

**PURSUANT TO EXECUTIVE ORDERS 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, AUGUST 18, 2021, AT 5:00 P.M.
VIA TELECONFERENCE

NOTICE TO THE PUBLIC

Due to the evolving situation with the COVID-19 Novel Coronavirus, 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 SANNELLA

PLEDGE OF ALLEGIANCE

ROLL CALL

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity which severely imperils public health, safety, or both. Also, items which arise after the posting of the Agenda may be added by a two-thirds vote of the Board of Directors.

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 18, 2021

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Alternatively, persons wishing to address the Board at this time may utilize the "Raise Hand" feature of the Zoom videoconferencing platform. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

CONSENT CALENDAR

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

1.1 APPROVAL OF MINUTES (pp. 6-15)

- A. CLOSED SESSION BOARD MEETING – AUGUST 4, 2021
- B. REGULAR BOARD MEETING – AUGUST 4, 2021
- C. PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE MEETING – AUGUST 9, 2021

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH AUGUST 18, 2021 - \$3,970,622.95 (pp. 16-18)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 19-38)

- A. WATER METER COUNT – JULY 31, 2021
- B. WATER PRODUCTION/SALES REPORT – 2021/2022
- C. PER CAPITA WATER CONSUMPTION – JULY 31, 2021
- D. WATER REVENUE AND EXPENSE REPORT – JULY 31, 2021
- E. SEWER REVENUE AND EXPENSE REPORT – JULY 31, 2021
- F. RESERVE FUNDS ACTIVITY – JULY 31, 2021
- G. INVESTMENT REPORT – JULY 31, 2021
- H. LEGAL FEES SUMMARY – JULY 31, 2021

1.4 APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 2 IMPROVEMENTS (KB HOMES COASTAL, INC.) (pp. 39-54)

The project is located on North Las Posas Road, north of Borden Road

Recommendation: Approve Construction Agreement

1.5 APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 3 IMPROVEMENTS (KB HOMES COASTAL, INC.) (pp. 55-70)

The project is located on North Las Posas Road, north of Borden Road.

Recommendation: Approve Construction Agreement

1.6 AWARD OF CONSTRUCTION CONTRACT FOR THE REPAIR OF ASPHALT ROADS (pp. 71-74)

There are a large number of temporary asphalt patches that require permanent repair throughout the District.

Recommendation: Authorize the General Manager to Execute a Contract with Joe's Paving Company, Inc. for a Total of \$74,888

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

ACTION ITEM(S)

2.1 WATER SUPPLY CONDITIONS UPDATE (pp. 75)

Recommendation: For information only

2.2 DISCUSSION REGARDING SEWER LINE EXTENSION ALONG PROPERTY LINE FRONTAGE FOR MISSION VILLAS IMPROVEMENTS (KB HOME COASTAL, INC.) (pp. 76-80)

The proposed project is located on West Mission Road, between Woodward Street and Falcon Place in the City of San Marcos.

Recommendation: For discussion and Board direction

2.3 PROJECT ACCEPTANCE OF THE MEADOWLARK WATER RECLAMATION FACILITY (MRF) HEADWORKS IMPROVEMENT PROJECT (pp. 81-84)

This project replaced existing augers and control panels with new augers, electrical materials and control panels.

Recommendation: 1) Accept project; and 2) Authorize the General Manager to file a Notice of Completion and release of retention funds

2.4 CAPITAL IMPROVEMENT PROGRAM ANNUAL REPORT

Recommendation: For information only

2.5 COVID FINANCIAL REPORTING PRESENTATION (pp. 85)

In preparing the FY 2021 budget, staff developed a series of assumptions to estimate the financial impact COVID may have on the District.

Recommendation: Receive presentation and provide direction

- 2.6 ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) COMMITTEE APPOINTMENT NOMINATIONS FOR THE 2022-2023 TERM (pp. 86-89)

ACWA is requesting committee nominations from ACWA members for the 2022-2023 term.

Recommendation: Request Board direction

- 2.7 ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 10 BOARD ELECTION FOR THE 2022-2023 TERM (pp. 90-91)

The ACWA Region 10 has distributed a ballot which includes the Region 10 Nominating Committee's recommended slate as well as individual candidates.

Recommendation: Request Board direction

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

REPORTS

- 3.1 GENERAL MANAGER
- 3.2 DISTRICT LEGAL COUNSEL
- 3.3 SAN DIEGO COUNTY WATER AUTHORITY
- 3.4 ENCINA WASTEWATER AUTHORITY
- Board of Directors Meeting
- Capital Improvement Committee
- Policy and Finance Committee
- 3.5 STANDING COMMITTEES
- 3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

- 4.1 MEETINGS (pp. 92-93)

Urban Water Institute Annual Conference (In-Person)

September 8 – 9, 2021 – Westin South Coast Plaza, Costa Mesa, CA

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

- 5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

6.1 ADJOURNMENT

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

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

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

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, August 13, 2021.

Diane Posvar

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 4, 2021, AT 4:00 PM, VIA TELECONFERENCE

President Sannella called the Closed Session meeting to order at the hour of 4:05 p.m.

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez
Director Sannella

Absent: Director Pennock

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

Others Present: Whitney Blackhurst, Best Best & Krieger

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF AUGUST 4, 2021

21-08-01 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried 4 – 0, with Director Pennock absent, to adopt the agenda for the Closed Session Meeting of August 4, 2021.

PUBLIC COMMENT

None.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION

Per Government Code Section 54956.9(a) – Vallecitos Water District vs. Butler
Case No. 37-2019-00015914

21-08-02 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried 4 – 0, with Director Pennock absent, to move into Closed Session pursuant to Government Code Section 54956.9(a).

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at 4:26 p.m. There was no reportable action from the Closed Session Meeting.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Closed Session Meeting of the Board of Directors at the hour of 4:27 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 4, 2021 at 5:00 p.m. via teleconference.

Michael A. Sannella, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruij, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 4, 2021, AT 5:00 PM, VIA TELECONFERENCE

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

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez
Director Pennock
Director Sannella

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Capital Facilities Senior Engineer Morgan
Asset Management Supervisor Bowman
Principal Financial Analyst Arthur
Systems Administrator Drummond
Administrative Secretary Johnson

Others Present: Lora Carpenter, Fieldman Rolapp & Associates
Robert Porr, Fieldman Rolapp & Associates
Dan Kurz, Morgan Stanley
Jonathan Guz, Stradling Yocca Carlson & Rauth
Douglas Brown, Stradling Yocca Carlson & Rauth

General Manager Pruim led the pledge of allegiance.

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 4, 2021

21-08-03 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Regular Board Meeting of August 4, 2021.

PUBLIC COMMENT

None.

PRESENTATION

President Sannella acknowledged Capital Facilities Senior Engineer Ryan Morgan's attainment of his Certificate of Training for Qualified SWPPP Developer and Qualified SWPPP Practitioner from the California Stormwater Quality Association and California Construction General Permit Training Team.

CONSENT CALENDAR

21-08-04 MOTION WAS MADE by President Sannella, seconded by Director Boyd-Hodgson, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Public Awareness/Personnel/Policy Committee Meeting – July 12, 2021
- B. Engineering/Equipment Committee Meeting – July 12, 2021
- C. Closed Session Board Meeting – July 21, 2021
- D. Regular Board Meeting – July 21, 2021

1.2 Warrant List through August 4, 2021 - \$5,525,220.05

1.3 Authorization to Execute a Three-Year Contract with Environmental Systems Research Institute, Inc. for Geographic Information System Software Licensing

ACTION ITEM(S)

AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR THE DISTRICT ENERGY MANAGEMENT STUDY

Capital Facilities Senior Engineer Morgan stated the District retained DHK Engineers in 2012 to perform an energy management study of approximately 15 District facilities. The study included energy audits funded by the Local Government Partnership Program consisting of San Diego Gas & Electric (SDG&E) and the San Diego County Water Authority. During Phase 3 of the study, results of the energy audits and energy conservation measures identified during the audits were utilized to create a Strategic Energy Plan that was used to forecast energy use and cost for each facility. Since the Phase 3 Report was issued in 2013, there have been many changes to the District's energy use and cost profiles, including new SDG&E rate schedules with higher demand charges and the District's implementation of numerous energy efficiency measures. Staff recommended a new energy management study be performed which will be used to update the District's existing energy management plan and will benefit the District's customers by providing the greatest amount of energy at the lowest cost.

Capital Facilities Senior Engineer Morgan further stated that in May of 2021, staff submitted a Request for Proposals to Terra Verde Renewable Partners (TVRP), the District's existing renewable energy consultant who provided professional services during the District wide solar project. TVRP has access to data relevant to the District's historic energy usage, production and SDG&E rate structures. After discussion and revision of their proposal with staff, TVRP was selected as the qualified consultant for the energy management study project.

Staff recommended the Board authorize the General Manager to execute a Professional Services Agreement with TVRP in the amount of \$64,135, subject to the terms and conditions of the agreement.

General discussion took place.

21-08-05 MOTION WAS MADE by Director Elitharp, seconded by Director Boyd-Hodgson, and carried unanimously, to authorize the General Manager to execute a Professional Services Agreement with Terra Verde Renewable Partners in the amount of \$64,135.

DEBT ISSUANCE DOCUMENTS AND RESOLUTION

Finance Manager Owen stated the Board authorized staff to move forward with contracts necessary to issue \$28 million in 2021 Certificates of Participation (COPS) at its May 6, 2021, meeting. The Board would be asked to take action at this meeting to complete the debt issuance process. During the process, staff participated in rating presentations with the rating agencies. As a result, Fitch and Standard & Poor both reaffirmed the District's AA+ rating, and Fitch revised the District's outlook from "stable" to "positive."

Lora Carpenter of Fieldman Rolapp & Associates provided a presentation, Revenue Certificates of Participation, Series 2021A, as follows:

- Update on Progress
- District Capital Improvement Program Needs
- 2021 COP Debt Structure
- 2021 Certificates

Dan Kurz of Morgan Stanley presented information regarding current market conditions, near historic low interest rates, and the current strong bond market for issuers.

Douglas Brown of Stradling Yocca Carlson & Rauth reviewed the legal documents necessary for the bond issuance, including a resolution authorizing staff and President Sannella to sign documents on behalf of the District.

General discussion took place.

Staff recommended the Board adopt the resolution for the 2021 COPS execution and delivery, and authorize staff to execute the necessary contracts and agreements for the financing.

21-08-06 MOTION WAS MADE by Director Elitharp, seconded by Director Boyd-Hodgson, and carried unanimously, to adopt the resolution for the 2021 Certificates of Participation execution and delivery, and authorize staff to execute the necessary contracts and agreements for the financing.

Resolution No. 1599 - The roll call vote was as follows:

AYES: Boyd-Hodgson, Elitharp, Hernandez, Pennock, Sannella
NOES:
ABSTAIN:
ABSENT:

CONSIDERATION OF THE FORMATION OF A CITY SAN MARCOS LIAISON COMMITTEE

General Manager Pruim stated that at the May 19, 2021, Board meeting, Director Boyd-Hodgson requested this item be placed on a future agenda for discussion of the formation of a liaison committee with the City of San Marcos. General Manager Pruim informed City Manager Jack Griffin that this item would be on the agenda.

Director Boyd-Hodgson stated the purpose of the liaison committee would be to forge a partnership and an avenue for communication between the City and the District to discuss topics such as the South Lake lease.

General discussion took place. The consensus of the Board was that it would be a good idea to meet with the City. The frequency of meetings would be determined. The Board directed General Manager Pruim to reach out to the City of San Marcos to determine their interest in the formation of a liaison committee with the District.

General Manager Pruim suggested the Board adjourn the Regular Board meeting temporarily into the Vallecitos Water District Financing Corporation meeting to allow the Financing Corporation to take action on its agenda items. The Regular Board meeting could then be resumed after the adjournment of the Financing Corporation meeting.

21-08-07 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to temporarily adjourn the Regular Board meeting and open the Vallecitos Water District Financing Corporation meeting.

The Regular Board of Directors meeting adjourned at 5:59 p.m. to call to order the Vallecitos Water District Financing Corporation meeting and reconvened at 6:05 p.m. following the adjournment of the Vallecitos Water District Financing Corporation meeting.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Rating agencies Fitch and Standard & Poor reaffirmed the District's AA+ rating which is the second highest rating an agency can receive.

- The Special District Leadership Foundation (SDLF) recently notified the District that it has earned the District of Distinction Silver Level accreditation for the District's sound financial policies and practices and District operations. The SDLF also awarded the District with its District Transparency Certificate of Excellence which recognizes outstanding efforts to promote transparency and good governance.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated the first results of the 2020 Census were released in April 2021. Full data is expected to be received within the next month or so. He recommended the Board begin discussions on how they would like to proceed with completing the redistricting process before the April 17, 2022 deadline. General Manager Pruum stated redistricting will be placed on a future Board agenda to provide more information to the Board.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp stated he was unable to attend the SDCWA Board meeting on July 22. He provided a summary of actions taken at the meeting including award of several contracts.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated EWA is currently in the process of hiring a consultant to assist with the recruitment for a new General Manager as EWA General Manager Michael Steinlicht will be retiring in October 2021. Current Assistant General Manager Scott McClelland will be appointed Interim General Manager until a new General Manager is selected.

President Sannella stated the Policy and Finance Committee will meet on August 10.

STANDING COMMITTEES

Director Boyd-Hodgson stated the Public Awareness/Personnel/Policy Committee will meet on August 9 and reported on her attendance to the City of San Marcos General Plan Advisory Committee meeting on July 29.

Director Elitharp stated the Engineering/Equipment Committee is scheduled to meet on August 9.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez stated he is unable to attend the Engineering/Equipment Committee meeting scheduled for August 9.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 6:17 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, August 18, 2021, at 5:00 p.m. via teleconference.

Michael A. Sannella, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A MEETING OF THE
PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, AUGUST 9, 2021, AT 10:00 A.M.
VIA TELECONFERENCE

Director Boyd-Hodgson called the meeting to order at the hour of 10:00 a.m.

Present: Director Boyd-Hodgson
Director Pennock
General Manager Pruum
Administrative Services Manager Emmanuel
Information Technology Supervisor Labarrere
Public Information/Conservation Supervisor Robbins

Others Present: Assistant Professor Jacob Shiba, Palomar College

ITEMS FOR DISCUSSION

PERSONNEL

(NEW BUSINESS) BILL CONSOLIDATION FOR LARGE CUSTOMERS

Director Boyd-Hodgson made opening comments about the San Elijo Hills Homeowners Association (SEH HOA) which has multiple meters (including irrigation meters) and receives multiple bills. SEH HOA has invested in upgrading the irrigation system. The SEH HOA hopes they can compare and contrast before and after water consumption. The new system should save the SEH HOA 30%. General Manager (GM) Pruum noted that VWD bills by meter and the volume of consumption is noted on each bill. Interested customers can look back at the detail. GM Pruum will talk with Finance Manager Wes Owen and his team to see how we can assist. Director Boyd-Hodgson expected to have representatives from SEH HOA attend the meeting, but they ran into technical difficulties. Director Boyd-Hodgson requested that the issue be returned to the Committee at the September meeting.

PUBLIC AWARENESS

(OLD BUSINESS) HYBRID VIRTUAL AND IN-PERSON MEETING CONDUCT

GM Pruum noted that all of the District is looking forward to a return to normal including Board meetings where both staff and the Board can meet in person. GM Pruum expects that the public will continue to be allowed to participate remotely. Hurdles would be if the Board wants to participate both in person and remotely at the same time. Brown Act requirements would require a remote Board member to offer the remote location to members of the public.

(OLD BUSINESS) BILL DEAN COLLABORATION

GM Pruum noted that this project is moving forward. GM Pruum is reviewing the scope of work. Director Boyd-Hodgson noted that she would prefer that the school selected be a public school. Bill Dean is working with the San Marcos Unified School District to identify the

school and classroom that will participate. GM Pruiim stated the desire is for a school and classroom within the VWD service area. He expects the project to move forward shortly after the school year starts.

(OLD BUSINESS) TASK FORCE FORMATION FOR CAREER PATH AND EDUCATION IN SCHOOLS AND THE COMMUNITY

Director Boyd-Hodgson introduced Jacob Shiba, Assistant Professor and Water and Wastewater Technology Program Coordinator at Palomar College. Mr. Shiba provided a PowerPoint presentation on a possible internship partnership between VWD and Palomar College. Palomar College is almost across the street from the District and serves approximately 30,000 students. The cost of education at Palomar is \$46 per unit.

Mr. Shiba explained the existing internship program with the San Diego County Water Authority (CWA). While this is a really good program, it has a limited number of students, happens only once per year, and is extremely competitive. Mr. Shiba hoped to initiate a separate internship program with VWD that could occur more often, be less competitive and more local.

Mr. Shiba noted that many of the Water and Wastewater Technology students at Palomar are “career changers” who haven’t had a chance to gain experience in the water workplace. He noted that the initial strategy would be to have the interns to VWD be unpaid with the liability belonging to Palomar College. Interns would be enrolled in a CE100 (elective) three (3.0) unit class that would require them to have 12 hours of instruction at VWD weekly for 16 weeks.

VWD would be required to develop three learning objectives for each student, depending on their educational goals. VWD would also provide training, supervision, mentorship and feedback to the student. VWD would be required to sign off on Palomar time sheets.

Mr. Shiba hopes to have an internship program in place with VWD by Spring of 2022.

POLICY

None.

NEXT MEETING DATE – SEPTEMBER 13, 2021

The next meeting is scheduled for Monday, September 13, 2021.

ADJOURNMENT

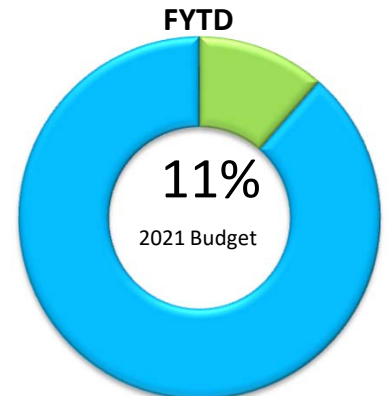
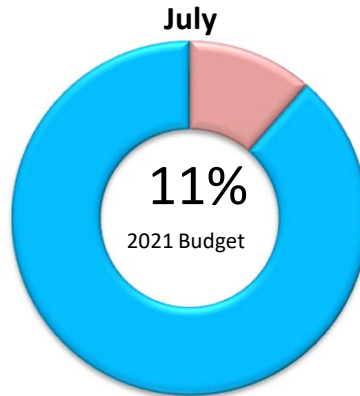
There being no further business to discuss, the meeting adjourned at the hour of 11:06 a.m.

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
July 31, 2021**

Summary

July Disbursements	\$ 10,107,982 *
YTD Disbursements	\$ 10,107,982 *
FY2022 Budget	\$ 88,064,000

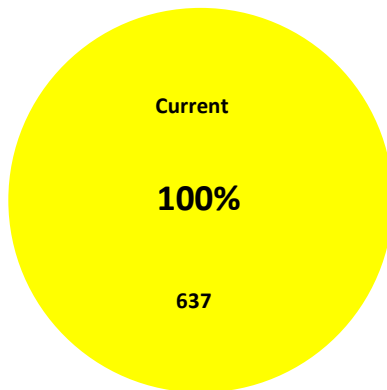
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$2.8M
ENCINA WASTEWATER AUTHORITY	\$2.6M
TC CONSTRUCTION CO INC	\$1.4M
PUBLIC EMPLOYEES RETIRE SYSTM	\$875K
ACWA/JOINT POWERS INSURANCE	\$517k
HAAKER EQUIPMENT CO.	\$443K
SAN DIEGO GAS & ELECTRIC	212K
SS MECHANICAL CONSTRUCTION CORP.	\$127K
ZIONS BANCORPORATION, N.A.	\$72K
R & B AUTOMATION INC	\$66K

VALLECITOS WATER DISTRICT
WARRANTS LIST
August 18, 2021

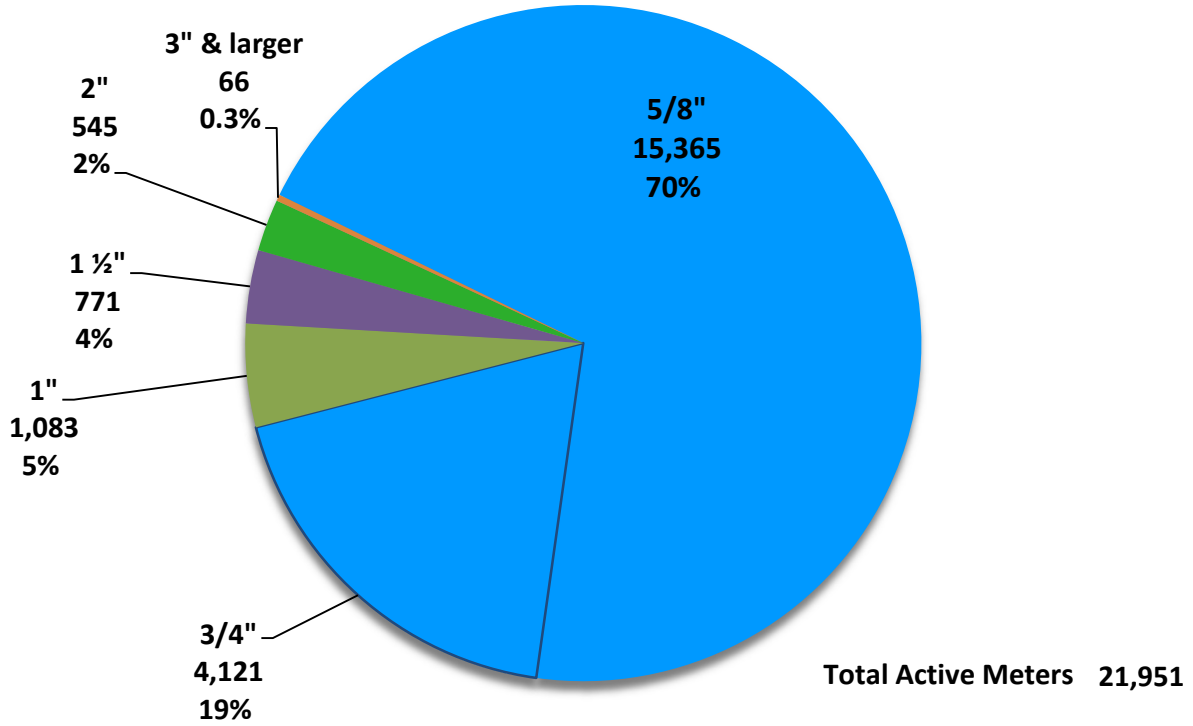
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
ACWA/Joint Powers Insurance	Workers Compensation Quarter Ending 6-30-21	122194	27,922.16
Adamson Police Products	Warning lights, Traffic Stick, & Laptop Stand - Veh 295	122195	1,356.37
Adkins Bee Removal Service	Bee Removal Services - 5	122196	750.00
Air Pollution Control District	Emission Fee Renewal - District HQ	122197	907.00
Alison Fretwell	SWRCB Certification Renewal	122198	60.00
Andre Le	Closed Account Refund	122199	150.00
Aqua-Metric Sales Co	3/4" Meters - 86	122200	11,267.13
Backflow Solutions, Inc.	Backflow Testing Qty 404 - June	122201	6,039.80
Black & Veatch Corporation	MRF Tertiary Influent Prj 20181-1 & On-Sight Sodium Hypochlorite Prj 20171-2	122202	22,610.00
Bock Company	One Time MWD/CWA Lawsuit Refund	122203	82.69
Boncor Water Systems	Soft Water Svc - Aug	122204	1,037.50
Boot Barn	Safety Boots	122205	150.00
Brian Horne	Closed Account Refund	122206	36.90
Charles or Kathleen Cook	One Time MWD/CWA Lawsuit Refund	122207	55.13
Chris Deering	CWEA Lab Analyst Cert Renewal	122208	180.00
Jeffrey Colwell	Video Production Service Prj 20221-49	122209	778.75
Core & Main LP	Construction Meters - 12	122210	5,236.97
Core Logic Information Solutions Inc	Real Quest Engineering Map Svcs - June	122211	218.55
County of San Diego	LAFCO Fees 21-22	122212	40,373.18
CWEA	Membership Renewal - J Bakken	122213	192.00
CWEA	Membership Renewal - R Rodarte	122214	192.00
CWEA	Membership & Cert Renewal - D Joiner	122215	288.00
Doane & Hartwig Water Systems Inc	Chlorinator Vacuum Switches - 3; Chlorine Switchover Unit & Acid Wash - MRF	122216	11,497.32
David Pruden	Closed Account Refund	122217	47.09
Department of Water Resources	Annual Dam Fees 21-22	122218	31,866.00
Donald Durant	Overpayment Refund	122219	8,322.81
Dusan Vujko Irr. Liv. Trust	One Time MWD/CWA Lawsuit Refund	122220	130.42
Dwayne Aspaas	Closed Account Refund	122221	96.20
Gene or Barbara Fleischer	One Time MWD/CWA Lawsuit Refund	122222	55.13
Global Equipment Company Inc.	Carpet Extractor Wand & Hoses	122223	614.01
Guest House Ministries Foundation Inc.	Closed Account Refund	122224	90.62
Harris	GEMS AB Suite 6.1 Upgrade	122225	19,422.59
Infosend Inc	Postage, Printing, & Support Fee - June	122226	5,511.98
Infrastructure Engr Corp	Wulff Pressure Reducing Station Prj 20221-10	122227	10,825.00
Irene Adler or Mort Adler	One Time MWD/CWA Lawsuit Refund	122228	55.13
James R or Carol Becker	One Time MWD/CWA Lawsuit Refund	122229	55.13
Jamin Menter	Closed Account Refund	122230	22.77
Jan-Pro of San Diego	Janitorial Svcs Bldg B - July	122231	385.00
Joe Relyea or Ana Fransisco	One Time MWD/CWA Lawsuit Refund	122232	55.13
JCI Jones Chemicals Inc	Chlorine	122233	4,284.16
Josephine Immerso	One Time MWD/CWA Lawsuit Refund	122234	55.13
Justin Shutt	CWEA Membership & Cert Renewal	122235	372.00
KB Homes	Closed Account Refund	122236	467.85
Lite Industrial	One Time MWD/CWA Lawsuit Refund	122237	55.13
Marcon Products Inc	Manhole Ring, Cover, & Frame	122238	694.99
Mary-Jane Quirin or Jennifer Ornelas	One Time MWD/CWA Lawsuit Refund	122239	55.13
Matthew Diederich	One Time MWD/CWA Lawsuit Refund	122240	94.95
Michael Vanderhurst or Traci Griffiths	One Time MWD/CWA Lawsuit Refund	122241	55.13
Monique Longoria or Patrick Layden	One Time MWD/CWA Lawsuit Refund	122242	55.13
Morton Salt, Inc.	Industrial Salt	122243	4,301.61
Najiba Baha	One Time MWD/CWA Lawsuit Refund	122244	55.13
North County Tool & Abrasive	Hardware Supplies - For Cutting & Drilling Stainless Steel	122245	401.90
Occu Med Ltd	Medical Svcs - June	122246	84.00
Pankaj Mahajan	Closed Account Refund	122247	56.89
Parkway C+A LP	Closed Account Refund	122248	528.88
Paul Bumann	One Time MWD/CWA Lawsuit Refund	122249	55.13
Paul Smith	Closed Account Refund	122250	36.02
Pavement Coatings Co	Closed Account Refund	122251	662.40
Pedro Cruz or Liz Miranda	One Time MWD/CWA Lawsuit Refund	122252	55.13
Pencco, Inc.	Calcium Nitrate	122253	36,245.46
Polydyne Inc	Clarifloc	122254	3,590.98
Richard W. Gittings	Hillside Development & Rincon Payment - February	122255	1,400.00
Dennis Richardson	CDL Renewal	122256	49.00
Robin Saltzman	Closed Account Refund	122257	50.29
Rosemary Copas	Closed Account Refund	122258	5.83
Sean Essex or Aabha Chorida	One Time MWD/CWA Lawsuit Refund	122259	55.13
SEH 12, LLC	One Time MWD/CWA Lawsuit Refund	122260	632.41

VALLECITOS WATER DISTRICT
WARRANTS LIST
August 18, 2021

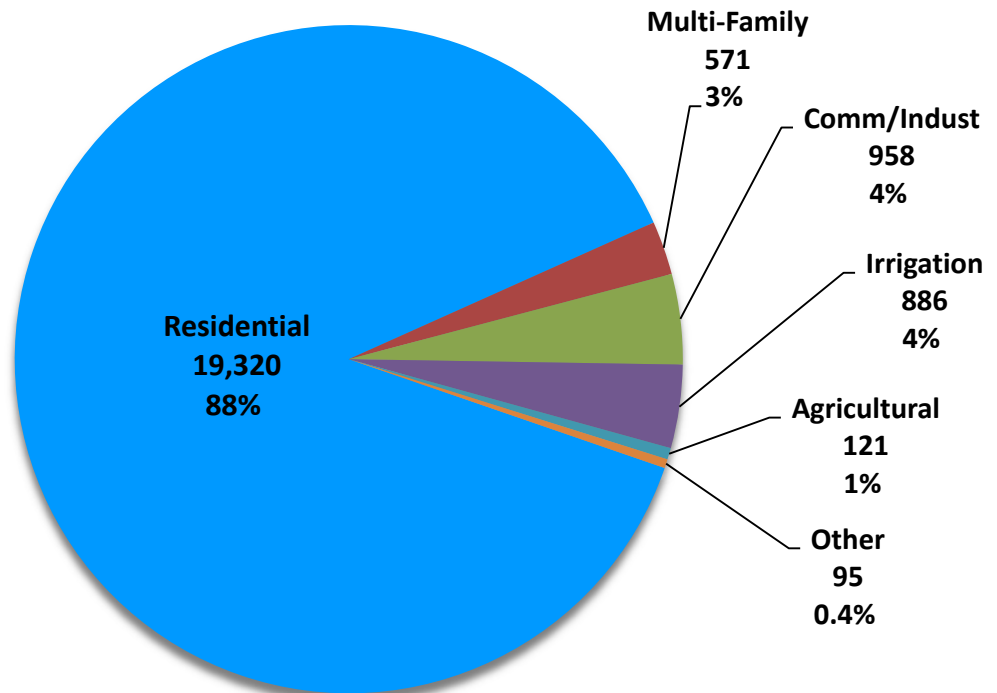
PAYEE	DESCRIPTION	CHECK#	AMOUNT
SHI International Corp.	Computer Towers - 4	122261	7,431.21
Shred-It US JV LLC	Shredding Svcs - June	122262	302.73
Southern Counties Lubricants, LLC	Oil	122263	129.04
Standard Insurance Company	LIFE, LTD, & ADD Insurance June - Aug	122264	17,187.92
Technique Data Systems Inc	Check Scanner Maintenance 21-22	122265	868.00
Thomas & Mindee Borziilleri	One Time MWD/CWA Lawsuit Refund	122266	55.13
Total Compensation Systems, Inc.	GASB 75 Valuation Svcs	122267	810.00
Travis Robertson Howell	Closed Account Refund	122268	54.33
Trini & Terry Wade	One Time MWD/CWA Lawsuit Refund	122269	55.13
UPS	Shipping Svcs - July	122270	35.49
Water Environment Federation	Membership Fees 21-22	122271	332.00
William or Patricia Lee Traenkle	One Time MWD/CWA Lawsuit Refund	122272	55.13
William Waller	One Time MWD/CWA Lawsuit Refund	122273	117.46
Justin Woodard	CWEA Cert Renewal	122274	101.00
Xochitil Felix or Francisco Loarca	One Time MWD/CWA Lawsuit Refund	122275	115.39
Yuh-Jing Lin	One Time MWD/CWA Lawsuit Refund	122276	55.13
Zenaida Sierra	Closed Account Refund	122277	7.32
A Waters Co.	Lab Supplies	122278	625.38
Bonsall Petroleum Constr Inc	Annual Fuel Testing	122279	1,391.76
CCI	Water Treatment - July	122280	220.00
CDW Government Inc	Varonis Software Subscription & Support 21-22	122281	8,372.88
CFM -San Diego Inc	Ronan Alarm Module	122282	1,439.84
Commercial Mobile Systems	COVID 19 Trailer Rental - MRF	122283	511.82
Diamond Environmental Services	Pumping Svcs - Montiel Wet Well Cleaning	122284	1,264.00
Electrical Sales Inc	Flow Control Facility Analyzer MRF & Infrared Risk Assessment Materials	122285	1,338.78
Employment Screening Services Inc	Employee Screening Svcs	122286	79.00
Ferguson Enterprises, Inc	District Air Vac Refurbishment Supplies	122287	76,494.60
Fisher Scientific LLC	Lab Suppliers - MRF	122288	349.15
Grainger Inc	Floor Mats, Dry Wipe Rolls, Insect Killer Spray, Hardware Supplies	122289	616.32
Haaker Equipment Co.	Traffic Advisory Signal For Collections Vehicle	122290	4,426.04
Koch General Engineering Inc	Asphalt Repair Svcs - 7 Locations Prj 20211-28 - 3,093 Sq. Ft.	122291	5,737.16
Lloyd Pest Control	Pest Control Svcs - July	122292	552.00
Mallory Safety & Supply, LLC	Rain Suits & Safety Glasses	122293	528.94
Michael Baker International, Inc.	Montiel Lift Station Prj 20201-2	122294	22,226.25
Olivenhain MWD	Woodard & Curran Grant Admin Costs	122295	1,470.06
Pacific Pipeline Supply	Gate Valves - 3; Coupling, Hardware Supplies	122296	2,672.56
Schmidt Fire Protection Co Inc	Quarterly Fire Sprinkler Maintenance	122297	305.00
Steel-Toe-Shoes.com	Safety Boots	122298	150.00
T.S. Industrial Supply	Marking Paint	122299	369.28
Total Resource Mgt Inc	Maximo Support 20-21	122300	17,205.02
Underground Service Alert	Dig Alert Svc & State of CA Regulatory Fees - July	122301	768.75
Unifirst Corporation	Uniform Delivery	122302	2,347.34
Univar USA Inc	Sodium Bisulfite	122303	1,767.10
VWR International	Potassium Iodide	122304	262.29
White Construction	Closed Account Refund	122305	367.17
Garnishments	Payroll Garnishments	122306 through 122307	-
Total Disbursements (112 Checks)			<u>444,963.15</u>
WIRES			
San Diego County Water Authority	July Water Bill	Wire	3,075,578.08
Public Employees Retirement System	Retirement Contribution - August 10, 2021 Payroll	Wire	74,581.08
Total Wires			<u>3,150,159.16</u>
PAYROLL			
Total direct deposits		Wire	232,829.79
VWD Employee Association		122306	548.00
Payroll & Garnishments		122307	941.52
IRS	Federal payroll tax deposits	Wire	95,096.04
Employment Development Department	California payroll tax deposit	Wire	19,652.27
CalPERS	Deferred compensation withheld	Wire	18,684.06
VOYA	Deferred compensation withheld	Wire	7,748.96
Total August 10, 2021 Payroll Disbursements			<u>375,500.64</u>
TOTAL DISBURSEMENTS			<u><u>3,970,622.95</u></u>

Vallecitos Water District
 Active Water Meters
 July 31, 2021

Active Meters by Size as of July 31, 2021

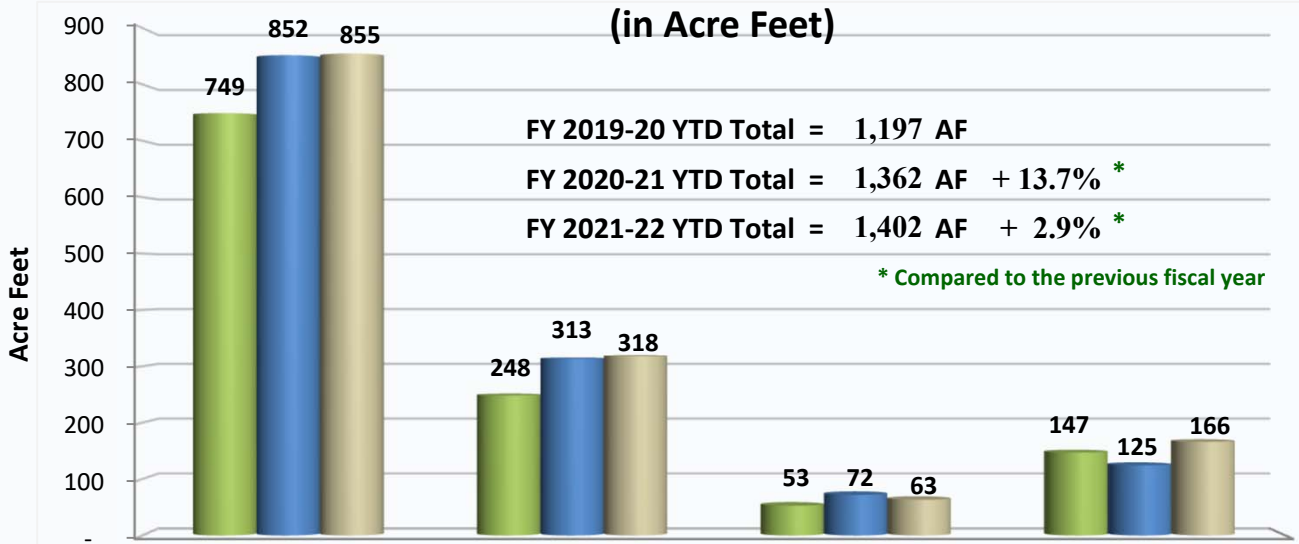


Active Meters by Type as of July 31, 2021



Vallejos Water District
 Water Production/Sales
 July 31, 2021

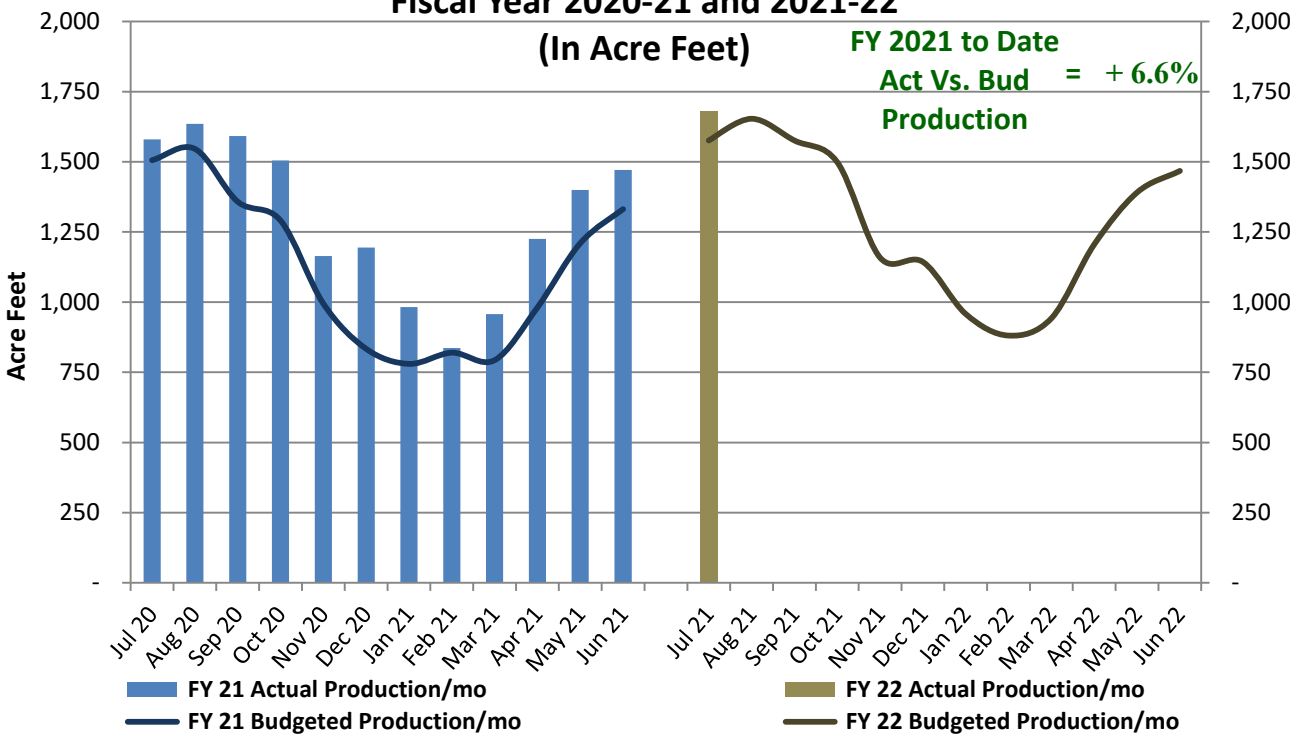
Water Sales FY 19-20, FY 20-21 and FY 21-22 (FYTD)
 (in Acre Feet)



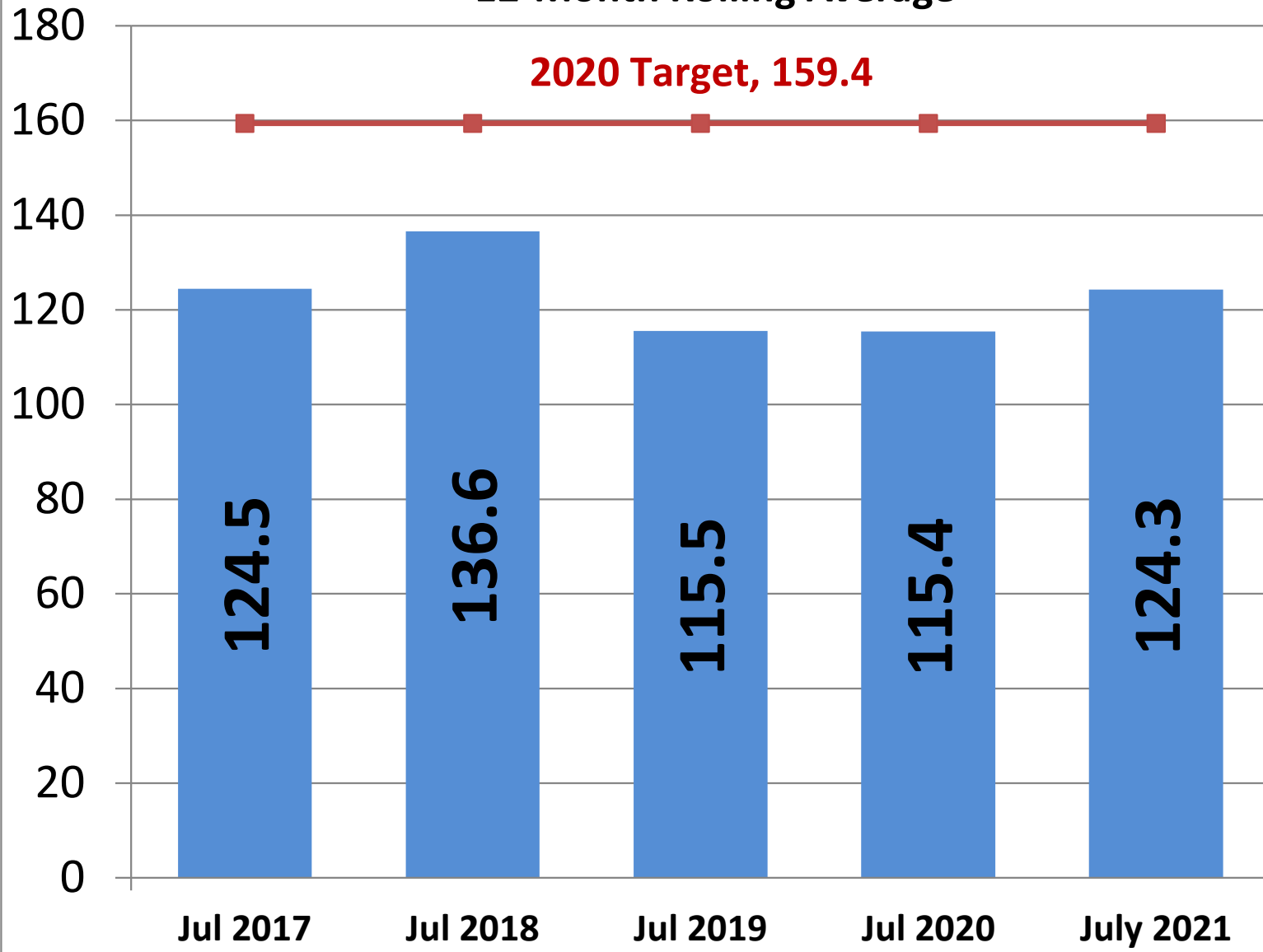
FY 2019-20 YTD Total = 1,197 AF
 FY 2020-21 YTD Total = 1,362 AF + 13.7% *
 FY 2021-22 YTD Total = 1,402 AF + 2.9% *
 * Compared to the previous fiscal year

	Residential	Irrigation	Agricultural	Commer/ Indust/ Const/ Oth
FY 19-20	749	248	53	147
FY 20-21	852	313	72	125
FY 21-22	855	318	63	166

Water Production Budget vs. Actual
 Fiscal Year 2020-21 and 2021-22
 (In Acre Feet)



Gallons per Capita per Day 12-Month Rolling Average



DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the month ended July 31, 2021, are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 1-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 any excess of expenses above revenues are paid for out of reserves. It's important to note that amounts shown in the in the Revenue and Expense reports are unaudited and do not reflect actual transfers to/from reserves. Actual transfers will be posted upon completion of the fiscal year-end audit.

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, debt service, PERS UAL Additional Discretionary Payments (ADP), and interest expense. Unaudited amounts for operating transfers are reflected in the reserve report using the most recent information available at the time of reporting. Actual transfers will be posted upon completion of the audit in November of the following fiscal year which may result in adjustments to the beginning reserve balances.

RECOMMENDATION:

For information only.

Vallecitos Water District
Water Revenue and Expense Report
For the One Month Ended July 31, 2021

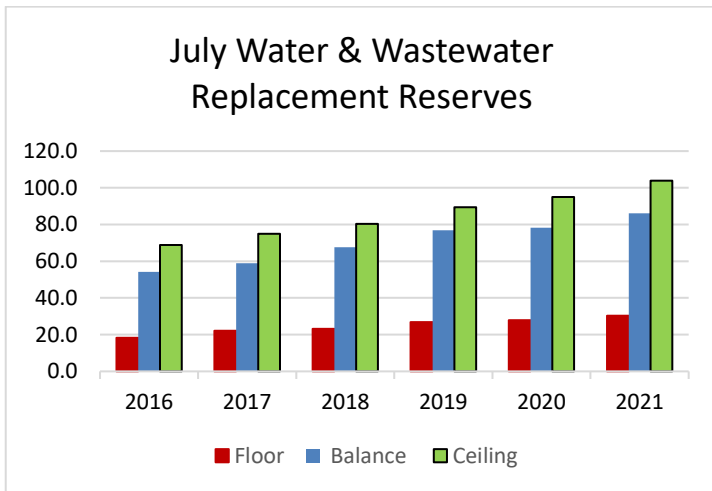
	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$ 3,220,868	\$ 3,057,419	\$ 163,449	5.3%	\$ 3,197,000	\$ 23,868	0.7%
Ready-to-serve	1,222,542	1,216,011	6,531	0.5%	1,190,000	32,542	2.7%
Pumping cost recovery	40,764	44,844	(4,080)	-9.1%	43,000	(2,236)	-5.2%
Late & lock charges	20,847	17,139	3,708	21.6%	31,000	(10,153)	-32.8%
Backflow fees	9,104	9,345	(241)	-2.6%	6,000	3,104	51.7%
Other revenue	9,810	10,029	(219)	-2.2%	9,500	310	3.3%
Total Revenue	4,523,935	4,354,787	169,148	3.9%	4,476,500	47,435	1.1%
Expenses							
Water costs	3,148,350	3,142,030	6,320	0.2%	3,358,000	(209,650)	-6.2%
Pumping costs	69,555	64,707	4,848	7.5%	94,000	(24,445)	-26.0%
Water quality	4,259	3,653	606	16.6%	15,000	(10,741)	-71.6%
Water treatment	26,483	40,447	(13,964)	-34.5%	39,000	(12,517)	-32.1%
Tanks & reservoirs	24,369	8,363	16,006	191.4%	33,000	(8,631)	-26.2%
Trans & distribution	111,011	121,873	(10,862)	-8.9%	157,000	(45,989)	-29.3%
Services	3,399	4,382	(983)	-22.4%	5,000	(1,601)	-32.0%
Meters	68,314	58,035	10,279	17.7%	80,000	(11,686)	-14.6%
Backflow prevention	-	4,964	(4,964)	-100.0%	6,000	(6,000)	-100.0%
Customer accounts	72,896	48,424	24,472	50.5%	74,000	(1,104)	-1.5%
Building & grounds	23,984	26,015	(2,031)	-7.8%	41,000	(17,016)	-41.5%
Equipment & vehicles	15,816	20,995	(5,179)	-24.7%	27,000	(11,184)	-41.4%
Engineering	106,665	116,424	(9,759)	-8.4%	135,000	(28,335)	-21.0%
Safety & compliance	10,145	13,843	(3,698)	-26.7%	25,000	(14,855)	-59.4%
Information Technology	75,723	65,981	9,742	14.8%	95,000	(19,277)	-20.3%
General & administrative	262,902	174,408	88,494	50.7%	264,000	(1,098)	-0.4%
Total Expenses	4,023,871	3,914,544	109,327	2.8%	4,448,000	(424,129)	-9.5%
Net Operating Income	\$ 500,064	\$ 440,243	59,821	13.6%	\$ 28,500	471,564	1654.6%

Vallecitos Water District
Sewer Revenue and Expense Report
For the One Month Ended July 31, 2021

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$ 1,535,051	\$ 1,506,330	\$ 28,721	1.9%	\$ 1,417,000	\$ 118,051	8.3%
Reclaimed water sales	247,917	232,833	15,084	6.5%	246,000	1,917	0.8%
Other revenue	9,071	11,564	(2,493)	-21.6%	19,000	(9,929)	-52.3%
Total Revenue	<u>1,792,039</u>	<u>1,750,727</u>	41,312	2.4%	<u>1,682,000</u>	110,039	6.5%
Expenses							
Collection & conveyance	144,982	146,422	(1,440)	-1.0%	197,000	(52,018)	-26.4%
Lift stations	13,274	13,687	(413)	-3.0%	18,000	(4,726)	-26.3%
Source Control	13,434	10,171	3,263	32.1%	16,000	(2,566)	-16.0%
Effluent disposal	278,250	253,750	24,500	9.7%	279,000	(750)	-0.3%
Meadowlark	178,717	155,641	23,076	14.8%	254,000	(75,283)	-29.6%
Customer Accounts	40,193	24,748	15,445	62.4%	48,000	(7,807)	-16.3%
Building & grounds	14,070	13,205	865	6.6%	20,000	(5,930)	-29.7%
Equipment & vehicles	14,438	12,962	1,476	11.4%	29,500	(15,062)	-51.1%
Engineering	46,120	62,633	(16,513)	-26.4%	74,000	(27,880)	-37.7%
Safety & compliance	4,887	5,237	(350)	-6.7%	15,000	(10,113)	-67.4%
Information technology	77,680	49,978	27,702	55.4%	71,000	6,680	9.4%
General & administrative	115,762	116,488	(726)	-0.6%	118,000	(2,238)	-1.9%
Total Expenses	<u>941,807</u>	<u>864,922</u>	76,885	8.9%	<u>1,139,500</u>	(197,693)	-17.3%
Net Operating Income	<u>\$ 850,232</u>	<u>\$ 885,805</u>	(35,573)	-4.0%	<u>\$ 542,500</u>	307,732	56.7%

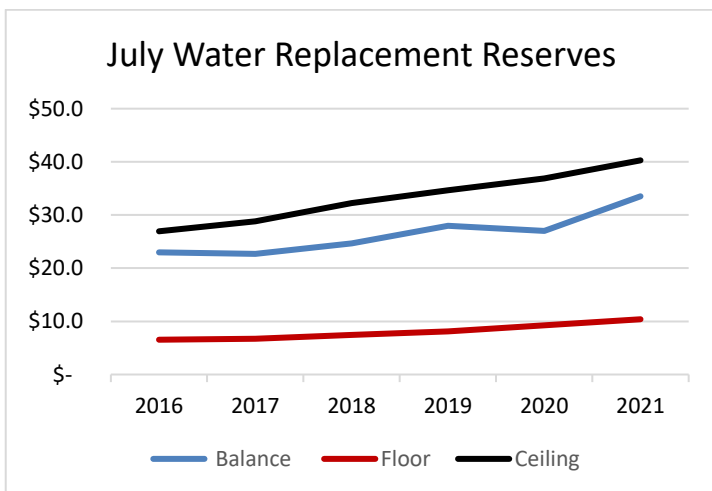
REPLACEMENT RESERVES

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 July 31, 2021, the total water and wastewater replacement reserve balance was \$86.2 million, 10.1 percent greater than July 31, 2020.



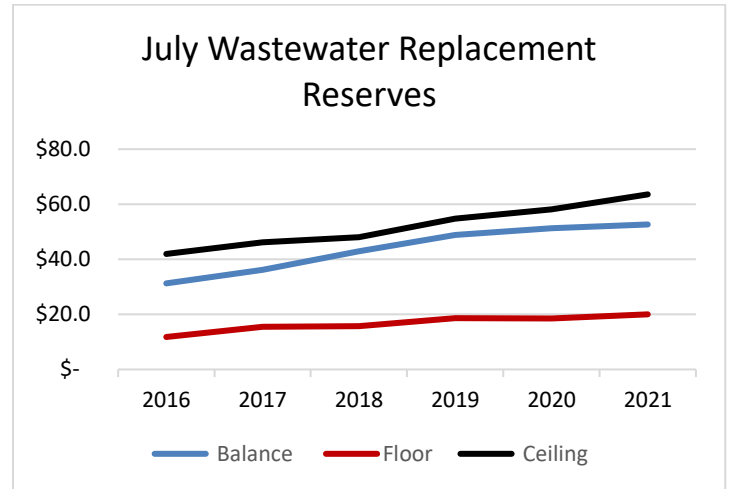
WATER REPLACEMENT RESERVE

As of July 31, 2021, the District’s water replacement reserve totaled \$33.5 million, an increase of 23.9 percent, or \$6.4 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.



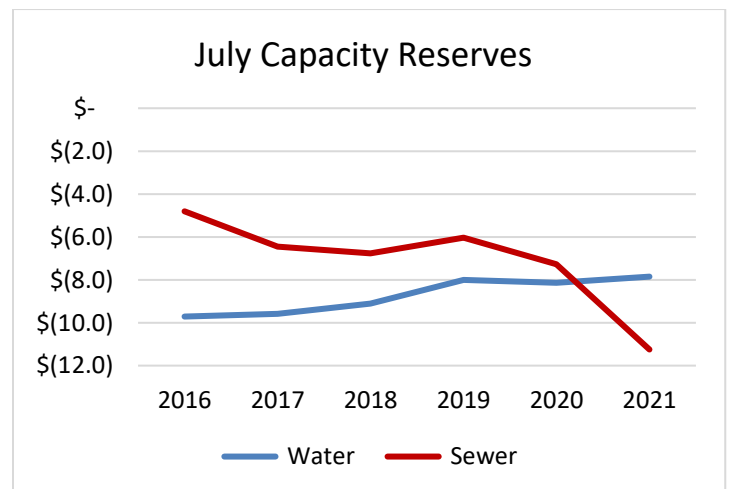
WASTEWATER REPLACEMENT RESERVE

As of July 31, 2021, the balance in the District’s wastewater replacement reserve totaled \$52.7 million, an increase of 2.8 percent, or \$1.4 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



CAPACITY RESERVES

The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of July 31, 2021, the water capacity fund had a deficit of \$7.8 million and the sewer capacity fund had a deficit of \$11.2 million. The District’s capital facility fees situation is expected to improve with the adoption of the new Master Plan and the corresponding capacity fee study.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE MONTH ENDED JULY 31, 2021

	110 Water 120		210 Wastewater 220		Total
	Replacement	Capacity	Replacement	Capacity	
BEGINNING BALANCE ⁽¹⁾	\$ 39,389,445	\$ (7,925,005)	\$ 60,698,440	\$ (10,591,638)	\$ 81,571,242
REVENUES					
FY 21/22 Operating Transfers ⁽²⁾	500,064	-	850,232	-	1,350,296
Annexation Fees	72,361	-	112,015	-	184,376
Capital Facility Fees	-	78,653	-	32,223	110,876
Investment Earnings	28,792	-	29,234	-	58,026
Property Tax	12,940	-	10,597	-	23,537
TOTAL REVENUES	614,157	78,653	1,002,078	32,223	1,727,111
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Authority Five Year Plan	-	-	1,636,401	-	1,636,401
San Marcos Interceptor Sewer	-	-	303,919	676,465	980,384
MRF Biological Selector Improvements	-	-	134,105	-	134,105
MRF - Replacement of Valve Actuators	-	-	66,451	-	66,451
Land Outfall West Condition Assessment	-	-	38,231	-	38,231
Technology Infrastructure Upgrades	15,533	-	14,924	-	30,457
Tres Amigos Water Line Replacement Phase 1	23,088	-	-	-	23,088
Montiel Lift Station And Forcemain Replacement	-	-	16,041	6,552	22,593
MRF: Conversion to Sodium Hypochlorite	-	-	13,683	-	13,683
Ductile Iron Pipe Condition Assessment	13,456	-	-	-	13,456
Via Vera Cruz Tank I: Asphalt Repair and Sealcoat	10,729	-	-	-	10,729
District Wide Solar Project	5,144	-	4,942	-	10,086
Palos Vista Tank I: Asphalt Repair and Sealcoat	9,487	-	-	-	9,487
Wulff Pressure Reducing Station	7,985	-	-	-	7,985
Failsafe Buena Sewer Outfall Condition Assessment	-	-	7,770	-	7,770
MRF Headworks - Upgrade/Replace Equipment	-	-	6,465	-	6,465
Richland Tank I: Asphalt Repair and Sealcoat	5,556	-	-	-	5,556
MRF - Tertiary Influent Chamber Repairs	-	-	5,481	-	5,481
District-Wide Valve Replacement Program	10,007	-	-	-	10,007
Richland Tank II: Asphalt Repair and Sealcoat	4,381	-	-	-	4,381
16-Inch Emergency Bypass Pipeline Rehabilitation	-	-	2,711	-	2,711
Sewer Lining and Rehab	-	-	1,569	-	1,569
MRF - Fall Protection Grating Installation	-	-	1,320	-	1,320
Fire Services - Backflow Preventer Upgrades	1,314	-	-	-	1,314
District-Wide SCADA Upgrade Project	644	-	619	-	1,263
All other capital projects	1,018	-	654	-	1,672
Capital Budget - Vehicles/Mobile Equipmnt	487	-	468	-	955
Total Capital Project Expenditures	108,829	-	2,255,754	683,017	3,047,600
Interest Expense	-	4,590	-	6,354	10,944
TOTAL DISTRIBUTIONS	108,829	4,590	2,255,754	689,371	3,058,544
ENDING BALANCE	\$ 39,894,774	\$ (7,850,942)	\$ 59,444,763	\$ (11,248,786)	\$ 80,239,809
Less: Operating Reserves	6,375,900	-	6,791,700	-	13,167,600
Replacement Reserves/Restricted Funds	\$ 33,518,874	\$ (7,850,942)	\$ 52,653,063	\$ (11,248,786)	\$ 67,072,209
Replacement reserve floor	\$ 10,394,000		\$ 20,006,200		
Replacement reserve ceiling	\$ 40,281,800		\$ 63,574,100		

Notes:

(1) Beginning balances represent ending balances from the prior year which are adjusted to actual cash and investment balances after completion of the audit around November of the current year

(2) Operating transfers from the unaudited revenue and expense reports are calculated using the most recent information available at the time of this report. Included for reporting purposes, actual transfer amounts will differ.

VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR JULY 2021

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 July follows:

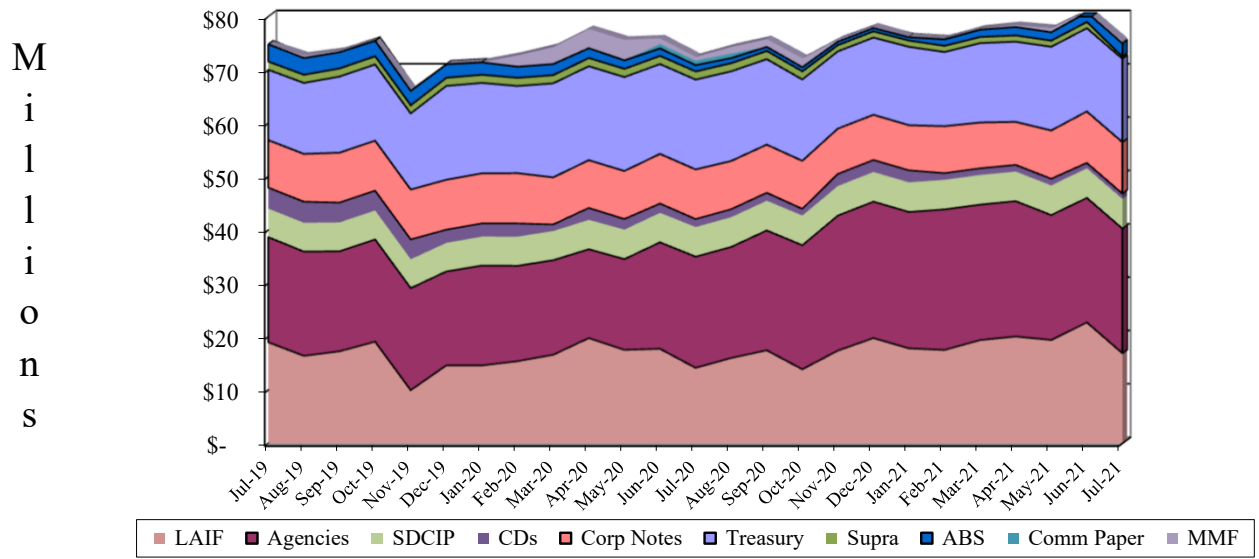
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
07/02/21	Deposit	LAIF	550,000	Open	0.22%
07/08/21	Withdrawal	LAIF	(500,000)	Open	0.22%
07/13/21	Deposit	LAIF	1,250,000	Open	0.22%
07/15/21	Interest	LAIF	17,339	Open	0.22%
07/16/21	Withdrawal	LAIF	(2,800,000)	Open	0.22%
07/19/21	Sold	Honda Auto Rec	(4,570)	05/18/22	3.01%
07/21/21	Purchased	John Deere Capital	219,980	03/16/26	0.52%
07/21/21	Sold	HAROT 2018-3 A3	(8,313)	08/22/22	2.95%
07/23/21	Matured	INTL BK RECON & DEV	(750,000)	07/23/21	2.75%
07/27/21	Withdrawal	LAIF	(2,600,000)	Open	0.22%
07/28/21	Purchased	Hyundai Auto Rec	464,897	01/15/26	0.59%
07/29/21	Withdrawal	LAIF	<u>(1,700,000)</u>	Open	0.22%
Change in investments during the month			<u>\$ (5,860,666)</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	0.990%
Weighted average days to maturity	456

The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of June 30, 2021. 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, 2021. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

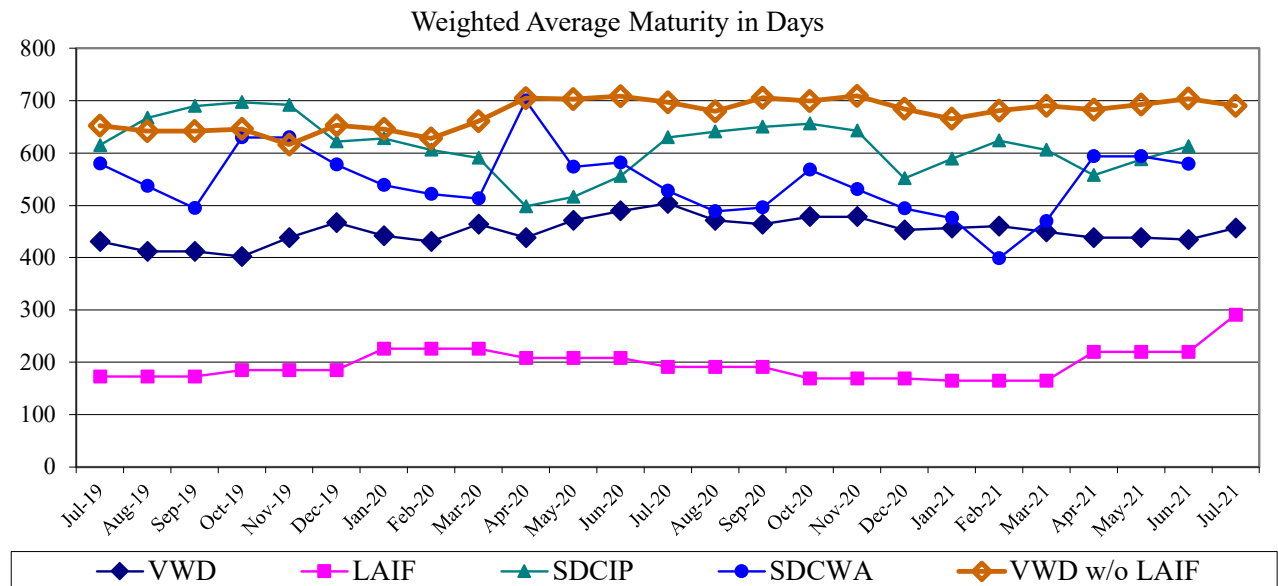
Safety

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



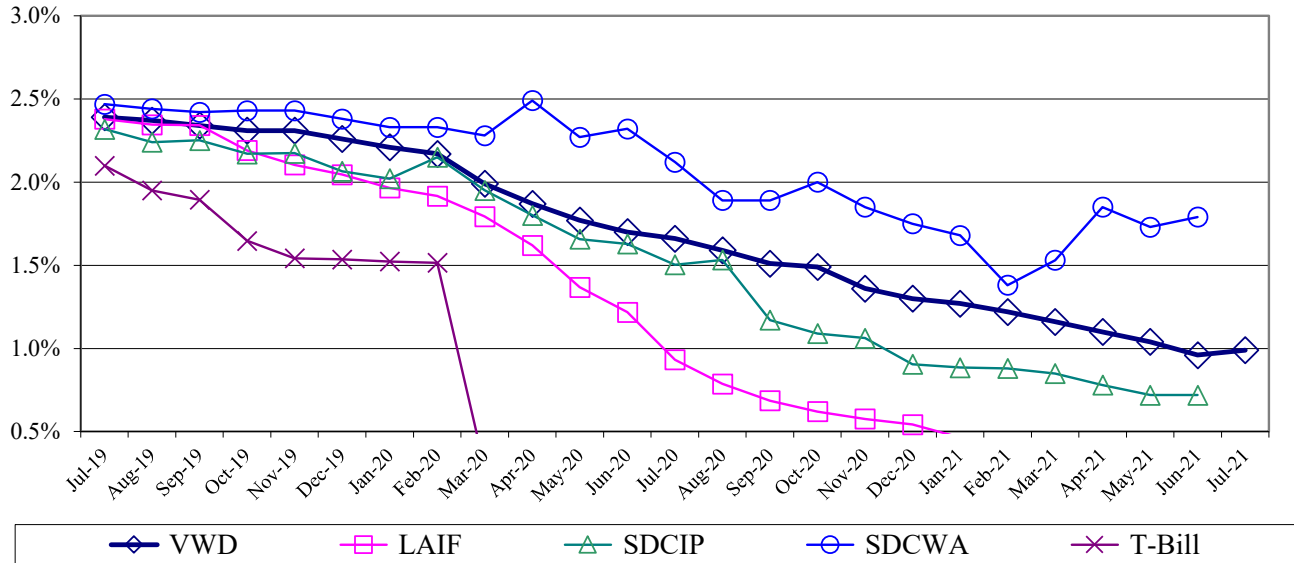
Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District’s liquidity to other managed portfolios. The District’s liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with \$16.9 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	1.25
Average Coupon	1.07%
Average Purchase YTM	0.99%
Average Market YTM	0.27%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	1.36 yrs
Average Life	1.27 yrs

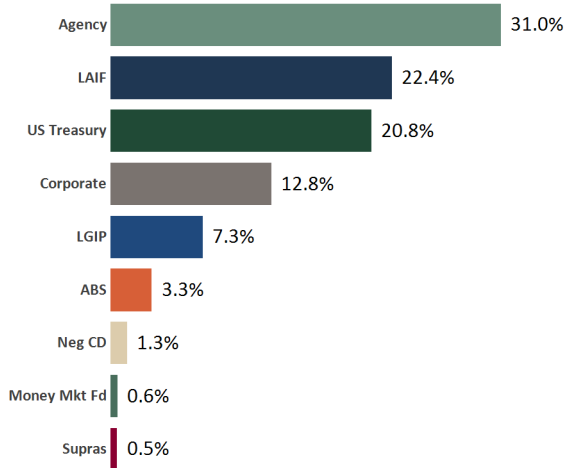
ACCOUNT SUMMARY

	Beg. Values as of 6/30/21	End Values as of 7/31/21
Market Value	81,085,929	75,411,227
Accrued Interest	191,884	176,030
Total Market Value	81,277,813	75,587,257
Income Earned	62,453	61,341
Cont/WD		
Par	80,279,053	74,573,138
Book Value	80,435,703	74,724,148
Cost Value	80,480,712	74,777,016

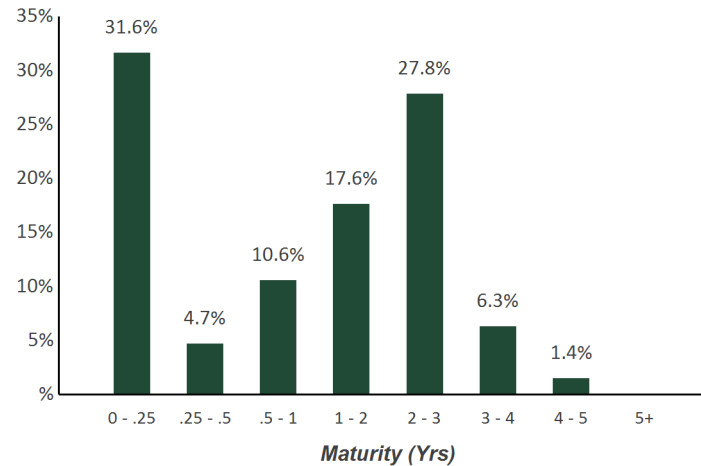
TOP ISSUERS

Local Agency Investment Fund	22.4%
Government of United States	20.8%
Federal Farm Credit Bank	9.9%
Federal Home Loan Mortgage Corp	8.4%
Federal Home Loan Bank	7.4%
County of San Diego Pooled Inve	7.3%
Federal National Mortgage Assoc	5.3%
Bank of Nova Scotia Houston	1.3%
Total	82.8%

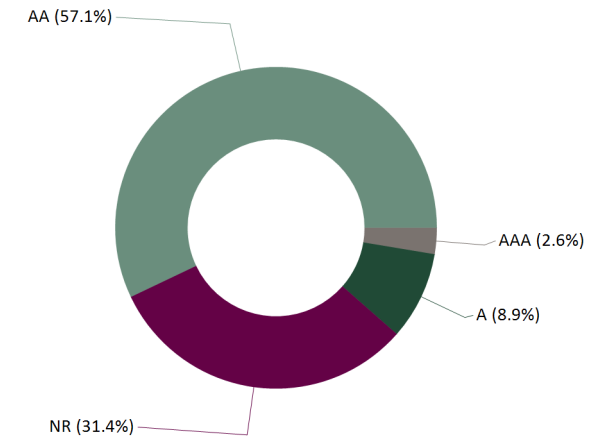
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of July 31, 2021



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									
43814UAG4	Honda Auto Receivables Trust 2018-2 A3 3.01% Due 5/18/2022	1,404.69	05/22/2018 3.03%	1,404.66 1,404.68	100.13 0.18%	1,406.56 1.53	0.00% 1.88	NR / AAA AAA	0.80 0.05
43815HAC1	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	25,723.73	08/21/2018 2.98%	25,720.20 25,722.79	100.43 0.15%	25,834.70 21.08	0.03% 111.91	Aaa / NR AAA	1.06 0.16
47789KAC7	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	275,000.00	03/04/2020 1.11%	274,983.20 274,988.47	100.91 0.14%	277,491.78 134.44	0.37% 2,503.31	Aaa / NR AAA	3.04 0.95
58769KAD6	Mercedes-Benz Auto Lease Trust 2021- B A3 0.4% Due 11/15/2024	255,000.00	06/22/2021 0.40%	254,980.75 254,981.43	100.12 0.34%	255,302.18 45.33	0.34% 320.75	NR / AAA AAA	3.30 1.98
89236XAC0	Toyota Auto Receivables 2020-D A3 0.35% Due 1/15/2025	220,000.00	10/06/2020 0.36%	219,959.01 219,966.71	100.10 0.27%	220,213.18 34.22	0.29% 246.47	NR / AAA AAA	3.46 1.23
43813GAC5	Honda Auto Receivables Trust 2021-1 A3 0.27% Due 4/21/2025	130,000.00	02/17/2021 0.27%	129,997.62 129,997.96	100.01 0.26%	130,018.07 9.75	0.17% 20.11	Aaa / NR AAA	3.73 1.48
89240BAC2	Toyota Auto Receivables Owners 2021- A A3 0.26% Due 5/15/2025	475,000.00	02/02/2021 0.27%	474,911.84 474,925.40	99.99 0.27%	474,956.30 54.89	0.63% 30.90	Aaa / NR AAA	3.79 1.55
47788UAC6	John Deere Owner Trust 2021-A A3 0.36% Due 9/15/2025	185,000.00	03/02/2021 0.37%	184,964.44 184,968.33	100.09 0.32%	185,160.03 29.60	0.25% 191.70	Aaa / NR AAA	4.13 2.05
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.38% Due 9/15/2025	225,000.00	04/20/2021 0.38%	224,976.33 224,978.35	100.06 0.35%	225,134.78 38.00	0.30% 156.43	NR / AAA AAA	4.13 1.90
44934KAC8	Hyundai Auto Receivables Trust 2021-B A3 0.38% Due 1/15/2026	465,000.00	07/20/2021 0.39%	464,897.37 464,897.73	99.99 0.38%	464,961.87 14.73	0.62% 64.14	NR / AAA AAA	4.46 2.32
47789QAC4	John Deere Owner Trust 2021-B A3 0.52% Due 3/16/2026	220,000.00	07/13/2021 0.52%	219,980.38 219,980.54	100.22 0.44%	220,473.00 31.78	0.29% 492.46	Aaa / NR AAA	4.63 2.57
Total ABS		2,477,128.42	0.48%	2,476,775.80 2,476,812.39	0.31%	2,480,952.45 415.35	3.28% 4,140.06	Aaa / AAA AAA	3.85 1.78

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of July 31, 2021



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									
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	1,000,000.00	12/26/2018 2.70%	1,002,780.00 1,000,353.26	101.01 0.12%	1,010,110.00 3,422.22	1.34% 9,756.74	Aaa / AA+ AAA	0.38 0.38
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	1,000,000.00	03/25/2020 0.63%	1,031,090.00 1,007,796.12	101.03 0.08%	1,010,328.00 1,187.50	1.34% 2,531.88	Aaa / AA+ AAA	0.45 0.45
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	750,000.00	02/27/2019 2.55%	750,075.00 750,014.51	101.45 0.06%	760,902.75 7,968.75	1.02% 10,888.24	Aaa / AA+ AAA	0.58 0.58
313378WG2	FHLB Note 2.5% Due 3/11/2022	500,000.00	04/08/2019 2.36%	501,945.00 500,404.68	101.48 0.08%	507,382.00 4,861.11	0.68% 6,977.32	Aaa / AA+ NR	0.61 0.60
3135G0V59	FNMA Note 2.25% Due 4/12/2022	1,000,000.00	03/24/2020 0.59%	1,033,760.00 1,011,463.96	101.51 0.09%	1,015,070.00 6,812.50	1.35% 3,606.04	Aaa / AA+ AAA	0.70 0.69
3133ELYR9	FFCB Note 0.25% Due 5/6/2022	1,050,000.00	04/30/2020 0.31%	1,048,666.50 1,049,492.17	100.13 0.08%	1,051,356.60 619.79	1.39% 1,864.43	Aaa / AA+ AAA	0.76 0.76
3133ELN26	FFCB Note 0.26% Due 6/22/2022	1,000,000.00	06/17/2020 0.28%	999,530.00 999,790.75	100.19 0.05%	1,001,899.00 281.67	1.33% 2,108.25	Aaa / AA+ AAA	0.89 0.89
313383WD9	FHLB Note 3.125% Due 9/9/2022	500,000.00	01/30/2019 2.68%	507,580.00 502,325.22	103.19 0.23%	515,960.50 6,163.19	0.69% 13,635.28	Aaa / AA+ AAA	1.11 1.08
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,003,753.72	103.87 0.14%	1,038,743.00 4,333.33	1.38% 34,989.28	Aaa / AA+ AAA	1.36 1.33
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	985,000.00	05/05/2020 0.39%	984,586.30 984,757.00	100.35 0.17%	988,481.98 882.40	1.31% 3,724.98	Aaa / AA+ AAA	1.76 1.75
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	1,055,000.00	05/20/2020 0.35%	1,051,824.45 1,053,088.87	100.22 0.13%	1,057,297.79 505.52	1.40% 4,208.92	Aaa / AA+ AAA	1.81 1.80
3133834G3	FHLB Note 2.125% Due 6/9/2023	650,000.00	10/30/2019 1.66%	660,432.50 655,362.80	103.61 0.17%	673,479.30 1,995.14	0.89% 18,116.50	Aaa / AA+ NR	1.86 1.82
3135G05G4	FNMA Note 0.25% Due 7/10/2023	875,000.00	07/08/2020 0.32%	873,118.75 873,783.63	100.11 0.19%	875,998.38 127.60	1.16% 2,214.75	Aaa / AA+ AAA	1.94 1.94
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,002,415.01	102.83 0.21%	1,028,279.00 7,422.22	1.37% 25,863.99	Aaa / AA+ AAA	2.04 2.00
3137EAEV7	FHLMC Note 0.25% Due 8/24/2023	1,000,000.00	09/24/2020 0.24%	1,000,230.00 1,000,162.93	100.09 0.20%	1,000,929.00 1,090.28	1.33% 766.07	Aaa / AA+ AAA	2.07 2.06
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 713,362.88	104.53 0.22%	731,698.10 6,603.82	0.98% 18,335.22	Aaa / AA+ NR	2.11 2.04

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of July 31, 2021



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									
3137EAEW5	FHLMC Note 0.25% Due 9/8/2023	660,000.00	09/02/2020 0.26%	659,782.20 659,847.80	100.03 0.23%	660,209.88 655.42	0.87% 362.08	Aaa / AA+ AAA	2.11 2.09
3133EMBS0	FFCB Note 0.2% Due 10/2/2023	1,000,000.00	11/12/2020 0.28%	997,720.00 998,285.13	99.97 0.21%	999,719.00 661.11	1.32% 1,433.87	Aaa / AA+ AAA	2.17 2.16
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	825,000.00	10/14/2020 0.25%	821,922.75 822,734.92	99.73 0.25%	822,808.80 300.78	1.09% 73.88	Aaa / AA+ AAA	2.21 2.20
3137EAEZ8	FHLMC Note 0.25% Due 11/6/2023	1,075,000.00	11/03/2020 0.28%	1,074,032.50 1,074,269.96	100.01 0.25%	1,075,099.98 634.55	1.42% 830.02	Aaa / AA+ AAA	2.27 2.25
3137EAF A2	FHLMC Note 0.25% Due 12/4/2023	770,000.00	12/02/2020 0.28%	769,237.70 769,404.78	100.09 0.21%	770,695.31 304.79	1.02% 1,290.53	Aaa / AA+ AAA	2.35 2.33
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,018,030.98	104.62 0.28%	1,046,206.00 3,312.50	1.39% 28,175.02	Aaa / AA+ NR	2.36 2.30
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,025,849.28	105.58 0.27%	1,055,784.00 12,222.22	1.41% 29,934.72	Aaa / AA+ AAA	2.52 2.42
3133EKMX1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 755,850.00	104.89 0.31%	786,699.00 7,340.42	1.05% 30,849.00	Aaa / AA+ AAA	2.57 2.48
3133EMRZ7	FFCB Note 0.25% Due 2/26/2024	850,000.00	02/22/2021 0.26%	849,694.00 849,737.59	99.92 0.28%	849,303.85 914.93	1.12% (433.74)	Aaa / AA+ AAA	2.58 2.56
3130A7PH2	FHLB Note 1.875% Due 3/8/2024	1,000,000.00	03/03/2020 0.85%	1,040,350.00 1,026,165.53	104.01 0.33%	1,040,094.00 7,447.92	1.39% 13,928.47	Aaa / AA+ NR	2.61 2.53
Total Agency		22,995,000.00	1.01%	23,229,566.65 23,108,503.48	0.19%	23,374,535.22 88,071.68	31.04% 266,031.74	Aaa / AA+ AAA	1.71 1.68
CORPORATE									
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	500,000.00	07/20/2018 3.19%	478,045.00 499,250.88	100.15 0.24%	500,769.50 3,352.78	0.67% 1,518.62	A3 / A- NR	0.11 0.11
89233P5F9	Toyota Motor Credit Corp Note 3.4% Due 9/15/2021	500,000.00	05/31/2018 3.03%	505,785.00 500,217.12	100.37 0.33%	501,870.50 6,422.22	0.67% 1,653.38	A1 / A+ A+	0.13 0.12
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 498,700.20	101.03 0.26%	505,130.00 920.14	0.67% 6,429.80	A2 / A A	0.44 0.43
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 298,932.86	100.64 0.22%	301,927.50 3,389.17	0.40% 2,994.64	A2 / A NR	0.55 0.29

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of July 31, 2021



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									
037833CQ1	Apple Inc Callable Note Cont 4/11/2022 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 496,348.71	101.36 0.33%	506,808.00 2,555.56	0.67% 10,459.29	Aa1 / AA+ NR	0.78 0.69
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 498,854.53	102.19 0.22%	510,932.50 3,166.67	0.68% 12,077.97	Aa2 / AA A+	0.79 0.78
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,051.10	102.66 0.18%	513,308.00 2,812.50	0.68% 13,256.90	Aa3 / AA- NR	0.84 0.82
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 406,484.88	104.37 0.27%	417,484.80 733.33	0.55% 10,999.92	A2 / A- AA-	1.45 1.42
90331HNL3	US Bank NA Callable Note Cont 12/23/2022 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 483,907.55	103.66 0.22%	497,587.20 304.00	0.66% 13,679.65	A1 / AA- AA-	1.48 1.38
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 508,870.04	105.77 0.23%	528,864.50 2,576.39	0.70% 19,994.46	A2 / A A+	1.85 1.73
69371RQ82	Paccar Financial Corp Note 0.8% Due 6/8/2023	300,000.00	06/01/2020 0.85%	299,583.00 299,742.56	100.85 0.34%	302,547.00 353.33	0.40% 2,804.44	A1 / A+ NR	1.85 1.84
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 506,392.24	105.61 0.31%	528,033.00 1,652.78	0.70% 21,640.76	Aa2 / AA AA	1.90 1.78
808513BN4	Charles Schwab Corp Callable Note Cont 2/18/2024 0.75% Due 3/18/2024	600,000.00	Various 0.70%	600,858.00 600,752.27	100.73 0.46%	604,398.00 1,662.50	0.80% 3,645.73	A2 / A A	2.63 2.52
023135BW5	Amazon.com Inc Callable Note Cont 11/12/2021 0.45% Due 5/12/2024	420,000.00	05/10/2021 0.50%	419,386.80 419,432.12	99.98 0.46%	419,910.54 414.75	0.56% 478.42	A1 / AA AA-	2.78 2.76
14913R2L0	Caterpillar Financial Service Note 0.45% Due 5/17/2024	665,000.00	05/10/2021 0.50%	664,108.90 664,170.69	100.19 0.38%	666,266.16 615.13	0.88% 2,095.47	A2 / A A	2.80 2.77
24422EVQ9	John Deere Capital Corp Note 0.45% Due 6/7/2024	395,000.00	06/07/2021 0.49%	394,506.25 394,529.74	99.83 0.51%	394,339.17 251.81	0.52% (190.57)	A2 / A A	2.85 2.83
89236TJH9	Toyota Motor Credit Corp Note 0.5% Due 6/18/2024	400,000.00	06/15/2021 0.54%	399,524.00 399,543.11	99.73 0.60%	398,914.40 238.89	0.53% (628.71)	A1 / A+ A+	2.88 2.85
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 7/15/2024	105,000.00	06/29/2021 0.64%	104,946.45 104,947.42	100.27 0.34%	105,280.35 34.64	0.14% 332.93	A2 / A+ NR	2.96 0.95

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of July 31, 2021



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									
78015K7C2	Royal Bank of Canada Note 2.25% Due 11/1/2024	500,000.00	05/19/2021 0.74%	525,645.00 524,179.57	104.93 0.71%	524,648.00 2,812.50	0.70% 468.43	A2 / A AA-	3.26 3.13
46647PBY1	JP Morgan Chase & Co Callable Note Cont 2/16/2024 0.563% Due 2/16/2025	365,000.00	02/09/2021 0.54%	365,000.00 365,000.00	99.63 0.71%	363,644.39 941.85	0.48% (1,355.61)	A2 / A- AA-	3.55 2.51
46647PCH7	JP Morgan Chase & Co Callable Note Cont 6/1/2024 0.824% Due 6/1/2025	555,000.00	05/24/2021 0.74%	555,720.85 555,690.75	100.07 0.80%	555,411.26 762.20	0.74% (279.49)	A2 / A- AA-	3.84 2.79
Total Corporate		9,485,000.00	1.88%	9,512,469.55 9,525,998.34	0.39%	9,648,074.77 35,973.14	12.81% 122,076.43	A1 / A+ A+	1.86 1.68
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	16,897,067.70	Various 0.22%	16,897,067.70 16,897,067.70	1.00 0.22%	16,897,067.70 4,030.62	22.36% 0.00	NR / NR NR	0.00 0.00
Total LAIF		16,897,067.70	0.22%	16,897,067.70 16,897,067.70	0.22%	16,897,067.70 4,030.62	22.36% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,553,000.00	Various 0.73%	5,553,000.00 5,553,000.00	1.00 0.73%	5,553,000.00 0.00	7.35% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,553,000.00	0.73%	5,553,000.00 5,553,000.00	0.73%	5,553,000.00 0.00	7.35% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND									
261908206	Dreyfus Treasury Money Market Fund	420,942.31	Various 0.01%	420,942.31 420,942.31	1.00 0.01%	420,942.31 0.00	0.56% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund		420,942.31	0.01%	420,942.31 420,942.31	0.01%	420,942.31 0.00	0.56% 0.00	Aaa / AAA NR	0.00 0.00

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of July 31, 2021



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									
06417MMB8	Bank of Nova Scotia Houston Yankee CD 0.28% Due 11/24/2021	1,000,000.00	11/24/2020 0.28%	1,000,000.00 1,000,000.00	100.00 0.28%	1,000,000.00 1,936.67	1.33% 0.00	P-1 / A-1 F-1+	0.32 0.32
Total Negotiable CD		1,000,000.00	0.28%	1,000,000.00	0.28%	1,000,000.00 1,936.67	1.33% 0.00	Aaa / AA AAA	0.32 0.32
SUPRANATIONAL									
459058JM6	Intl. Bank Recon & Development Note 0.25% Due 11/24/2023	395,000.00	11/17/2020 0.32%	394,150.75 394,344.64	99.90 0.29%	394,597.10 183.78	0.52% 252.46	Aaa / AAA AAA	2.32 2.30
Total Supranational		395,000.00	0.32%	394,150.75 394,344.64	0.29%	394,597.10 183.78	0.52% 252.46	Aaa / AAA AAA	2.32 2.30
US TREASURY									
912828XR6	US Treasury Note 1.75% Due 5/31/2022	750,000.00	09/24/2018 2.93%	719,208.98 743,058.27	101.38 0.09%	760,371.00 2,223.36	1.01% 17,312.73	Aaa / AA+ AAA	0.83 0.83
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 993,771.14	101.78 0.10%	1,017,773.00 50.95	1.35% 24,001.86	Aaa / AA+ AAA	1.00 0.99
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 741,891.38	101.93 0.10%	764,443.50 5,884.85	1.02% 22,552.12	Aaa / AA+ AAA	1.08 1.07
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 993,874.15	102.06 0.11%	1,020,586.00 6,301.23	1.36% 26,711.85	Aaa / AA+ AAA	1.17 1.15
912828M80	US Treasury Note 2% Due 11/30/2022	800,000.00	12/24/2019 1.70%	806,875.00 803,122.66	102.51 0.12%	820,062.40 2,710.38	1.09% 16,939.74	Aaa / AA+ AAA	1.33 1.32
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,762.57	103.89 0.16%	1,038,867.00 8,401.64	1.39% 39,104.43	Aaa / AA+ AAA	1.67 1.63
912828R28	US Treasury Note 1.625% Due 4/30/2023	1,000,000.00	12/04/2019 1.60%	1,000,898.44 1,000,460.79	102.54 0.17%	1,025,430.00 4,106.66	1.36% 24,969.21	Aaa / AA+ AAA	1.75 1.72
912828R69	US Treasury Note 1.625% Due 5/31/2023	1,100,000.00	Various 2.00%	1,083,765.62 1,092,792.65	102.64 0.18%	1,129,089.50 3,028.01	1.50% 36,296.85	Aaa / AA+ AAA	1.83 1.81



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									
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,000,000.00	09/25/2019 1.60%	1,000,898.44 1,000,493.06	103.13 0.23%	1,031,328.00 4,106.66	1.37% 30,834.94	Aaa / AA+ AAA	2.25 2.21
91282CBE0	US Treasury Note 0.125% Due 1/15/2024	1,000,000.00	01/12/2021 0.24%	996,445.31 997,088.08	99.67 0.26%	996,719.00 57.74	1.32% (369.08)	Aaa / AA+ AAA	2.46 2.45
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,012,858.96	104.94 0.27%	1,049,414.00 61.14	1.39% 36,555.04	Aaa / AA+ AAA	2.50 2.44
912828X70	US Treasury Note 2% Due 4/30/2024	1,000,000.00	03/03/2020 0.71%	1,052,539.06 1,034,714.54	104.63 0.31%	1,046,289.00 5,054.35	1.39% 11,574.46	Aaa / AA+ AAA	2.75 2.67
91282CCC3	US Treasury Note 0.25% Due 5/15/2024	1,000,000.00	05/12/2021 0.36%	996,875.00 997,092.09	99.81 0.32%	998,125.00 529.89	1.32% 1,032.91	Aaa / AA+ AAA	2.79 2.78
91282CCG4	US Treasury Note 0.25% Due 6/15/2024	1,000,000.00	06/10/2021 0.33%	997,695.31 997,794.14	99.77 0.33%	997,734.00 321.04	1.32% (60.14)	Aaa / AA+ AAA	2.88 2.86
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	1,000,000.00	03/03/2021 0.54%	998,515.63 998,665.26	100.04 0.49%	1,000,391.00 1,680.33	1.33% 1,725.74	Aaa / AA+ AAA	3.67 3.62
912828ZL7	US Treasury Note 0.375% Due 4/30/2025	950,000.00	04/12/2021 0.66%	939,238.28 940,039.22	99.52 0.50%	945,435.25 900.31	1.25% 5,396.03	Aaa / AA+ AAA	3.75 3.71
Total US Treasury		15,350,000.00	1.51%	15,293,042.96 15,347,478.96	0.24%	15,642,057.65 45,418.54	20.75% 294,578.69	Aaa / AA+ AAA	2.14 2.11
TOTAL PORTFOLIO		74,573,138.43	0.99%	74,777,015.72 74,724,147.82	0.27%	75,411,227.20 176,029.78	100.00% 687,079.38	Aa1 / AA AAA	1.36 1.25
TOTAL MARKET VALUE PLUS ACCRUED						75,587,256.98			

**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Total
General Counsel Services	\$ 6,304	\$ 8,572	\$ 46,859	\$ 9,405	\$ 32,375	\$ 6,534	\$ 34,002	\$ 7,971	\$ 4,303	\$ 33,300	\$ 10,756	\$ 4,232	\$ 13,238	\$ 217,850
Labor/Employment	2,297	559	541	601	785	1,123	1,013	2,859	1,275	1,183	800	2,241	2,487	17,763.50
Engineering - Construction/Contracting	8,966	9,810	6,164	10,280	11,791	7,949	5,363	6,985	5,005	3,575	4,180	1,348	3,033	84,447.27
Fees and Taxes	-	180	215	156	-	-	-	-	-	-	890	491	-	1,932.21
Environmental	870	-	829	-	-	-	-	-	154	1,934	-	-	-	3,786.50
Adv. Butler	319	797	908	34	2,949	658	1,412	-	138	2,757	4,150	1,722	275	16,115.49
Renewable Energy	630	-	92	-	-	-	215	92	-	307	-	-	645	1,980.80
Litigation	-	565	61	768	4,386	5,312	3,937	3,197	5,198	4,276	7,568	6,060	4,840	46,168.16
Driscoll & Omens Prop 218 Sole	592	188	834	3,450	887	1,462	2,972	911	2,598	2,938	1,609	1,209	1,562	21,212.36
Driscoll & Omens Prop 218 Shared	1,406	466	429	1,433	1,685	1,021	502	547	429	204	142	301	318	8,883.62
Driscoll & Omens Prop 218 PRA Requests	-	-	-	-	2,138	964	1,280	3,544	774	1,272	510	619	481	11,582.15
Total	\$ 21,383	\$ 21,137	\$ 56,932	\$ 26,126	\$ 56,996	\$ 25,024	\$ 50,695	\$ 26,106	\$ 19,873	\$ 51,745	\$ 30,605	\$ 18,223	\$ 26,877	\$ 431,722

DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 2 IMPROVEMENTS (KB HOMES COASTAL, INC.)

BACKGROUND:

KB Homes Coastal, owner of the project, has completed the plan check process with the District for the San Marcos Highlands Phase 2 Improvements. The project is located on North Las Posas Road, north of Borden Road.

The VWD Board adopted the resolution ordering water and sewer annexation of the project property on January 20, 2021, and approved the construction agreement for Phase 1 Improvements on June 16, 2021.

DISCUSSION:

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

San Marcos Highlands Phase 2 will construct approximately 924 feet of 8-inch diameter PVC water main and 905 feet of 8-inch diameter PVC sewer main. Upon completion of the water and sewer facilities, water and sewer service will be available to 37 single family homes for Phase 2. The ultimate buildout of the development will be in subsequent phasing that will include additional water and sewer infrastructure, with a total of 187 single family lots for the San Marcos Highlands Development.

All engineering fees and inspection deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are due and payable prior to issuance of the final building inspection and/or utility release per Resolution 1441. Based on the current fees this will total \$293,595.00 for water and \$482,887.00 for wastewater Capital Facility Fees for Phase 2.

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

Labor and Materials	\$421,311.70
Faithful Performance	\$421,311.70

FISCAL IMPACT:

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

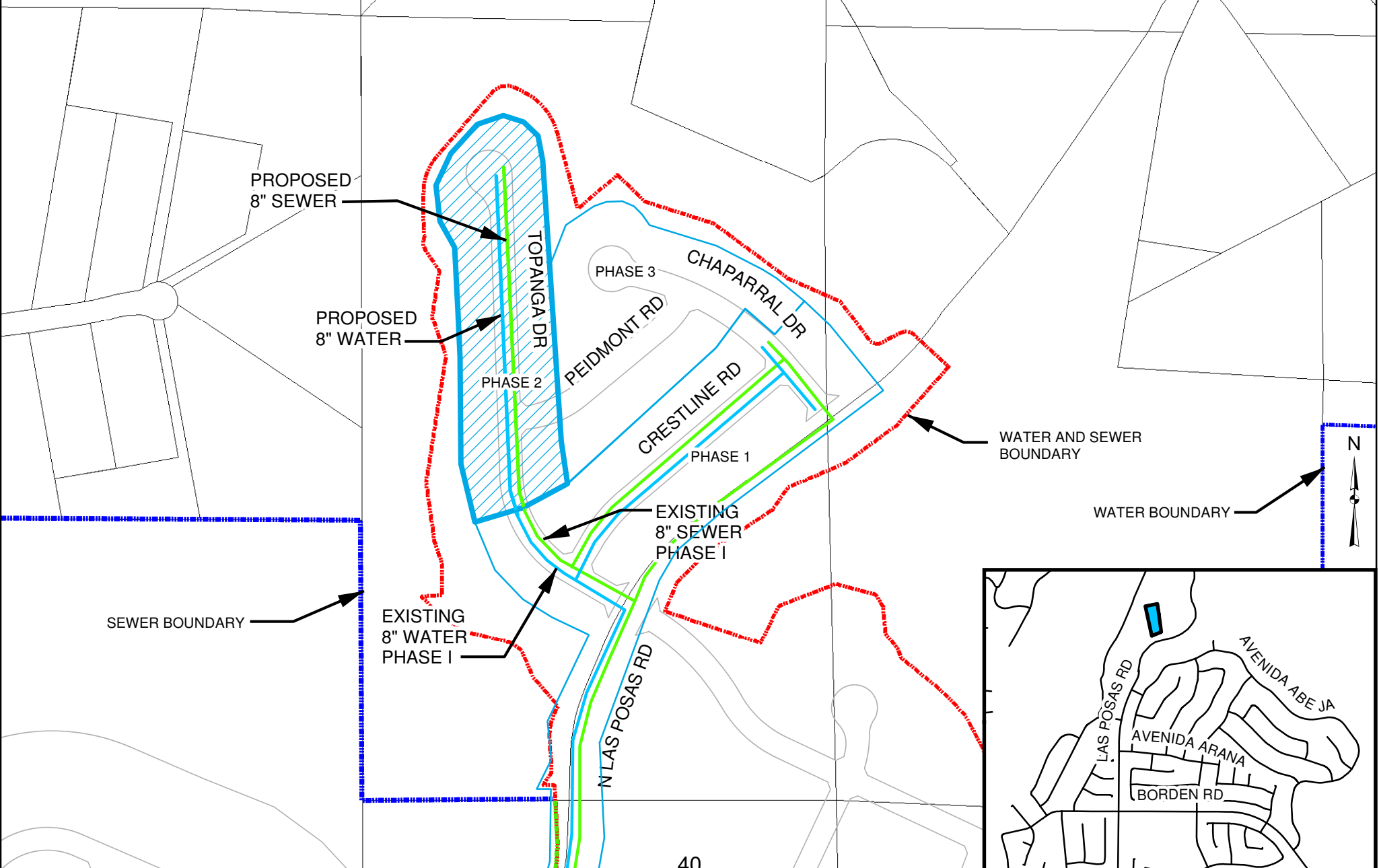
RECOMMENDATION:

Approve the construction agreement for San Marcos Highlands Phase 2 Improvements.

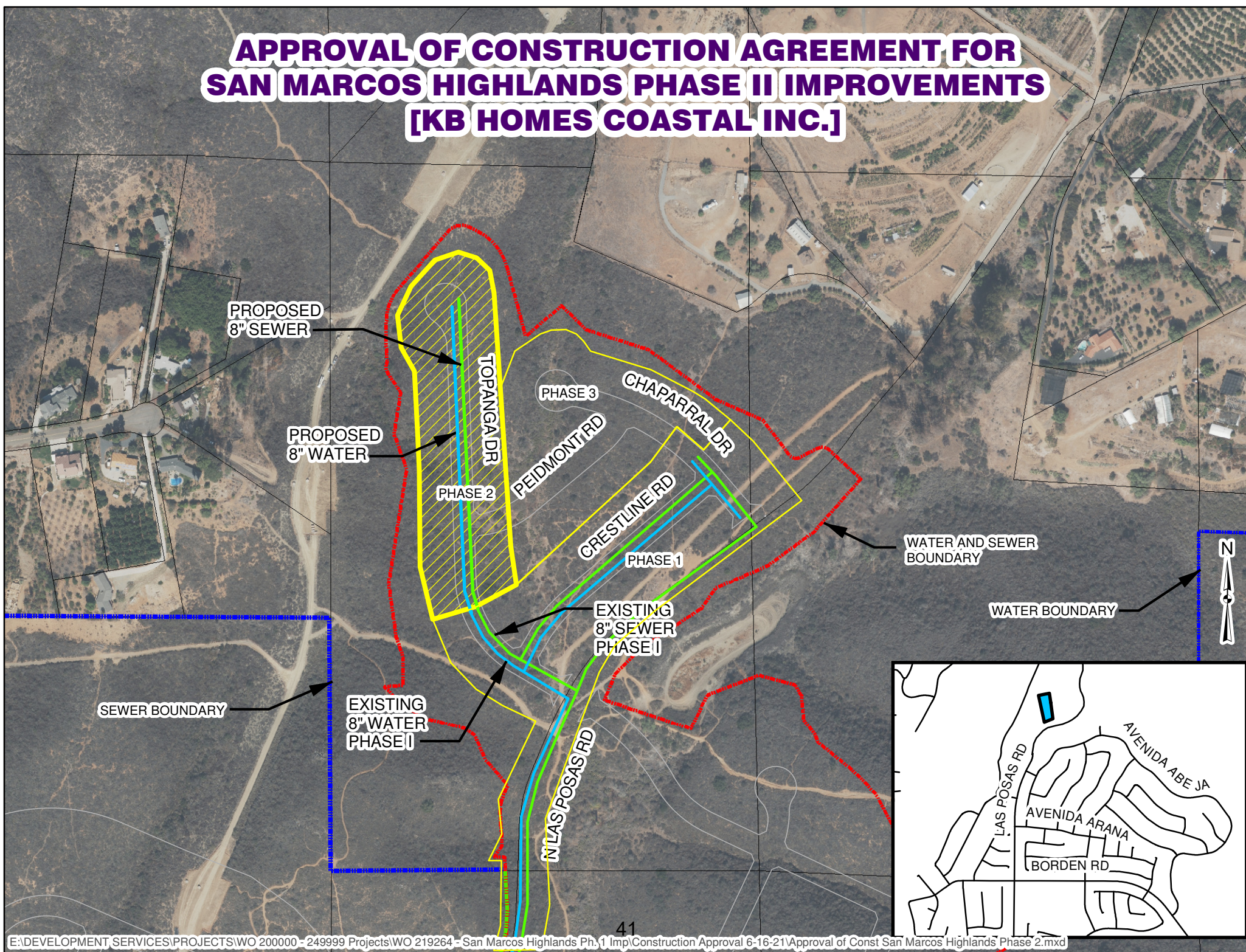
ATTACHMENTS:

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

APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE II IMPROVEMENTS [KB HOMES COASTAL INC.]



APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE II IMPROVEMENTS [KB HOMES COASTAL INC.]



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

THIS AGREEMENT is entered into by and between VALLECITOS WATER DISTRICT (“DISTRICT”), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **KB HOME COASTAL INC.** (“DEVELOPER”), a California Corporation.

RECITALS

1. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **10.92** acres commonly described as Tax Assessor's Parcel Nos. **182-110-02, 182-110-03, 182-111-01, 182-102-44, 184-101-14, 184-102-18, 184-102-32, 184-240-13, 184-240-14, 184-240-15, 184-240-32, 184-240-33, 184-241-05, 184-241-06, 184-241-07 & 184-241-08** (“PROJECT”).

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

3. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **Excel Engineering – 440 State Place Escondido, CA 92029** and are identified as **San Marcos Highlands Phase 2 Improvements – VWD WO 241172**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before _____, 202___. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

COVENANTS

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

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

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

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

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

5. COMMERCIAL GENERAL LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER

shall provide and maintain the following commercial general liability and automobile liability insurance:

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

 - A. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001);
 - B. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto).
- 5.2 LIMITS.** The DEVELOPER shall maintain limits no less than the following:

 - A. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
 - B. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.
- 5.3 REQUIRED PROVISIONS.** The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

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

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

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

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

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

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

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

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

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

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

8. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. The DEVELOPER and all sub-DEVELOPERS shall insure (or be a qualified self-insured) under

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

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

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

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

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

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

13. SECURITY. Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$421,638.30**. Each payment and performance bond shall represent 100% of the estimated construction costs of the FACILITIES. Bonds shall be furnished by surety companies satisfactory to the DISTRICT. Surety companies, to be acceptable to the DISTRICT,

must have an acceptable rating from Best's Key Rating Guide, authorized to do business and have an agent for service of process in California.

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

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

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

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

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

15. EASEMENTS. Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to

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

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

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

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

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

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

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

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

22. WATER SERVICE MAINTENANCE AFTER ACCEPTANCE OF WORK. Due to the uncertainty of prompt sale/construction/occupancy of the project's lots and based on the

need to provide adequate flow to residences, DEVELOPER shall be responsible for periodic flushing of the services within the subdivision until such time as the subdivision is sold. The DISTRICT and DEVELOPER will cooperate to provide manpower and schedule work.

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

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

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

26. WARRANTY. DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee

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

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

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

29. CASH DEPOSITS. DEVELOPER shall provide the DISTRICT with an initial cash deposit in the amount of **\$20,726.50** to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to **\$1,500.00**, DEVELOPER agrees to deposit such additional sums as the DISTRICT may determine from time to time to cover all fees and costs of the DISTRICT. Prior to final acceptance of the project, a final accounting will be forwarded to the developer for payment. Additional deposits for additional inspections after acceptance of the project may be requested.

30. MISCELLANEOUS PROVISIONS.

30.1 VENUE. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

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

advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.

30.10 NO WAIVER. The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.

30.11 NOTICES. All letters, statements or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

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

**“DISTRICT”
VALLECITOS WATER DISTRICT**

By: _____

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District

Dated: _____

“DEVELOPER”

Name: _____

Title: _____

Company: **KB HOME COASTAL INC.**

Signature*: _____

Dated: _____

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

DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 3 IMPROVEMENTS (KB HOMES COASTAL, INC.)

BACKGROUND:

KB Homes Coastal, owner of the project, has completed the plan check process with the District for the San Marcos Highlands Phase 3 Improvements. The project is located on North Las Posas Road, north of Borden Road.

The VWD Board adopted the resolution ordering water and sewer annexation of the project property on January 20, 2021, and approved the construction agreement for Phase 1 Improvements on June 16, 2021.

DISCUSSION:

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

San Marcos Highlands Phase 3 will construct approximately 951 feet of 8-inch diameter PVC water main and 855 feet of 8-inch diameter PVC sewer main. Upon completion of the water and sewer facilities, water and sewer service will be available to 27 single family homes for Phase 3. The ultimate buildout of the development will be in subsequent phasing that will include additional water and sewer infrastructure, with a total of 187 single family lots for San Marcos Highlands Development.

All engineering fees and inspection deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are due and payable prior to issuance of the final building inspection and/or utility release per Resolution 1441. Based on the current fees for Phase 3 this will total \$261,855.00 for water Capital Facility Fees and \$352,377.00 for wastewater Capital Facility Fees.

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

Labor and Materials	\$397,533.15
Faithful Performance	\$397,533.15

FISCAL IMPACT:

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

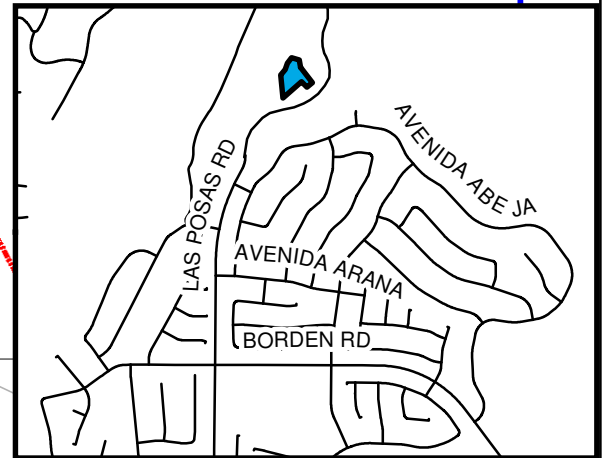
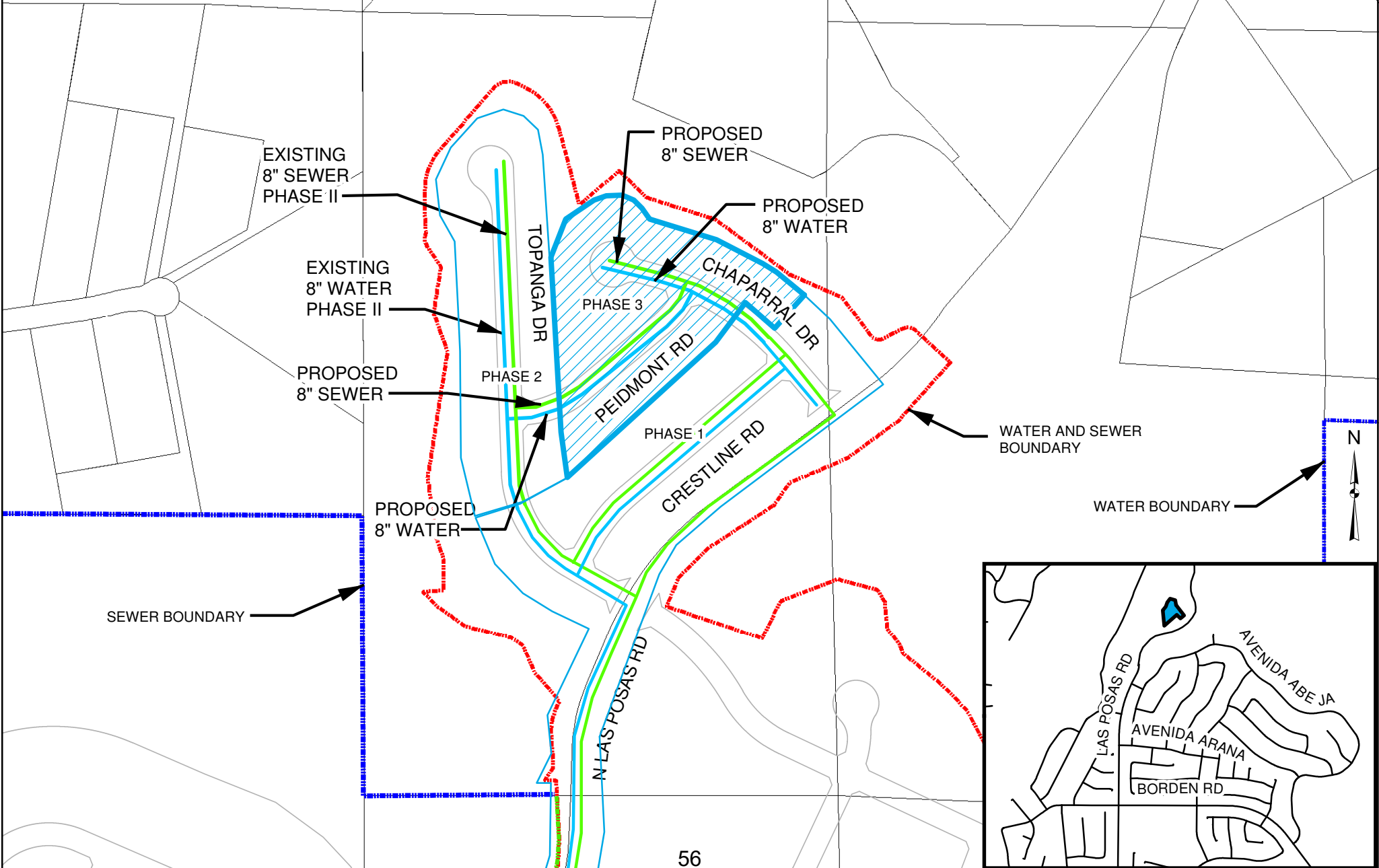
RECOMMENDATION:

Approve the construction agreement for San Marcos Highlands Phase 3 Improvements.

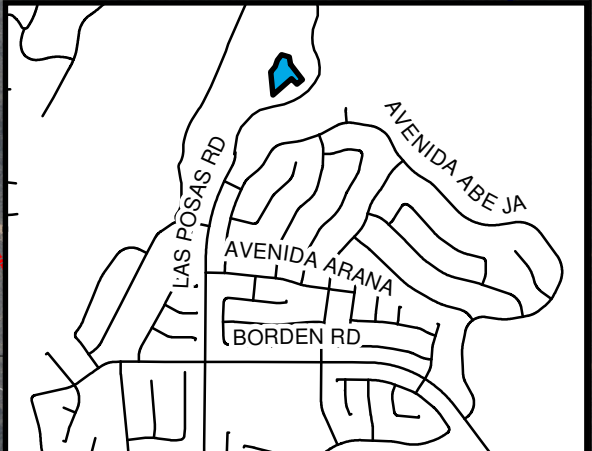
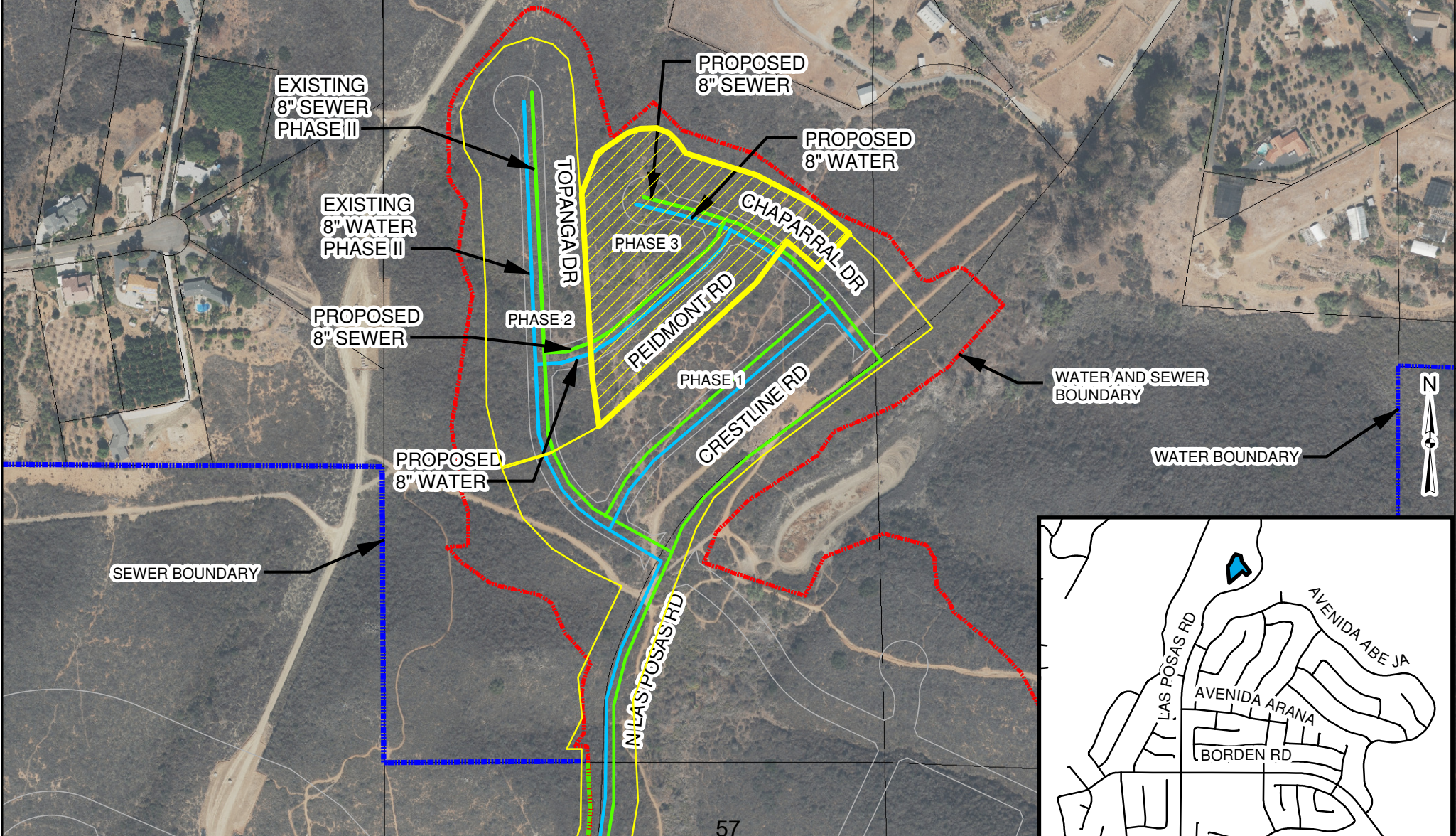
ATTACHMENTS:

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

APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE III IMPROVEMENTS [KB HOMES COASTAL INC.]



APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE III IMPROVEMENTS [KB HOMES COASTAL INC.]



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

THIS AGREEMENT is entered into by and between VALLECITOS WATER DISTRICT (“DISTRICT”), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **KB HOMES COASTAL INC.** (“DEVELOPER”), a California Corporation.

RECITALS

1. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **10.92** acres commonly described as Tax Assessor's Parcel Nos. **182-110-02, 182-110-03, 182-111-01, 182-102-44, 184-101-14, 184-102-18, 184-102-32, 184-240-13, 184-240-14, 184-240-15, 184-240-32, 184-240-33, 184-241-05, 184-241-06, 184-241-07 & 184-241-08** (“PROJECT”).

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

3. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **Excel Engineering – 440 State Place Escondido, CA 92029** and are identified as **San Marcos Highlands Phase 3 Improvements – VWD WO 241205**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before _____, 202___. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

COVENANTS

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

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

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

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

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

5. COMMERCIAL GENERAL LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER

shall provide and maintain the following commercial general liability and automobile liability insurance:

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

 - A. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001);
 - B. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto).
- 5.2 LIMITS.** The DEVELOPER shall maintain limits no less than the following:

 - A. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
 - B. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.
- 5.3 REQUIRED PROVISIONS.** The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

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

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

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

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

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

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

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

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

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

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

8. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. The DEVELOPER and all sub-DEVELOPERS shall insure (or be a qualified self-insured) under

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

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

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

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

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

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

13. SECURITY. Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$397,533.15**. Each payment and performance bond shall represent 100% of the estimated construction costs of the FACILITIES. Bonds shall be furnished by surety companies satisfactory to the DISTRICT. Surety companies, to be acceptable to the DISTRICT,

must have an acceptable rating from Best's Key Rating Guide, authorized to do business and have an agent for service of process in California.

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

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

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

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

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

15. EASEMENTS. Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to

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

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

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

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

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

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

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

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

22. WATER SERVICE MAINTENANCE AFTER ACCEPTANCE OF WORK. Due to the uncertainty of prompt sale/construction/occupancy of the project's lots and based on the

need to provide adequate flow to residences, DEVELOPER shall be responsible for periodic flushing of the services within the subdivision until such time as the subdivision is sold. The DISTRICT and DEVELOPER will cooperate to provide manpower and schedule work.

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

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

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

26. WARRANTY. DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee

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

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

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30. MISCELLANEOUS PROVISIONS.

30.1 VENUE. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

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

advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.

30.10 NO WAIVER. The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.

30.11 NOTICES. All letters, statements or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

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

**“DISTRICT”
VALLECITOS WATER DISTRICT**

By: _____

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

Dated: _____

“DEVELOPER”

Name: _____

Title: _____

Company: **KB HOMES COASTAL INC.**

Signature*: _____

Dated: _____

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

DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: AWARD OF CONSTRUCTION CONTRACT FOR THE REPAIR OF ASPHALT ROADS

BACKGROUND:

The Construction crew applies temporary asphalt patches to areas of work where service lines are replaced, or main lines were repaired. A permanent repair of the asphalt is required. There are a large number of patches that currently require permanent repair. This contract is for the repair of 27 patches at various locations throughout the District service area. There will be additional asphalt repair lists generated throughout the fiscal year to complete the work. Funds were included in the 2021/22 Materials & Services budget for these repairs.

DISCUSSION:

District staff requested bids from twelve local paving companies for the pavement repair work. Only three of the paving companies submitted bids. The bid results are as follows:

Asphalt List 21-02

Bidder

Koch General Engineering, Inc.	\$ 246,446.70
PAL General Engineering, Inc.	\$ 89,757.80
Joe's Paving Company, Inc.	\$ 74,888.00

Staff completed the evaluation of qualifications and determined that Joe's Paving Company, Inc. was the lowest, most responsive bidder for the asphalt repair list 21-02. Construction management will be performed by District staff.

FISCAL IMPACT:

Funds were included in the 2021/22 budget for the asphalt repairs. The budget and estimated cost summary is as follows:

Budget	\$250,000.00
<u>Asphalt List 21-02</u>	<u>\$ 74,888.00</u>
Total	\$ 74,888.00
Projected Remaining Budget	\$175,112.00

RECOMMENDATION:

Authorize the General Manager to execute a contract with Joe's Paving Company, Inc. for a total of \$74,888.00, subject to provisions of the contract.

Asphalt List 21-02

Locations in San Marcos, and San Diego County
CSM=City of San Marcos

All work must be completed to the appropriate City or County specifications see attached documents for requirements.

Must call City of San Marcos 48 hours prior to any work. (760) 744-1050 x 3306

Permit # CSM ROW

This is a Prevailing Wage Project

SCOPE OF WORK

Bid Item No.	Item Description	Qty.	Price Per Qty.	Unit Price (\$)
1	Schoolhouse Way 200 yards west of Highbluff Ave. Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	325 sq. ft.	\$	\$
2	673 Chesterfield Circle Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	492 sq. ft.	\$	\$
3	673 Chesterfield Circle Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt. Two patches. Patch one is 400 sq. ft. Patch two is 88 sq. ft.	488 sq. ft.	\$	\$
4	608 Chesterfield Circle Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	1,900 sq. ft.	\$	\$
5	Washingtonia Drive x Indian Ridge Remove cold mix asphalt and replace with 6" of PG64-10 asphalt. (Private Drive)	104 sq. ft.	\$	\$
6	Fairview Drive 35 yards north of Gopher Canyon Road Remove cold mix asphalt and replace with 6" of PG64-10 asphalt.	104 sq. ft.	\$	\$
7	338 Via Vera Cruz – in parking lot. Google earth - 33°08'09.05N 117°11'29.09W Remove cold mix asphalt and replace with 6" of PG64-10 asphalt. (Private parking lot)	88 sq. ft.	\$	\$
8	563 Seeforever Dr., - Private Drive Remove cold mix asphalt and replace with 4" of PG64-10 asphalt.	72 sq. ft.	\$	\$
9	551 Seeforever, - Private Drive Replace hand formed / country berm.	6 ln. ft.	\$	\$
10	1043 Camino Del Sol, remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	195 sq. ft.	\$	\$

Bid Item No.	Item Description	Qty.	Price Per Qty.	Unit Price (\$)
11	Gosnell Way x Firebird Ln., remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	56 sq. ft.	\$	\$
12	Twin Oaks Valley Rd. x Campus Market Pl., Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	49 sq. ft.	\$	\$
13	327 Joshua Ave. Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	9 sq. ft.	\$	\$
14	901 Lake Ridge Dr. Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	35 sq. ft.	\$	\$
15	1541 Crescent Place Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	325 sq. ft.	\$	\$
16	1030 La Bonita Dr. x San Marino Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	28 sq. ft.	\$	\$
17	3946 Via Rosa Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	9 sq. ft.	\$	\$
18	839 Elderberry Ct. Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	20 sq. ft.	\$	\$
19	1169 Calle Del Baston Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	6 sq. ft.	\$	\$
20	1109 Calle Del Baston Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	20 sq. ft.	\$	\$
21	1542 Archer Court Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt. Three separate patches. Patch one is 96 sq. ft. and qty. two patches are 4 sq. ft. potholes.	104 sq. ft.	\$	\$
22	1478 Misty Sea Way Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt. Four separate patches. Patch one is 10'x7' Patch two is 8'x7' Patch 3 is 5'x4' Patch 4 is 3'x4'	158 sq. ft.	\$	\$
23	1336 San Pablo Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	56 sq. ft.	\$	\$
24	645 Hillhaven Drive Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	534 sq. ft.	\$	\$
25	654 Hillhaven Drive Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	160 sq. ft.	\$	\$
26	604 Hillhaven Drive Remove cold mix asphalt and replace with 6" of	351 sq. ft.	\$	\$

Bid Item No.	Item Description	Qty.	Price Per Qty.	Unit Price (\$)
	compacted CL2 base and 6" of PG64-10 asphalt.			
27	631 Weatherstone Way Remove cold mix asphalt and replace with 6" of compacted CL2 base and 6" of PG64-10 asphalt.	90 sq. ft.	\$	\$
	Subtotal			\$

TOTAL BID PRICE

_____ \$ _____
 (Amount written in words) (Amount in figures)

Contractor Name: _____

DIR # _____ CSLB # _____

Amounts shall be shown in both words and figures, where indicated. In case of discrepancy, the amount shown in words will govern.

The above prices shall include all labor, materials, bailing, shoring, removal, overhead, profit, insurance, and incidentals required to complete the work.

Note: By submission of this Bid, the Contractor acknowledges the one-year warranty inspection as outlined in Section 5-14, as referred to in Section 6 of the General Conditions of the Contract and has included said expenses as a part of this Bid.

DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: WATER SUPPLY CONDITIONS UPDATE

BACKGROUND:

On August 9, 2021, the Intergovernmental Panel on Climate Change issued its latest and most dire assessment about the planet, detailing how humans have altered the environment at an “unprecedented” pace and cautioning that the world risks increasingly catastrophic impacts in the absence of rapid greenhouse gas reductions.

The report, compiled by 234 authors relying on more than 14,000 studies from around the globe, lays out for policymakers and the public the most up-to-date understanding of the physical science on climate change. The assessment states that there is no remaining scientific doubt that humans are fueling climate change. That much is “unequivocal.”

DISCUSSION:

In central California, the search for water is very real, as the region suffers through a drought that could threaten the US food supply. Many farms and crops are currently at risk. State, regional and local authorities, concerned that there may not be enough water for city dwellers or wildlife, have abruptly cut supplies to farms.

The Northern Sierra 8-Station Precipitation Index shows values approximately 50% of normal and close to the 1976-1977 driest values ever recorded. California's snowpack is 0% of the June 1 average. Lake Oroville is at 24% of capacity and the San Luis Reservoir at 18% of capacity.

The Colorado River Upper Basin shows precipitation to date at 80%. Lake Mead is currently 35% full and Lake Powell is 45% full.

Locally, the National Weather Service/NOAA three-month temperature outlook shows the San Diego area as “above normal favored” meaning the region will probably have higher temperatures than usual.

Vallecitos is updating its Drought Ordinance to comply with the recently approved Water Shortage Contingency Plan. The Drought Ordinance will go to Committee(s) before coming before the Board.

FISCAL IMPACT:

Conservation measures can reduce revenues. Should actual drought be declared in San Diego County, staff will include financial impacts to the monthly update.

RECOMMENDATION:

For information only.

DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: DISCUSSION REGARDING SEWER LINE EXTENSION ALONG
PROPERTY LINE FRONTAGE FOR MISSION VILLAS
IMPROVEMENTS (KB HOME COASTAL, INC.)

BACKGROUND:

KB Home Coastal, Inc. (KB), owner of the project, has completed the plan check process and received construction agreement approval with the District at the June 16, 2021, Board meeting. The proposed project is a 67-unit multi-family residential development located on West Mission Road, between Woodward Street and Falcon Place in the City of San Marcos.

DISCUSSION:

The Mission Villas project started the plan check process, in 2020, with Vallecitos Water District (District) development services. Staff commented on a proposed plan noting that a full frontage sewer line extension was required, Per District Design Criteria Section 400;

400.1.2 FULL FRONTAGE EXTENSION

Sewer lines will be required, at the District's discretion, along the entire length of at least one property line frontage of the property to be developed whenever there is a possibility of future main extension, or there are other lots that could connect to the new main at a later date. The property line frontage is that portion of the property along the public right-of-way. If a parcel to be developed has more than one property line frontage, the District may require a water line to be installed along the other frontage(s).

District staff determined that full frontage extension was required on Woodward Street but not on Mission Rd, as one or more additional properties may benefit in the future from an extension of the sewer line along Woodward Street This policy was established in cooperation with the City of San Marcos allowing each property owner to construct their pro-rata share of road and utility facilities to serve their project.

The developer was aware that the Woodward St. frontage sewer extension condition was to be included in the future construction agreement. KB approached the District in December 2020, requesting the sewer line extension requirement be removed from the conditions. Staff does not want sewer or water facilities to be constructed if there are no adjoining properties that might receive benefits in the future and was willing to work with the developer if the waiver would not add cost or liability to the District in the future. The developer and their engineer stated that the property to the north, also known as the Reza Shera property, is proposing to sewer to the north and would not connect to the Woodward Street frontage if extended. KB proposed executing an agreement with Reza Shera stating that future development of the Reza Shera property would not need the sewer line extension to serve the project. KB further stated if the Reza Shera development did need the extension to serve their project, the agreement would have

Reza Shera responsible at a future date. This agreement would relieve liability from the District and ensure that any facility built would be utilized in the future. Staff discussed with KB, keeping the condition of extending the sewer on Woodward Street in case the agreement with Reza Shera fell through.

In April 2021, Excel Engineering, as the agent for KB, in email communications with KB Homes and CCI consulting, inquired to VWD about providing a sample agreement to prepare. The District had not previously worked on an agreement like this and requested a sample agreement from KB. Subsequent communication stated KB Homes attorney would be preparing the agreement to be submitted to and reviewed by District Counsel. Staff worked with District legal and KB to draft the agreement.

Staff met several times with KB and its consultants to move the project forward and complete the agreement. Meetings were conducted on May 4, May 11, May 12, and May 17, 2021. At the May 17 meeting, KB Homes accepted the final changes and stated the agreement would be forwarded to Reza Shera for execution. The basis of the agreement included:

1. Reza Shera will agree that their future development intends to sewer to the north
2. Reza Shera will agree that if they sewer to the south that the District is not responsible for extending or contributing financially towards the extension
3. KB shall pay for a sewer study for the Reza Shera property showing the viability of sewerage to the north

The District prepared a sewer study to determine if the Reza Shera property could benefit from a sewer line extension along Woodward St, to the south and/or could sewer to the north. Sewering to the south is viable for the Reza Shera property and the developer-proposed agreement would be required to waive the current sewer line extension condition from the Mission Villas project construction agreement.

The Mission Villas construction agreement was approved by the Board on June 16, 2021, and included the 203 LF of sewer extension along the entire frontage of Woodward Street. The intent was to remove the extension if the Reza Shera agreement was signed by the property owner. However, Reza Shera would not agree to the liability of potentially having to build the sewer extension from the south to serve his project and did not sign the agreement.

KB homes made contact on July 21, 2021, to inform the District they did not intend on installing the 203 LF sewer line frontage on Woodward Street. Staff informed KB that the Board approved construction agreement includes the requirement for the extension of sewer along the property frontage of Woodward Street for Mission Villas/KB Homes and the improvements would not be accepted by the Board unless the extension issue was properly resolved. Resolution options for Mission Villas/KB Homes include:

- Construct the extension per executed construction agreement between the Board and KB
- Supply the Reza Shera Agreement as discuss above
- Provide a deposit for the current construction value of the extension to be held by the District and used as contribution towards future development

FISCAL IMPACT:

Potential future impacts on the District rate payer or development property owner.

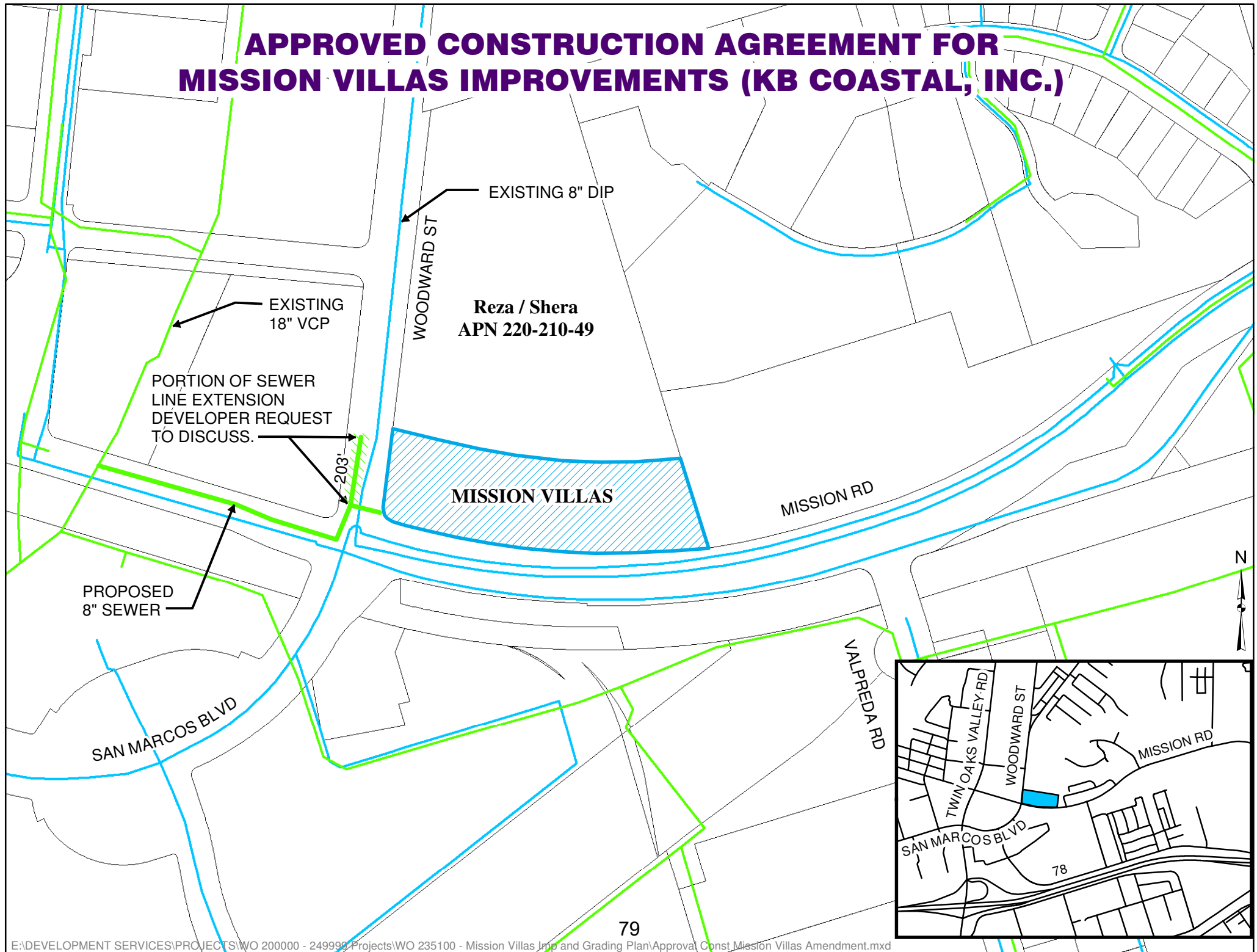
RECOMMENDATION:

This item is brought to the Board at the request of the KB to discuss waiving of the sewer extension requirement along a portion of Woodward Street

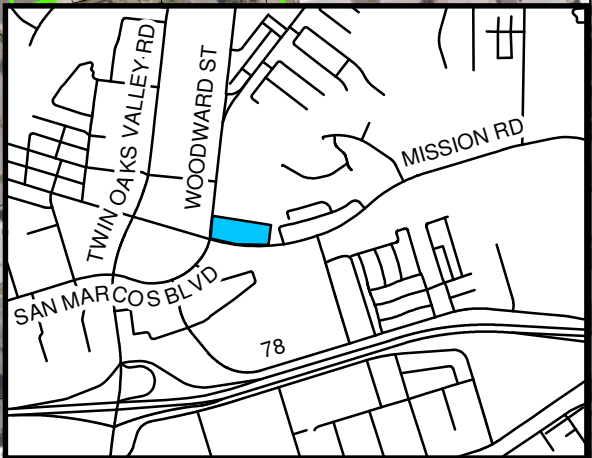
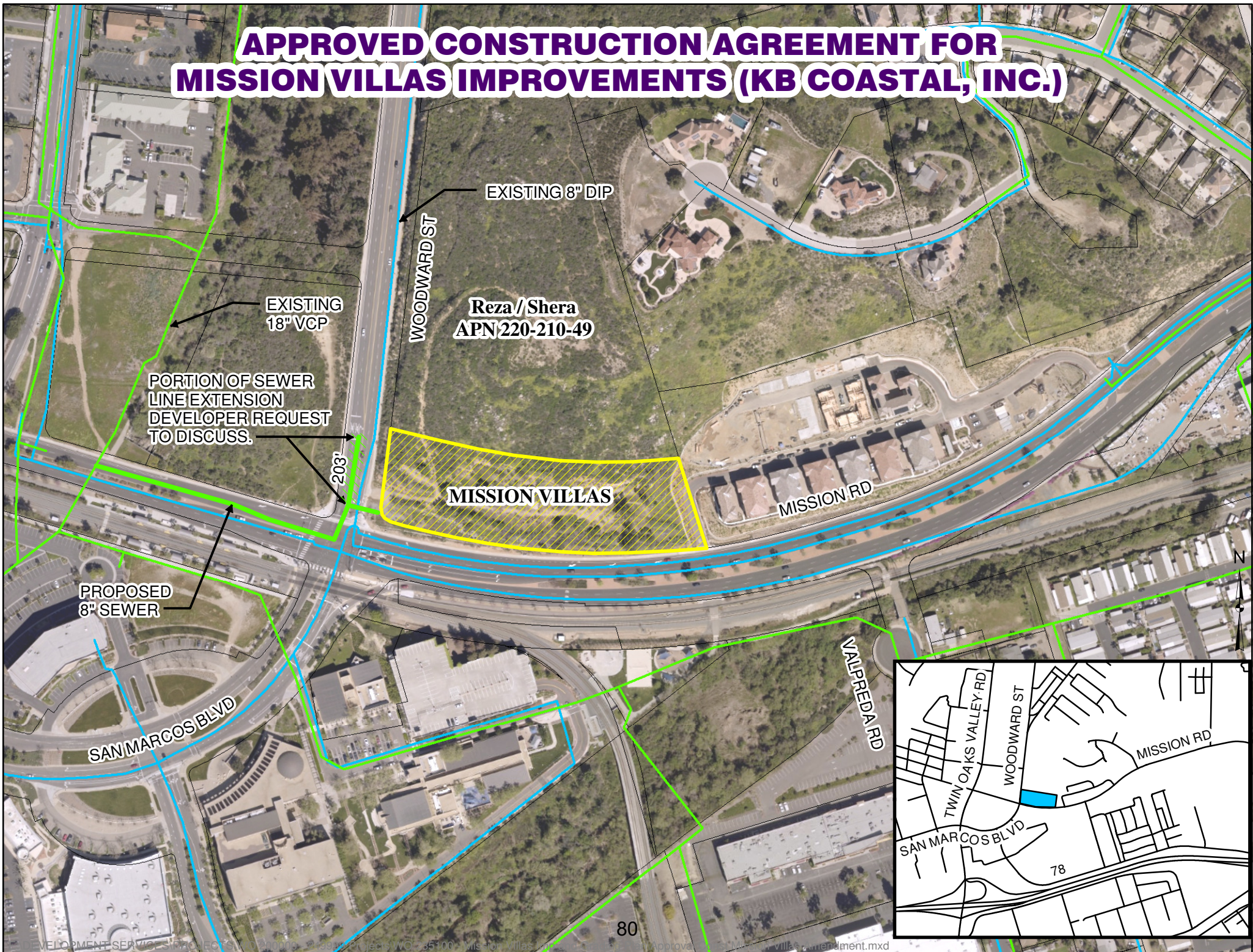
ATTACHMENTS:

2 Map Exhibits – 1 Plat Map & 1 Aerial

APPROVED CONSTRUCTION AGREEMENT FOR MISSION VILLAS IMPROVEMENTS (KB COASTAL, INC.)



APPROVED CONSTRUCTION AGREEMENT FOR MISSION VILLAS IMPROVEMENTS (KB COASTAL, INC.)



80

DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: PROJECT ACCEPTANCE OF THE MEADOWLARK WATER RECLAMATION FACILITY (MRF) HEADWORKS IMPROVEMENT PROJECT

BACKGROUND:

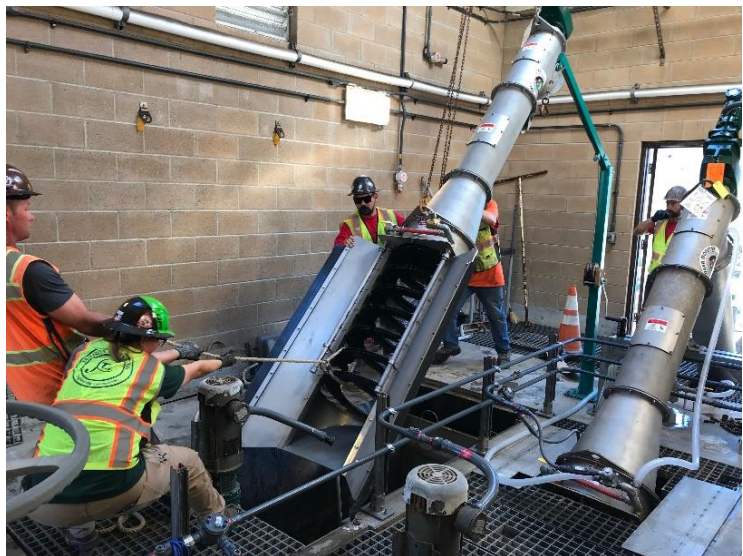
The Meadowlark Reclamation Facility (MRF) Headworks is responsible for grit removal prior to primary treatment processes. The previous mechanical augers in the headworks were installed in 2006 and showed decreased efficiency in grit removal, causing operations and maintenance deficiencies throughout several treatment processes at MRF. This project replaced the existing augers and control panels with new augers, electrical materials, and control panels. The project goals are to provide increased operational efficiency throughout the plant and reliability in the Headworks.

DISCUSSION:

District staff received and opened bids on October 15, 2020, from 2 contractors, Jamison Engineering and Don Peterson Contracting. Jamison Engineering was the lowest responsive and responsible bidder. The Board of Directors awarded the contract to Jamison Engineering for \$397,829 at the November 4, 2020, Board meeting.

Construction began June 14, 2021, and was completed August 11, 2021. There was a District-initiated change order to install a water chute in the new augers. A water chute is a feature that backwashes the augers to help reduce grit buildup. The change order resulted in an increase to the contract of \$1,600 or +0.4% to \$399,429. This was the only change order for the project and was well below the Board-approved contingency amount of \$39,943.

Staff self-performed construction management and inspection services in Construction.



FISCAL IMPACT:

The project is identified in the FY 21/22 Budget with a budget amount of \$475,000. The project funding source is 100% from Sewer Replacement funds. The total project cost and budget summary are as follows:

Budget	\$ 475,000
Construction	\$ 397,829
Change Order 1	\$ 1,600
Planning and Design	\$ 34,406
Staff & Overhead: Construction Phase	\$ 12,000
Total	\$ 444,235
Budget Surplus	\$ 30,765

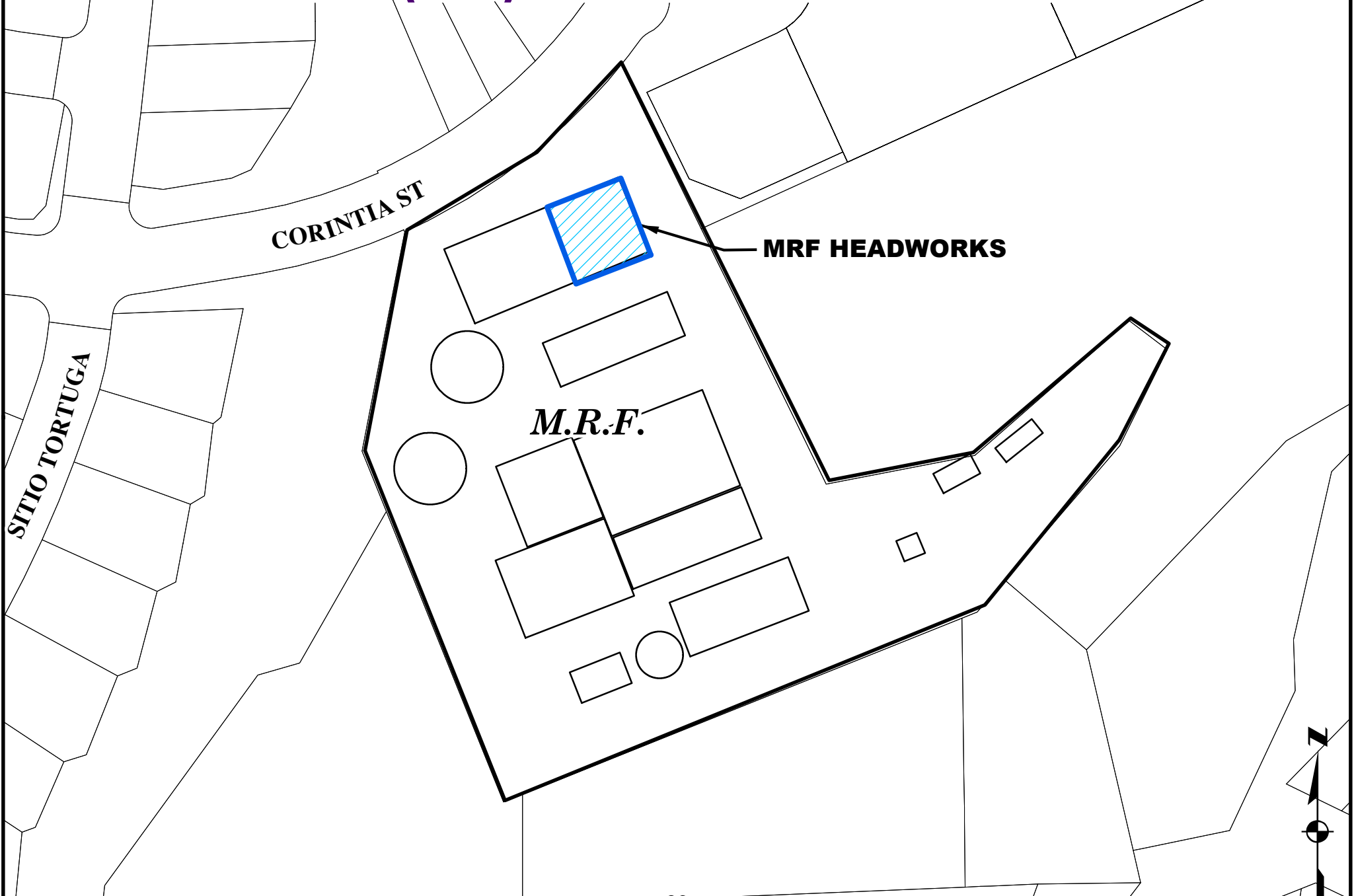
RECOMMENDATION:

Staff recommends project acceptance and authorizing the General Manager to file a Notice of Completion (NOC) and release payment retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

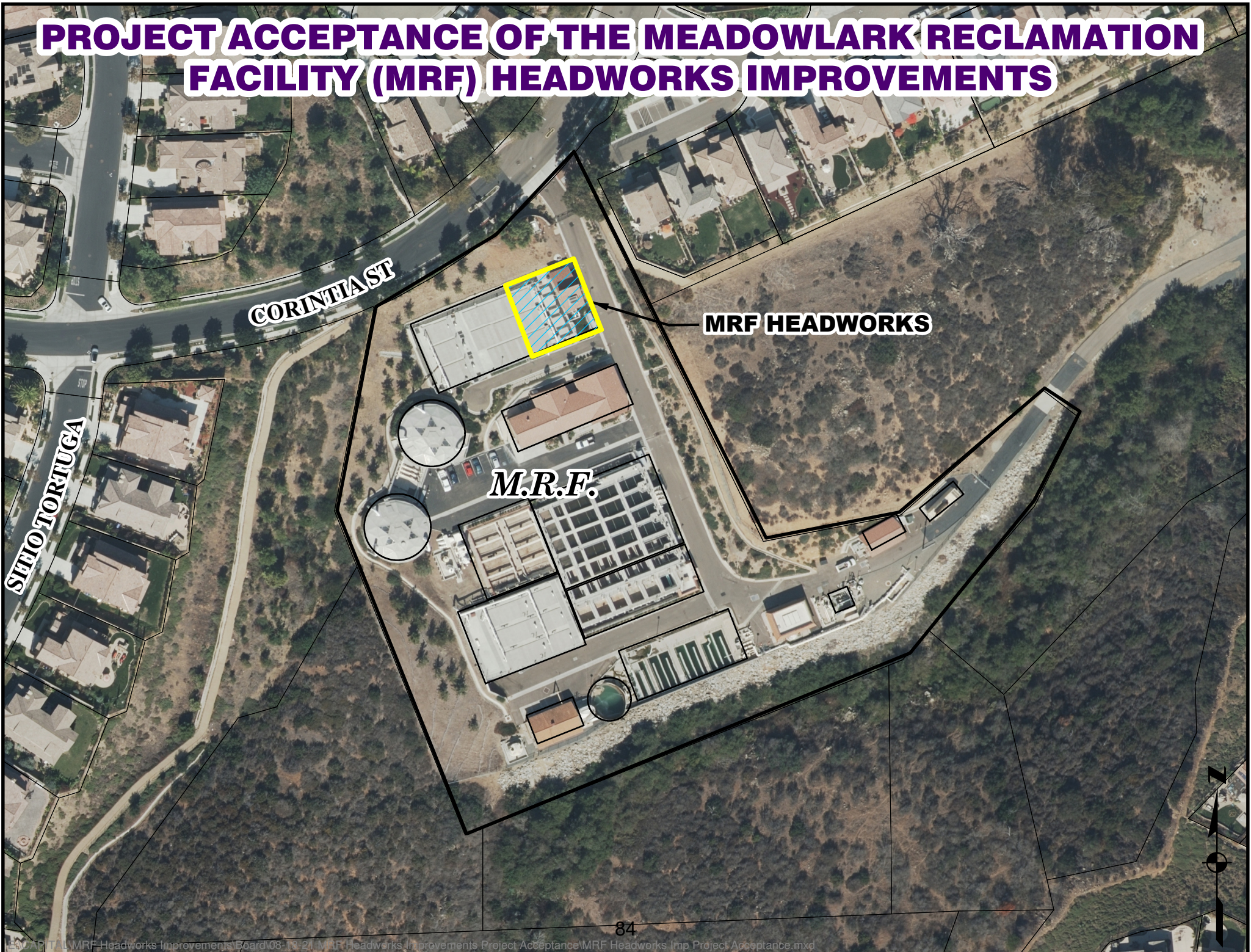
ATTACHMENTS:

Plat and Aerial Exhibits

PROJECT ACCEPTANCE OF THE MEADOWLARK RECLAMATION FACILITY (MRF) HEADWORKS IMPROVEMENTS



PROJECT ACCEPTANCE OF THE MEADOWLARK RECLAMATION FACILITY (MRF) HEADWORKS IMPROVEMENTS



DATE: AUGUST 18, 2021
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 updates of the financial tracking metrics to the Board.

DISCUSSION:

Staff will be providing an update on the financial tracking metrics at the August 18, 2021, Board meeting. The information provided will reflect conditions up to June 30, 2021. This is the final month in which information can be compared to the assumptions developed for the FY2021 budget. Fiscal Year 2021 has concluded and staff will present comparisons of assumptions to actual results as well as any trends identified during the year and discuss how those trends were incorporated into the FY2022 budget.

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 June on water sales, the data will be for May billings, which reflect March 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: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)
COMMITTEE APPOINTMENT NOMINATIONS FOR THE 2022-2023 TERM

DISCUSSION:

ACWA is requesting committee nominations from ACWA members for the 2022-2023 term. Committees are an integral part of ACWA's activities; therefore, committees need active, involved individuals able to expend the time and provide their expertise if appointed. An important part of helping committees function as effectively as possible is attendance.

Currently, Director Elitharp serves on the Energy Committee and Water Quality Committee, and Director Hernandez serves on the Groundwater Committee. A list and description of ACWA's committees is attached for reference. Staff is seeking input from Directors regarding the 13 ACWA standing committees on which they may be interested in serving.

The District is responsible for all costs associated with the participation of its representatives on ACWA Committees. All correspondence and forms regarding committee appointments must be submitted to ACWA no later than September 30, 2021, to be eligible for consideration. Region recommendations will be given to the incoming ACWA President who will appoint committee members.

RECOMMENDATION:

Request Board direction.

ATTACHMENTS:

Committee Appointment Process Timeline
Committee Composition



JOIN A COMMITTEE AND GET INVOLVED

ACWA has 13 standing committees that members can join and get involved. This is a great way for members to engage in state and local issues and influence policy and legislation. Committees are structured to include representation from all 10 ACWA Regions, bringing together diverse voices on technical and policy matters. **Take action, join a committee!**

COMMITTEE APPOINTMENT PROCESS TIMELINE

2022 - 2023 TERM

Committee consideration forms emailed to member agency general managers and board presidents.

13

JULY

Region Chair and Vice Chair recommendation deadline.

18

NOV

Incoming ACWA President appoints members of committees.

13

DEC

30

All completed consideration forms due.
Any consideration submitted after deadline will be put on a waiting list.

2

Region recommendations given to incoming ACWA President.

31

ACWA notifies committee members of appointments and rosters posted on acwa.com.

COMMITTEE COMPOSITION

Committee members are appointed for two-year terms that begin on Jan. 1 of even-numbered years. You can learn more about ACWA's 13 standing committees below. For more information and bylaws, visit www.acwa.com. If you have any questions, please contact Region and Member Engagement Specialist Ana Javid at anaj@acwa.com.

Committee	Description	Composition	Meetings Per Year	Liaison
Agriculture	<ul style="list-style-type: none"> Makes recommendations to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. 	Unlimited	4	Chelsea Haines Regulatory Relations Manager chelseah@acwa.com
Business Development	<ul style="list-style-type: none"> Develops and recommends to the Board of Directors programs and activities to be provided or administered by the association that generate non-dues revenue and provide a service or benefit to association members. 	Unlimited	2	Tiffany Giammona Senior Director of Operations & Member Engagement tiffanyg@acwa.com
Communications	<ul style="list-style-type: none"> Develops and recommends to the Board of Directors and ACWA staff regarding communications and public affairs programs. Promotes sound public information and education programs and practices among member agencies. Prepares and distributes materials for use by member agencies in their local outreach efforts. Provides input and guidance to ACWA's Communications Department. 	Limited to 40	4	Heather Engel Director of Communications heathere@acwa.com
Energy	<ul style="list-style-type: none"> Recommends policies and programs to the Board of Directors, the State Legislative Committee and the Federal Affairs Committee as appropriate. 	Unlimited	4	Nick Blair Regulatory Advocate nickn@acwa.com
Federal Affairs	<ul style="list-style-type: none"> Coordinates with other ACWA committees regarding input on federal issues before both Congress and the federal administrative branches. 	Limited to 5 per Region	2	David Reynolds Director of Federal Relations davidr@acwa.com
Finance	<ul style="list-style-type: none"> Makes recommendations to the Board of Directors regarding annual budgets, investment strategies, annual audits and auditor selection, dues formula and schedule, and other financial matters. 	Limited to 2 per Region (1 Region Chair/ Vice Chair and 1 with financial experience)	4 - 5	Dan Gumpert Controller dang@acwa.com
Groundwater	<ul style="list-style-type: none"> Makes recommendations to the Board of Directors on groundwater policy issues. Monitors state and federal regulations and legislation affecting the quality and management of groundwater. Conducts studies and gathers data on groundwater issues. Develops policies regarding groundwater management. Coordinates with other committees on groundwater issues. 	Unlimited	4	Soren Nelson Regulatory Advocate sorenn@acwa.com

Committee	Description	Composition	Meetings Per Year	Liaison
Legal Affairs	<ul style="list-style-type: none"> Acts on requests for assistance on legal matters of significance to ACWA member agencies. Reviews proposed ACWA bylaw revisions and works with staff to produce publications to assist member agencies in complying with state and federal laws. Files amicus curiae filing on important cases, comments on proposed regulations and guidelines of state agencies such as the Fair Political Practices Commission and monitors and engages in water rights matters of interest to member agencies. 	Limited to 45	2 - 3	Kris Anderson Legislative Advocate II krisa@acwa.com
Local Government	<ul style="list-style-type: none"> Makes recommendations to the Board of Directors and the State Legislative Committee on local government matters affecting water agencies, including planning issues, local government organization, and finance. Gathers and disseminates information on the value of special districts, and shares information promoting excellence in local government service delivery. 	Limited to 3 per Region	2	Julia Hall Senior Legislative Advocate juliah@acwa.com
Membership	<ul style="list-style-type: none"> Makes recommendations to the Board of Directors regarding membership policies, eligibility and applications for membership. Assists staff in developing membership recruitment and retention programs and reviews and makes recommendations to the Finance Committee regarding an equitable dues structure. 	Unlimited	2	Katie Dahl Member Services Manager katied@acwa.com
State Legislative	<ul style="list-style-type: none"> Reviews relevant introduced and amended legislation, and develops positions and provides recommendations to the Board of Directors on ballot measures and other major statewide policy issues. Works with staff amendments to bills and provides direction for staff on legislative matters. 	Limited to 4 per Region	10 - 12	Adam Quiñonez Director of State Legislative Relations adamq@acwa.com
Water Management	<ul style="list-style-type: none"> Makes recommendations to the Board of Directors on policy and programs related to water management. Reviews and recommends positions on legislation and regulations as requested by other committees. Assists in gathering and disseminating information regarding agricultural and urban water management, water conservation and water use efficiency, development and use of water resources, wastewater treatment and water recycling and reuse. 	Limited to 4 per Region	4	Chelsea Haines Regulatory Relations Manager chelseah@acwa.com
Water Quality	<ul style="list-style-type: none"> Makes recommendations to the Board of Directors, the State Legislative Committee and the Federal Affairs Committee on policy and programs regarding water quality issues. Promotes cost-effective state and federal water quality regulations and provides a forum for members to work together to develop and present unified comments on water quality regulations. Develops and recommends positions and testimony on water quality regulatory issues. 	Unlimited	4	Nick Blair Regulatory Advocate nickn@acwa.com

DATE: AUGUST 18, 2021
TO: BOARD OF DIRECTORS
SUBJECT: ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 10 BOARD ELECTION FOR THE 2022-2023 TERM

DISCUSSION:

ACWA Region 10 has distributed a ballot which includes the Region 10 Nominating Committee's recommended slate as well as individual candidates running for the Region 10 Board.

The District is entitled to cast only one vote – either the slate as recommended by the Region 10 Nominating Committee or cast its vote for an individual Region 10 chair, vice chair and three to five Board members.

RECOMMENDATION:

Request Board direction.

ATTACHMENT:

Official Region 10 Board Ballot

OFFICIAL REGION 10 Board Ballot

2022-2023 TERM



Please return completed ballot by Sept. 30, 2021

E-mail: regionelections@acwa.com
Mail: ACWA
980 9th Street, Suite 1000
Sacramento, CA 95814

General Voting Instructions:

- 1 You may either vote for the slate recommended by the Region 10 Nominating Committee, or vote for individual candidates to serve as chair, vice chair, and board members for each county (please note rules & regulations for specific qualifications). Mark the appropriate box to indicate your decision.
- 2 Complete your agency information. The authorized representative is determined by your agency in accordance with your agency's policies and procedures.

Region 10 Rules & Regulations:

The chair and vice chair shall be from different counties. The 2022-23 term shall consist of a chair and 2 board members from Orange County and a vice chair and 3 board members from San Diego County.

CLEAR FORM

1

Nominating Committee's Recommended Slate

I concur with the Region 10 Nominating Committee's recommended slate below.

CHAIR:

- **Cathy Green**, First Vice President, Orange County Water District (OC)

VICE CHAIR:

- **Dana Frieauf**, Director, Santa Fe Irrigation District (SD)

BOARD MEMBERS:

- **Charles T. Gibson**, Director, Santa Margarita Water District (OC)
- **Shauna Lorange**, Public Utilities Director, City of San Diego (SD)
- **George Murdoch**, Director, East Orange County Water District (OC)
- **Richard L. Vasquez**, Vice President, Vista Irrigation District (SD)
- **DeAna Verbeke**, Board Member, Helix Water District (SD)

OR

Individual Board Candidate Nominations

(See Rules & Regulations before selecting)

I do not concur with the Region 10 Nominating Committee's recommended slate. I will vote for individual candidates below as indicated.

CANDIDATES FOR CHAIR: (CHOOSE ONE)

- Cathy Green**, First Vice President, Orange County Water District (OC)

CANDIDATES FOR VICE CHAIR: (CHOOSE ONE)

- Dana Frieauf**, Director, Santa Fe Irrigation District (SD)

SAN DIEGO COUNTY CANDIDATES FOR BOARD MEMBERS: (MAX OF 3 CHOICES)

- Dana Frieauf**, Director, Santa Fe Irrigation District (SD)
- Shauna Lorange**, Public Utilities Director, City of San Diego (SD)
- Richard L. Vasquez**, Vice President, Vista Irrigation District (SD)
- DeAna Verbeke**, Board Member, Helix Water District (SD)

ORANGE COUNTY CANDIDATES FOR BOARD MEMBERS: (MAX OF 2 CHOICES)

- Charles T. Gibson**, Director, Santa Margarita Water District (OC)
- Mark Lewis**, Chairman, Laguna Beach County Water District (OC)
- George Murdoch**, Director, East Orange County Water District (OC)

2

AGENCY NAME

AUTHORIZED REPRESENTATIVE

DATE



Wednesday, September 8, 2021

1:00 p.m. Opening Remarks & Introduction

- John Thornton, Treasurer, Urban Water Institute

1:05 p.m. Colorado River—Is it Running Dry?

The Colorado River basin is in a severe drought. This panel will discuss the current Colorado River drought, projected near-term reservoir operations, and the implications of a Lower Basin shortage condition and the river operations in 2022. Also, to be discussed are the uncertainty of predictions and of related research efforts and the impacts of climate and drought on streamflow, and longer term outlook for reservoir conditions and how all this will impact the water supply to Southern California.

- Michael Bernardo, River Operations, United States Bureau of Reclamation & Manager, Lower Colorado Basin Region
- Rebecca Smith, Ph.D., Hydrologic Engineer, United States Bureau of Reclamation
- Bill Hasencamp, Manager of Colorado River Resources, Metropolitan Water District of Southern California
- John Thornton, Partner, Water Resource Consultant, Hunt Thornton Resource Strategies LLC

1:55 p.m. Drought Preparedness

It seems like every time you turn around there is some one out there seeking to sue. Lessons learned, steps to prevent actions, ways to protect your operations—learn from the experts.

- Cannon Michael, President/CEO, Bowles Farming Company
- Ben Horenstein, General Manager, Marin Municipal Water District
- Andree Hunt-Johnson, Project Manager, Woodard & Curran, Moderator

2:40 p.m. Statewide Drought Proofing

Sites is a viable option for agencies to mitigate the challenges of drought - throughout the state. The project is designed to augment supplies, provide storage, meet environmental compliance, manage with an innovative governance structure, to create flexible, enhanced water management opportunities for agricultural and urban users. If the Sites reservoir was already built we would have had 1 MAF in storage to lessen the drought impacts for 2021. Brown and Davis will update us on this unique and timely project that is needed now more than ever.

- Jerry Brown, Executive Director, Sites Project Authority
- Jeff Davis, Chairman, Reservoir Committee, Sites Reservoir
- John Rossi, Chairman, Urban Water Institute, Moderator

3:15 p.m. Networking Break

3:30 p.m. Road to Achieving Cybersecurity in Water Agencies

The Cybersecurity Panel will address current mythologies to thwart system hacking and ransomware attacks in a Public Agency and Private Firms.

- Frank Ury, Board Member, Santa Margarita Water District
- Raluca Constantinescu, PE, PMP, Associate Vice President, Arcadis U.S.
- Steve Bucknam, President, Bucknam & Associates, Inc. Moderator

4:30 p.m. Post COVID — Returning Operations to Normality or Hybrid?

A discussion of alternative organizational forms Post COVID, for a Public Water Agency and a Consulting firm serving the water utility business, will be presented by our Panel.

- Ron Williams, Senior Vice President, Jacobs
- Shana Epstein, Director of Public Works, City of Beverly Hills
- Steve Bucknam, President, Bucknam & Associates, Inc. Moderator

5:00 p.m. Us Too – Diversity, Equity and Inclusion in the Water Industry

After a year in which COVID-19 had us acknowledging that we are “all in this together,” how do we translate that awareness into diversity, equity and inclusion in our workplaces? Please join panelists Rick Callendar, CEO of Valley Water and Joone Lopez, General Manager of Moulton Niguel Water District in a conversation highlighting their successful DEI effort and how to incorporate them industry-wide.

- Joone Lopez, General Manager Moulton Niguel Water District
- Rick Callender, Chief Executive Officer, Valley Water
- Lisa Ohlund, Principal, Ohlund Management & Technical Services, Moderator

5:30 p.m. — 7:00 p.m.

Welcome Reception – Sponsored by Dudek

Chairman's Drawing: Don't miss out on your opportunity to win an Apple Watch. Please pick up your ticket at the registration desk.



Thursday, September 9, 2021

8:30 a.m. Buffet Breakfast

9:00 a.m. Keynote Speaker: Adel Hagekhalil, General Manager, Metropolitan Water District of Southern California

- Introduction by John Rossi, Chairman, Urban Water Institute

9:30 a.m. Washington Legislative Report

Report from Capitol Hill / Funding from Washington DC is linked with programs and projects for sustainability in the water industry. Eric will report on the legislative programs, policies and funding that may affect California and Western US water operations.

- Eric Sapirstein, ENS, Washington DC
- Introduction by John Rossi, Chairman, Urban Water Institute

10:00 a.m. Sacramento Legislative Report

The Sacramento Report/The California legislature is committed to pro-actively addressing climate change. Corie and Eric will share the latest bills, funding proposals including bond measures that will shed light on the opportunities for water utilities going forward.

- Cori Takkinen, Vice President Townsend Public Affairs
- Eric O'Donnell, Senior Associate, Townsend Public Affairs
- Introduction by John Rossi, Chairman, Urban Water Institute

10:30 a.m. Drought-Proofing, San Diego Style

San Diego County Water Authority General Manager Sandy Kerl closes out our 2021 conference with a discussion on the steps the San Diego region has taken over the past 30 years to confront what seems to be the "new normal" - repeated, extended, and deep droughts in California and the West. Situated in a water cul-de-sac, San Diego has aggressively pursued desalination, wastewater recycling, and storage, among other drought-busting solutions. But when a region self-finances these solutions, how does this impact the rest of the state when droughts hit and the State applies broad drought restrictions? Sandy will share the story of San Diego's pursuit of drought freedom and offer a glimpse into our one water future .

- Sandy Kerl, General Manager, San Diego County Water Authority
- Introduction by Dr. Greg Quist, Board Vice President, Rincon Del Diablo

Chairman's Raffle Drawing!

**Conference Adjourns
Thank You For Joining Us!**