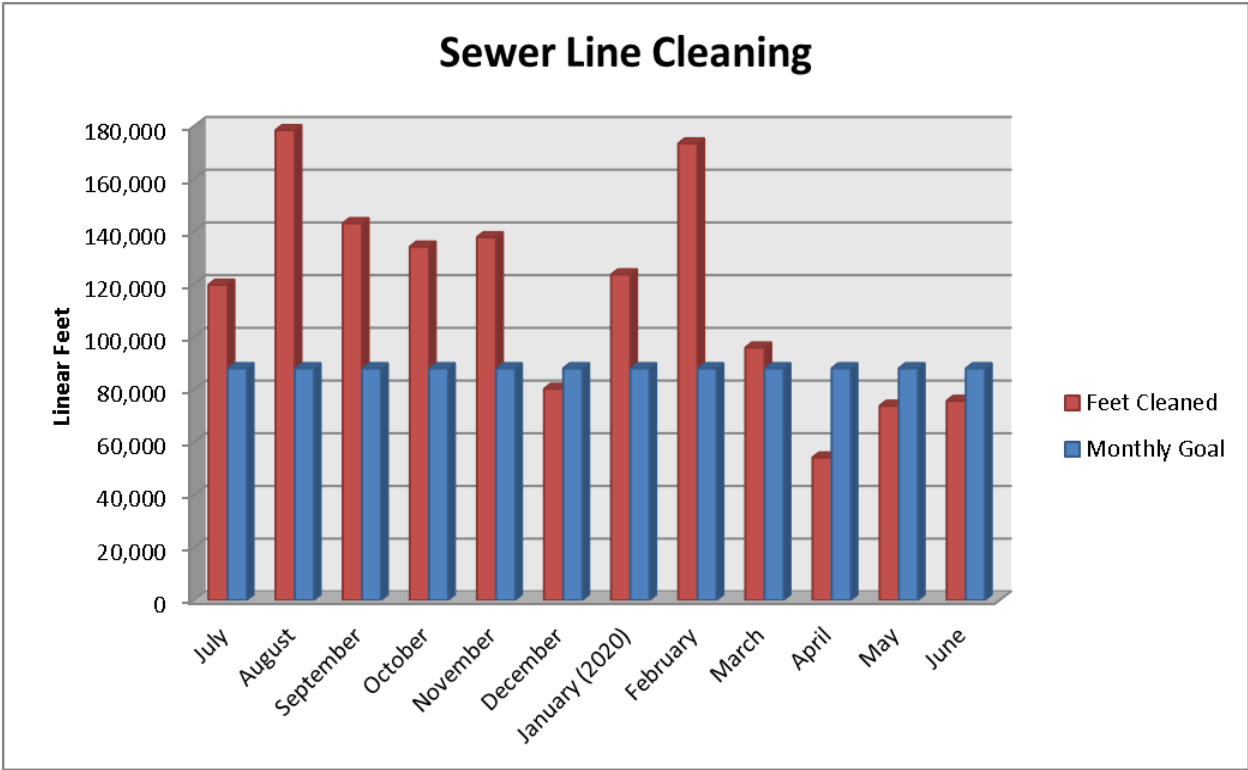
Quarterly O&M Metrics Report



CCTV Sewer Line Inspection Totals in Feet
 Total for Calendar Year 2020 = 117,384 ft.
 (Goal is to inspect at least 180,000 feet of gravity lines per calendar year)



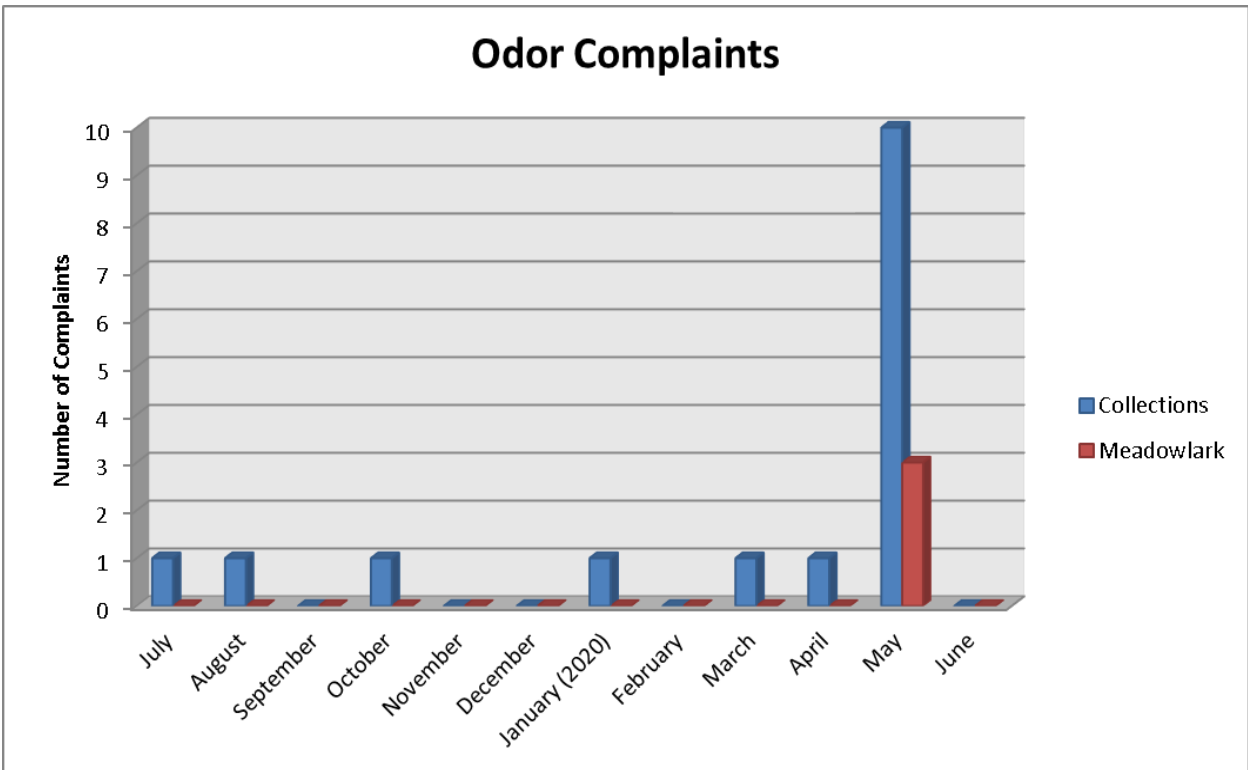
Smoke Testing of Sewer Lines in Feet
 (Goal is to smoke test three areas per calendar year based on suspected I&I)



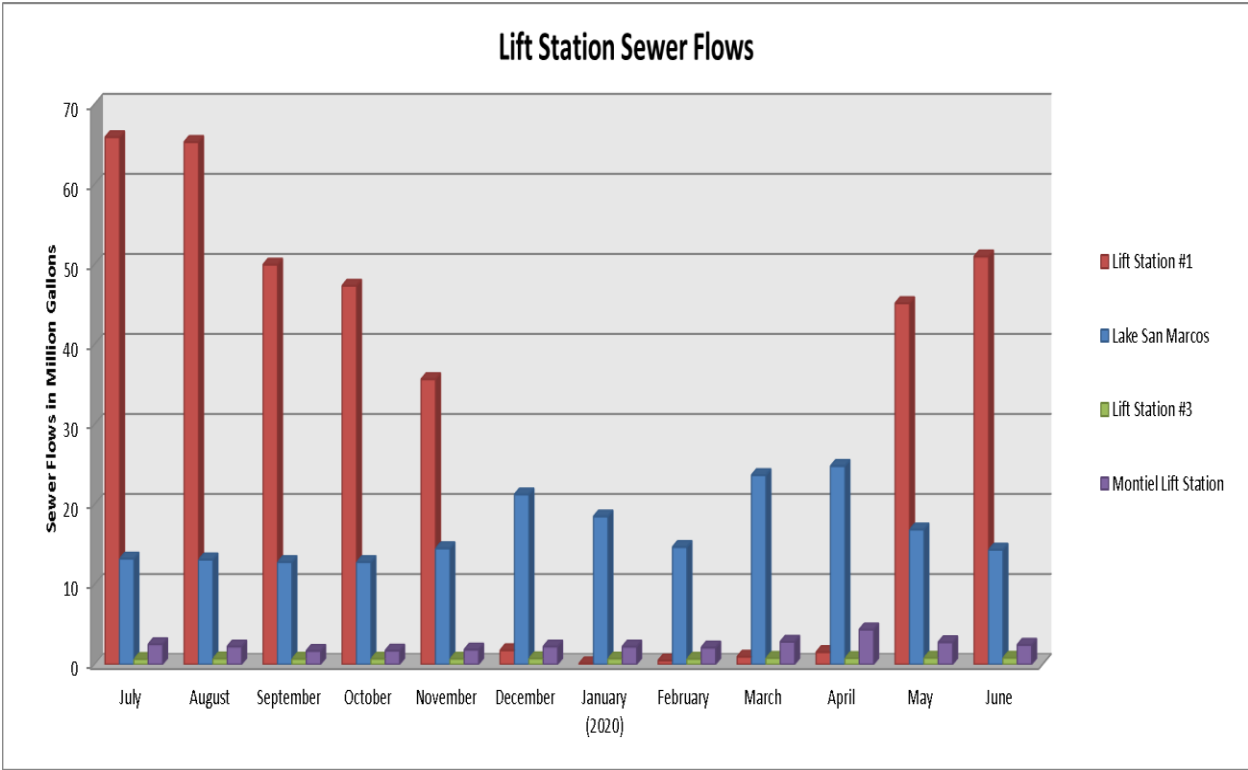
Sewer Line Cleaning Totals in Feet

Total for Calendar Year 2020 = 596,497 ft.

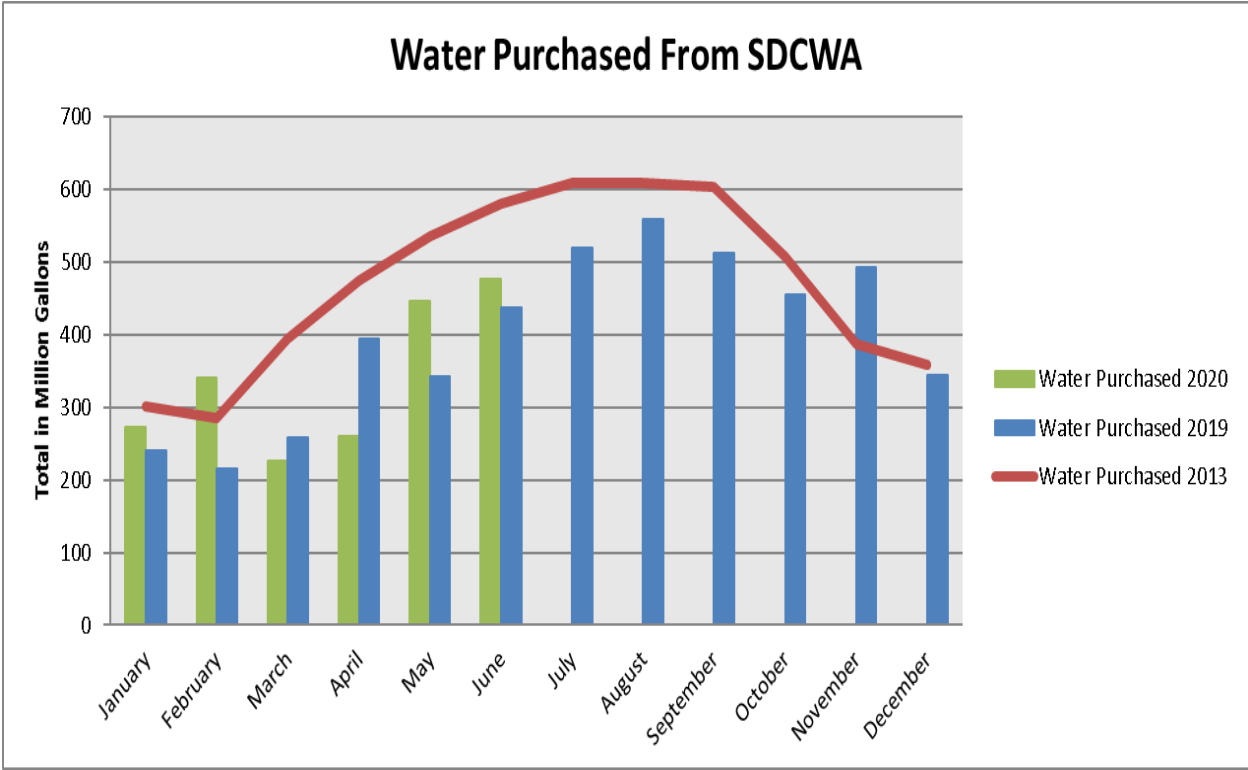
(Goal is to clean 1,000,000 ft. of gravity lines per year and clean the entire system in 15 months or less)



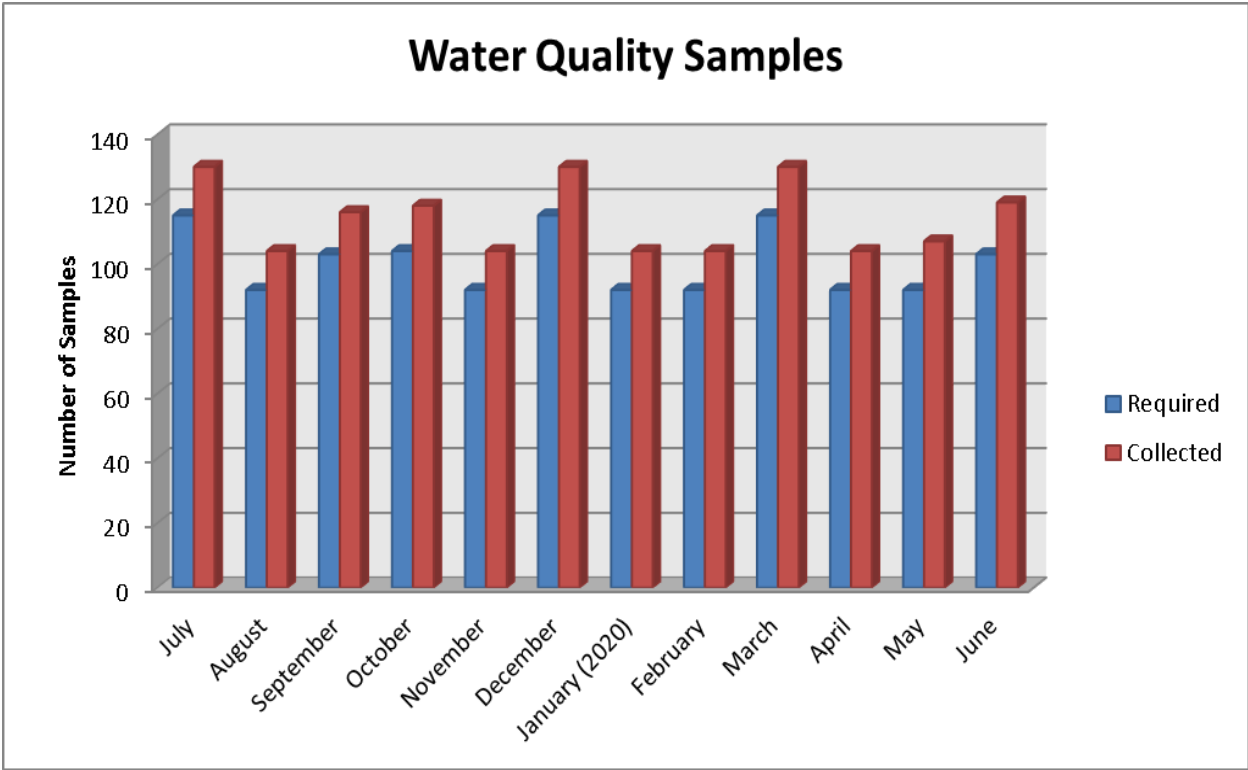
Customer Sewer Odor Complaints



Sewer Flows Pumped from District Lift Stations

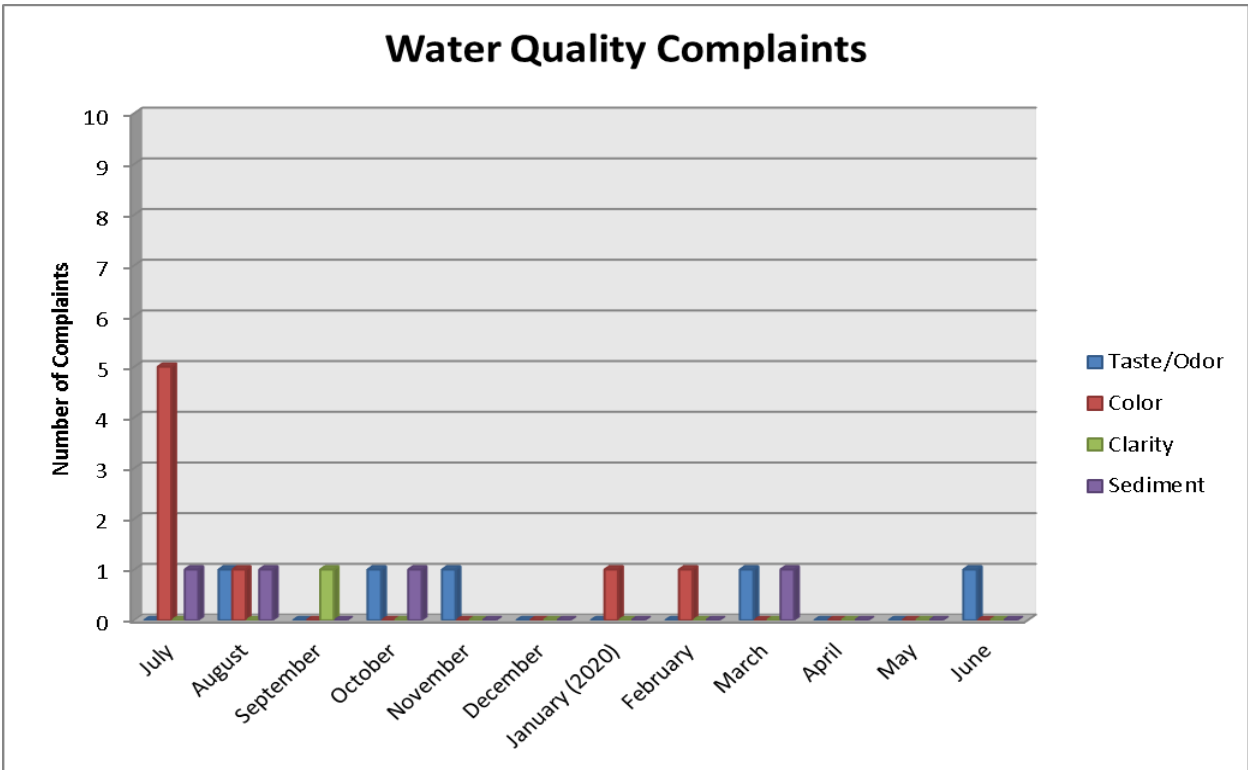


Water Purchased from the San Diego County Water Authority
 Calendar Year 2013 was used by the SWRCB as a baseline for water conservation efforts
 (Includes water from the desalination and OMWD plants)



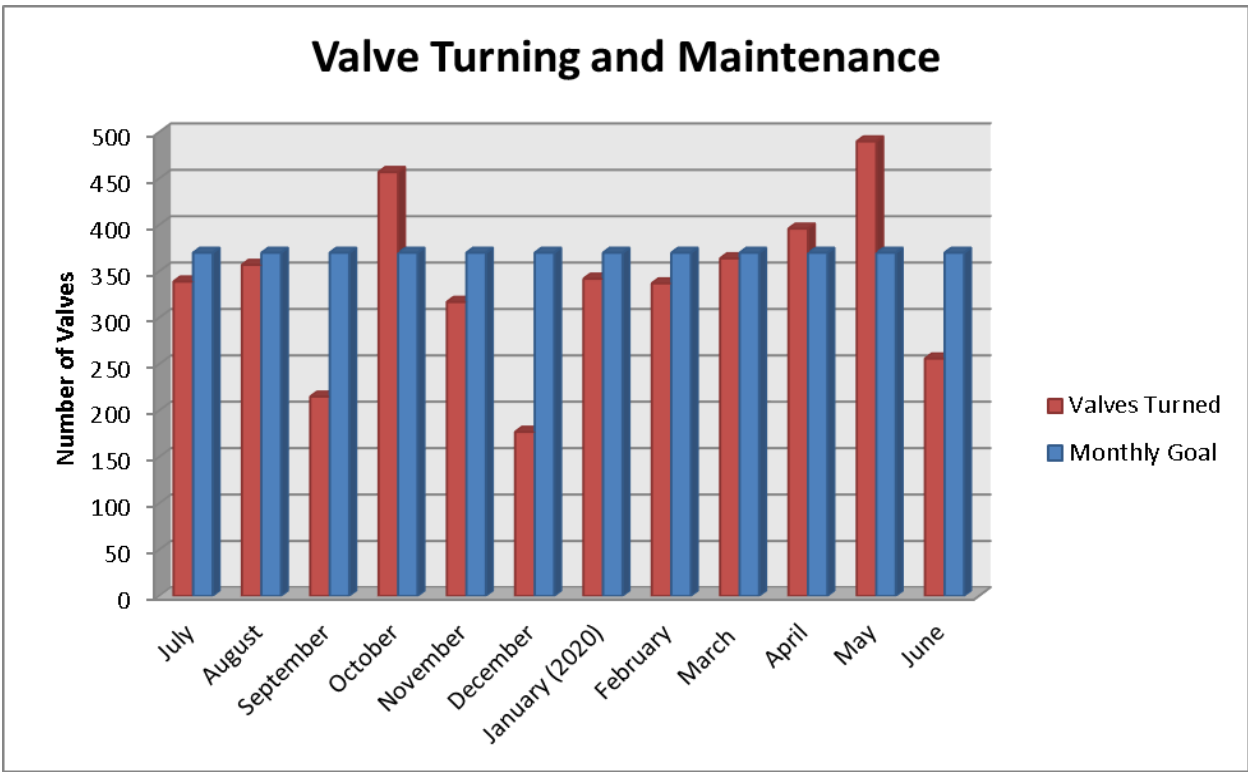
Bacteriological Water Quality Samples

(Number of samples required each month is based on SWRCB regulations & the number of weeks per month)

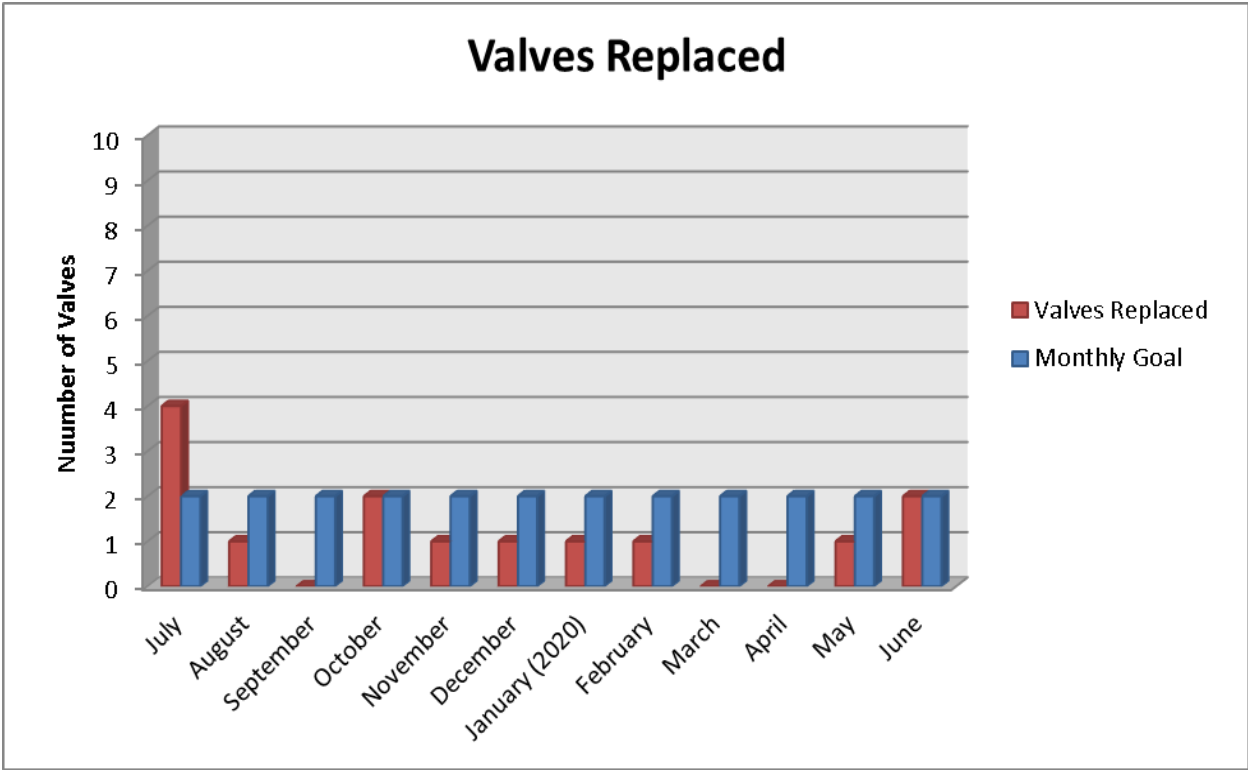


Customer Water Quality Complaints

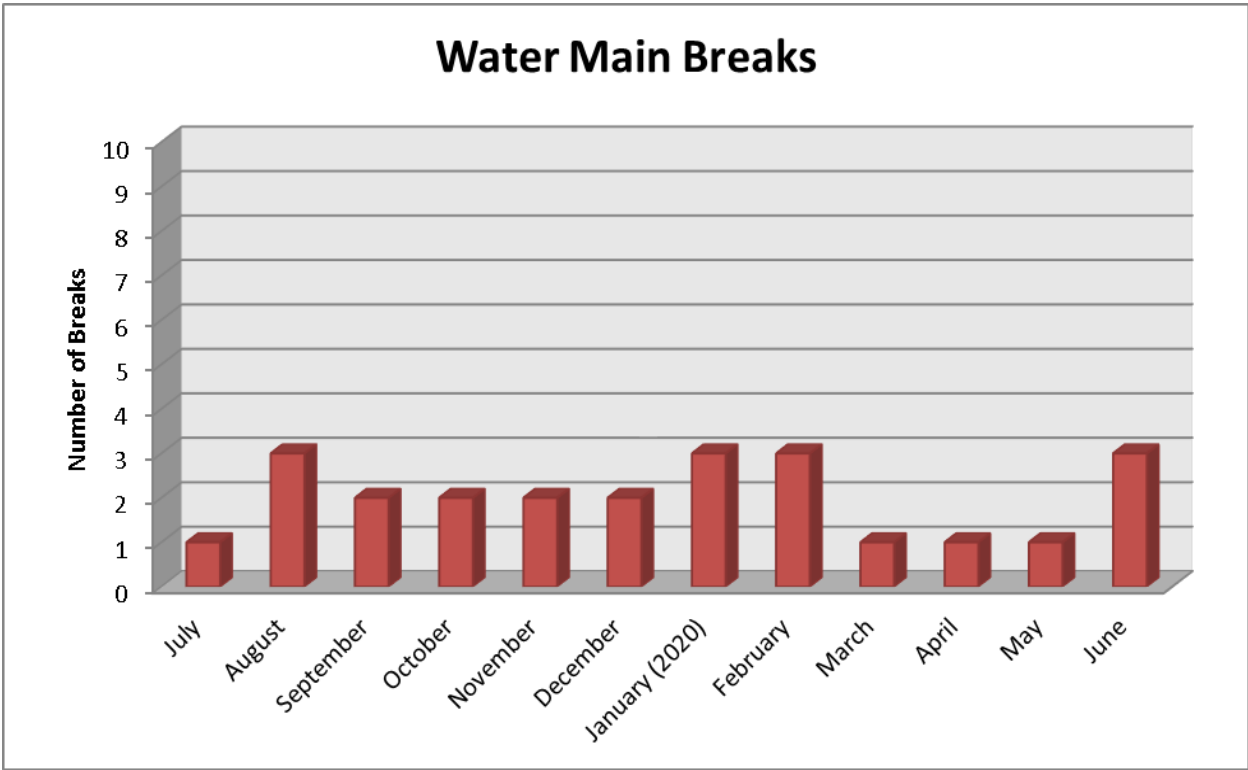
(Water quality issues are typically caused by main breaks, construction activities & customers' plumbing)



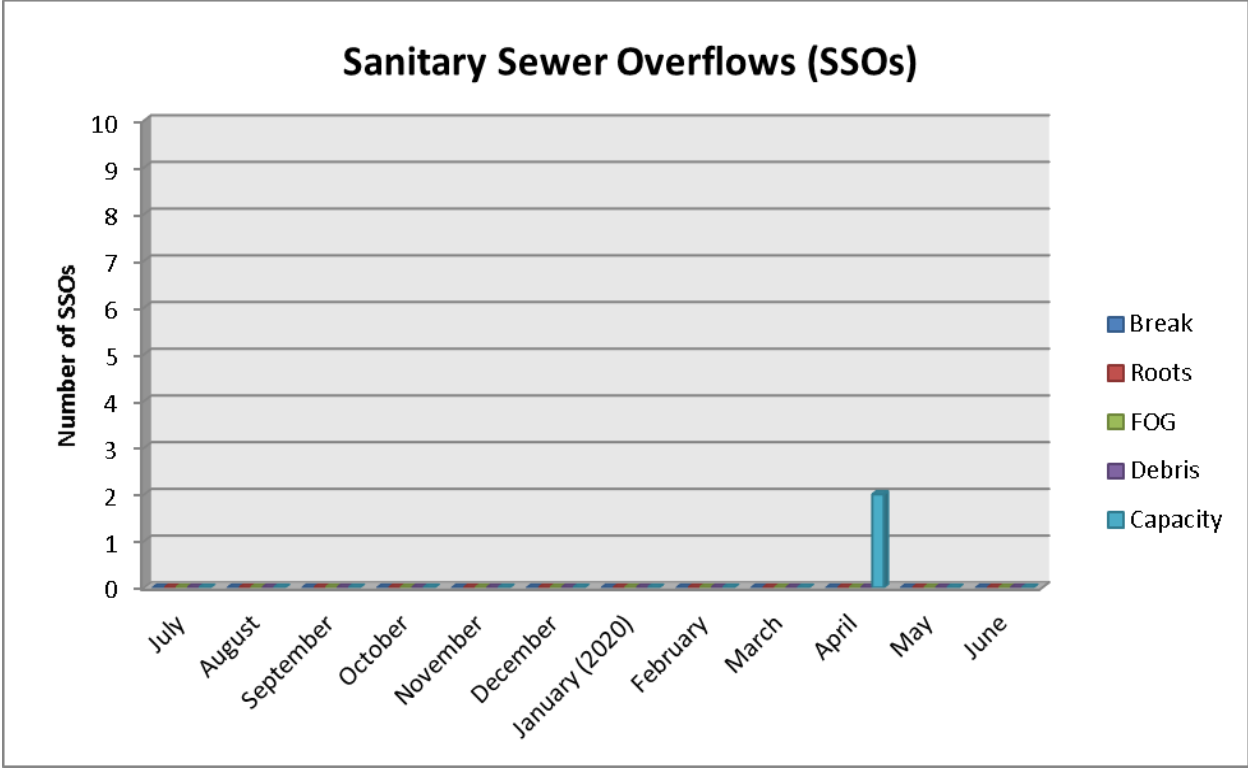
Water Valves Turned in the Distribution System
 The District has 8,874 valves / 25% of the valves have been turned in Calendar Year 2020
 (Goal is to turn 50% of valves every calendar year or about 370/Month)



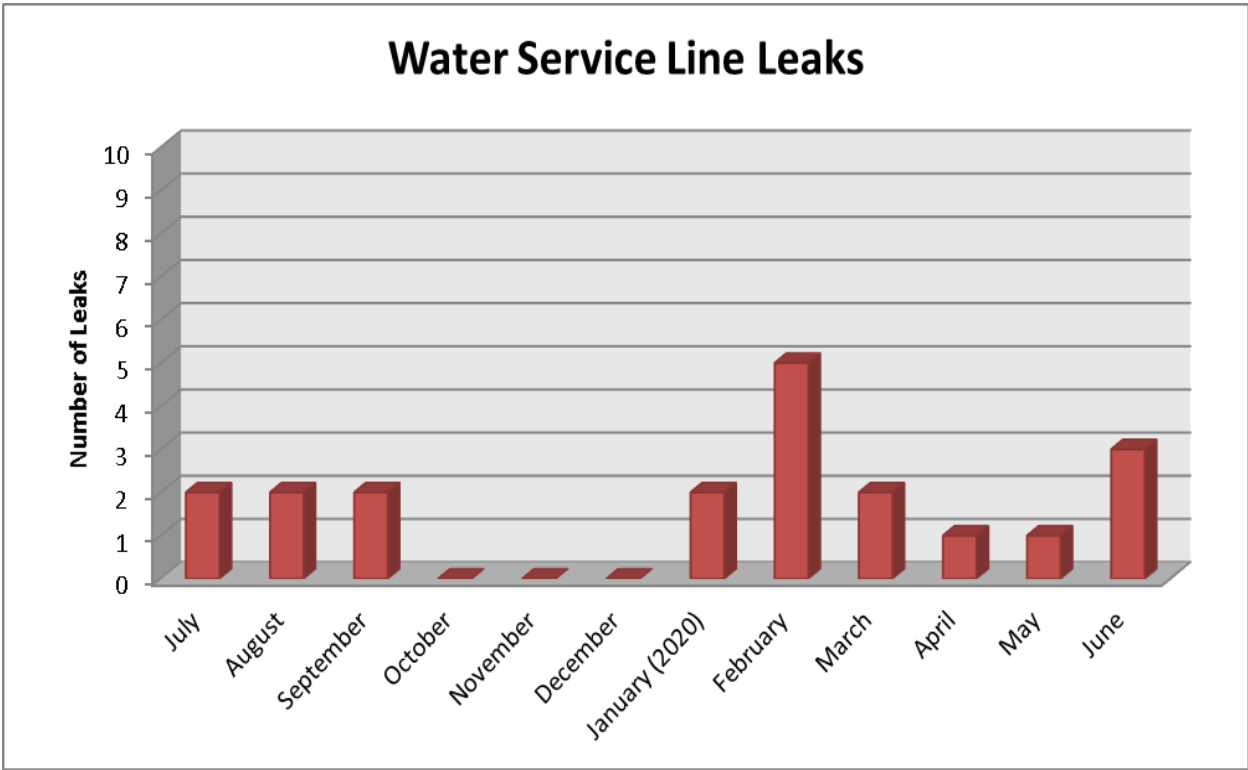
Water Valves Replaced in the Distribution System
 Total replaced so far for Fiscal Year 2019/20 = 14 / There are currently 35 broken valves that need replacing
 (Goal is to replace 20 valves every fiscal year or around 2 per month)



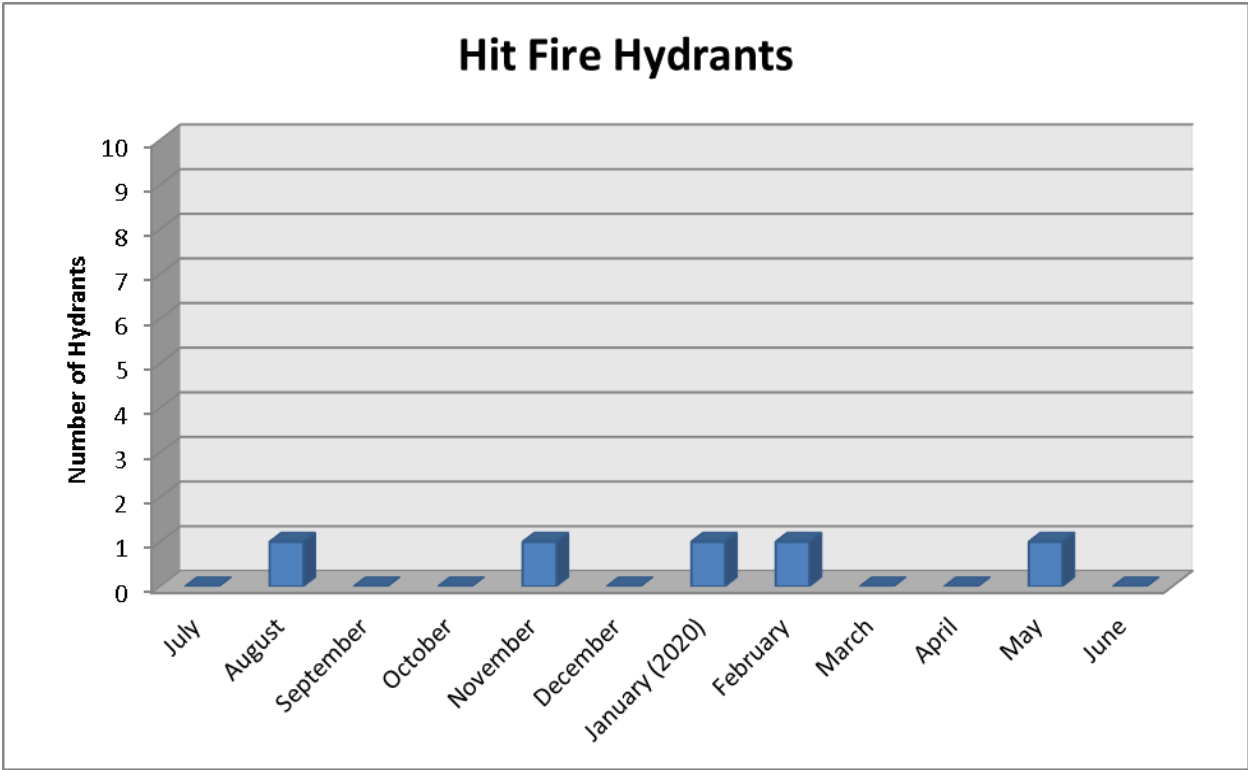
Water Mainline Breaks in the Distribution System
 (There have been 12 water main breaks in calendar year 2020 / There were 23 in 2019)



Sanitary Sewer Overflows (sewer spills and their cause) in the Wastewater Collections System
 (There have been 2 SSOs in calendar year 2020 / There were 2 in 2019)

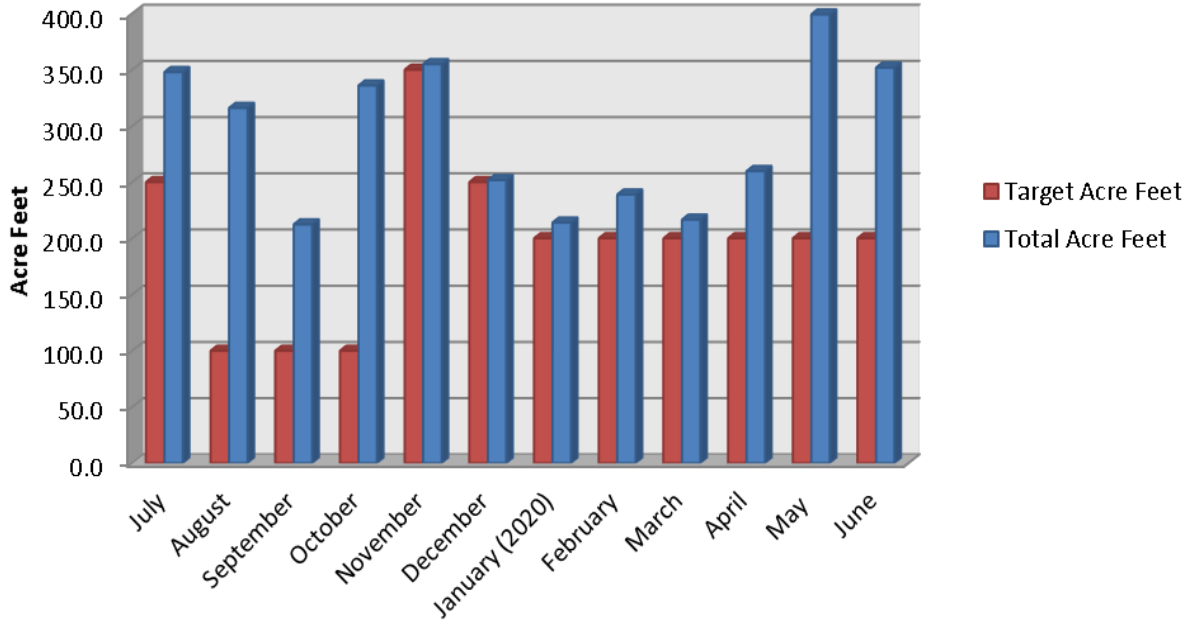


Water Service Line Leaks in the Distribution System
 (There have been 14 water service line leaks in calendar year 2020 / There were 10 in 2019)



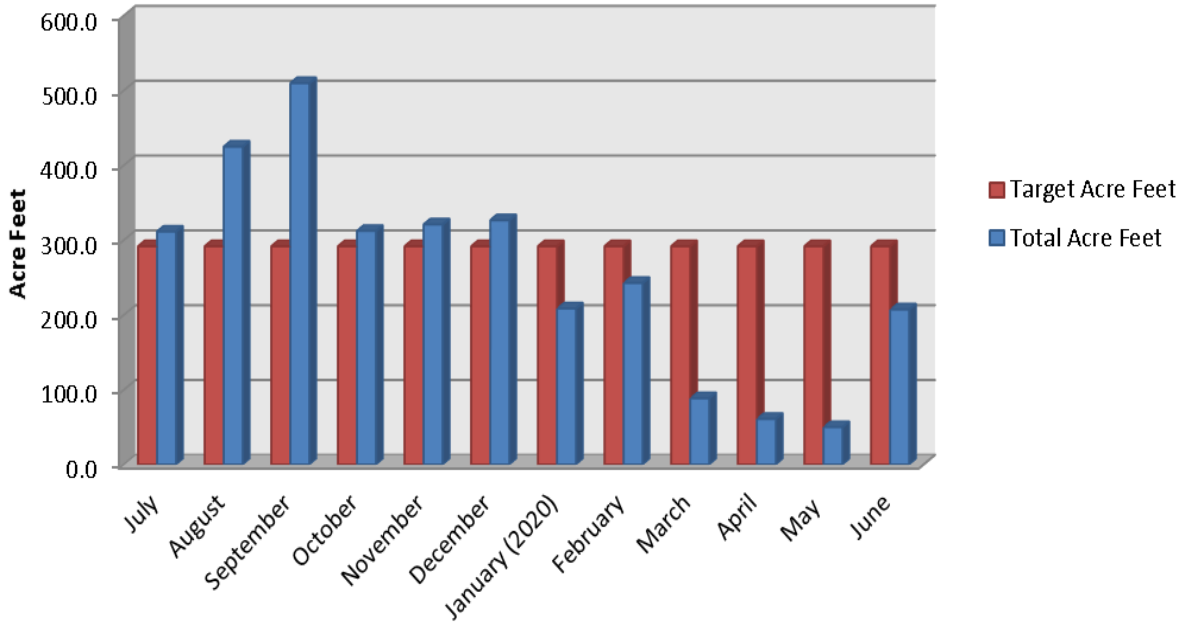
Fire Hydrants Hit in the Distribution System
 (There have been 3 fire hydrants hit in calendar year 2020 / There were 4 in 2019)

San Elijo Pump Station - OMWD Water Purchase



Acre Feet (AF) of Water Purchased from Olivenhain MWD – San Elijo Pump Station
 Our annual minimum take from OMWD is 2,750 AF / We have purchased 1680 AF in CY 2020
 (The monthly Target Acre Feet varies throughout the year based on the agreement with OMWD)

Desalination Plant Water Purchase



Acre Feet (AF) of Water Purchased from the Carlsbad Desalination Plant
 Our annual minimum take from Desal is 3,500 AF / We have purchased 858 AF in CY 2020
 (Our monthly Target Acre Feet is based on our purchase agreement with SDCWA)

DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: ORDINANCE ESTABLISHING ADMINISTRATIVE CHARGES TO RECOVER INDIRECT COSTS FOR FISCAL YEAR 2020-21

BACKGROUND:

On June 29, 2020, the Finance Committee met to review the Overhead rate for fiscal year 2020-21 as presented by staff. A side-by-side comparison of previous fiscal years’ calculations was presented and is included in this staff report for the full Board.

DISCUSSION:

The 2013 Cost of Service Report (Report) recommended applying a single overhead rate to direct labor costs and adjusting the rate annually using the approved District budget in accordance with the methodology established in the Report. The methodology established a formula to be used when calculating the rate. The calculation to arrive at the overhead rate is Budgeted Indirect Costs and Employee Benefits divided by Direct Labor Costs as follows:

$$\text{Overhead Rate} = \frac{\text{Budgeted Indirect Costs and Employee Benefits}}{\text{Direct Labor Costs}}$$

A brief history of adopted overhead rates follow:

Adopted Date	Adopted Rate	Effective for FY	Indirect Costs	Direct Costs
03/05/90	75%	90/91	NA	NA
09/04/13	195%	13/14	10,154,626	5,215,174
07/16/14	188%	14/15	10,420,378	5,535,622
07/15/15	198%*	15/16	11,367,536	5,352,464
07/20/16	205%	16/17	11,607,237	5,643,763
08/16/17	221%	17/18	12,031,103	5,427,897
07/18/18	219%	18/19	12,116,219	5,521,781
08/07/19	217%	19/20	12,522,775	5,758,225
07/15/20	209%**	20/21	12,377,524	5,909,476
*This year the calculation result was 212% but because of one time expenses it was adopted at a lower rate of 198%				
*Proposed not adopted				

Excerpts from the 2013 Cost of Service Report explaining the formula and types of activities where the rate is applied:

1.3.4 District Staff Labor Overhead Rate

1. Black & Veatch recommends that the District utilize a 195 percent overhead rate for FY 13/14. The District can use this rate to apply to outside contractor costs, developer projects and miscellaneous billings to help recover District support associated with these costs.
2. Furthermore, Black & Veatch recommends that the District conduct an annual review of direct and indirect costs and the resulting overhead rate as these costs tend to change from year to year. The review and

implementation of overhead rates should be effective as of July 1 of each fiscal year based on that year's approved budget.

6.1.1 OVERHEAD RATE ANALYSIS

The overhead rate analysis is a simple one that consists of identifying District indirect costs that support direct services provided by the District, grouping direct labor costs of the District (less benefits), and finally dividing the total indirect costs by the total direct costs. Table 6-1 shows the overhead calculation and resulting rate.

Examples of types of activities where the rate is applied are:

- Outside contractor costs such as when VWD provides another agency with VWD personnel on a temporary and fee for services basis.
- Developer projects where VWD staff will review plans presented by someone at the engineering counter and bill at the staff person's hourly rate plus the overhead rate.
- Miscellaneous billings such as when a VWD asset is damaged in a traffic accident and costs of repairs are billed to the responsible party.

The proposed Ordinance recommends an overhead rate of 209% and was derived by dividing adopted FY 20/21 budgeted indirect costs by direct labor costs per the recommended methodology in the Report.

A side-by-side comparison of the applicable costs for the current fiscal year over the preceding four fiscal years is presented in the attachment.

FISCAL IMPACT:

The District budget estimates the recovery of \$1.4 million of overhead costs in fiscal year 2020/21.

RECOMMENDATION:

Adopt Ordinance No. ____ establishing the new overhead rate.

ATTACHMENTS:

1. Overhead rate calculation
2. Cost change from prior year
3. Ordinance No. _____

**ATTACHMENT 1
VALLECITOS WATER DISTRICT
OVERHEAD RATE CALCULATION**

Line		Budget				
No.	Description	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
	Indirect Costs					
1	Water - Safety & Regulatory Affairs	292,000	246,000	268,000	261,000	272,000
2	Water - Building & Grounds	423,000	392,000	377,000	362,000	318,000
3	Water - Information Technology	1,080,000	1,027,000	973,000	1,003,000	941,000
4	Water - General & Administration	3,088,000	2,986,000	2,985,000	2,812,000	2,773,000
5	Water - G & A Transfer	814,000	961,000	921,000	1,020,000	936,000
7	Wastewater - Safety & Regulatory Affairs	197,000	190,000	203,000	189,000	165,000
8	Wastewater - Building & Grounds	303,000	272,000	260,000	257,000	230,000
9	Wastewater - Information Technology	828,000	833,000	845,000	831,000	734,000
10	Wastewater - General & Administration	1,412,000	1,444,000	1,452,000	1,455,000	1,261,000
11	Wastewater - G & A Transfer	608,000	548,000	527,000	548,000	613,000
12	Water/Wastewater Benefits	<u>3,332,524</u>	<u>3,623,775</u>	<u>3,305,219</u>	<u>3,293,103</u>	<u>3,364,237</u>
	Total District Indirect Costs	<u>12,377,524</u>	<u>12,522,775</u>	<u>12,116,219</u>	<u>12,031,103</u>	<u>11,607,237</u>
	Direct Costs					
13	Water - Pumping Cost of Labor	107,000	119,000	118,000	104,000	86,000
14	Water - Water Quality Cost of Labor	55,000	58,000	54,000	63,000	89,000
15	Water - Water Treatment Cost of Labor	385,000	411,000	393,000	375,000	329,000
16	Water - Tanks & Reservoirs Cost of Labor	246,000	244,000	233,000	248,000	249,000
17	Water - T&D Cost of Labor	1,234,000	1,185,000	1,122,000	1,178,000	1,074,000
18	Water - Services Cost of Labor	51,000	45,000	102,000	100,000	120,000
19	Water - Meters Cost of Labor	656,000	663,000	622,000	565,000	595,000
20	Water - Backflow Prevention Cost of Labor	21,000	21,000	20,000	25,000	70,000
21	Water - Customer Accounts Cost of Labor	539,000	496,000	466,000	487,000	546,000
22	Water - Engineering Cost of Labor	1,469,000	1,518,000	1,419,000	1,315,000	1,397,000
23	Water - Equipment & Vehicles Cost of Labor	142,000	129,000	122,000	114,000	132,000
24	Wastewater - Collection Cost of Labor	1,655,000	1,642,000	1,566,000	1,517,000	1,607,000
25	Wastewater - Lift Stations Cost of Labor	130,000	183,000	168,000	187,000	167,000
26	Wastewater - Peroxide Station Cost of Labor	-	-	-	-	-
27	Wastewater - Source Control Cost of Labor	173,000	176,000	164,000	153,000	144,000
28	Wastewater - MRF Lift Station Cost of Labor	87,000	107,000	105,000	102,000	122,000
29	Wastewater - MRF Cost of Labor	1,107,000	1,124,000	1,023,000	1,009,000	1,033,000
30	Wastewater - Mahr Reservoir Cost of Labor	97,000	95,000	84,000	96,000	127,000
31	Wastewater - Customer Accounts Cost of Labor	336,000	358,000	334,000	364,000	362,000
32	Wastewater - Equip & Vehicles Cost of Labor	123,000	137,000	124,000	107,000	133,000
33	Wastewater - Engineering Cost of Labor	<u>629,000</u>	<u>671,000</u>	<u>588,000</u>	<u>612,000</u>	<u>626,000</u>
34	Total District Direct Costs	<u>9,242,000</u>	<u>9,382,000</u>	<u>8,827,000</u>	<u>8,721,000</u>	<u>9,008,000</u>
	Benefit % per budget	56.4%	62.9%	59.9%	60.7%	59.6%
	Direct Costs less Benefits	5,909,476	5,758,225	5,521,781	5,427,897	5,643,763
	Overhead Rate	209.45%	217.48%	219.43%	221.65%	205.66%

**ATTACHMENT 2
VALLECITOS WATER DISTRICT
COST CHANGE FROM PRIOR YEAR**

Line No.	Description	Change from Previous Fiscal Year Budget				
		FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
	Indirect Costs					
1	Water - Safety & Regulatory Affairs	46,000	(22,000)	7,000	(11,000)	19,000
2	Water - Building & Grounds	31,000	15,000	15,000	44,000	(31,000)
3	Water - Information Technology	53,000	54,000	(30,000)	62,000	31,000
4	Water - General & Administration	102,000	1,000	173,000	39,000	(364,000)
5	Water - G & A Transfer	(147,000)	40,000	(99,000)	84,000	261,000
7	Wastewater - Safety & Regulatory Affairs	7,000	(13,000)	14,000	24,000	11,000
8	Wastewater - Building & Grounds	31,000	12,000	3,000	27,000	61,000
9	Wastewater - Information Technology	(5,000)	(12,000)	14,000	97,000	29,000
10	Wastewater - General & Administration	(32,000)	(8,000)	(3,000)	194,000	(5,000)
11	Wastewater - G & A Transfer	60,000	21,000	(21,000)	(65,000)	91,000
12	Water/Wastewater Benefits	<u>(291,251)</u>	<u>318,556</u>	<u>12,116</u>	<u>(71,134)</u>	<u>136,701</u>
	Total District Indirect Costs	<u>(145,251)</u>	<u>406,556</u>	<u>85,116</u>	<u>423,866</u>	<u>239,701</u>
	Direct Costs					
13	Water - Pumping Cost of Labor	(12,000)	1,000	14,000	18,000	(29,000)
14	Water - Water Quality Cost of Labor	(3,000)	4,000	(9,000)	(26,000)	(22,000)
15	Water - Water Treatment Cost of Labor	(26,000)	18,000	18,000	46,000	110,000
16	Water - Tanks & Reservoirs Cost of Labor	2,000	11,000	(15,000)	(1,000)	(42,000)
17	Water - T&D Cost of Labor	49,000	63,000	(56,000)	104,000	64,000
18	Water - Services Cost of Labor	6,000	(57,000)	2,000	(20,000)	21,000
19	Water - Meters Cost of Labor	(7,000)	41,000	57,000	(30,000)	20,000
20	Water - Backflow Prevention Cost of Labor	-	1,000	(5,000)	(45,000)	6,000
21	Water - Customer Accounts Cost of Labor	43,000	30,000	(21,000)	(59,000)	(16,000)
22	Water - Engineering Cost of Labor	(49,000)	99,000	104,000	(82,000)	116,000
23	Water - Equipment & Vehicles Cost of Labor	13,000	7,000	8,000	(18,000)	5,000
24	Wastewater - Collection Cost of Labor	13,000	76,000	49,000	(90,000)	52,000
25	Wastewater - Lift Stations Cost of Labor	(53,000)	15,000	(19,000)	20,000	15,000
27	Wastewater - Source Control Cost of Labor	(3,000)	12,000	11,000	9,000	(7,000)
28	Wastewater - MRF Lift Station Cost of Labor	(20,000)	2,000	3,000	(20,000)	24,000
29	Wastewater - MRF Cost of Labor	(17,000)	101,000	14,000	(24,000)	(25,000)
30	Wastewater - Mahr Reservoir Cost of Labor	2,000	11,000	(12,000)	(31,000)	21,000
31	Wastewater - Customer Accounts Cost of Labor	(22,000)	24,000	(30,000)	2,000	21,000
32	Wastewater - Equip & Vehicles Cost of Labor	(14,000)	13,000	17,000	(26,000)	45,000
33	Wastewater - Engineering Cost of Labor	<u>(42,000)</u>	<u>83,000</u>	<u>(24,000)</u>	<u>(14,000)</u>	<u>54,000</u>
34	Total District Direct Costs	<u>(140,000)</u>	<u>555,000</u>	<u>106,000</u>	<u>(287,000)</u>	<u>428,000</u>

ORDINANCE NO.

**ORDINANCE OF THE VALLECITOS WATER DISTRICT
ESTABLISHING A COST RECOVERY OVERHEAD RATE FOR FISCAL YEAR 2020-21,
AND REPEALING ORDINANCE NO. 212**

WHEREAS, the Board of Directors of the Vallecitos Water District (District) wishes to recover all direct costs and expenses associated with services provided by the District, development expenses and repair costs of damaged facilities; and

WHEREAS, on August 21, 2013, the Board of Directors accepted the District's Cost of Service Study, "Water Validation, Cost of Service & Rate Design Analysis; Wastewater Validation & Rate Analysis; Miscellaneous Fees & Overhead Rate Analysis (Report)", which established the methodology for calculating the overhead rate identified below; and

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT AS FOLLOWS:

SECTION 1, DIRECT COST RECOVERY: Direct costs and expenses incurred by the District such as legal services, permits, reproduction services, consulting engineers and other professional services shall be recovered at direct costs only and the administrative overhead charge shall not apply.

SECTION 2, ADMINISTRATIVE OVERHEAD CHARGE: All direct labor costs and services provided on a time and material basis, by the District, are subject to the Administrative Overhead Charge. The charge for Fiscal Year 2020/21 is hereby established as 209% of the total direct labor costs. This charge will not apply to services provided on a fixed fee basis.

SECTION 3, ADMINISTRATIVE OVERHEAD CALCULATION: The overhead rate shall be calculated concurrent with adoption of the annual budget by the Board of Directors and utilize the following methodology:

Budgeted indirect costs and employee benefits
Direct labor costs

SECTION 3, EQUIPMENT USAGE CHARGE: All services provided by the District which District owned equipment is used and are charged on a time and material basis will be subject to an Equipment Usage Charge. The charge is hereby established as a per hour rate in accordance with the current State of California, Department of Transportation, Division of Construction Equipment Rental Rates and shall be included in the final actual cost determination. Direct rental costs for other equipment shall be recovered based upon actual expenses. This charge will not apply to services provided on a fixed fee basis.

All other Ordinances, Articles or Sections of Ordinances in conflict with this Ordinance are hereby repealed.

This ordinance shall be effective upon adoption.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held this 15th day of July, 2020, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

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

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION ADOPTING THE ANNUAL PAY SCHEDULE WITH THE COST OF SALARY ADJUSTMENT FOR FISCAL YEAR 2020/21

BACKGROUND:

On June 19, 2019, the Board approved the Memorandum of Understanding (MOU) with the Vallecitos Water District Employees' Association covering the General Employees' Unit for Fiscal Years 2019/20 through 2022/23. Also, on June 19, 2019, the Board adopted a Resolution establishing terms and conditions of employment for employees in management and confidential positions, subject to all other terms and conditions of employment in the District's Employee Handbook including salary and benefit changes contained in the MOU. The California Public Employees' Retirement System (CalPERS) requires employers to have pay schedules be publicly available and approved and adopted by the governing body in accordance with the requirements of applicable public meeting laws.

DISCUSSION:

As specified in the MOU, the COLA is based on the San Diego Consumer Price Index for All Urban Consumers (CPI-U), percent change for the second half of the preceding calendar year. For Fiscal Year 2020/21, the District will provide a COLA of 1.9% to all employees, which is below the 3.0% cap in the MOU, to be effective July 10, 2020, the beginning of the first full pay period in July 2020. The revised pay schedule must be adopted by the Board and includes the cost of living salary adjustment (COLA) for Fiscal Year 2020/21 from the MOU. A resolution is provided to approve and adopt the revised annual pay schedule.

FISCAL IMPACT:

The Fiscal Year 2020/21 budget included the costs for COLA.

RECOMMENDATIONS:

Adopt the resolution approving the revised annual pay schedule.

ATTACHMENT:

Resolution Adopting District Pay Schedule with Exhibit "A", Vallecitos Water District Personnel Classification and Annual Pay Schedule

RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ADOPTING THE ANNUAL PAY SCHEDULE WITH THE COST OF LIVING SALARY ADJUSTMENT FOR FISCAL YEAR 2020/21

WHEREAS, the Vallecitos Water District previously negotiated with the Vallecitos Water District Employees' Association for a cost of living salary adjustment for Fiscal Year 2020/21 as set forth in the Memorandum of Understanding (MOU) with the General Employees' Unit;

WHEREAS, except as otherwise indicated in the General Manager's employment contract with the Board, the Board of Directors previously approved Management and Confidential Employees to be subject to all other terms and conditions of employment in the Vallecitos Water District Employee Handbook including salary and benefit changes contained in the MOU; and,

WHEREAS, to comply with CalPERS regulations, the Board is required to publicly approve a District pay schedule, and the District Pay Schedule has been amended to incorporate the agreed upon terms of the MOU, and also to apply the same increases for Management and Confidential employees;

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

DISTRICT PAY SCHEDULE. The Board of Directors does hereby approve and adopt the Vallecitos Water District Personnel Classification and Annual Pay Schedule, attached hereto as Exhibit "A".

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 15th day of July, 2020 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

EXHIBIT A

VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND ANNUAL PAY SCHEDULE

Effective beginning of the pay period at noon on 7/10/2020 (pay day 7/29/2020)

POSITION/TITLE	EXPERIENCE STEPS							LONGEVITY	
	A	B	C	D	E	F	G	H	I
Accounting Supervisor	96,216	101,027	106,078	111,382	116,951	122,799	128,939	135,386	142,155
Accounting Technician	59,064	62,017	65,118	68,374	71,793	75,382	79,151	83,109	87,264
Administrative Secretary	66,732	70,069	73,572	77,251	81,113	85,169	89,427	93,899	98,594
Administrative Services Manager	145,668	152,951	160,599	168,629	177,060	185,913	195,209	204,970	215,218
Applications Specialist I	77,244	81,106	85,162	89,420	93,891	98,585	103,514	108,690	114,125
Applications Specialist II	91,632	96,214	101,024	106,075	111,379	116,948	122,796	128,935	135,382
Asset Management Supervisor	98,592	103,522	108,698	114,133	119,839	125,831	132,123	138,729	145,665
Assistant General Manager	168,624	177,055	185,908	195,203	204,964	215,212	225,972	237,271	249,134
Building and Grounds Worker	40,968	43,016	45,167	47,426	49,797	52,287	54,901	57,646	60,528
Capital Facilities Assistant Engineer	75,384	79,153	83,111	87,266	91,630	96,211	101,022	106,073	111,377
Capital Facilities Engineer	93,900	98,595	103,525	108,701	114,136	119,843	125,835	132,127	138,733
Capital Facilities Senior Engineer	108,696	114,131	119,837	125,829	132,121	138,727	145,663	152,946	160,593
Cashier / Receptionist	47,424	49,795	52,285	54,899	57,644	60,526	63,553	66,730	70,067
CMMS Planner	70,068	73,571	77,250	81,112	85,168	89,426	93,898	98,593	103,522
Construction Inspection Supervisor	83,112	87,268	91,631	96,213	101,023	106,074	111,378	116,947	122,794
Construction Inspector I	62,016	65,117	68,373	71,791	75,381	79,150	83,107	87,263	91,626
Construction Inspector II	71,796	75,386	79,155	83,113	87,268	91,632	96,214	101,024	106,075
Construction Supervisor	83,112	87,268	91,631	96,213	101,023	106,074	111,378	116,947	122,794
Construction Worker I	48,600	51,030	53,582	56,261	59,074	62,027	65,129	68,385	71,804
Construction Worker II	56,256	59,069	62,022	65,123	68,380	71,798	75,388	79,158	83,116
Control Systems Specialist	77,244	81,106	85,162	89,420	93,891	98,585	103,514	108,690	114,125
Customer Service Representative I	46,284	48,598	51,028	53,580	56,258	59,071	62,025	65,126	68,383
Customer Service Representative II	52,284	54,898	57,643	60,525	63,552	66,729	70,066	73,569	77,247
Customer Service Representative III	54,900	57,645	60,527	63,554	66,731	70,068	73,571	77,250	81,112
Customer Service Supervisor	77,244	81,106	85,162	89,420	93,891	98,585	103,514	108,690	114,125
Development Services Coordinator	77,244	81,106	85,162	89,420	93,891	98,585	103,514	108,690	114,125
Development Services Senior Engineer	108,696	114,131	119,837	125,829	132,121	138,727	145,663	152,946	160,593
District Engineer	149,268	156,731	164,568	172,796	181,436	190,508	200,033	210,035	220,537
Electrical/Instrumentation Technician	73,572	77,251	81,113	85,169	89,427	93,899	98,594	103,523	108,699
Engineering Technician I	56,256	59,069	62,022	65,123	68,380	71,798	75,388	79,158	83,116
Engineering Technician II	65,124	68,380	71,799	75,389	79,159	83,117	87,272	91,636	96,218
Engineering Technician III	75,384	79,153	83,111	87,266	91,630	96,211	101,022	106,073	111,377
Executive Secretary	81,108	85,163	89,422	93,893	98,587	103,517	108,692	114,127	119,833
Facility Locator	62,016	65,117	68,373	71,791	75,381	79,150	83,107	87,263	91,626
Finance Assistant	52,284	54,898	57,643	60,525	63,552	66,729	70,066	73,569	77,247
Finance Manager	145,668	152,951	160,599	168,629	177,060	185,913	195,209	204,970	215,218
General Manager	261,302	261,302	261,302	261,302	261,302	261,302	261,302	261,302	261,302
GIS/CADD Technician	63,552	66,730	70,066	73,569	77,248	81,110	85,166	89,424	93,895
Human Resources Analyst	71,796	75,386	79,155	83,113	87,268	91,632	96,214	101,024	106,075
Information Technology Supervisor	103,524	108,700	114,135	119,842	125,834	132,126	138,732	145,669	152,952
Information Technology Technician	70,068	73,571	77,250	81,112	85,168	89,426	93,898	98,593	103,522
Landscape Maintenance Worker I	47,424	49,795	52,285	54,899	57,644	60,526	63,553	66,730	70,067
Landscape Maintenance Worker II	52,284	54,898	57,643	60,525	63,552	66,729	70,066	73,569	77,247
Mechanic	60,528	63,554	66,732	70,069	73,572	77,251	81,113	85,169	89,427
Mechanical / Electrical Supervisor	85,164	89,422	93,893	98,588	103,517	108,693	114,128	119,834	125,826
Mechanical Maintenance Worker I	52,284	54,898	57,643	60,525	63,552	66,729	70,066	73,569	77,247

VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND ANNUAL PAY SCHEDULE

Effective beginning of the pay period at noon on 7/10/2020 (pay day 7/29/2020)

POSITION/TITLE	EXPERIENCE STEPS							LONGEVITY	
	A	B	C	D	E	F	G	H	I
Mechanical Maintenance Worker II	60,528	63,554	66,732	70,069	73,572	77,251	81,113	85,169	89,427
Meter Service Supervisor	77,244	81,106	85,162	89,420	93,891	98,585	103,514	108,690	114,125
Meter Service Worker I	46,284	48,598	51,028	53,580	56,258	59,071	62,025	65,126	68,383
Meter Service Worker II	53,580	56,259	59,072	62,026	65,127	68,383	71,802	75,392	79,162
Operations and Maintenance Assistant	52,284	54,898	57,643	60,525	63,552	66,729	70,066	73,569	77,247
Operations and Maintenance Manager	145,668	152,951	160,599	168,629	177,060	185,913	195,209	204,970	215,218
Principal Financial Analyst	91,632	96,214	101,024	106,075	111,379	116,948	122,796	128,935	135,382
Public Information Representative	73,572	77,251	81,113	85,169	89,427	93,899	98,594	103,523	108,699
Public Information/Conservation Supervisor	87,276	91,640	96,222	101,033	106,085	111,389	116,958	122,806	128,946
Pump and Motor Technician I	60,528	63,554	66,732	70,069	73,572	77,251	81,113	85,169	89,427
Pump and Motor Technician II	70,068	73,571	77,250	81,112	85,168	89,426	93,898	98,593	103,522
Purchasing/Warehouse Assistant	57,648	60,530	63,557	66,735	70,072	73,575	77,254	81,117	85,172
Risk Management Supervisor	96,216	101,027	106,078	111,382	116,951	122,799	128,939	135,386	142,155
Safety Technician	66,732	70,069	73,572	77,251	81,113	85,169	89,427	93,899	98,594
Senior Accountant	73,572	77,251	81,113	85,169	89,427	93,899	98,594	103,523	108,699
Senior Construction Worker	65,124	68,380	71,799	75,389	79,159	83,117	87,272	91,636	96,218
Senior Customer Service Representative	59,064	62,017	65,118	68,374	71,793	75,382	79,151	83,109	87,264
Senior Pump and Motor Technician	75,384	79,153	83,111	87,266	91,630	96,211	101,022	106,073	111,377
Senior Purchasing Specialist	70,068	73,571	77,250	81,112	85,168	89,426	93,898	98,593	103,522
Senior Wastewater Collections Systems Worker	62,016	65,117	68,373	71,791	75,381	79,150	83,107	87,263	91,626
Senior Wastewater Treatment Plant Operator	75,384	79,153	83,111	87,266	91,630	96,211	101,022	106,073	111,377
Senior Water Systems Operator	71,796	75,386	79,155	83,113	87,268	91,632	96,214	101,024	106,075
Source Control Technician	65,124	68,380	71,799	75,389	79,159	83,117	87,272	91,636	96,218
Systems Administrator	83,112	87,268	91,631	96,213	101,023	106,074	111,378	116,947	122,794
Valve Maintenance Technician	62,016	65,117	68,373	71,791	75,381	79,150	83,107	87,263	91,626
Warehouse Assistant I	47,424	49,795	52,285	54,899	57,644	60,526	63,553	66,730	70,067
Warehouse Assistant II	54,900	57,645	60,527	63,554	66,731	70,068	73,571	77,250	81,112
Wastewater Collection Systems Supervisor	83,112	87,268	91,631	96,213	101,023	106,074	111,378	116,947	122,794
Wastewater Collection Systems Worker I	47,424	49,795	52,285	54,899	57,644	60,526	63,553	66,730	70,067
Wastewater Collection Systems Worker II	54,900	57,645	60,527	63,554	66,731	70,068	73,571	77,250	81,112
Wastewater Treatment Plant Operator I	54,900	57,645	60,527	63,554	66,731	70,068	73,571	77,250	81,112
Wastewater Treatment Plant Operator II	63,552	66,730	70,066	73,569	77,248	81,110	85,166	89,424	93,895
Wastewater Treatment Plant Supervisor	89,424	93,895	98,590	103,519	108,695	114,130	119,837	125,829	132,120
Water Systems Operator I	54,900	57,645	60,527	63,554	66,731	70,068	73,571	77,250	81,112
Water Systems Operator II	63,552	66,730	70,066	73,569	77,248	81,110	85,166	89,424	93,895
Water Systems Supervisor	89,424	93,895	98,590	103,519	108,695	114,130	119,837	125,829	132,120

DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION APPROVING COLLECTION OF SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT "A"

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 at the same time together 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. Resolution No. 1570, adopted June 17, 2020, approved the District's proposed method of collection. The attached Resolution orders the collection of sewer service fees for fiscal year 2020-21. The sewer service fees will be collected by the County of San Diego, and then transferred to the District.

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 adoption of Resolution.

ATTACHMENTS:

1. Resolution No. 1570, adopted June 17, 2020, approving the proposed method of collection
2. 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: HERNANDEZ, MARTIN, SANNELLA, EVANS
NOES:
ABSTAIN:
ABSENT: ELITHARP

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

ATTEST:

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO.

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

WHEREAS, the Vallecitos Water District duly adopted Resolution No. 1570 on June 17, 2020, electing to have the sewer service fees for Improvement District "A" for Fiscal Year July 1, 2020, to June 30, 2021, collected on the Tax Roll.

WHEREAS, a written report has been prepared and filed with the District, which contains a description of each parcel of real property in Improvement District "A" receiving sewer service and the amount of sewer service fee for each parcel for the Fiscal Year 2019-2020.

WHEREAS, the Secretary of the District has prepared and caused notices to be mailed and published in the form and manner prescribed by law.

WHEREAS, on July 15, 2020, at the hour of 5:00 p.m., at the office of the District, 201 Vallecitos de Oro, San Marcos, California, a duly noticed public hearing was held with respect to this matter.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

Section 1. The sewer service fees for Improvement District "A" for Fiscal Year 2019-2020, attached hereto and incorporated herein as Exhibit "A", are hereby approved.

Section 2. Sewer service fees for properties that connect to the District sewer system subsequent to approval of the foregoing report 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 the Vallecitos Water District in accordance with the rules and regulations established by Ordinance of the District.

Section 3. The sewer service fees for properties that are not on the Tax Roll shall be billed to the property owners directly by the Vallecitos Water District in accordance with the rules and regulations established by Ordinance of the District.

Section 4. This Resolution is adopted pursuant to the Health and Safety Code Section 5473.3 and is effective immediately upon its adoption, and its provisions shall supersede any conflicting provisions or existing Ordinance, Resolution, rules or regulations of the District.

Section 5. The Secretary/General Manager of the Vallecitos Water District is hereby authorized and directed to file this endorsed report with a certified copy of this Resolution with the County Auditor of the County of San Diego on or before August 1, 2020.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 15th day of July 2020, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

ATTEST:

Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District

EXHIBIT A

AVAILABLE UPON REQUEST

DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020/21

BACKGROUND:

Article XII B of the California Constitution (Proposition 4) requires the District establish an appropriations limit on proceeds from taxes each fiscal year, whether or not the amount is assessed. The limit may increase annually by a factor comprised of the change in population and a change in the U.S. Consumer Price Index (March to March). The proposed 2020/21 limit in the amount of \$894,356 was calculated by using these factors.

DISCUSSION:

VWD receives an amount in excess of this limit through our share of the 1% property tax collected by San Diego County; however, as an Enterprise Fund (Utility), we are allowed to deduct depreciation in making the calculation. Our current depreciation exceeds \$5 million per year. Therefore, we are not affected by the limit.

Article XIIIB also requires the documentation used to determine the appropriations limit be available to the public at least 15 days prior to the adoption of the resolution. The requirement has been fulfilled.

RECOMMENDATION:

Staff recommends adoption of Resolution No. _____, establishing the appropriations limit for Fiscal Year 2020/2021.

ATTACHMENT:

Resolution No. _____.

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT ESTABLISHING
APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2020-21**

WHEREAS, effective July 1, 1980, Article XIII B of the California Constitution took effect limiting the appropriation of certain state and local agencies; and

WHEREAS, the Legislature has adopted Government Code Sections 7900-13 setting forth procedures to be followed by affected local agencies in fixing and determining their appropriations limit; and

WHEREAS, pursuant to said Government Code sections, the Department of Finance and San Diego County have supplied the District with information regarding changes in population, cost of living, and per capita income and assessment roll data for use in determining its appropriations limit; and

WHEREAS, the District has a tax rate in excess of 12.5 cents per \$100 of assessed valuation during the 1977-78 fiscal year, and, therefore, is subject to the provisions of Article XIII B and implementing legislation; and

WHEREAS, Government code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriations for the following fiscal year; and

WHEREAS, at least 15 days prior to the meeting at which this resolution was adopted, the documentation used in the determination of the appropriations limit was made available to the public at the offices of the District; and

WHEREAS, the Board has fully considered said laws, the revenues and expenditures of the District during the relevant years, the data received from the Department of Finance, the reports and recommendations of the staff, and the opinions of Counsel;

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

SECTION 1: The foregoing facts are true and correct.

SECTION 2: Pursuant to Article XIII B and Section 7910 of the Government Code, the appropriations limit for Vallecitos Water District for the 2020-21 Fiscal Year is established as \$894,356.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 15th day of July, 2020, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: AWARD OF WATER RATE COST OF SERVICE STUDY CONSULTANT AGREEMENT

BACKGROUND:

Water rates and charges are property-related service fees per California Constitution Article XIII D, section 6(a). This section establishes procedural requirements for imposing new, or increasing existing, property-related fees and charges. The District’s current rate ordinance will expire on December 31, 2020. Prior to considering any rate changes, the District must complete a Cost of Service Study (COSS) to ensure that the costs of providing water services are fairly allocated to District customers.

In May of 2019, staff sent out a Request for Proposal (RFP) for a Cost of Service Study to sixteen (16) rate consulting firms, including Raftelis. A copy of the RFP was available on the California Society of Municipal Finance Officer’s (CSMFO) website and on the District’s website for review.

Two (2) proposals were received as a result of the RFP process. The first proposal was submitted by Raftelis. The second was submitted by Bartle Wells Associates. Both Raftelis and Bartle Wells Associates have extensive experience in rate study and are reputable firms. Proposals were evaluated and scored by staff. The results of the rating and the weighting criteria were as follows:

Consultant	Qualifications (25%)	Project Approach and Methodology (25%)	Experience (20%)	Proposed Cost (20%)	Local Knowledge (10%)	Total Score
Raftelis	4.50	4.80	3.70	2.00	1.60	16.60
Bartle Wells	4.00	4.63	3.68	2.80	1.30	16.41

On August 7, 2019, the Board Authorized the General Manager to enter into a contract with Raftelis Financial Consultants, Inc.

DISCUSSION:

Due to a delay in the start of the project and unforeseen time constraints, Raftelis was unable to complete the Cost of Service Study in 2019. The District is still in need of a Water Cost of Service Study to evaluate the current rate structure, provide alternatives for consideration, and to develop a rate model to be used in setting future rates. At the request of staff, Raftelis prepared a revised Proposal for a Comprehensive Water Cost of Service Study for 2021 at a fee of \$62,031, which is slightly lower than the previous contract cost of \$63,020.

The 2021 Water Cost of Service Study will require Raftelis to evaluate the District’s existing tiered water rate structure and assist the District in any Proposition 218-related activities. Staff estimates the whole process will take 5-6 months to complete (starting from rate study to public approval.)

FISCAL IMPACT:

If approved by the Board, \$62,031 for the water cost of service study will be funded from the Water Operating Revenue in Fiscal Year 2020/21.

RECOMMENDATION:

Authorize the General Manager to enter into a contract with Raftelis to prepare an updated Cost of Service Study.

*Raftelis Financial Consultants, Inc. proposal is available upon request

DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: COVID FINANCIAL REPORTING PRESENTATION

BACKGROUND:

The COVID pandemic has had far reaching impacts on society and has resulted in significant changes in how businesses and citizens act. Of particular interest to Vallecitos is how those societal changes may affect District operations and finances. In preparing the FY2021 budget, staff developed a series of assumptions to estimate the financial impact that COVID may have on the District.

Several discussions have taken place with the Finance Committee and the Board in conjunction with the budget development regarding metrics that could be developed and tracked to determine the accuracy of the assumptions made in the preparation of the budget. Staff committed to providing monthly updates of the financial tracking metrics to the Board.

DISCUSSION:

Staff will be providing an update on the financial tracking metrics at the July 15, 2020, Board meeting. The information provided will reflect conditions up to June 30, 2020. Although this information will not specifically address the assumptions developed for the FY2021 budget, the information will serve as a useful baseline. Subsequent updates can be compared to this baseline to determine the direction in which certain metrics are trending and enable the Board and staff to determine the need for any budget-related course corrections.

It may take several months for patterns to emerge and it would be advisable to receive several months' worth of data before any changes are considered. In addition, it is important to note that several of the indicators/metrics have a built-in time lag, meaning the data presented does not necessarily reflect the results for the month in which the data is presented. For example, when staff reports in July on water sales, the data will be for June billings, which reflect May usage. This time lag is important when the District is trying to correlate the data it compiles with how society is reacting to COVID-related restrictions.

FISCAL IMPACT:

There are no fiscal impacts associated with receiving the staff presentation. The information provided will enable the District to determine how well the data compares to the estimates upon which the Fiscal Year 2021 budget was prepared.

RECOMMENDATION:

Receive the staff presentation and provide direction as appropriate.

DATE: JULY 15, 2020
TO: BOARD OF DIRECTORS
SUBJECT: SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS SUNDOWNER

BACKGROUND:

The San Marcos Chamber of Commerce is hosting their annual “Meet Your Elected Officials” on Thursday, July 23, 2020. Due to the current COVID-19 situation, the program format has shifted to a virtual event utilizing Zoom. The San Marcos Chamber of Commerce is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 216; therefore, approval for per diem and expense reimbursement is required.

RECOMMENDATION:

Request Board direction.