

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 20, 2021, AT 5:00 P.M.
MEETING VIA TELECONFERENCE

CALL TO ORDER – PRESIDENT SANNELLA

NOTICE TO THE PUBLIC

Pursuant to Section 54953 of the California Government Code, in the interest of public health and safety during the proclaimed State of Emergency and due to the fact that State or local officials have imposed or recommended measures to promote social distancing, the Board of Directors of the Vallecitos Water District will be meeting by teleconferencing. 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 or offer in-person public comment.

Means By Which Members of the Public May Access the Teleconferenced Meeting –

Members of the public may access the teleconferenced meeting via computer, smart device, or by dialing in (audio only). If you would like to join the meeting via computer or smart device, go to the District’s website: <https://www.vwd.org/departments/board-of-directors/meetings-minutes> and click on the “Watch Live” icon. If you would like to listen to the meeting live on your phone, dial (888) 788-0099 (Toll Free) or (877) 853-5247 (Toll Free). When prompted, enter the meeting ID and Passcode displayed on the District’s website.

Means By Which Members of the Public May Offer Public Comment During the Teleconferenced Meeting

– Members of the public are **not** required to submit public comments in advance of the meeting and will be given an opportunity to address the Board of Directors and offer comments in real time. Written public comments or questions may be submitted at least 90 minutes before the Meeting to the following email address: PublicComment@vwd.org.

Members of the public attending the meeting via the Zoom videoconferencing platform can express their desire to offer public comment or provide input on an agenda item at the appropriate time by utilizing the “Raise Hand” function. Persons who have dialed into the meeting and would like to make a comment can enter *9 on their phone and will be identified by their phone number when it is their turn to speak. Additional instructions for online participation will be posted on the District’s website: www.vwd.org/meetings.

PLEDGE OF ALLEGIANCE

ROLL CALL

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code upon a determination by a majority vote of the Vallecitos Board that an emergency situation exists, as defined in Section 54956.5, or upon a determination by a two-thirds vote of the Board present at the meeting, or, if less than two-thirds of the Board are present, a unanimous vote of Board members present, that there is a need to take immediate action and that the need for action came to the attention of the Vallecitos Water District subsequent to the agenda being posted.

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 20, 2021

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time by utilizing the “Raise Hand” feature of the Zoom videoconferencing platform. Public comment should start by stating name, address and topic. No action or discussion may be undertaken on any item not appearing on the Agenda, except that the Board or staff may briefly respond to statements made or questions posed during public comment. Public comments are limited to three minutes. Public comment on items appearing on the Agenda should be raised at the time the item is discussed.

PRESENTATION

The Board will acknowledge Employee Service Awards:

Jesse Halbig, Wastewater Collection System Worker II, 5 Years
Glenn Pruum, General Manager, 5 Years
Raul Rodarte, Wastewater Collection System Worker II, 5 Years
Steven Saavedra, Pump & Motor Technician II, 10 Years
Sally Sheets, Accounting Technician, 10 Years
Johnathan Todd, Information Technology Technician, 10 Years
Arturo Alvarez, Meter Service Worker II, 15 Years
David Elpin, Mechanic, 15 Years
Georgia Galindez, CMMS Planner, 15 Years
Toby Luna, Water System Operator II, 15 Years
Diane Posvar, Executive Secretary, 15 Years
Russell Kubota, Landscape Maintenance Worker II, 20 Years
Juli Neal, Customer Service Representative II, 20 Years
Ann Lopez, Engineering Technician II, 30 Years

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. 7-20)

- A. PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE MEETING – OCTOBER 4, 2021
- B. LEGAL/LEGISLATIVE COMMITTEE MEETING – OCTOBER 5, 2021
- C. CLOSED SESSION BOARD MEETING – OCTOBER 6, 2021
- D. REGULAR BOARD MEETING – OCTOBER 6, 2021

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH OCTOBER 20, 2021 - \$1,612,451.46 (pp. 21-24)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 25-45)

- A. WATER METER COUNT – SEPTEMBER 30, 2021
- B. WATER PRODUCTION/SALES REPORT – 2021/2022
- C. QUARTERLY FINANCIAL REPORT – SEPTEMBER 30, 2021
- D. PER CAPITA WATER CONSUMPTION – SEPTEMBER 30, 2021
- E. WATER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2021
- F. SEWER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2021
- G. RESERVE FUNDS ACTIVITY – SEPTEMBER 30, 2021
- H. INVESTMENT REPORT – SEPTEMBER 30, 2021
- I. LEGAL FEES SUMMARY – SEPTEMBER 30, 2021

1.4 OPERATIONS & MAINTENANCE METRICS QUARTERLY REPORT – SEPTEMBER 30, 2021 (pp. 46-54)

1.5 FALL 2021 BETWEEN THE PIPES – VALLECITOS WATER DISTRICT QUARTERLY NEWSLETTER (pp. 55-58)

Recommendation: Approve Fall 2021 Between the Pipes Newsletter

1.6 AWARD OF CONSTRUCTION CONTRACT FOR THE PAINTING OF DISTRICT FACILITIES (pp. 59-60)

The District's car wash building and Building E need minor repairs and painting.

Recommendation: Authorize the General Manager to Execute a Contract with Irwin Painting & Finishing, Inc. for a total of \$69,701.00

1.7 REQUEST FOR WATER AND SEWER ANNEXATION INTO THE WATER AND SEWER IMPROVEMENT DISTRICT (GRAY) (pp. 61-64)

The property address is 1451 Mulberry Drive in San Marcos, located north of Woodward Street and south of La Cienega Road.

Recommendation: Approve Annexation with Conditions

1.8 APPROVAL OF TEMPORARY OFF-SITE WATER SERVICE AGREEMENT FOR MATTHES RESIDENCE (TINA M. MATTHES) (pp. 65-67)

The property owner has requested approval of a Temporary Off-Site Water Service Agreement to provide water service for a single-family residence.

Recommendation: Approve Temporary Off-Site Water Service Agreement

- 1.9 APPROVAL OF CONSTRUCTION AGREEMENT FOR NORDAHL ROAD SUBDIVISION (SAHAR NAEEMI) (pp. 68-84)

The project is located on Nordahl Road between Rock Springs Road and El Norte Parkway.

Recommendation: Approve Construction Agreement

- 1.10 APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 4 IMPROVEMENTS (KB HOMES COASTAL, INC.) (pp. 85-101)

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

Recommendation: Approve Construction Agreement

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

ACTION ITEM(S)

- 2.1 URBAN RETAIL WATER SUPPLIERS: WATER LOSS MANAGEMENT (pp. 102-113)

Urban water suppliers are required to submit a completed and validated water loss audit annually to the California Department of Water Resources.

Recommendation: For information only

- 2.2 WATER SUPPLY CONDITIONS UPDATE (pp. 114)

Recommendation: For information only

- 2.3 DISCUSSION REGARDING THE RETURN TO IN-PERSON PUBLIC MEETINGS (pp. 115-116)

As COVID conditions improve, many agencies are contemplating the return to conventional, in-person, public meetings.

Recommendation: Request Board direction

- 2.4 ASSOCIATION OF CALIFORNIA WATER AGENCIES ELECTION OF OFFICERS (pp. 117-119)

Election of the Association of California Water Agencies President and Vice President will be conducted at their General Session Membership Meeting on December 1, 2021.

Recommendation: Request Board direction on Board member authorized to vote on behalf of the District

*******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

*******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, Ann Johnson, Administrative 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 6:00 p.m., Wednesday, October 13, 2021.

Ann Johnson

MINUTES OF A MEETING OF THE
PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, OCTOBER 4, 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 Pruim
Administrative Services Manager Emmanuel
Public Information/Conservation Supervisor Robbins
Administrative Secretary Johnson

ITEMS FOR DISCUSSION

PERSONNEL

(OLD BUSINESS) UPDATE ON PALOMAR COLLEGE INTERNSHIP PROGRAM

Public Information/Conservation Supervisor Robbins stated the internship program with Palomar College is moving forward. The District's and Palomar College's legal counsel have approved the internship program contract. General Manager Pruim has received the contract and will sign it today.

PUBLIC AWARENESS

(OLD BUSINESS) UPDATE OF BILL CONSOLIDATION FOR LARGE CUSTOMERS

General Manager Pruim stated staff has created a sample bill to consolidate all of the San Elijo Hills HOA's more than 40 accounts. A meeting with the HOA representative group will be scheduled for some time next week to discuss the bill consolidation and next steps. Director Boyd-Hodgson expressed her interest in attending the meeting.

General discussion took place regarding the ability to consolidate accounts for other customers with multiple accounts that are interested in doing so.

(OLD BUSINESS) VWD SCHOLARSHIP PROGRAM

Administrative Services Manager Emmanuel provided an update on the research she performed via a survey to other agencies in an effort to fast track the scholarship program. Helix Water District (HWD) and Vista Irrigation District (VID) offer scholarship programs geared toward high school seniors. Both have an application process and checks are mailed directly to the school. HWD offers \$1,000 each to two high school seniors heading to four-year colleges. VID offers up to a maximum of six scholarships ranging from \$1,000 to \$3,000 which can be used for vocational school as well as four-year colleges.

Administrative Services Manager Emmanuel stated that once the structure is determined, staff can develop language for the District's scholarship program to be reviewed by the District's legal counsel.

General discussion took place regarding eligibility and selection criteria. Staff will provide a summary of the survey and recommendations at the next Committee meeting.

(OLD BUSINESS) IMAGINE A DAY WITHOUT WATER

Public Information/Conservation Supervisor Robbins stated San Marcos Mayor Rebecca Jones is willing to appear in a video staff is creating for this year's Imagine A Day Without Water event on October 21. The City of San Marcos is also issuing a proclamation regarding the event for the District at their City Council meeting on October 12, at 6:00 p.m. President Sannella will be attending the meeting to receive the proclamation.

Director Boyd-Hodgson expressed her opinion that a Board member or the landscape contest winners should be featured in the video instead of Mayor Jones. She suggested the video could also focus on the District's efforts to conserve water. She does not want the District's video to be used to support the Mayor's reelection campaign.

General discussion took place regarding how customers are made aware of the event and how many people have actually viewed the District's videos for the event in the past. The video will be posted on the District's social media, website, and YouTube page. Mayor Jones' participation in the video may draw a larger audience. The City of San Marcos will post the video on their social media and website as well.

Staff will explore alternative options for the video.

(OLD BUSINESS) LOBBY DISPLAY

Public Information/Conservation Supervisor Robbins discussed incorporating the District's 1946 Jeep in the planned lobby display. The previous Board did not approve the idea. The value of the Jeep, if it were to be sold, would be approximately \$9,000. Staff offered the Jeep to the San Marcos Historical Society, but they do not have a place for it. He recommended placing the Jeep in the lobby to preserve a small piece of the District's history.

General discussion took place. The Committee supports staff's recommendation of placing the Jeep in the lobby. Staff will present this item to the Board for their consideration.

(NEW BUSINESS) UTILITY RATE CHANGE COMMUNICATION PLAN

Director Boyd-Hodgson inquired about the District's communication plan regarding potential rate increases.

General Manager Prum discussed the requirements of Proposition 218 as it relates to increases in water and wastewater rates. The law requires the District to give the community a 45-day notice before the Board acts on rates. A formal legal notice explaining the rate increase and reasons for the increase must be mailed to all customers and posted on the District's website. After the 45-day notice period, the District must hold a majority protest public hearing which gives customers an opportunity to voice their opposition. Customers may also submit letters of protest. To date, there has never been a successful majority protest hearing at the District.

General discussion took place regarding what information is included in the Proposition 218 Notice, the current Cost of Service Study, and wastewater rates that have been flat.

POLICY

(NEW BUSINESS) SINGLE USE PLASTICS RESOLUTION

Director Boyd-Hodgson stated the San Marcos City Council will be considering an ordinance regarding single-use plastics on October 12. She would like the District to support the reduction of single-use plastics.

General Manager Pruim discussed steps the District has taken in the past several years to reduce single-use plastics such as eliminating plastic cups and bottled water in favor of environmentally friendly cardboard boxed water for meetings. The only bottled water purchased is for use during water main breaks for customers who are temporarily out of drinking water as the cardboard boxed water is very expensive.

This item will be discussed at a future Committee meeting after the outcome of the City's proposed ordinance is known.

General Manager Pruim announced that an agreement with Bill Dean has been executed. Mr. Dean is in the process of identifying a school and teacher for the collaborative program with the District. The goal is to complete the program by the end of the school's calendar year. The program will target fifth graders in the San Marcos Unified School District.

NEXT MEETING DATE – NOVEMBER 1, 2021

The next meeting is scheduled for Monday, November 1, 2021.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at the hour of 10:59 a.m.

MINUTES OF A MEETING OF THE
LEGAL/LEGISLATIVE COMMITTEE
OF THE VALLECITOS WATER DISTRICT
TUESDAY, OCTOBER 5, 2021, AT 2:00 P.M.
VIA TELECONFERENCE

Director Hernandez called the meeting to order at the hour of 2:00 p.m. The meeting was held via teleconference.

Present: Director Hernandez
Director Pennock
General Manager Pruim
Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

CONSIDERATION OF THE EXTENSION OF BEST BEST & KRIEGER LEGAL SERVICES AGREEMENT

General Manager Pruim stated the District entered into an agreement for legal services with Best Best & Krieger (BBK) for an initial three-year term with two one-year extension options. The original contract expired in March 2021. The Board approved the first extension which will expire in March 2022. The Board will have to consider whether or not to approve the second extension. One Board member expressed their concern that they did not have an opportunity to evaluate BBK's performance.

General Manager Pruim recommended an evaluation of BBK be scheduled to give all Board members an opportunity to provide feedback. He proposed holding a Closed Session meeting on October 20, at which evaluation forms would be distributed. A summary of the evaluations could be discussed and the evaluation could be performed at a Closed Session meeting on November 3. A decision may be made at that time regarding the contract extension. If the Board chooses not to approve the extension or wishes to consider other legal counsel as well as BBK, a Request For Proposals (RFP) would need to be initiated in December. The RFP process will take several months as it involves soliciting proposals and reviewing them, interviewing prospective firms, selecting a firm, and negotiating a contract.

General discussion took place during which the Committee supported General Manager Pruim's recommended timeframe to complete BBK's performance evaluation.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 2:19 p.m.

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 6, 2021, AT 4:00 PM, VIA TELECONFERENCE

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

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

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Administrative Secretary Johnson

Others Present: Andre Monette, Best Best & Krieger

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF OCTOBER 6, 2021

21-10-01 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried unanimously, to adopt the agenda for the Closed Session Meeting of October 6, 2021.

PUBLIC COMMENT

None.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Significant Exposure to Litigation (Per Government Code Section 54956.9(c) – One Potential Case

21-10-02 MOTION WAS MADE by Director Elitharp, seconded by Director Pennock, and carried unanimously, to move into Closed Session pursuant to Government Code Section 54956.9(c).

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at 4:46 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 4:47 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, October 6, 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, OCTOBER 6, 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
Assistant General Manager Gumpel
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Lopez
Asset Management Supervisor Bowman
Public Information/Conservation Supervisor Robbins
Information Technology Technician Todd
Administrative Secretary Johnson

Director Elitharp led the pledge of allegiance.

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 6, 2021

21-10-03 MOTION WAS MADE by Director Hernandez, seconded by Director Pennock, and carried unanimously, to adopt the agenda for the Regular Board Meeting of October 6, 2021.

PUBLIC COMMENT

Gayle Martin, member of the public, asked several questions regarding capacity fees in reference to the Engineering/Equipment Committee meeting minutes.

PRESENTATIONS

Public Information/Conservation Supervisor Robbins announced the top three winners of the 2021 WaterSmart Landscape Contest: Third place – Ellen Kaplan, San Marcos; Second place – Bruce Ferguson, San Marcos; and First place – Doug and Pam Hausmann, Escondido.

President Sannella acknowledged the District's receipt of the 2020 Public Communications Achievement Award bestowed to the District by the American Water Works Association.

CONSENT CALENDAR

21-10-04 MOTION WAS MADE by Director Boyd-Hodgson, seconded by President Sannella, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Public Awareness/Personnel/Policy Committee Meeting – September 13, 2021
- B. Engineering/Equipment Committee Meeting – September 13, 2021
- C. Closed Session Board Meeting – September 15, 2021
- D. Regular Board Meeting – September 15, 2021

1.2 Warrant List through October 6, 2021 - \$4,472,279.47

1.3 Change Orders for the Meadowlark Reclamation Facility – Light Emitting Diode Lighting Upgrade Project

1.4 Approval of Construction Agreement for Wulff Waterline Improvements (TTLC Calwest, LLC.)

1.5 District Wide Solar Project Acceptance

1.6 Approval of Additional As-Needed Engineering Professional Services Agreement

ACTION ITEM(S)

ASSET MANAGEMENT PROGRAM OVERVIEW

Asset Management Supervisor Bowman presented an overview of asset management as follows:

- Definition
- Standards
- Strategic Alignment
- Principals and Objectives
 - Asset Inventory and Location
 - Condition Assessment and Remaining Useful Life Determination
 - Business Risk Exposure
 - Level of Service
 - Maintenance Program
 - Capital Investment Schedule
- Components
- Asset Management Plan Objectives and Deliverables

- Asset Management Plan Next Steps
- Asset Management Activities Progression

Assistant General Manager Gumpel provided further detail regarding the Capital Investment Schedule which included current asset valuation.

General discussion took place regarding the possibility of the District going through the process for ISO55000 certification.

This item was presented for information only.

ASTERRA UTILIS SATELLITE LEAK DETECTION COLLABORATION PROJECT WITH SAN DIEGO COUNTY WATER AUTHORITY

Asset Management Supervisor Bowman stated that five months ago the San Diego County Water Authority (SDCWA) initiated a regional asset management effort, "Innovating Asset Management – A Regional Collaboration in San Diego." The intent of the collaboration is to bring together all of their member agencies to use economies of scale to explore different technologies so that they may move forward with various asset management components. The SDCWA arranged for a presentation from Asterra Utilis (Utilis) on emerging technology utilizing satellites to pinpoint possible potable water leaks in systems. The cost for the District to utilize Utilis' satellite leak detection services is \$63,224 which reflects a 30% group discount through the collaboration as well as a 10% member discount from SDCWA.

Staff recommended the Board approve an expenditure of \$63,224 for satellite leak detection services to be provided by Utilis and authorize the General Manager to proceed with establishing a Memorandum of Understanding with the SDCWA to contract with Utilis for said services.

General discussion took place regarding details and frequency of the leak detection scans, the cost of the service, and other agencies that are or will be using the technology. If staff finds value in the data collected, the use of this technology could result in tremendous savings for the condition assessment component of the District's Asset Management Plan.

21-10-05 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Elitharp, and carried unanimously, to approve staff's recommendations.

DESIGN ENGINEERING PROFESSIONAL SERVICES AGREEMENT AWARD FOR THE MEADOWLARK RECLAMATION FACILITY CONVERSION TO SODIUM HYPOCHLORITE

Capital Facilities Senior Engineer Morgan stated the Meadowlark Reclamation Facility (MRF) currently uses 100% chlorine gas as a disinfectant to meet State regulations for treatment to reclaimed water standards. Use of chlorine gas is an acute hazard that presents a danger to District staff and residents in the immediate area, and requires the District to maintain several State and Federal safety programs, equipment, and a hazardous materials response team,

requiring a considerable amount of staff time and District resources. The conversion from chlorine gas to bulk storage of sodium hypochlorite removes the acute hazard and replaces it with storage and injection of 12.5% bleach solution, and removes the District's requirement to maintain several safety programs and permits at MRF. The use of the bleach disinfectant does not create an acute hazard in the event of a spill.

Capital Facilities Senior Engineer Morgan further stated the District submitted a request for proposals to five local engineering firms on July 1, 2021. MurraySmith was determined to be the most responsive and qualified consultant with a total fee of \$421,921 for design and bid phase professional engineering and environmental services. Staff presented this item to the Engineering/Equipment Committee on September 13.

Staff recommended the Board authorize the General Manager to execute a professional services agreement with MurraySmith in the amount of \$421,921 for project design and bid phase engineering and environmental services for the MRF Conversion to Sodium Hypochlorite Project.

General discussion took place.

21-10-06 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried unanimously, to authorize the General Manager to execute a professional services agreement with MurraySmith in the amount of \$421,921 for project design and bid phase engineering and environmental services.

NOTICE OF DRAFT INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION FOR THE EMERGENCY BYPASS PIPELINE REHABILITATION PROJECT

Capital Facilities Senior Engineer Morgan stated the Board authorized a professional services agreement for engineering design and environmental services on March 17, 2021, to rehabilitate the District's existing Emergency Bypass sewer pipeline and the parallel Failsafe Outfall in an environmentally sensitive corridor between Rancho Santa Fe Road and Melrose Drive. The project is approaching the final design phase. An evaluation of potential environmental impacts must be performed for the project as required by the California Environmental Quality Act (CEQA). On March 17, 2021, staff authorized a professional services agreement which included services for Recon Environmental, Inc. to prepare an Initial Study and Mitigated Negative Declaration (MND) for the project corridor between Melrose Drive and Carrillo Way in the City of Carlsbad. Based on reports contained in the Initial Study, staff determined the proposed project may impact the environment. The proposed project scope has been revised to add specific trenchless technology measures to fully avoid or mitigate the potential environmental impacts. Staff recommends that a MND be prepared per CEQA Section 15070.

Capital Facilities Senior Engineer Morgan further stated that as part of the CEQA effort, staff created a map and contact list for all properties within 500 feet of the project alignment and will submit a copy of the Notice of Preparation for a MND to all property owners. Interested parties

may contact the District for additional information. The draft MND will be posted on the District's website. CEQA Section 15070 requires the Notice of Preparation, Initial Study and draft MND be sent to agencies and interested parties concerned with the project allowing them 30 calendar days to respond with comments. Following the public review period, the draft MND along with comments received, will be submitted to the Board for approval.

Staff recommended the Board authorize circulation of the Emergency Bypass Pipeline Rehabilitation Project Notice of Preparation, Initial Study, and draft MND for 30-day public review.

21-10-07 MOTION WAS MADE by Director Pennock, seconded by Director Elitharp, and carried unanimously, to authorize circulation of the Emergency Bypass Pipeline Rehabilitation Project Notice of Preparation, Initial Study, and draft MND for 30-day public review.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Mira Costa College is holding an open house at their Community Learning Center on October 25, from 4:00 p.m. to 5:30 p.m. This event has not been preapproved for Director per diems and expenses.
- The SDCWA recently received \$36 million from Metropolitan as part of the judgement of the water rate challenge initiated by SDCWA. The District's share of that amount is estimated to be \$1.3 million. The primary challenge was that Metropolitan was including water stewardship charges on the Colorado River water supplies that SDCWA transports through Metropolitan's system. The courts found the practice to be illegal and ordered the return on the charges plus interest. There is still a matter of attorney's fees related to the lawsuit to be decided. Total savings to SDCWA rate payers resulting from the lawsuits between SDCWA and Metropolitan including avoided rate increases will be nearly \$140 million.
- The District has been selected to receive backup battery installations from Tesla at no cost to the District other than staff's time in reviewing the plans and inspecting the work. Six District sites will benefit from the battery installations: District administration building, pump stations at Double Peak, Palos Vista and San Elijo, and facilities at Twin Oaks and MRF. Construction will begin at the administration building on October 11, and will take approximately three months to complete. Other sites will follow after that. The battery installations will help each facility operate during power outages and operate more efficiently to avoid peaking time-of-use charges.
- Former District Engineer James Gumpel has been named the new Assistant General Manager.

- The strategic planning Board workshop is scheduled for October 7, at 8:30 a.m. The meeting will be held at San Marcos City Hall in the Valley of Discovery Room.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin provided an update on Assembly Bill (AB) 361 which amends the government code regarding teleconferencing during a proclaimed pandemic. If the District wishes to continue conducting teleconferenced public meetings, the Board will need to take action within the next 30 days provided the State of Emergency is still in place and that it impacts the public's ability to participate in person safely or that State or local officials continue to impose measures to promote social distancing.

Legal Counsel Gilpin also provided an update on Senate Bill (SB) 155, effective October 1, regarding the moratorium on water shut offs. The moratorium has been expanded to include all classes of customers, not just residential, and is in effect until at least December 31, 2021. Under the law, water service cannot be shut off for non-payment.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp provided a summary of actions taken at the September 23, SDCWA Board meeting including adoption of SDCWA's 2021 Long Range Financing Plan.

ENCINA WASTEWATER AUTHORITY

None.

STANDING COMMITTEES

Director Boyd-Hodgson stated the Public Awareness/Personnel/Policy Committee met on October 4. The Committee is moving forward with the establishment of the internship program with Palomar College, and is working with District staff and representatives of the San Elijo Hills HOA to consolidate their many accounts into one bill.

Director Hernandez stated the Legal/Legislative Committee met on October 5. The Committee discussed a timeline for the performance review process for the District's legal counsel and possible additional one-year extension of their contract in March 2022, as well as the General Manager's performance review.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Elitharp reported on an Association of California Water Agencies (ACWA) sponsored webinar he viewed on September 21, and his attendance to the ACWA Energy Committee meeting on September 28.

Director Boyd-Hodgson reported on her attendance to the Special District Leadership Academy September 26-29.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Sannella requested an item regarding the return to in-person public meetings be placed on the next Board agenda.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 6:45 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, October 20, 2021, at 5:00 p.m. via teleconference.

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

ATTEST:

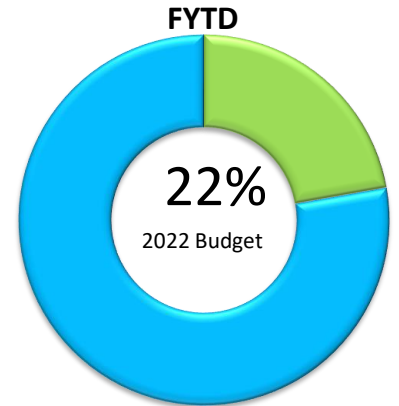
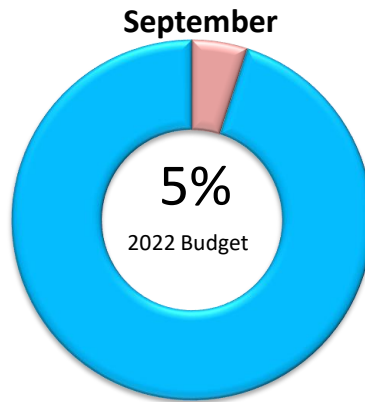
Glenn Pruiem, Secretary
Board of Directors
Vallecitos Water District

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
September 30, 2021**

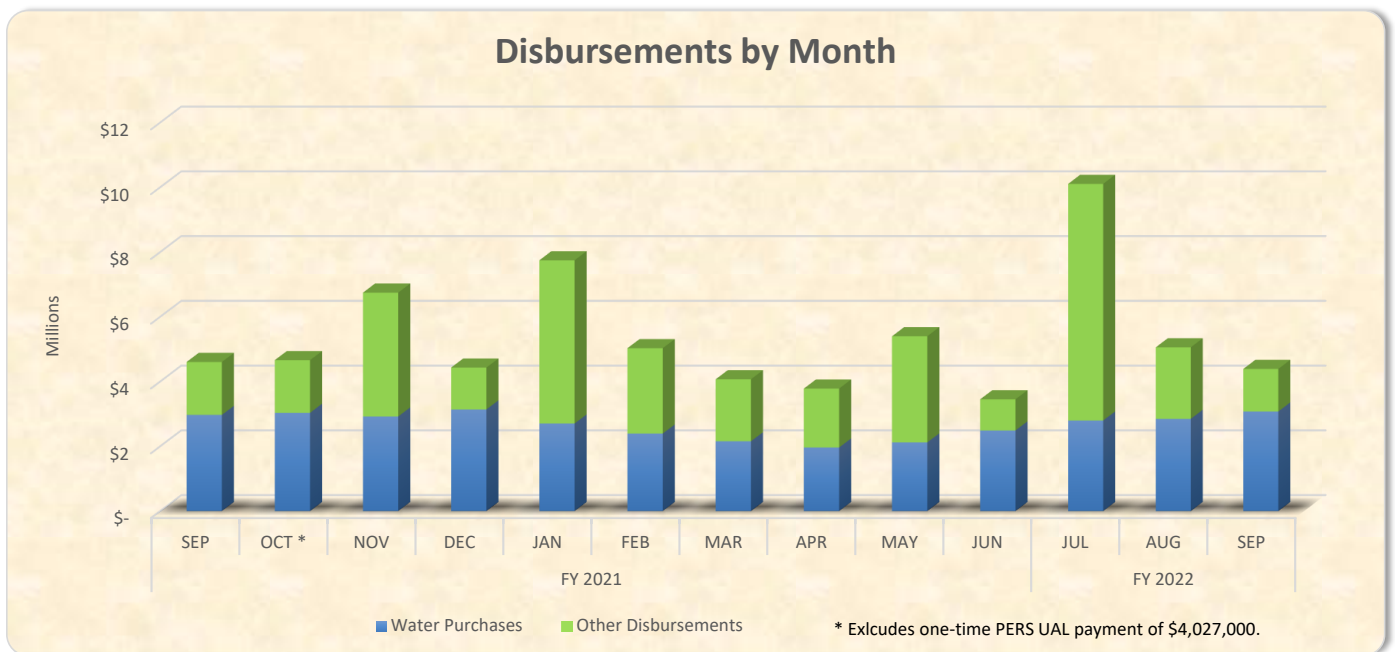
Summary

September Disbursements	\$	4,390,212 *
YTD Disbursements	\$	19,551,451 *
FY2022 Budget	\$	88,064,000

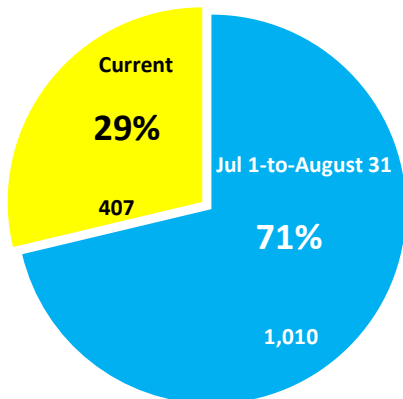
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$8.7M
ENCINA WASTEWATER AUTHORITY	\$3.0M
TC CONSTRUCTION CO INC	\$1.4M
PUBLIC EMPLOYEES RETIRE SYSTEM	\$1.1M
ACWA/JOINT POWERS INSURANCE	\$996.7k
HAAKER EQUIPMENT CO.	\$447.5K
SAN DIEGO GAS & ELECTRIC	443.8K
JAMISON ENGINEERING...	\$379.5K
OLIVENHAIN MWD	\$217.7K
SS MECHANICAL CONSTRUCTION CORP.	\$156.9K

VALLECITOS WATER DISTRICT
WARRANTS LIST
October 20, 2021

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	122643 through	122644 -
Accurate Security Pros, Inc.	Gate Closer & Installation - Employee Parking Area	122645	1,562.87
Airgas USA LLC	Gas Detectors & Calibration System	122646	1,663.47
Allie's Party Rental	Table & Chair Rentals - San Marcos Street Fair Prj 20221-48	122647	361.21
AM Conservation Group Inc	Hose Repair Kit	122648	67.16
Backflow Solutions, Inc.	Backflow Testing Qty 200 - July	122649	2,990.00
Doane & Hartwig Water Systems Inc	Chlorine Analyzer Parts - MRF	122650	1,762.69
Idexx Distribution Corp.	Sterile Water & Miscellaneous Water Quality Supplies	122651	3,960.07
Infosend Inc	Postage & Printing - July	122652	3,950.29
R & B Automation Inc	Backwash Valve Actuator Repair - MRF	122653	4,271.26
ACWA/Joint Powers Insurance	Medical Insurance - Nov	122654	228,710.83
Applied Best Practices	Change of Trustee Notice	122655	50.00
Boncor Water Systems	Drinking Water Svc - Oct	122656	48.00
Bryan Marconett	Closed Account Refund	122657	44.86
Buxus LLC	Deposit Refund Prj 20211-740	122658	1,678.11
California Bank & Trust	San Marcos Interceptor Prj 71004	122659	10,045.00
State Board of Equalization	Underground Storage Tank Fees July - Sep	122660	318.00
California West Communities	Closed Account Refund	122661	739.22
County of San Diego	Recording Fees - Sept	122662	85.00
Dania Amaya	Closed Account Refund	122663	6.20
David Wiles	Closed Account Refund	122664	59.17
Debye Peters or Salvatore Portuesi	Closed Account Refund	122665	27.91
DirecTV Inc	Satellite Svc - Sept	122666	88.24
Discovery Development Inc	Deposit Refund Prj 20191-591	122667	2,737.09
Dustyn Severn	Closed Account Refund	122668	21.91
EDCO	Trash Svc - Sept	122669	910.30
FTR, Ltd.	Board Meeting Recording Support 21 - 22	122670	699.00
Greens Escondido LLC	Deposit Refund Prj 20201-820	122671	4,785.77
Hach Company	Ph Sensor & Annual Meter Servicing Supplies - MRF	122672	1,273.61
Harper & Associates Inc	MRF - Tertiary Effluent Chamber Prj 20181-11	122673	2,840.00
Hilltop Group	Deposit Refund Prj 20191-606	122674	2,761.68
Home Depot Credit Services	Hardware Supplies - Sept	122675	614.13
Hunter Industries	Deposit Refund Prj 20201-841	122676	1,105.70
Irwin Painting & Finishing Inc	Painting & Drywall Svcs - Building A	122677	4,000.00
Ivonne & Eugene Hernandez	Closed Account Refund	122678	82.05
Jennifer Enzweiler	Closed Account Refund	122679	69.44
Jesse Halbig	Collections Cert Renewal - CWEA	122680	106.00
Jim Pennock	CSDA Conference 8-29-21	122681	782.10
Joan M. & Richard K Smith	Closed Account Refund	122682	50.28
JCI Jones Chemicals Inc	Chlorine	122683	5,607.74
Julian Yung	Closed Account Refund	122684	59.97
Justin & Whitney Bartlet	Closed Account Refund	122685	95.87
Karina McKee	Closed Account Refund	122686	60.26
Kenneth C Holbert	Closed Account Refund	122687	6.75
Knight Security & Fire Systems	Answering, Patrol, & Monitoring Svcs - Oct	122688	656.69
Lehrer Holdings, LLC	Deposit Refund Prj 20211-664	122689	1,059.22
Lloyd Pest Control	Pest Control Svcs - Sept	122690	504.00
MACC	Deposit Refund Prj 20191-521	122691	33.35
Mallory Safety & Supply, LLC	Confined Space Hoisting System Annual Certification	122692	2,802.15
Matilda Lepa	Closed Account Refund	122693	252.05
McKenzie Huwitt & Nicholas Rash	Closed Account Refund	122694	32.27
Merise Epstein	Closed Account Refund	122695	84.11
Michael & Lisa Smith	Closed Account Refund	122696	70.61
Morgan Myer	Closed Account Refund	122697	17.29
North County Auto Parts	Fleet Supplies - Sept	122698	1,999.01
NV5, Inc.	Buena Reach Failsafe Rehab - MRF Prj 20201-05	122699	4,162.50
Pacific Pipeline Supply	Wrenches - 3	122700	481.87
Pat Sheely	Deposit Refund Prj 20211-671	122701	394.40

VALLECITOS WATER DISTRICT
WARRANTS LIST
October 20, 2021

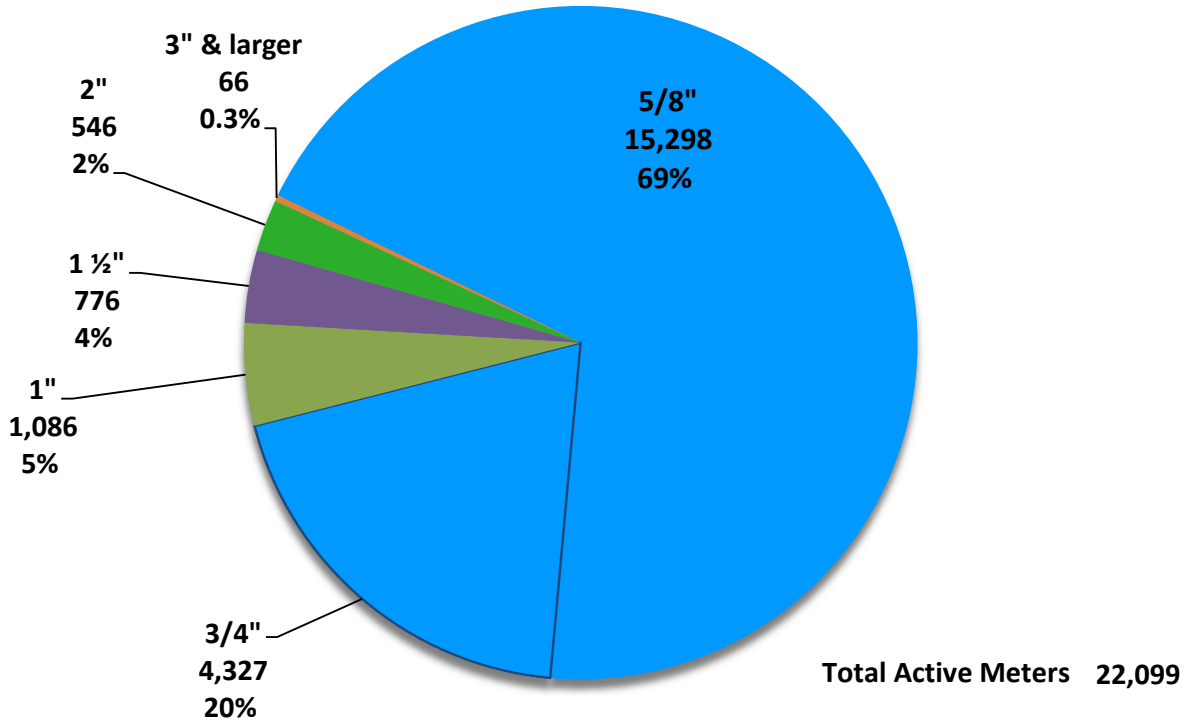
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Pencco, Inc.	Calcium Nitrate	122702	35,970.73
Phil Torres	Closed Account Refund	122703	150.41
Pitney Bowes	Postage Meter Refill	122704	1,000.00
Proteus Consulting	Asset Management Program Prj 20141-4	122705	1,010.00
Raja Narra	Closed Account Refund	122706	58.11
RAMCO	Concrete Recycling	122707	300.00
Rancheros Commercial Park	Deposit Refund Prj 20201-797	122708	1,548.98
Samantha Scechel	Closed Account Refund	122709	73.90
San Diego County Water Authority	Connection Fees Quarter Ending 9-30-21	122710	369,096.00
SDG&E	Power - Sept	122711	4,770.18
Scarlet Klein	Closed Account Refund	122712	29.38
Schmidt Fire Protection	Deposit Refund Prj 20201-814	122713	149.26
Snapon Industrial	Fleet Supplies - Wheel Balancer & 6 Lug Adapters	122714	482.25
Southern Counties Lubricants, LLC	Diesel Fuel	122715	1,701.72
Staples Advantage	Office Supplies - Sept	122716	479.53
Tamara Reed	Closed Account Refund	122717	125.40
TC Construction Co Inc	San Marcos Interceptor Prj 71004	122718	190,855.00
Teresita A Murphy	Closed Account Refund	122719	12.41
Terra Verde Energy LLC	District Wide Solar Prj 20201-14	122720	2,181.00
Trench Shoring Co	Trench Plate & Shoring Rental - Las Posas Main Break	122721	1,416.60
Union Bank FKA 1st Bank Card	Meetings & Travel - Sept	122722	3,988.83
Union Bank FKA 1st Bank Card	Meetings & Travel - Sept	122723	464.77
Union Bank FKA 1st Bank Card	Meetings & Travel - Sept	122724	2,142.72
UPS	Shipping Svcs - Sept	122725	61.90
Vector Resources, Inc.	Troubleshoot Surveillance Video Cameras Prj 20201-26	122726	562.51
Walker & Sandra Settle	Closed Account Refund	122727	50.47
William Lyon Homes	Closed Account Refund	122728	31.18
Young Ho Kim	Closed Account Refund	122729	58.10
AP Technology LLC	Secure Check Gems Maintenance 21 - 22	122730	995.00
Aqua-Metric Sales Co	Meters - 24	122731	3,193.24
Core & Main LP	Anode, Pipe, & Valve Warehouse Restock - Qty 72	122732	10,155.37
Electrical Sales Inc	Hardware Supplies	122733	348.52
Ewing Irrigation Products	PVC Supplies	122734	17.78
Grainger Inc	Copper Pipe Press & Hardware Supplies	122735	4,608.03
Grangetto's Farm Garden Supply	Landscaping Chemicals	122736	902.08
Harrington Industrial	Hardware Supplies	122737	392.89
Ken Grody Ford	Catalytic Converters - 2	122738	1,659.43
Rusty Wallis Inc	Water Softener Svc - Mahr & Soft Water Tank Svc - MRF	122739	1,156.00
Terry Pond	Deposit Refund Prj 20211-652	122740	141.30
Underground Service Alert	Dig Alert Svcs & State of CA Regulatory Fees - Sept	122741	711.00
Unifirst Corporation	Uniform Delivery	122742	907.08
Xylem Water Solutions USA, Inc.	Float Sensor for Wet Well - MRF	122743	470.55
Total Disbursements (99 Checks)			948,138.34
 WIRES			
Encina Wastewater Authority	Quarterly UAL Additional Discretionary Payment	Wire	197,239.00
Public Employees Retirement System	Retirement Contribution - October 5, 2021 Payroll	Wire	78,636.70
Total Wires			275,875.70
 PAYROLL			
Total direct deposits		Wire	244,892.26
VWD Employee Association		122643	578.00
Payroll & Garnishments		122644	689.06
IRS	Federal payroll tax deposits	Wire	95,690.17
Employment Development Department	California payroll tax deposit	Wire	19,889.10
CalPERS	Deferred compensation withheld	Wire	18,833.87
VOYA	Deferred compensation withheld	Wire	7,864.96
Total October 5, 2021 Payroll Disbursements			388,437.42

VALLECITOS WATER DISTRICT
WARRANTS LIST
October 20, 2021

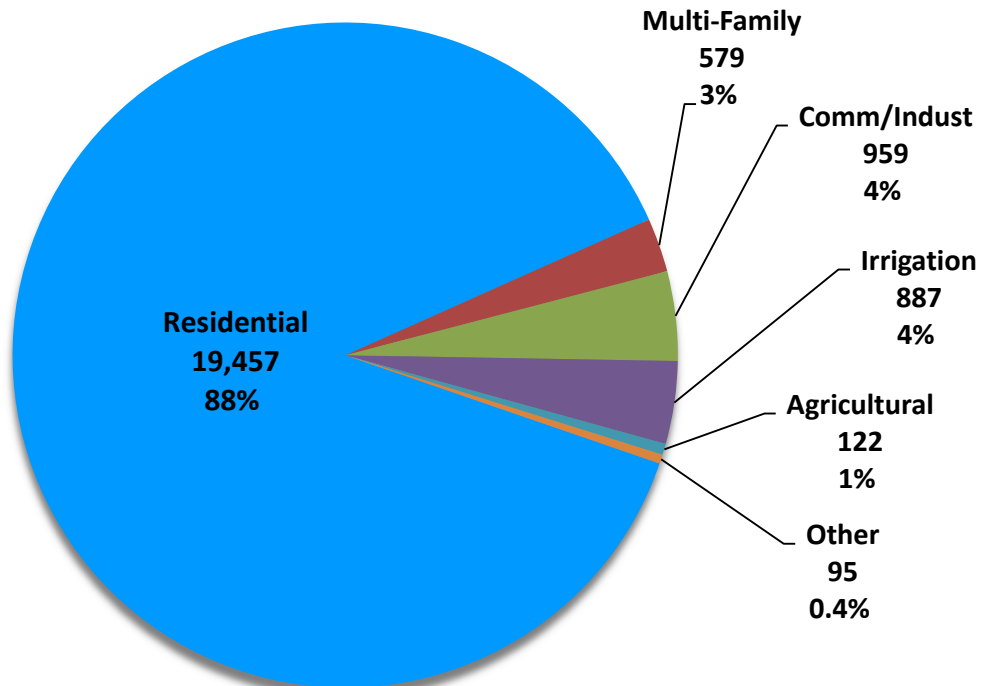
<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHECK#</u>	<u>AMOUNT</u>
TOTAL DISBURSEMENTS			<u>1,612,451.46</u>

Vallecitos Water District
 Active Water Meters
 September 30, 2021

Active Meters by Size as of September 30, 2021

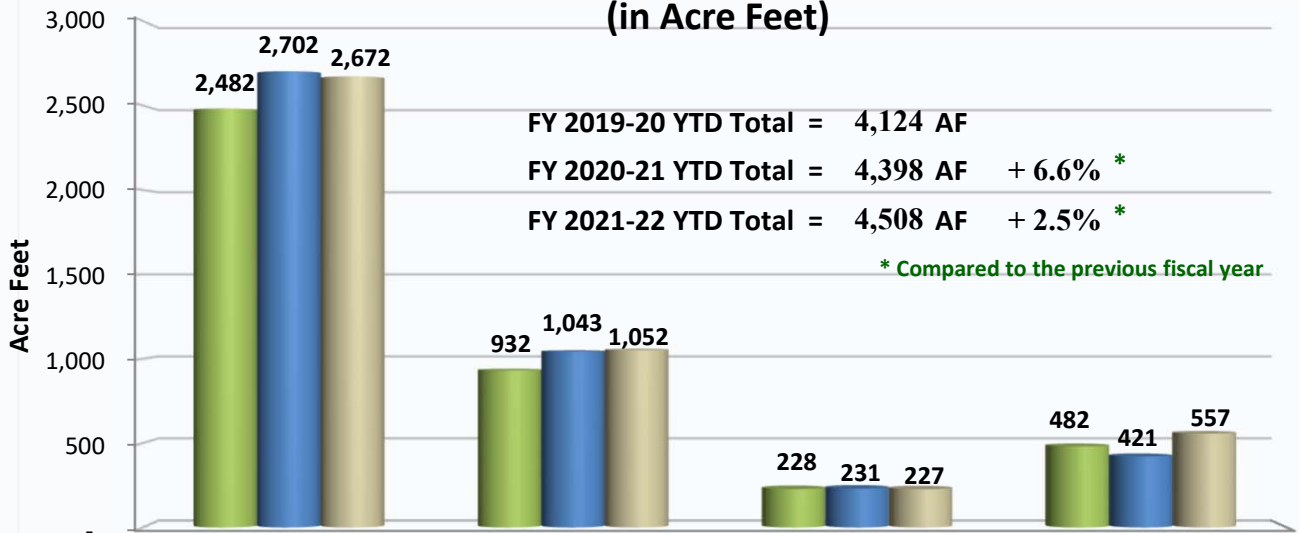


Active Meters by Type as of September 30, 2021



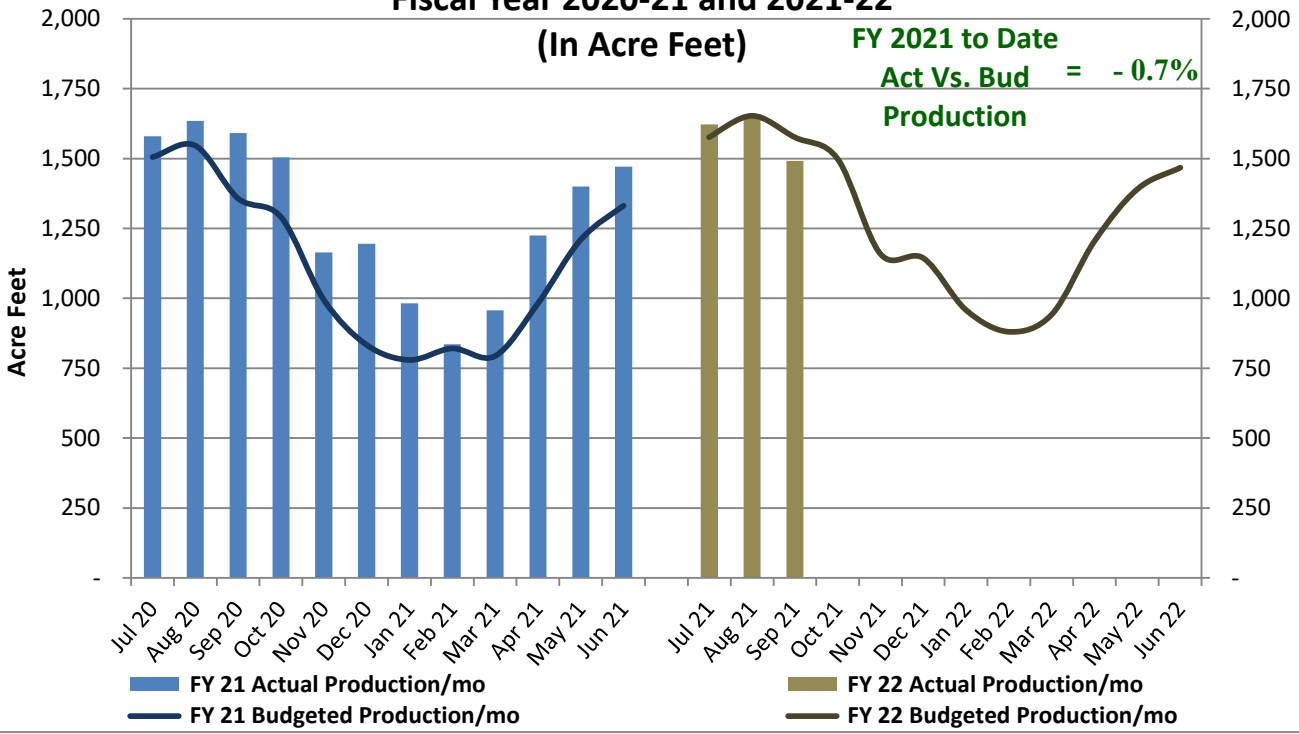
Vallejos Water District
 Water Production/Sales
 September 30, 2021

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



	Residential	Irrigation	Agricultural	Commer/ Indust/ Const/ Oth
FY 19-20	2,482	932	228	482
FY 20-21	2,702	1,043	231	421
FY 21-22	2,672	1,052	227	557

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



OVERVIEW

With the first quarter complete, the District's water fund had a net operating income of \$3.0 million (before depreciation) while the sewer fund had a net operating income of \$2.6 million (before depreciation). The District is cash funding capital projects and is current on all debt service payments.

WATER FUND

Overall, the Water Fund performed better than expected during the first quarter of Fiscal Year 2022.

Revenues: Water sales were 34% of total budget as a result of high demand during the summer months. Ready to Serve (RTS) performed as expected. Pumping Charges are high corresponding with water sales. Other Revenue performed better than expected due to a reimbursement received related to the District's Power Purchase Agreement.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 31,180,000	\$ 10,587,312	34%
Ready to Serve	14,310,000	3,668,143	26%
Pumping Cost Rec	415,000	135,245	33%
Other	601,000	251,641	42%
Total	\$ 46,506,000	\$ 14,642,341	31%

Expenses: Water Purchases were 28% of total budget in response to Water Sales. Operating expenses are low due to less than expected pumping costs. Supporting expenses are low due to fewer materials purchased thus far than anticipated. General & Administrative expenses were low primarily as a result of lower outside services and staffing costs.

Expense	Budget	YTD Actual	Percent
Water Purchases	\$ 32,652,000	\$ 9,259,990	28%
Operating	5,022,000	911,761	18%
Supporting	4,773,000	921,740	19%
General & Admin	3,134,000	552,587	18%
Total	\$ 45,581,000	\$ 11,646,078	26%

SEWER FUND

The Sewer Fund continues to be stable as revenues received in this fund stem from monthly fixed charges.

Revenues: Sewer service charges performed as planned and Reclaimed Water Sales are adjusted at the end of each fiscal year to recover actual costs. Other Revenue performed better than expected due to a reimbursement received related to the District's Power Purchase Agreement.

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 17,763,000	\$ 4,670,906	26%
Reclaimed	2,975,000	743,750	25%
Other	317,000	110,190	35%
Total	\$ 21,055,000	\$ 5,524,846	26%

SEWER FUND (continued)

Expenses: Treatment, Operating, and General and Administrative expenses performed as expected. Supporting costs were low primarily as a result of lower outside service and staffing costs.

Expense	Budget	YTD Actual	Percent
Treatment	\$ 6,405,000	\$ 1,401,142	22%
Operating	2,823,000	649,511	23%
Supporting	3,117,000	568,041	18%
General & Admin	1,427,000	321,039	22%
Total	\$ 13,772,000	\$ 2,939,733	21%

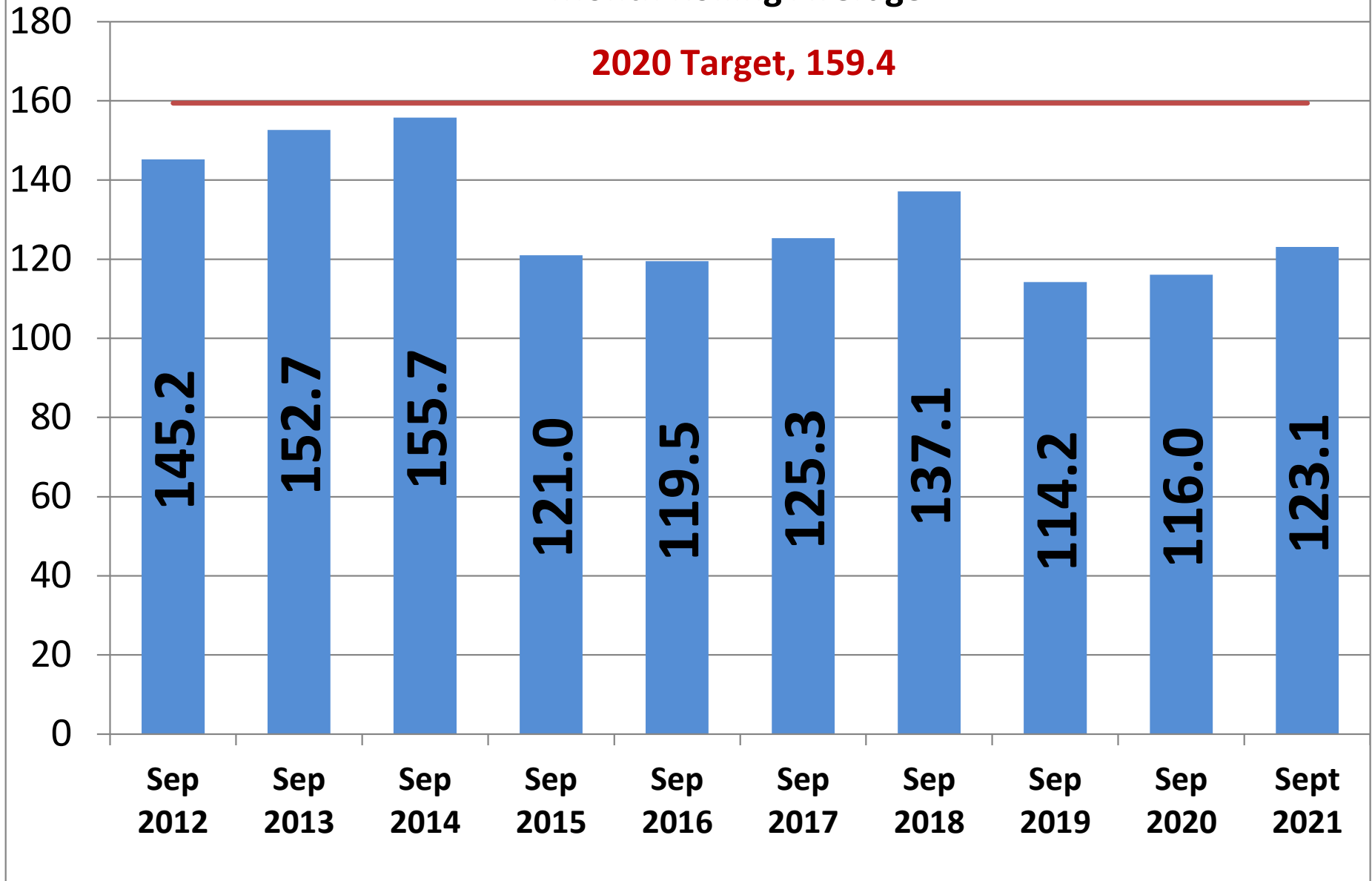
RESERVES AND FUNDS:

The following is a summary of the replacement reserves and capacity funds as of September 30, 2021.

Water:		
Revenues	Replacement	Capacity
Debt Proceeds	\$ 50,952	\$ -
Interfund Transfer	-	8,469,952
FY 21/22 Operating Transfers	2,996,263	-
Capital Facility Fees	-	662,766
Property tax & Other	1,015,873	-
Total Revenue	4,063,088	9,132,718
Distributions		
Capital Projects	410,082	-
Interfund Transfer	50,952	-
Debt Service	-	23,341
Total Distributions	461,034	23,341
Beginning Balance	39,389,445	(7,871,529)
Ending Balance	42,991,498	1,237,848
Less: Operating Reserves	6,375,900	-
Replacement Reserve Balance	\$ 36,615,598	\$ 1,237,848
Replacement Reserve Floor	\$ 10,394,000	
Replacement Reserve Ceiling	\$ 40,281,800	

Wastewater:		
Revenues	Replacement	Capacity
Debt Proceeds	\$ 10,007,662	\$ 5,150,325
Interfund Transfer	-	1,588,662
FY 21/22 Operating Transfers	2,613,063	-
Capital Facility Fees	-	979,112
Property tax & Other	249,731	-
Total Revenue	12,870,456	7,718,099
Distributions		
Capital Projects	3,093,593	744,335
Interfund Transfer	10,007,662	-
Debt Service	-	237,489
Total Distributions	13,101,255	981,824
Beginning Balance	60,698,440	(9,842,681)
Ending Balance	60,467,641	(3,106,406)
Less: Operating Reserves	6,791,700	-
Replacement Reserve Balance	\$ 53,675,941	\$ (3,106,406)
Replacement Reserve Floor	\$ 20,006,200	
Replacement Reserve Ceiling	\$ 63,574,100	

Gallons per Capita per Day 12-Month Rolling Average



DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the three months ended September 30, 2021 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 3-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 Three Months Ended September 30, 2021

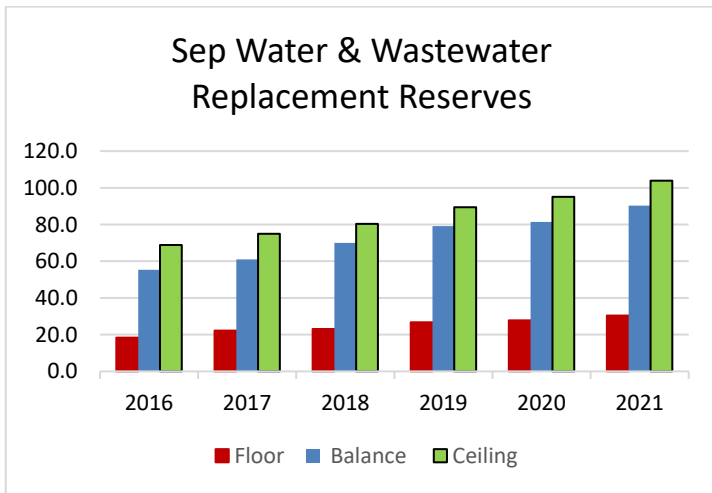
	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$10,587,312	\$10,107,649	\$ 479,663	4.7%	\$10,019,000	\$ 568,312	5.7%
Ready-to-serve	3,668,143	3,647,318	20,825	0.6%	3,573,000	95,143	2.7%
Pumping charges	135,245	136,166	(921)	-0.7%	134,000	1,245	0.9%
Late & lock charges	73,893	67,591	6,302	9.3%	94,106	(20,213)	-21.5%
Backflow fees	29,704	26,629	3,075	11.5%	19,918	9,786	49.1%
Other revenue	148,044	29,571	118,473	400.6%	28,400	119,644	421.3%
Total Revenue	<u>14,642,341</u>	<u>14,014,924</u>	627,417	4.5%	<u>13,868,424</u>	773,917	5.6%
Expenses							
Water costs	9,259,990	8,982,801	277,189	3.1%	9,669,000	(409,010)	-4.2%
Pumping cost recovery	141,293	217,837	(76,544)	-35.1%	296,000	(154,707)	-52.3%
Water quality	19,815	29,824	(10,009)	-33.6%	50,000	(30,185)	-60.4%
Water treatment	93,948	107,375	(13,427)	-12.5%	119,000	(25,052)	-21.1%
Tanks & reservoirs	90,358	45,027	45,331	100.7%	96,000	(5,642)	-5.9%
Trans & distribution	363,434	396,339	(32,905)	-8.3%	475,000	(111,566)	-23.5%
Services	12,577	20,995	(8,418)	-40.1%	15,000	(2,423)	-16.2%
Meters	186,344	182,161	4,183	2.3%	239,000	(52,656)	-22.0%
Backflow prevention	3,992	21,260	(17,268)	-81.2%	18,000	(14,008)	-77.8%
Customer accounts	202,983	167,760	35,223	21.0%	222,000	(19,017)	-8.6%
Building & grounds	102,404	101,090	1,314	1.3%	125,000	(22,596)	-18.1%
Equipment & vehicles	56,066	63,905	(7,839)	-12.3%	81,000	(24,934)	-30.8%
Engineering	333,677	349,376	(15,699)	-4.5%	406,000	(72,323)	-17.8%
Safety & compliance	26,950	47,521	(20,571)	-43.3%	73,000	(46,050)	-63.1%
Information Technology	199,660	200,262	(602)	-0.3%	281,000	(81,340)	-28.9%
General & administrative	552,587	471,039	81,548	17.3%	788,000	(235,413)	-29.9%
Total Expenses	<u>11,646,078</u>	<u>11,404,572</u>	241,506	2.1%	<u>12,953,000</u>	(1,306,922)	-10.1%
Net Operating Income	<u>\$ 2,996,263</u>	<u>\$ 2,610,352</u>	385,911	14.8%	<u>\$ 915,424</u>	2,080,839	227.3%

Vallecitos Water District
Sewer Revenue and Expense Report
For the Three Months Ended September 30, 2021

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Sewer service charges	\$ 4,670,906	\$ 4,571,365	\$ 99,541	2.2%	\$ 4,431,000	\$ 239,906	5.4%
Reclaimed water sales	743,750	698,500	45,250	6.5%	743,000	750	0.1%
Other revenue	110,190	25,543	84,647	331.4%	49,000	61,190	124.9%
Total Revenue	<u>5,524,846</u>	<u>5,295,408</u>	229,438	4.3%	<u>5,223,000</u>	301,846	5.8%
Expenses							
Collection & conveyance	481,971	515,078	(33,107)	-6.4%	593,000	(111,029)	-18.7%
Lift stations	42,356	100,118	(57,762)	-57.7%	56,000	(13,644)	-24.4%
Source Control	38,371	34,315	4,056	11.8%	50,000	(11,629)	-23.3%
Effluent disposal	834,750	761,250	73,500	9.7%	837,000	(2,250)	-0.3%
Meadowlark	674,888	639,892	34,996	5.5%	762,000	(87,112)	-11.4%
Customer accounts	103,041	100,399	2,642	2.6%	142,000	(38,959)	-27.4%
Building & grounds	67,462	59,507	7,955	13.4%	86,000	(18,538)	-21.6%
Equipment & vehicles	42,185	42,036	149	0.4%	64,000	(21,815)	-34.1%
Engineering	149,122	168,662	(19,540)	-11.6%	224,000	(74,878)	-33.4%
Safety & compliance	14,510	25,356	(10,846)	-42.8%	45,000	(30,490)	-67.8%
Information technology	181,279	172,081	9,198	5.3%	216,000	(34,721)	-16.1%
General & administrative	281,848	321,039	(39,191)	-12.2%	356,000	(74,152)	-20.8%
Total Expenses	<u>2,911,783</u>	<u>2,939,733</u>	(27,950)	-1.0%	<u>3,431,000</u>	(519,217)	-15.1%
Net Operating Income	<u>\$ 2,613,063</u>	<u>\$ 2,355,675</u>	257,388	10.9%	<u>\$ 1,792,000</u>	821,063	45.8%

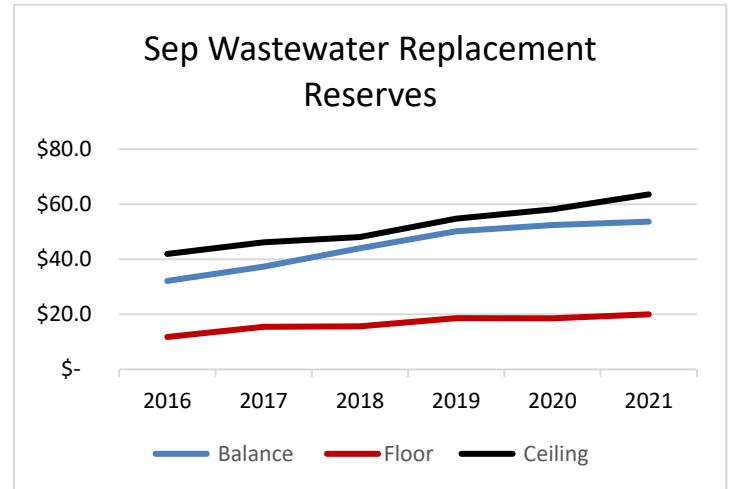
REPLACEMENT RESERVES

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 September 30, 2021, the total water and wastewater replacement reserve balance was \$90.3 million, 10.9 percent greater than September 30, 2020.



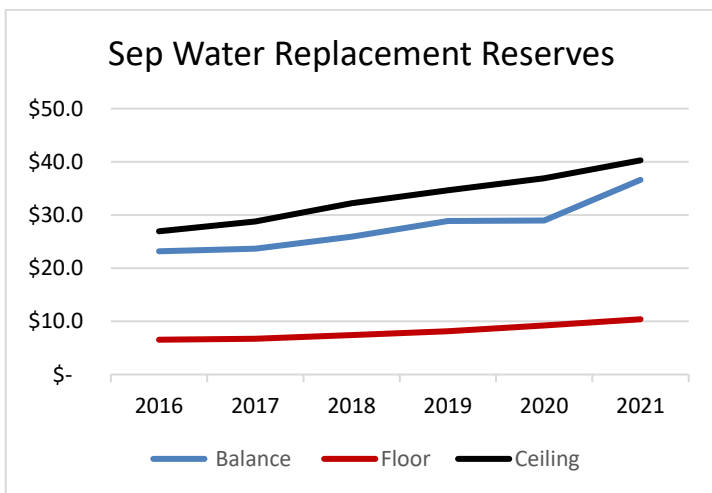
WASTEWATER REPLACEMENT RESERVE

As of September 30, 2021, the balance in the District’s wastewater replacement reserve totaled \$53.7 million, an increase of 2.3 percent, or \$1.2 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



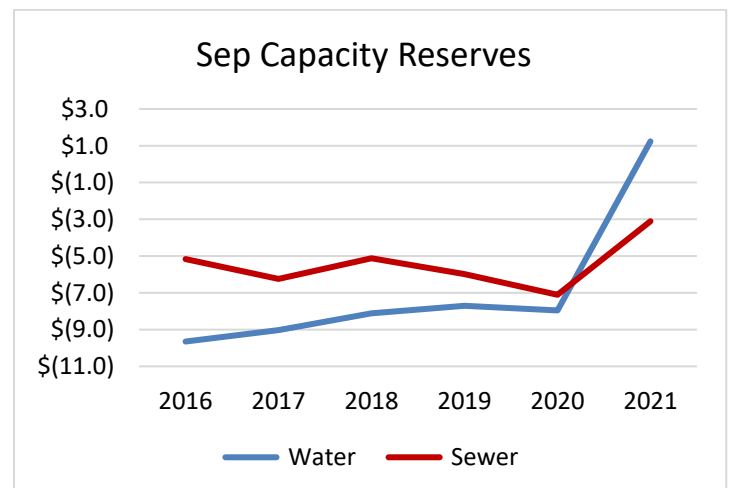
WATER REPLACEMENT RESERVE

As of September 30, 2021, the District’s water replacement reserve totaled \$36.6 million, an increase of 26.3 percent, or \$7.6 million higher 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.



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 September 30, 2021, the water capacity fund had a balance of \$1.2 million and the sewer capacity fund had a deficit of \$3.1 million. The District’s capital facility fees situation is expected to improve with the adoption of the new Master Plan and the corresponding capacity fee study.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

	110 Water		120		210 Wastewater		220	Total
	Replacement	Capacity	Replacement	Capacity	Replacement	Capacity		
BEGINNING BALANCE ⁽¹⁾	\$ 39,389,445	\$ (7,871,529)	\$ 60,698,440	\$ (9,842,681)	\$ 82,373,675			
REVENUES								
Debt Proceeds	50,952	-	10,007,662	5,150,325	15,208,939			
Interfund Transfer	-	8,469,952	-	1,588,662	10,058,614			
FY 21/22 Operating Transfers ⁽²⁾	2,996,263	-	2,613,063	-	5,609,326			
Capital Facility Fees	-	662,766	-	979,112	1,641,878			
Annexation Fees	765,564	-	112,015	-	877,579			
Investment Earnings	205,166	-	101,120	-	306,286			
Property Tax	45,143	-	36,596	-	81,738			
TOTAL REVENUES	4,063,087	9,132,718	12,870,456	7,718,099	33,784,360			
LESS DISTRIBUTIONS								
Capital Projects								
Encina Wastewater Authority Five Year Plan	-	-	1,636,401	-	1,636,401			
San Marcos Interceptor Sewer	-	-	328,475	731,123	1,059,598			
MRF Headworks - Upgrade/Replace Equipment	-	-	422,266	-	422,266			
MRF Biological Selector Improvements	-	-	185,197	-	185,197			
MRF Site Lighting Upgrade and Repairs	-	-	115,143	-	115,143			
District-Wide Valve Replacement Program	82,073	-	-	-	82,073			
MRF - Replacement of Valve Actuators	-	-	66,451	-	66,451			
Technology Infrastructure Upgrades	32,730	-	31,446	-	64,176			
South Lake Pump Station Fence	56,974	-	-	-	56,974			
MRF: Conversion to Sodium Hypochlorite	-	-	46,840	-	46,840			
Montiel Lift Station And Forcemain Replacement	-	-	30,284	12,370	42,654			
District-Wide SCADA Upgrade Project	21,178	-	20,348	-	41,526			
16-Inch Emergency Bypass Pipeline Rehabilitation	-	-	39,094	-	39,094			
Land Outfall West Condition Assessment	-	-	38,231	-	38,231			
Wulff Pressure Reducing Station	37,124	-	-	-	37,124			
Tres Amigos Water Line Replacement Phase 1	32,072	-	-	-	32,072			
Energy Management Study	15,587	-	14,976	-	30,564			
Meadowlark Failsafe Rehabilitation (Buena Reach)	-	-	27,086	-	27,086			
MRF - Tertiary Influent Chamber Repairs	-	-	20,592	-	20,592			
GEMS AB Suite 6.1 Upgrade	9,906	-	9,517	-	19,423			
District Wide Solar Project	9,725	-	9,344	-	19,070			
Sage Canyon Tank Refurbishment	18,881	-	-	-	18,881			
Sewer Lining and Rehab	-	-	17,988	-	17,988			
Via Vera Cruz Tank I: Asphalt Repair and Sealcoat	14,140	-	-	-	14,140			
District-Wide Valve Replacement Program	14,065	-	-	-	14,065			
Ductile Iron Pipe Condition Assessment	13,456	-	-	-	13,456			
Palos Vista Tank I: Asphalt Repair and Sealcoat	11,760	-	-	-	11,760			
Mahr Reservoir - Algae Monitoring	-	-	11,690	-	11,690			
MRF - Odor Scrubber #1 Replacement	-	-	10,307	-	10,307			
Richland Tank I: Asphalt Repair and Sealcoat	10,294	-	-	-	10,294			
Richland Tank II: Asphalt Repair and Sealcoat	10,110	-	-	-	10,110			
Fire Services - Backflow Preventer Upgrades	9,529	-	-	-	9,529			
Wireless Radio Network Upgrades	2,397	-	2,303	-	4,700			
Las Posas Water Line Replacement	4,632	-	-	-	4,632			
MRF - Fall Protection Grating Installation	-	-	3,266	-	3,266			
Chlorine Contact Tank Expansion	-	-	2,612	-	2,612			
All other capital projects	539	-	938	843	2,320			
Capital Budget - Vehicles/Mobile Equipmnt	2,909	-	2,795	-	5,705			
Total Capital Project Expenditures	410,082	-	3,093,593	744,335	4,248,010			
Interfund Transfer	50,952	-	10,007,662	-	10,058,614			
Debt Service	-	-	-	207,063	207,063			
Interest Expense	-	23,341	-	30,426	53,767			
TOTAL DISTRIBUTIONS	461,034	23,341	13,101,255	981,824	14,567,454			
ENDING BALANCE	\$ 42,991,498	\$ 1,237,848	\$ 60,467,641	\$ (3,106,406)	\$ 101,590,581			
Less: Operating Reserves	6,375,900	-	6,791,700	-	13,167,600			
Replacement Reserves/Restricted Funds	\$ 36,615,598	\$ 1,237,848	\$ 53,675,941	\$ (3,106,406)	\$ 88,422,981			
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 SEPTEMBER 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 September follows:

<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
09/08/21	Deposit	LAIF	1,050,000	Open	0.22%
09/09/21	Matured	American Honda BDS	(500,000)	09/09/21	0.02%
09/15/21	Purchased	BMW Corp Note	159,983	12/26/24	0.33%
09/15/21	Matured	Toyota Credit Corp.	(500,000)	09/15/21	3.40%
09/15/21	Purchased	US Treasury	997,930	09/15/24	0.38%
09/16/21	Withdrawal	LAIF	(1,500,000)	Open	0.25%
09/16/21	Sold	FHLMC	(1,007,570)	01/13/22	2.38%
09/21/21	Sold	Honda Auto Rec	(7,522)	08/22/22	2.95%
09/23/21	Purchased	Inter-American Bank	829,386	09/23/24	0.50%
09/27/21	Deposit	LAIF	600,000	Open	0.50%
Change in investments during the month			<u>\$ 122,207</u>		

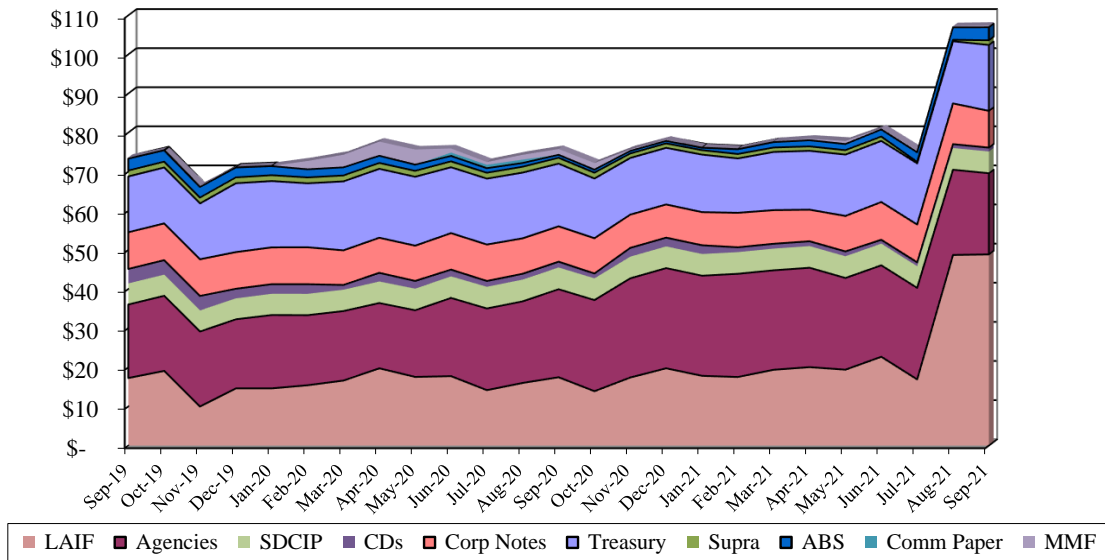
	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	0.700%
Weighted average days to maturity	329

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 August 31, 2021. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

Safety

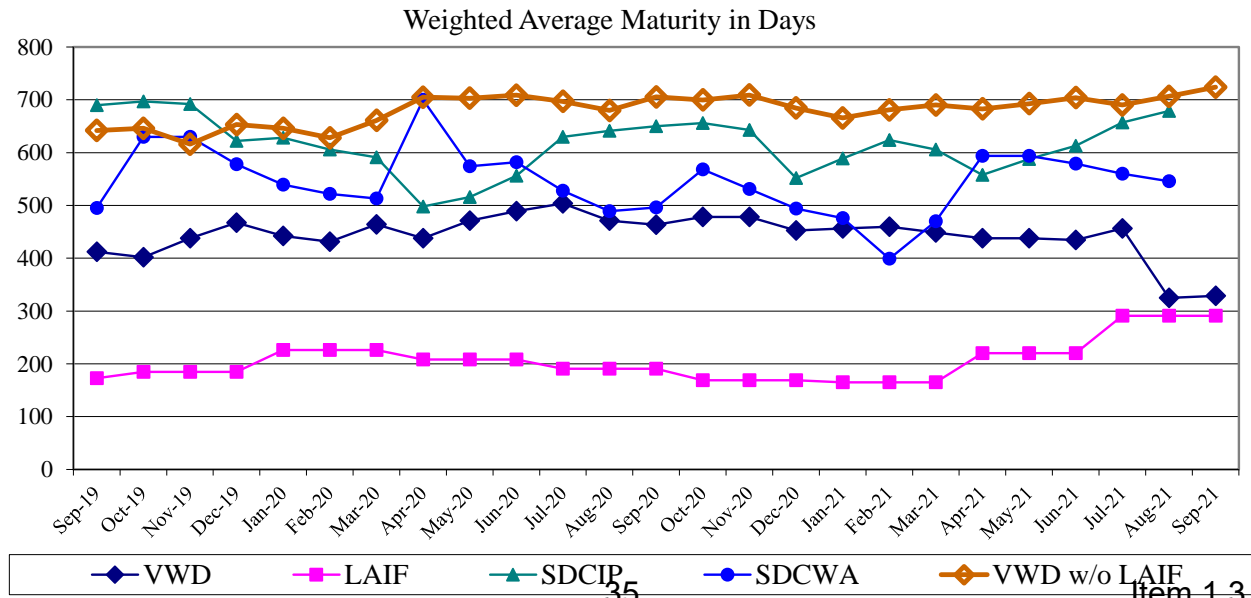
Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by the Board adopted investment policy and within the limits established by the policy. 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.

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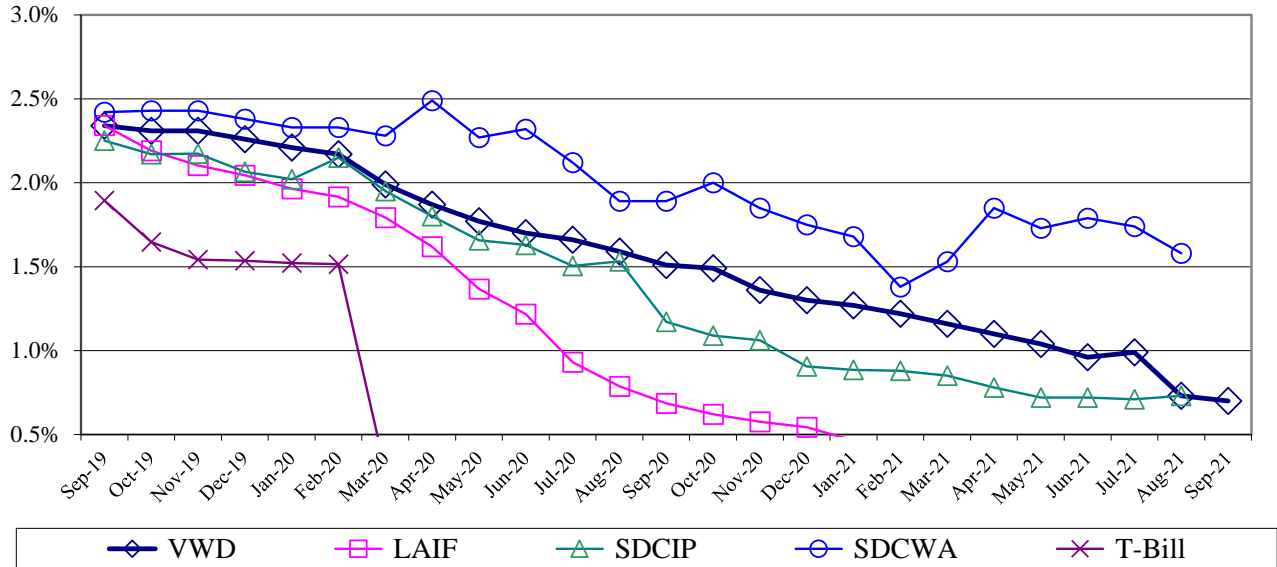
Liquidity

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 \$48.8 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	0.90
Average Coupon	0.78%
Average Purchase YTM	0.70%
Average Market YTM	0.30%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	0.98 yrs
Average Life	0.91 yrs

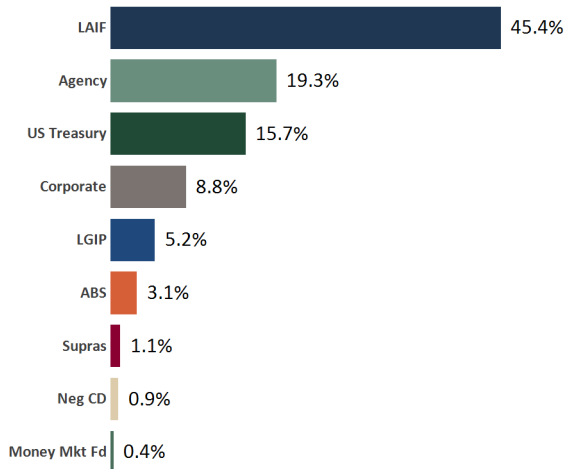
ACCOUNT SUMMARY

	Beg. Values as of 8/31/21	End Values as of 9/30/21
Market Value	107,200,315	107,335,516
Accrued Interest	195,741	181,636
Total Market Value	107,396,056	107,517,152
Income Earned	59,143	59,253
Cont/WD		
Par	106,375,589	106,636,515
Book Value	106,588,171	106,833,476
Cost Value	106,671,184	106,914,490

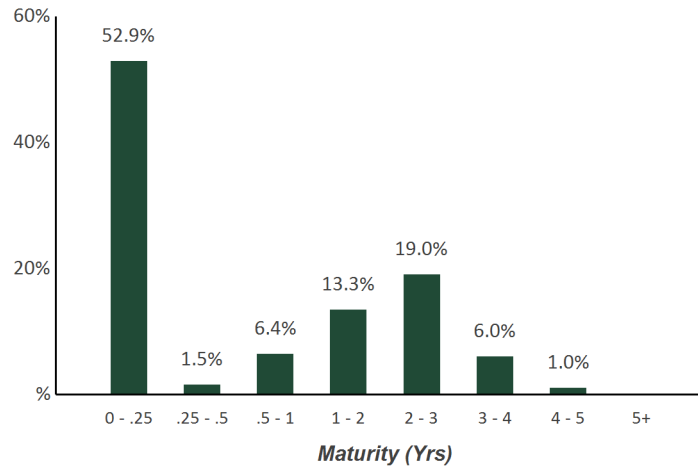
TOP ISSUERS

Local Agency Investment Fund	45.4%
Government of United States	15.7%
Federal Farm Credit Bank	6.0%
County of San Diego Pooled Inve	5.2%
Federal Home Loan Mortgage Corp	4.9%
Federal Home Loan Bank	4.7%
Federal National Mortgage Assoc	3.7%
Bank of Nova Scotia Houston	0.9%
Total	86.6%

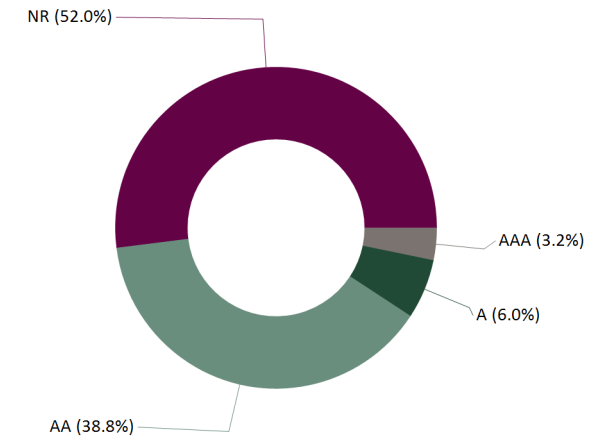
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report
As of September 30, 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									
43815HAC1	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	10,255.64	08/21/2018 2.98%	10,254.23 10,255.33	100.22 0.22%	10,278.67 8.40	0.01% 23.34	Aaa / NR AAA	0.89 0.08
47789KAC7	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	275,000.00	03/04/2020 1.11%	274,983.20 274,989.11	100.69 0.22%	276,902.18 134.44	0.26% 1,913.07	Aaa / NR AAA	2.88 0.78
36262XAC8	GM Financial Auto Lease Trust 2021-3 A2 0.39% Due 10/21/2024	360,000.00	08/10/2021 0.39%	359,995.10 359,995.34	99.93 0.43%	359,760.96 42.90	0.33% (234.38)	NR / AAA AAA	3.06 1.88
58769KAD6	Mercedes-Benz Auto Lease Trust 2021- B A3 0.4% Due 11/15/2024	255,000.00	06/22/2021 0.40%	254,980.75 254,982.70	99.98 0.41%	254,940.08 45.33	0.24% (42.62)	NR / AAA AAA	3.13 1.80
09690AAC7	BMW Vehicle Lease Trust 2021-2 A3 0.33% Due 12/26/2024	160,000.00	09/08/2021 0.34%	159,983.49 159,983.81	99.91 0.38%	159,852.00 23.47	0.15% (131.81)	Aaa / NR AAA	3.24 1.77
89236XAC0	Toyota Auto Receivables 2020-D A3 0.35% Due 1/15/2025	220,000.00	10/06/2020 0.36%	219,959.01 219,968.32	100.08 0.28%	220,165.44 34.22	0.20% 197.12	NR / AAA AAA	3.30 1.05
43813GAC5	Honda Auto Receivables Trust 2021-1 A3 0.27% Due 4/21/2025	130,000.00	02/17/2021 0.27%	129,997.62 129,998.08	99.95 0.31%	129,937.86 9.75	0.12% (60.22)	Aaa / NR AAA	3.56 1.32
89240BAC2	Toyota Auto Receivables Owners 2021- A A3 0.26% Due 5/15/2025	475,000.00	02/02/2021 0.27%	474,911.84 474,930.16	99.90 0.34%	474,515.98 54.89	0.44% (414.18)	Aaa / NR AAA	3.62 1.36
47788UAC6	John Deere Owner Trust 2021-A A3 0.36% Due 9/15/2025	185,000.00	03/02/2021 0.37%	184,964.44 184,969.98	99.91 0.41%	184,842.01 29.60	0.17% (127.97)	Aaa / NR AAA	3.96 1.78
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.38% Due 9/15/2025	225,000.00	04/20/2021 0.38%	224,976.33 224,979.65	99.96 0.40%	224,908.43 38.00	0.21% (71.22)	NR / AAA AAA	3.96 1.75
43815EAC8	Honda Auto Receivables 2021-3 A3 0.41% Due 11/18/2025	340,000.00	08/17/2021 0.41%	339,995.04 339,995.20	99.89 0.47%	339,626.00 50.34	0.32% (369.20)	NR / AAA AAA	4.14 2.01
44934KAC8	Hyundai Auto Receivables Trust 2021-B A3 0.38% Due 1/15/2026	465,000.00	07/20/2021 0.39%	464,897.37 464,903.20	99.80 0.48%	464,084.88 78.53	0.43% (818.32)	NR / AAA AAA	4.30 2.08

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 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									
47789QAC4	John Deere Owner Trust 2021-B A3 0.52% Due 3/16/2026	220,000.00	07/13/2021 0.52%	219,980.38 219,981.44	99.93 0.55%	219,852.38 50.84	0.20% (129.06)	Aaa / NR AAA	4.46 2.41
Total ABS		3,320,255.64	0.44%	3,319,878.80 3,319,932.32	0.39%	3,319,666.87 600.71	3.09% (265.45)	Aaa / AAA AAA	3.65 1.68

AGENCY									
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	1,000,000.00	12/26/2018 2.70%	1,002,780.00 1,000,197.11	100.57 0.12%	1,005,737.00 8,088.89	0.94% 5,539.89	Aaa / AA+ AAA	0.21 0.21
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	750,000.00	02/27/2019 2.55%	750,075.00 750,010.33	101.04 0.07%	757,810.50 1,593.75	0.71% 7,800.17	Aaa / AA+ AAA	0.42 0.42
3135G0V59	FNMA Note 2.25% Due 4/12/2022	1,000,000.00	03/24/2020 0.59%	1,033,760.00 1,008,710.80	101.14 0.11%	1,011,425.00 10,562.50	0.95% 2,714.20	Aaa / AA+ AAA	0.53 0.53
3133ELN26	FFCB Note 0.26% Due 6/22/2022	1,000,000.00	06/17/2020 0.28%	999,530.00 999,830.03	100.14 0.06%	1,001,440.00 715.00	0.93% 1,609.97	Aaa / AA+ AAA	0.73 0.73
313383WD9	FHLB Note 3.125% Due 9/9/2022	500,000.00	01/30/2019 2.68%	507,580.00 501,974.14	102.84 0.10%	514,219.50 954.86	0.48% 12,245.36	Aaa / AA+ AAA	0.94 0.93
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,003,291.14	103.43 0.12%	1,034,267.00 9,333.33	0.97% 30,975.86	Aaa / AA+ AAA	1.19 1.17
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	985,000.00	05/05/2020 0.39%	984,586.30 984,780.09	100.22 0.24%	987,154.20 1,498.02	0.92% 2,374.11	Aaa / AA+ AAA	1.59 1.59
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	1,055,000.00	05/20/2020 0.35%	1,051,824.45 1,053,265.77	100.04 0.23%	1,055,376.64 945.10	0.98% 2,110.87	Aaa / AA+ AAA	1.64 1.64
3133834G3	FHLB Note 2.125% Due 6/9/2023	650,000.00	10/30/2019 1.66%	660,432.50 654,879.59	103.16 0.25%	670,514.65 4,297.22	0.63% 15,635.06	Aaa / AA+ NR	1.69 1.66
3135G05G4	FNMA Note 0.25% Due 7/10/2023	875,000.00	07/08/2020 0.32%	873,118.75 873,888.43	99.97 0.26%	874,778.63 492.19	0.81% 890.20	Aaa / AA+ AAA	1.78 1.77
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,002,216.74	102.43 0.30%	1,024,267.00 2,088.89	0.95% 22,050.26	Aaa / AA+ AAA	1.87 1.85
3137EAEV7	FHLMC Note 0.25% Due 8/24/2023	1,000,000.00	09/24/2020 0.24%	1,000,230.00 1,000,149.73	99.96 0.27%	999,563.00 256.94	0.93% (586.73)	Aaa / AA+ AAA	1.90 1.89

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 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									
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 712,301.50	104.04 0.29%	728,251.30 1,062.15	0.68% 15,949.80	Aaa / AA+ NR	1.94 1.90
3137EAEW5	FHLMC Note 0.25% Due 9/8/2023	660,000.00	09/02/2020 0.26%	659,782.20 659,859.89	99.92 0.29%	659,486.52 105.42	0.61% (373.37)	Aaa / AA+ AAA	1.94 1.93
3133EMBS0	FFCB Note 0.2% Due 10/2/2023	1,000,000.00	11/12/2020 0.28%	997,720.00 998,417.21	99.87 0.26%	998,732.00 994.44	0.93% 314.79	Aaa / AA+ AAA	2.01 2.00
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	825,000.00	10/14/2020 0.25%	821,922.75 822,906.35	99.62 0.31%	821,825.40 472.66	0.76% (1,080.95)	Aaa / AA+ AAA	2.04 2.04
3137EAEZ8	FHLMC Note 0.25% Due 11/6/2023	1,075,000.00	11/03/2020 0.28%	1,074,032.50 1,074,323.81	99.94 0.28%	1,074,404.45 1,082.47	1.00% 80.64	Aaa / AA+ AAA	2.10 2.09
3137EAF2	FHLMC Note 0.25% Due 12/4/2023	770,000.00	12/02/2020 0.28%	769,237.70 769,447.25	99.78 0.35%	768,305.23 625.63	0.72% (1,142.02)	Aaa / AA+ AAA	2.18 2.17
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,016,750.55	104.11 0.36%	1,041,126.00 7,062.50	0.97% 24,375.45	Aaa / AA+ NR	2.19 2.13
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,024,131.62	105.02 0.35%	1,050,155.00 3,888.89	0.98% 26,023.38	Aaa / AA+ AAA	2.35 2.28
3133EKM1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 755,468.75	104.28 0.43%	782,099.25 1,765.42	0.73% 26,630.50	Aaa / AA+ AAA	2.40 2.34
3133EMR27	FFCB Note 0.25% Due 2/26/2024	850,000.00	02/22/2021 0.26%	849,694.00 849,754.64	99.74 0.36%	847,767.90 206.60	0.79% (1,986.74)	Aaa / AA+ AAA	2.41 2.39
3130A7PH2	FHLB Note 1.875% Due 3/8/2024	1,000,000.00	03/03/2020 0.85%	1,040,350.00 1,024,485.43	103.62 0.38%	1,036,154.00 1,197.92	0.96% 11,668.57	Aaa / AA+ NR	2.44 2.39
Total Agency		20,445,000.00	1.03%	20,647,865.15 20,541,040.90	0.25%	20,744,860.17 59,290.79	19.35% 203,819.27	Aaa / AA+ AAA	1.68 1.66
CORPORATE									
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 499,202.02	100.63 0.28%	503,160.50 3,128.48	0.47% 3,958.48	A2 / A A	0.27 0.27
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 299,261.62	100.24 0.49%	300,732.30 939.17	0.28% 1,470.68	A2 / A NR	0.38 0.12
037833CQ1	Apple Inc Callable Note Cont 4/11/2022 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 497,135.73	101.11 0.20%	505,569.50 4,472.22	0.47% 8,433.77	Aa1 / AA+ NR	0.61 0.53



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									
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 499,097.99	101.72 0.25%	508,583.00 5,666.67	0.48% 9,485.01	Aa2 / AA A+	0.62 0.62
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,040.85	102.11 0.22%	510,540.00 5,625.00	0.48% 10,499.15	Aa3 / AA- NR	0.67 0.66
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 405,735.68	103.77 0.34%	415,089.60 2,933.33	0.39% 9,353.92	A2 / A- AA-	1.28 1.25
90331HNL3	US Bank NA Callable Note Cont 12/23/2022 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 483,439.26	103.23 0.22%	495,526.56 2,584.00	0.46% 12,087.30	A1 / AA- AA-	1.32 1.21
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 508,032.47	105.03 0.36%	525,136.00 5,493.06	0.49% 17,103.53	A2 / A A+	1.69 1.56
69371RQ82	Paccar Financial Corp Note 0.8% Due 6/8/2023	300,000.00	06/01/2020 0.85%	299,583.00 299,765.79	100.56 0.46%	301,694.10 753.33	0.28% 1,928.31	A1 / A+ NR	1.69 1.67
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 505,804.12	105.13 0.29%	525,650.50 4,486.11	0.49% 19,846.38	Aa2 / AA AA	1.74 1.61
808513BN4	Charles Schwab Corp Callable Note Cont 2/18/2024 0.75% Due 3/18/2024	600,000.00	Various 0.70%	600,858.00 600,702.72	100.47 0.55%	602,834.40 162.50	0.56% 2,131.68	A2 / A A	2.47 2.36
023135BW5	Amazon.com Inc Note 0.45% Due 5/12/2024	420,000.00	05/10/2021 0.50%	419,386.80 419,466.25	99.77 0.54%	419,036.52 729.75	0.39% (429.73)	A1 / AA AA-	2.62 2.59
14913R2L0	Caterpillar Financial Service Note 0.45% Due 5/17/2024	665,000.00	05/10/2021 0.50%	664,108.90 664,220.29	99.81 0.52%	663,717.22 1,113.88	0.62% (503.07)	A2 / A A	2.63 2.61
24422EVQ9	John Deere Capital Corp Note 0.45% Due 6/7/2024	395,000.00	06/07/2021 0.49%	394,506.25 394,557.30	99.76 0.54%	394,067.41 548.06	0.37% (489.89)	A2 / A A	2.69 2.66
89114QCA4	Toronto Dominion Bank Note 2.65% Due 6/12/2024	500,000.00	08/25/2021 0.61%	528,130.00 527,164.75	105.21 0.70%	526,074.50 4,011.81	0.49% (1,090.25)	A1 / A AA-	2.70 2.60
89236TJH9	Toyota Motor Credit Corp Note 0.5% Due 6/18/2024	400,000.00	06/15/2021 0.54%	399,524.00 399,569.60	99.50 0.69%	398,008.00 572.22	0.37% (1,561.60)	A1 / A+ A+	2.72 2.69
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 7/15/2024	105,000.00	06/29/2021 0.64%	104,946.45 104,950.40	100.19 0.39%	105,194.99 144.01	0.10% 244.59	A2 / A+ NR	2.79 0.79
69371RR40	Paccar Financial Corp Note 0.5% Due 8/9/2024	255,000.00	08/03/2021 0.52%	254,862.30 254,868.96	99.72 0.60%	254,286.00 184.17	0.24% (582.96)	A1 / A+ NR	2.86 2.83



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%	525,645.00 522,938.03	104.36 0.82%	521,817.00 4,687.50	0.49% (1,121.03)	A2 / A AA-	3.09 2.96
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	99.57 0.74%	363,438.90 256.87	0.34% (1,561.10)	A2 / A- AA-	3.38 2.35
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%	555,720.85 555,660.66	99.97 0.84%	554,822.96 1,524.40	0.52% (837.70)	A2 / A- AA-	3.67 2.63
Total Corporate		9,240,000.00	1.64%	9,311,631.85 9,306,614.49	0.48%	9,394,979.96 50,016.54	8.78% 88,365.47	A1 / A+ A+	1.97 1.78
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	48,847,067.70	Various 0.21%	48,847,067.70 48,847,067.70	1.00 0.21%	48,847,067.70 17,353.30	45.45% 0.00	NR / NR NR	0.00 0.00
Total LAIF		48,847,067.70	0.21%	48,847,067.70 48,847,067.70	0.21%	48,847,067.70 17,353.30	45.45% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,573,000.00	Various 0.74%	5,573,000.00 5,573,000.00	1.00 0.74%	5,573,000.00 0.00	5.18% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,573,000.00	0.74%	5,573,000.00 5,573,000.00	0.74%	5,573,000.00 0.00	5.18% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND									
261908206	Dreyfus Treasury Money Market Fund	386,191.80	Various 0.01%	386,191.80 386,191.80	1.00 0.01%	386,191.80 0.00	0.36% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund		386,191.80	0.01%	386,191.80 386,191.80	0.01%	386,191.80 0.00	0.36% 0.00	Aaa / AAA NR	0.00 0.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
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 2,411.11	0.93% 0.00	P-1 / A-1 F-1+	0.15 0.15
Total Negotiable CD		1,000,000.00	0.28%	1,000,000.00	0.28%	1,000,000.00 2,411.11	0.93% 0.00	Aaa / AA AAA	0.15 0.15
SUPRANATIONAL									
459058JM6	Intl. Bank Recon & Development Note 0.25% Due 11/24/2023	395,000.00	11/17/2020 0.32%	394,150.75 394,391.95	99.77 0.36%	394,082.81 348.37	0.37% (309.14)	Aaa / AAA AAA	2.15 2.14
4581X0DZ8	Inter-American Dev Bank Note 0.5% Due 9/23/2024	830,000.00	09/15/2021 0.52%	829,385.80 829,390.28	99.70 0.60%	827,542.37 92.22	0.77% (1,847.91)	Aaa / AAA NR	2.98 2.95
Total Supranational		1,225,000.00	0.46%	1,223,536.55 1,223,782.23	0.52%	1,221,625.18 440.59	1.14% (2,157.05)	Aaa / AAA AAA	2.71 2.69
US TREASURY									
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 994,814.99	101.48 0.09%	1,014,844.00 3,158.97	0.95% 20,029.01	Aaa / AA+ AAA	0.83 0.83
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 743,143.59	101.63 0.09%	762,246.00 1,204.25	0.71% 19,102.41	Aaa / AA+ AAA	0.92 0.91
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 994,753.39	101.76 0.11%	1,017,617.00 51.51	0.95% 22,863.61	Aaa / AA+ AAA	1.00 0.99
912828M80	US Treasury Note 2% Due 11/30/2022	800,000.00	12/24/2019 1.70%	806,875.00 802,730.72	102.18 0.13%	817,437.60 5,377.05	0.77% 14,706.88	Aaa / AA+ AAA	1.17 1.15
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,786.43	103.45 0.19%	1,034,531.00 68.68	0.96% 34,744.57	Aaa / AA+ AAA	1.50 1.48
912828R28	US Treasury Note 1.625% Due 4/30/2023	1,000,000.00	12/04/2019 1.60%	1,000,898.44 1,000,416.67	102.23 0.21%	1,022,305.00 6,800.27	0.96% 21,888.33	Aaa / AA+ AAA	1.58 1.56
912828R69	US Treasury Note 1.625% Due 5/31/2023	1,100,000.00	Various 2.00%	1,083,765.62 1,093,450.81	102.32 0.23%	1,125,566.20 6,007.17	1.05% 32,115.39	Aaa / AA+ AAA	1.67 1.64

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2021

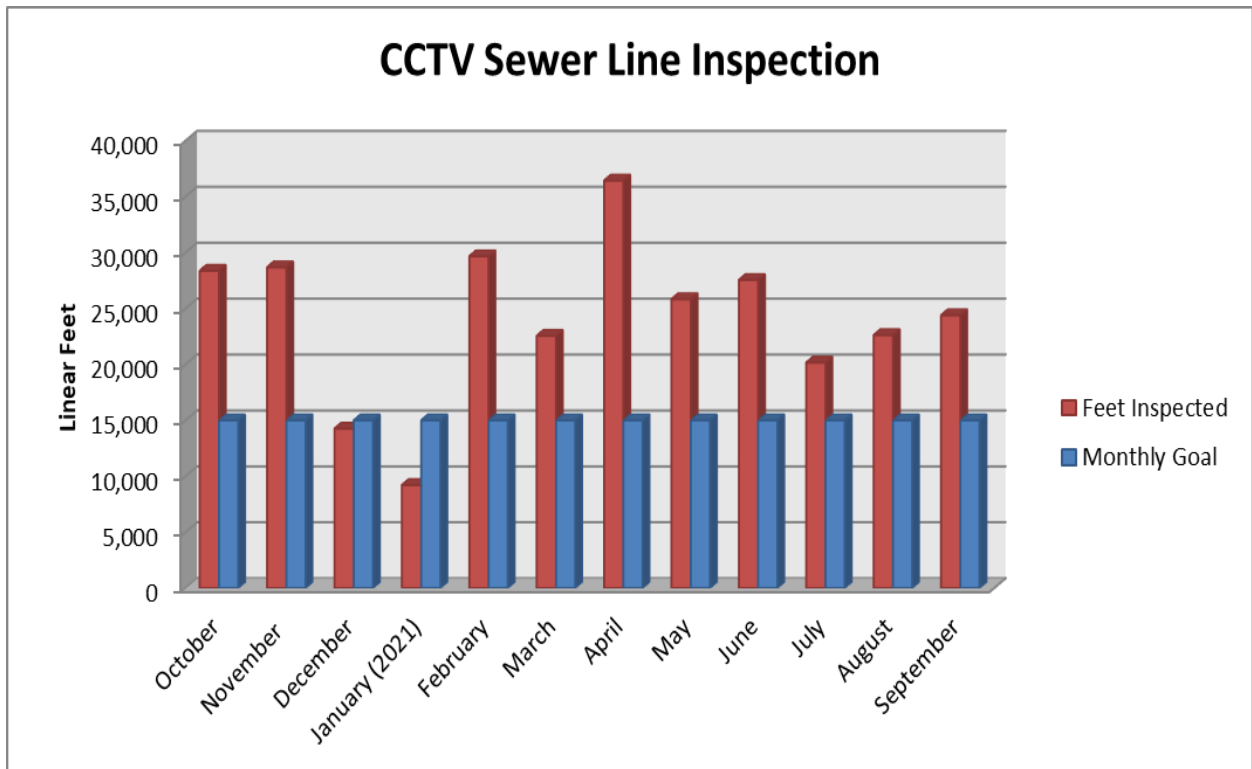


CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,000,000.00	09/25/2019 1.60%	1,000,898.44 1,000,456.43	102.74 0.31%	1,027,383.00 6,800.27	0.96% 26,926.57	Aaa / AA+ AAA	2.08 2.04
91282CBE0	US Treasury Note 0.125% Due 1/15/2024	1,000,000.00	01/12/2021 0.24%	996,445.31 997,286.10	99.46 0.36%	994,570.00 264.95	0.93% (2,716.10)	Aaa / AA+ AAA	2.29 2.28
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,011,999.81	104.38 0.36%	1,043,828.00 3,790.76	0.97% 31,828.19	Aaa / AA+ AAA	2.34 2.28
912828X70	US Treasury Note 2% Due 4/30/2024	1,000,000.00	03/03/2020 0.71%	1,052,539.06 1,032,603.29	104.04 0.43%	1,040,391.00 8,369.57	0.98% 7,787.71	Aaa / AA+ AAA	2.58 2.51
91282CCC3	US Treasury Note 0.25% Due 5/15/2024	1,000,000.00	05/12/2021 0.36%	996,875.00 997,266.34	99.50 0.44%	995,039.00 944.29	0.93% (2,227.34)	Aaa / AA+ AAA	2.62 2.61
91282CCG4	US Treasury Note 0.25% Due 6/15/2024	1,000,000.00	06/10/2021 0.33%	997,695.31 997,922.41	99.43 0.46%	994,297.00 737.70	0.93% (3,625.41)	Aaa / AA+ AAA	2.71 2.69
91282CCX7	US Treasury Note 0.375% Due 9/15/2024	1,000,000.00	09/10/2021 0.44%	997,929.69 997,959.91	99.55 0.53%	995,547.00 165.75	0.93% (2,412.91)	Aaa / AA+ AAA	2.96 2.94
912828YM6	US Treasury Note 1.5% Due 10/31/2024	1,000,000.00	08/06/2021 0.45%	1,033,554.69 1,032,046.29	102.91 0.55%	1,029,141.00 6,277.17	0.96% (2,905.29)	Aaa / AA+ AAA	3.09 3.00
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	1,000,000.00	03/03/2021 0.54%	998,515.63 998,726.12	99.42 0.67%	994,180.00 13.74	0.92% (4,546.12)	Aaa / AA+ AAA	3.50 3.46
912828ZL7	US Treasury Note 0.375% Due 4/30/2025	950,000.00	04/12/2021 0.66%	939,238.28 940,483.38	98.86 0.70%	939,201.35 1,490.83	0.87% (1,282.03)	Aaa / AA+ AAA	3.58 3.55
Total US Treasury		16,600,000.00	1.31%	16,605,318.36 16,635,846.68	0.35%	16,848,124.15 51,522.93	15.72% 212,277.47	Aaa / AA+ AAA	2.16 2.13
TOTAL PORTFOLIO		106,636,515.14	0.70%	106,914,490.21 106,833,476.12	0.30%	107,335,515.83 181,635.97	100.00% 502,039.71	Aa1 / AA+ AAA	0.98 0.90
TOTAL MARKET VALUE PLUS ACCRUED						107,517,151.80			

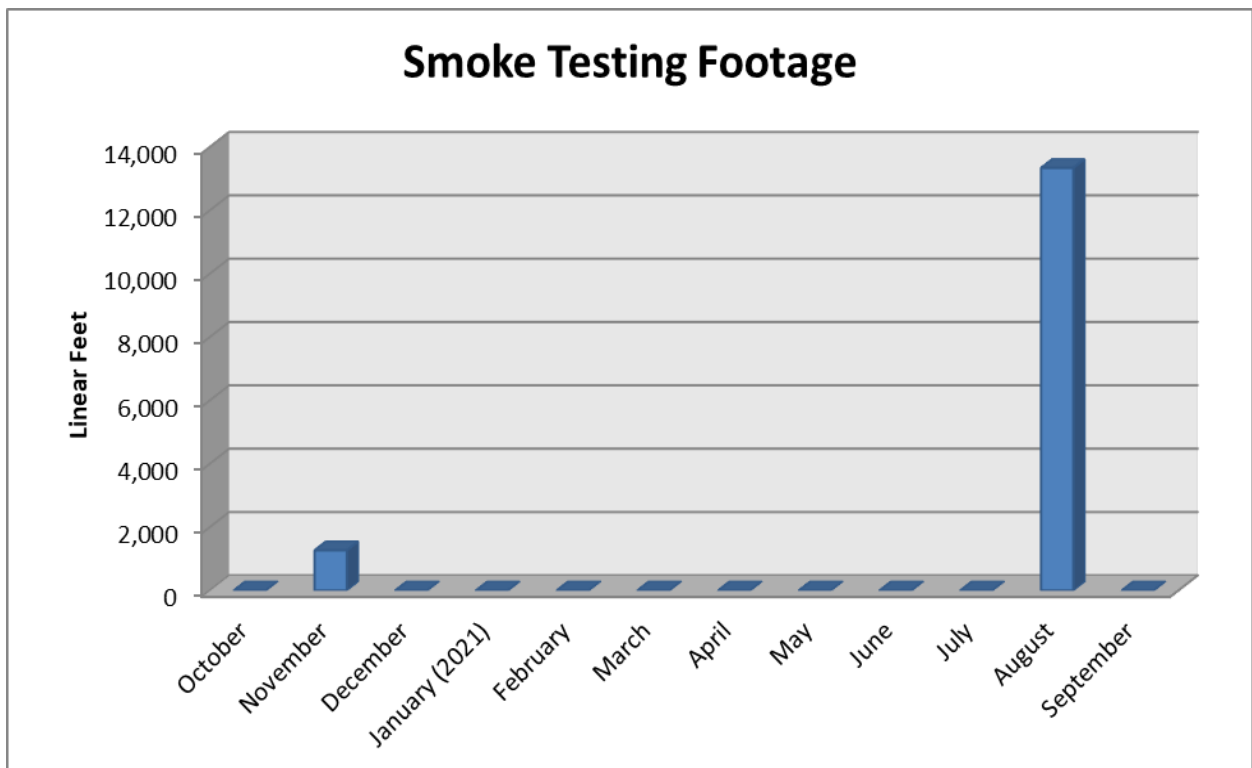
**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Total
General Counsel Services	\$ 46,859	\$ 9,405	\$ 32,375	\$ 6,534	\$ 34,002	\$ 7,971	\$ 4,303	\$ 33,300	\$ 10,756	\$ 4,232	\$ 13,238	\$ 16,885	\$ 6,265	\$ 226,125
Labor/Employment	541	601	785	1,123	1,013	2,859	1,275	1,183	800	2,241	2,487	1,627	1,075	17,609.40
Engineering - Construction/Contracting	6,164	10,280	11,791	7,949	5,363	6,985	5,005	3,575	4,180	1,348	3,033	2,640	2,640	70,950.77
Fees and Taxes	215	156	-	-	-	-	-	-	890	491	-	645	-	2,397.00
Environmental	829	-	-	-	-	-	154	1,934	-	-	-	-	-	2,916.50
Adv. Butler	908	34	2,949	658	1,412	-	138	2,757	4,150	1,722	275	1,458	1,267	17,724.43
Renewable Energy	92	-	-	-	215	92	-	307	-	-	645	276	-	1,627.10
Litigation	61	768	4,386	5,312	3,937	3,197	5,198	4,276	7,568	6,060	4,840	-	-	45,603.26
Driscoll & Omens Prop 218 Sole	834	3,450	887	1,462	2,972	911	2,598	2,938	1,609	1,209	1,562	163	3,935	24,529.90
Driscoll & Omens Prop 218 Shared	429	1,433	1,685	1,021	502	547	429	204	142	301	318	281	229	7,521.91
Driscoll & Omens Prop 218 PRA Requests	-	-	2,138	964	1,280	3,544	774	1,272	510	619	481	767	252	12,600.81
Total	\$ 56,932	\$ 26,126	\$ 56,996	\$ 25,024	\$ 50,695	\$ 26,106	\$ 19,873	\$ 51,745	\$ 30,605	\$ 18,223	\$ 26,877	\$ 24,742	\$ 15,662	\$ 429,606

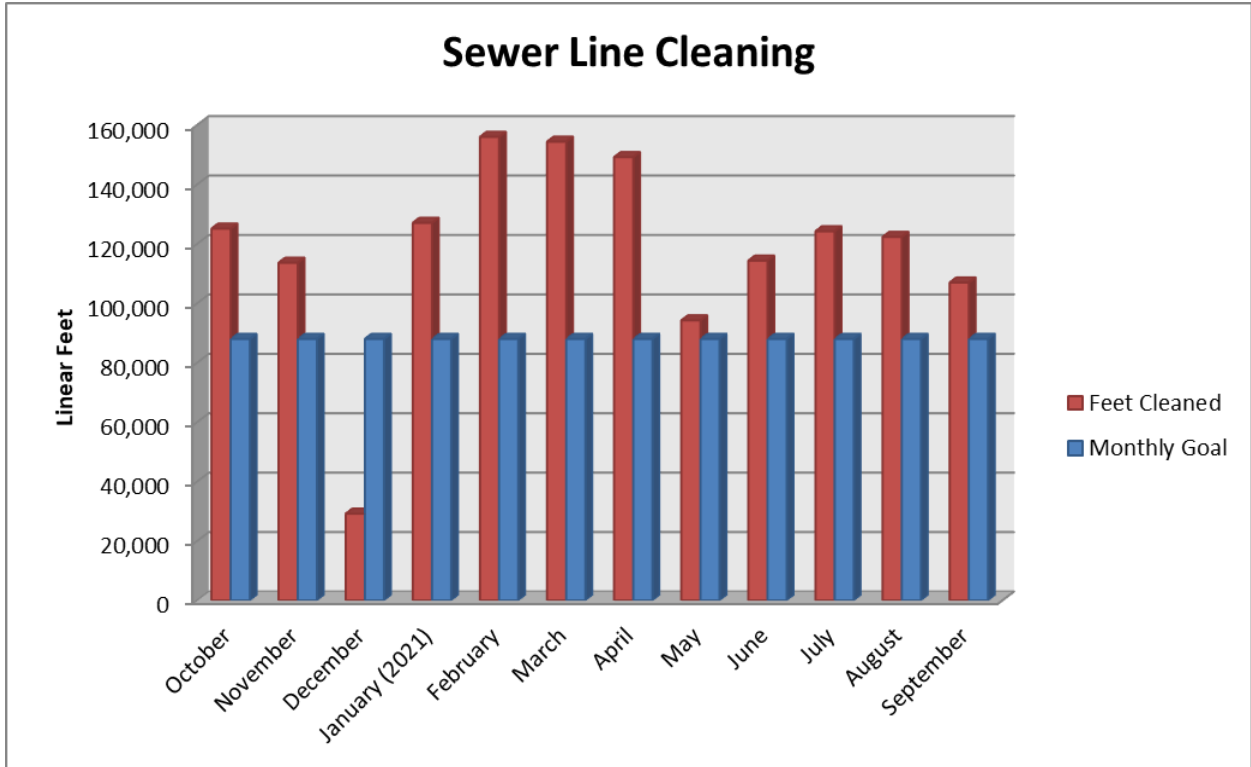
Quarterly O&M Metrics Report



CCTV Sewer Line Inspection Totals in Feet
 Total for Calendar Year 2021 = 218,473 ft.
 (Goal is to inspect at least 180,000 feet of gravity lines per calendar year)



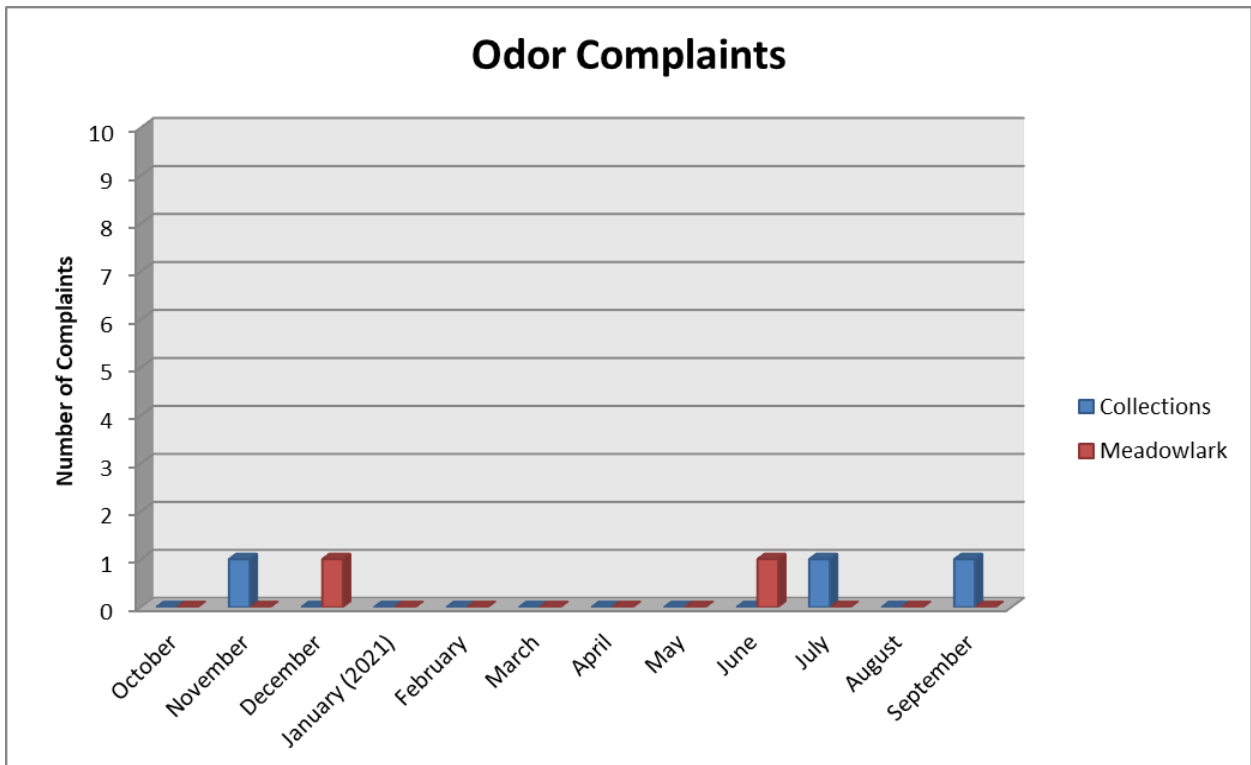
Smoke Testing of Sewer Lines in Feet
 (Goal is to smoke test three areas per calendar year based on suspected I&I)



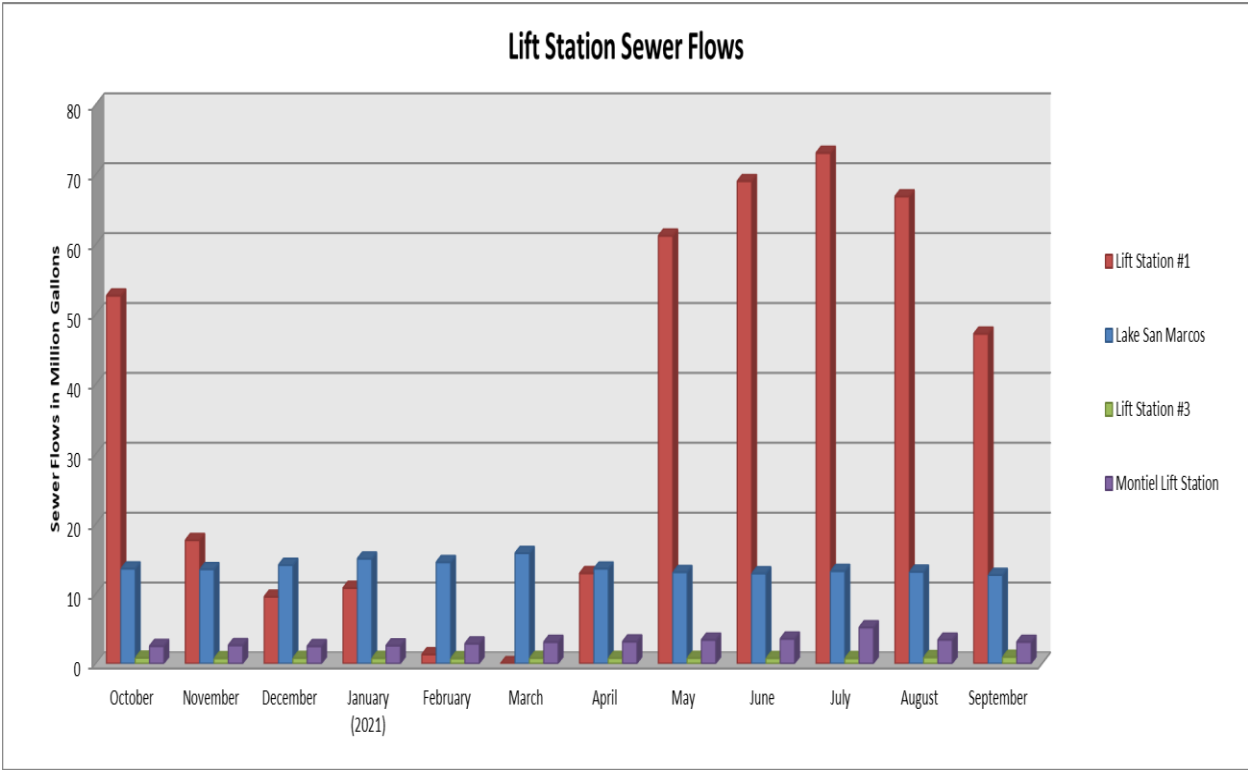
Sewer Line Cleaning Totals in Feet

Total for Calendar Year 2021 = 1,148,608 ft.

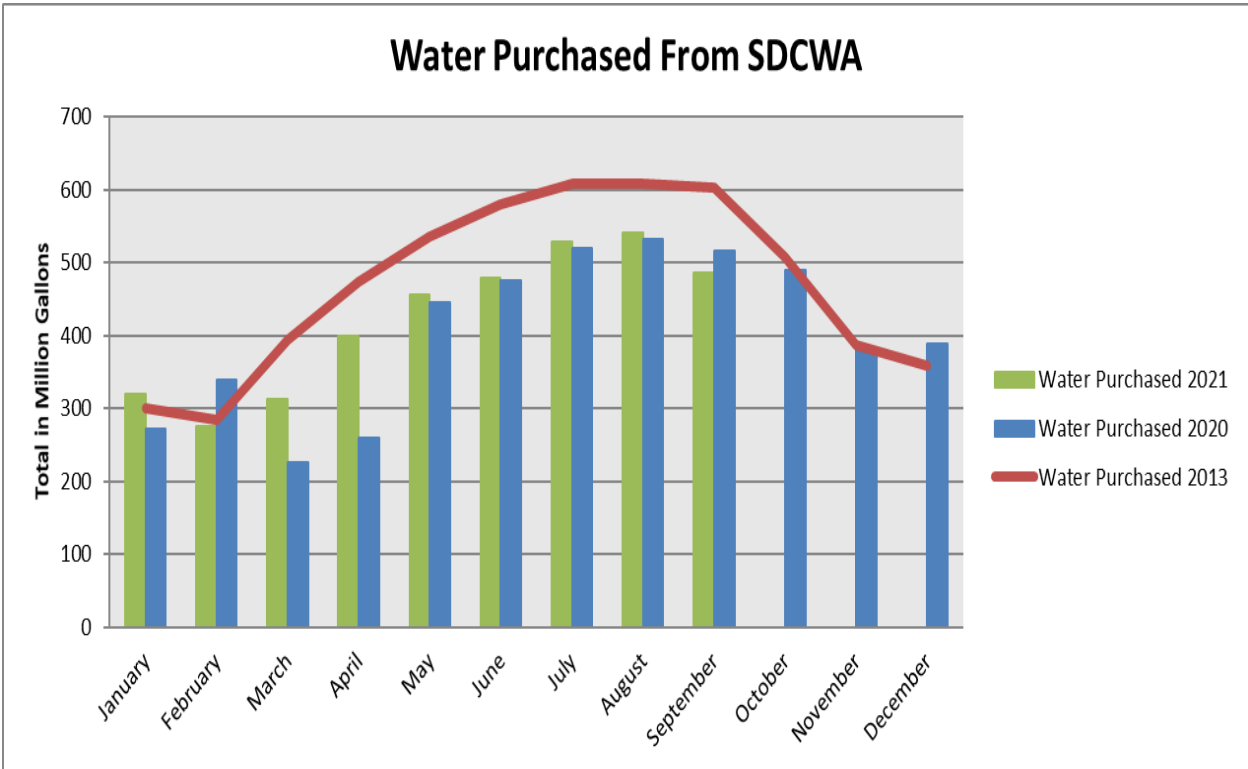
(Goal is to clean 1,000,000 ft. of gravity lines per year and clean the entire system in 15 months or less)



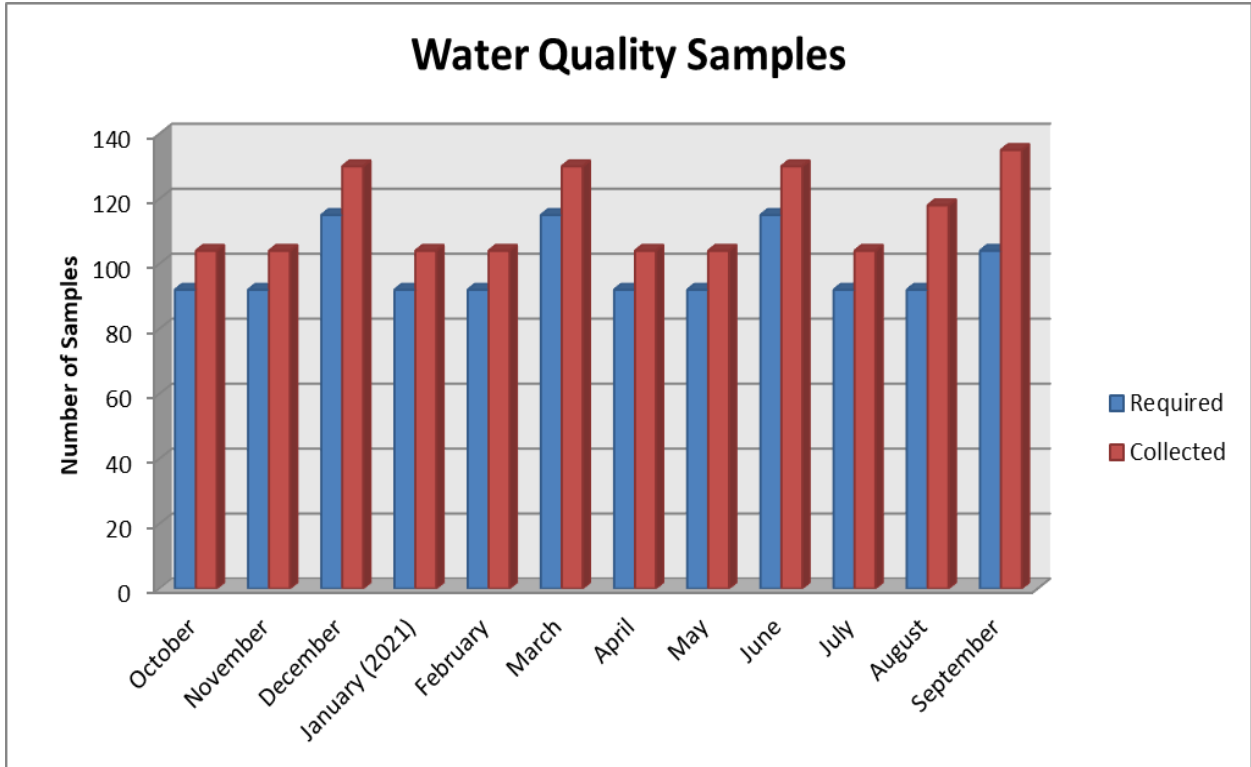
Customer Sewer Odor Complaints



Sewer Flows Pumped from District Lift Stations

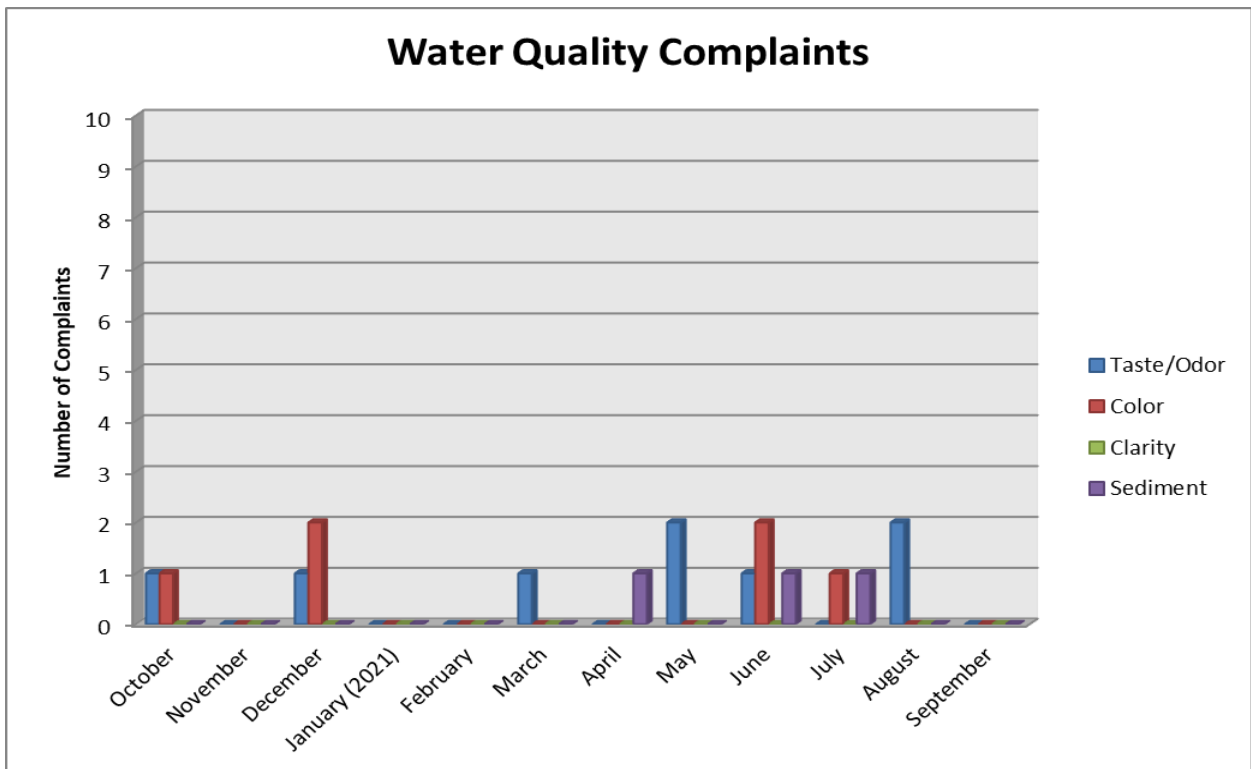


Water Purchased from the San Diego County Water Authority
 Calendar Year 2013 was used by the SWRCB as a baseline for water conservation efforts
 (Includes water from the desalination and OMWD plants)



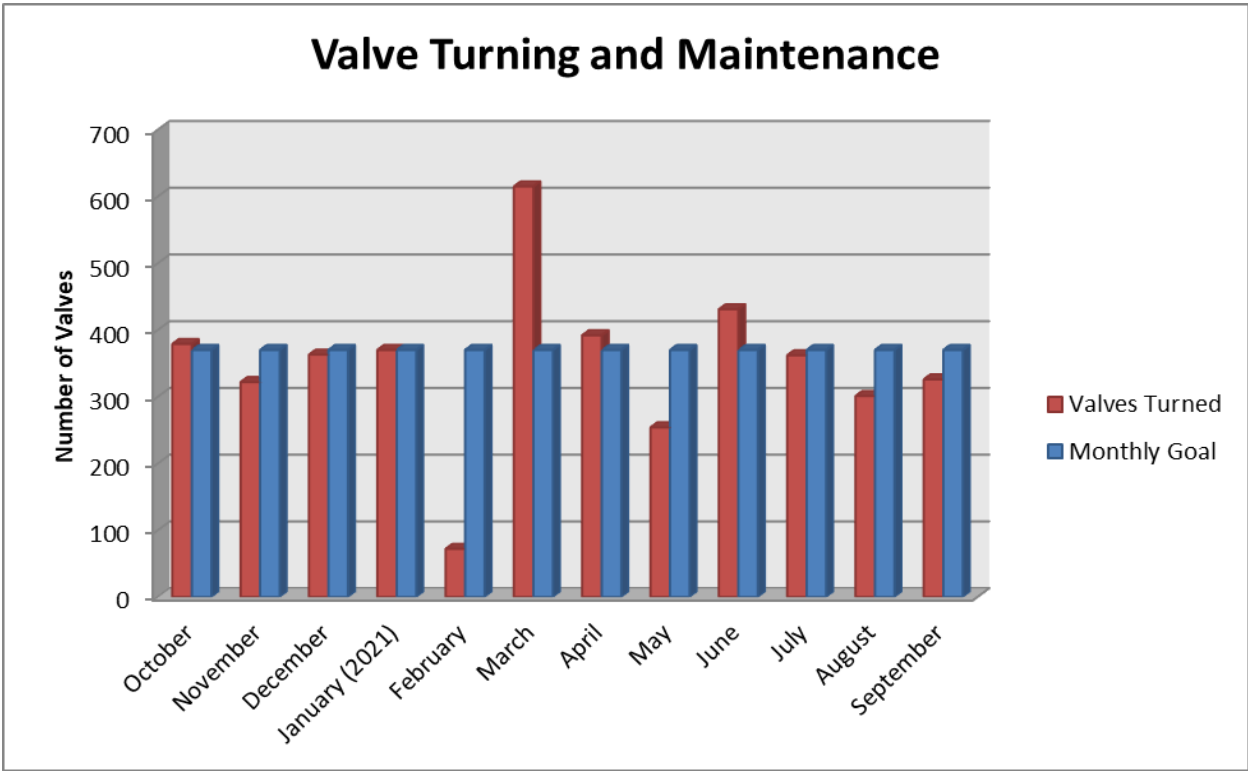
Bacteriological Water Quality Samples

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

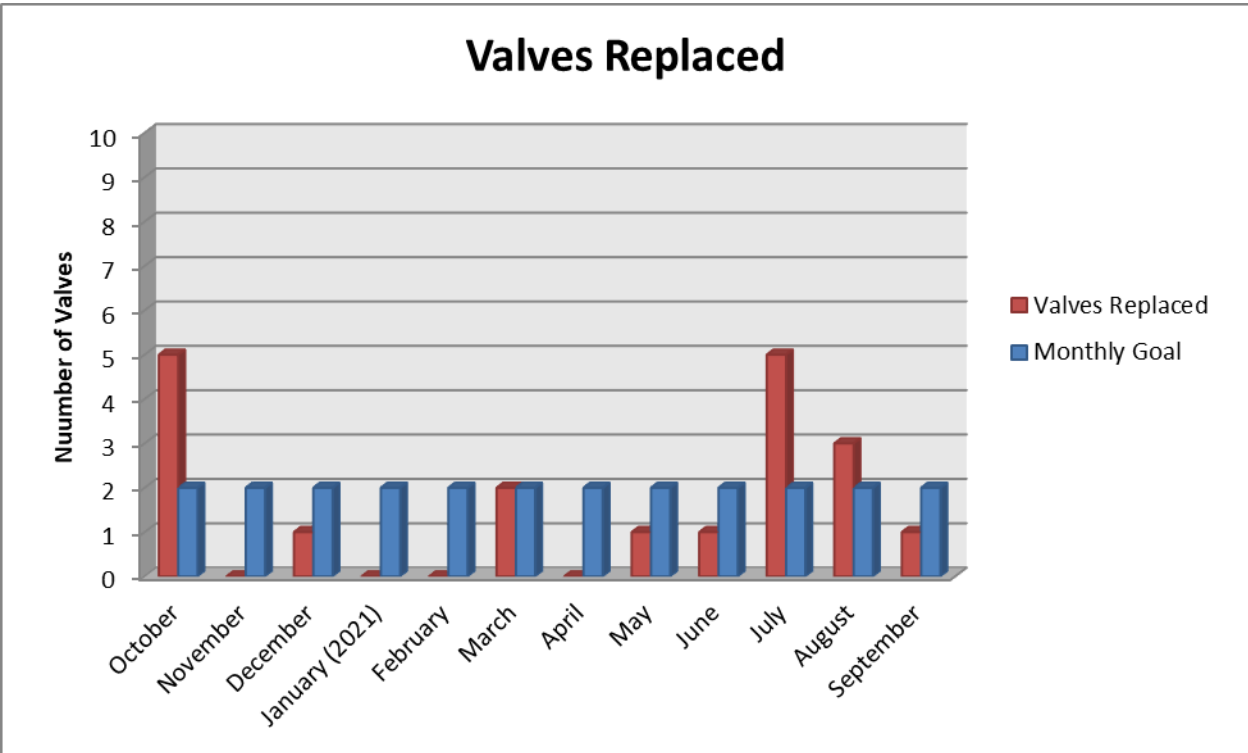


Customer Water Quality Complaints

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

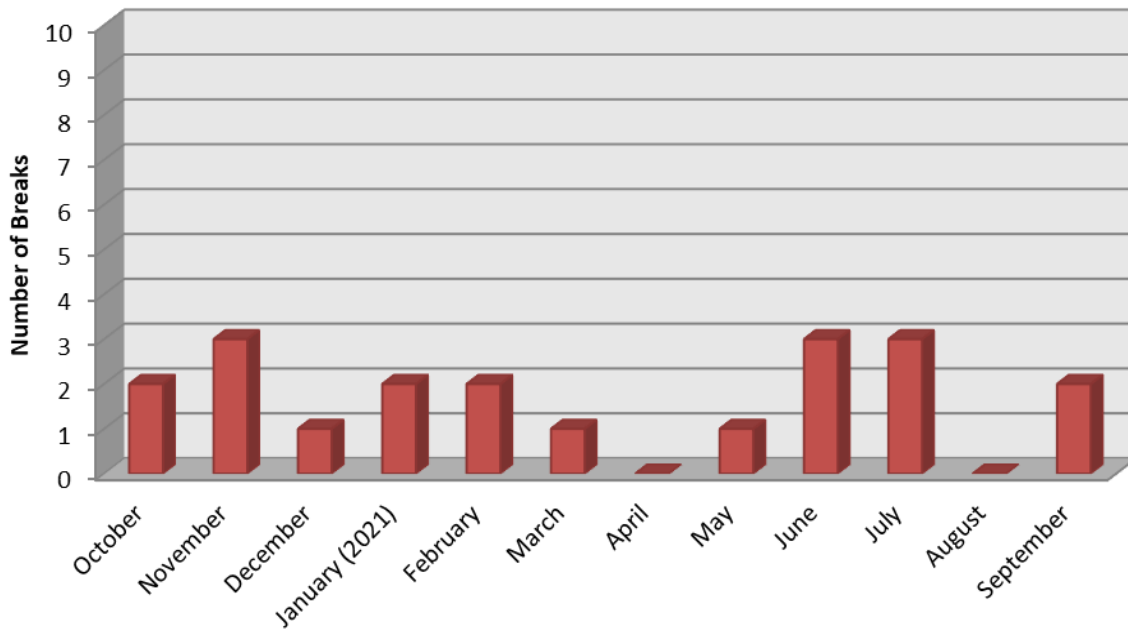


Water Valves Turned in the Distribution System
 The District has 8,874 valves / 35% of the valves have been turned in Calendar Year 2021
 (Goal is to turn 50% of valves every calendar year or about 370/Month)



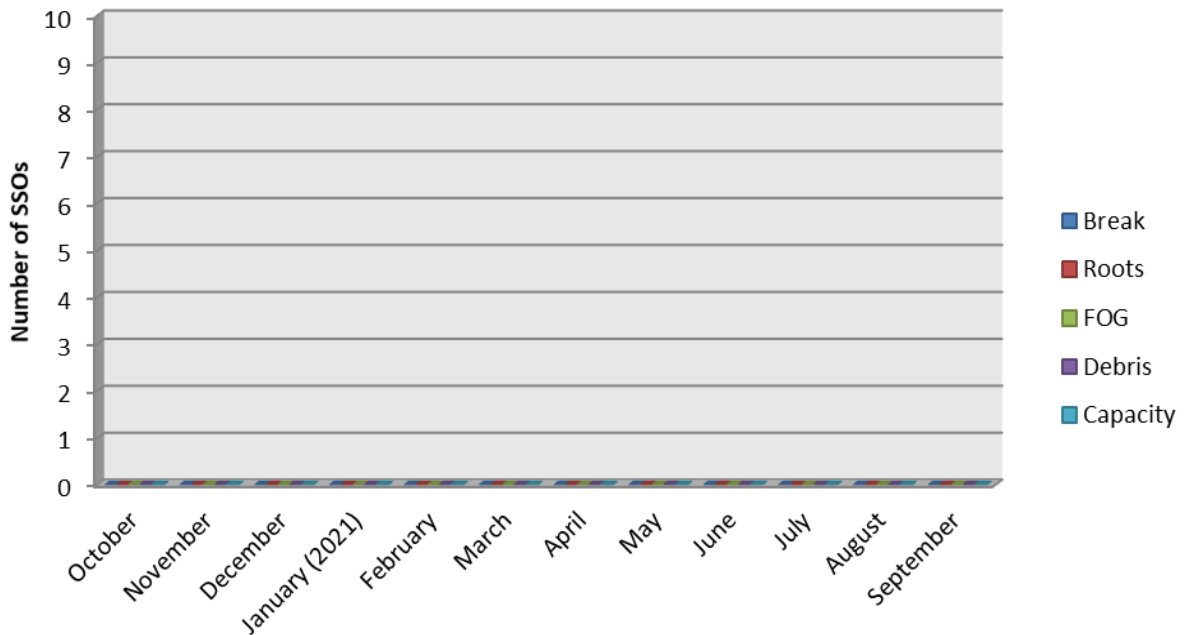
Water Valves Replaced in the Distribution System
 Total replaced so far for Fiscal Year 2020/21 = 13 / There are currently 35 broken valves that need replacing
 (Goal is to replace 20 valves every fiscal year or around 2 per month)

Water Main Breaks

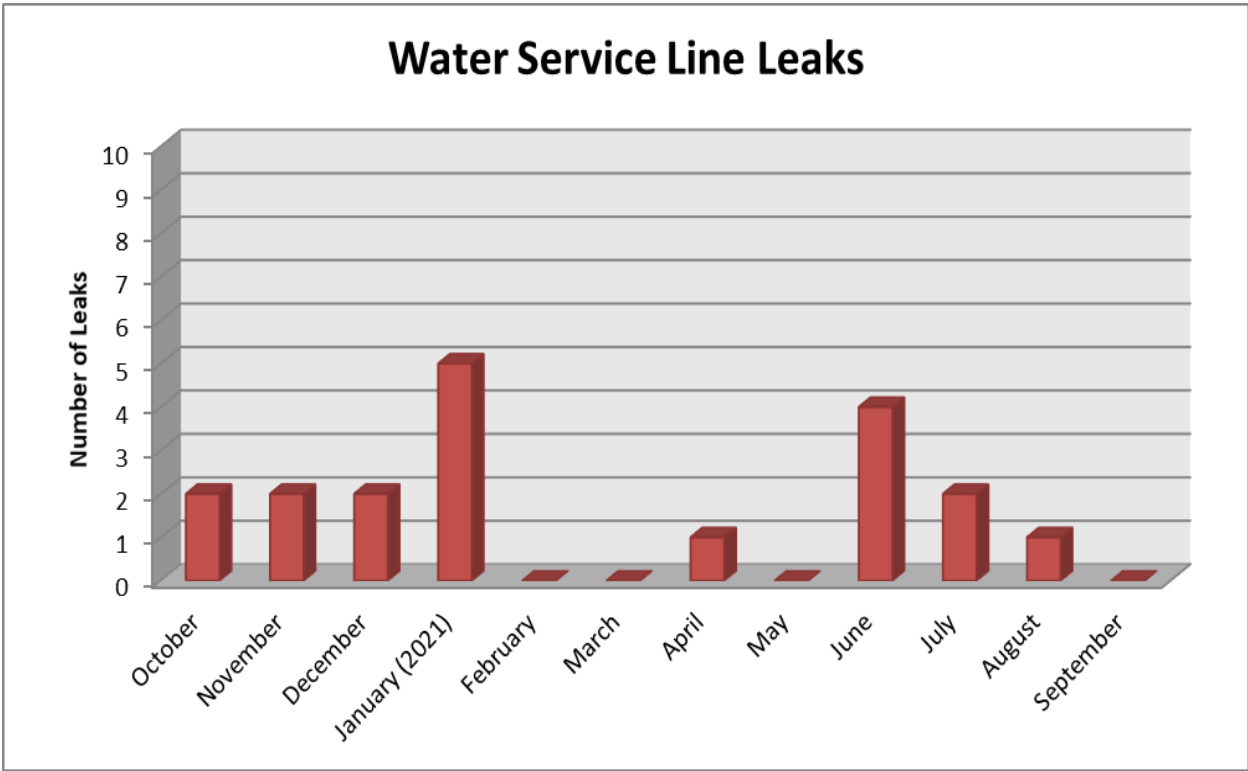


Water Mainline Breaks in the Distribution System
 (There have been 14 water main breaks in calendar year 2021 / There were 28 in 2020)

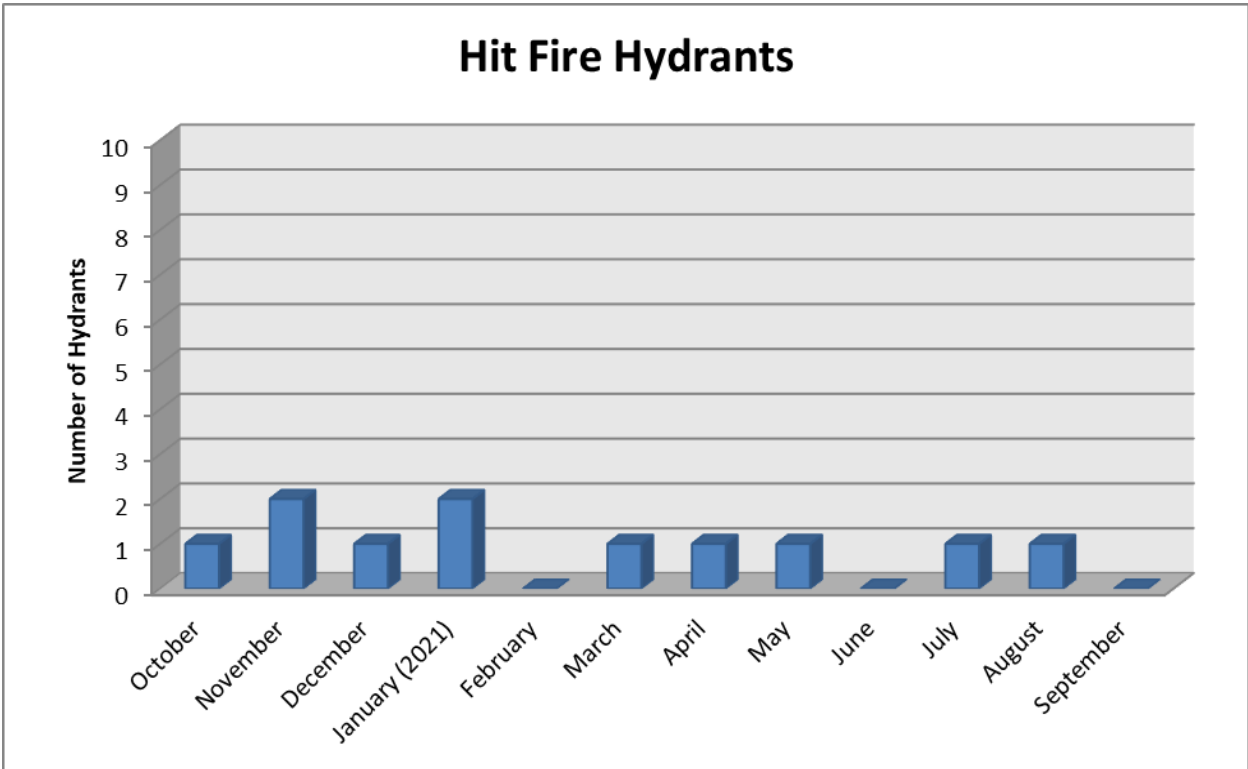
Sanitary Sewer Overflows (SSOs)



Sanitary Sewer Overflows (sewer spills and their cause) in the Wastewater Collections System
 (There have been 0 SSOs in calendar year 2021 / There were 2 in 2020)

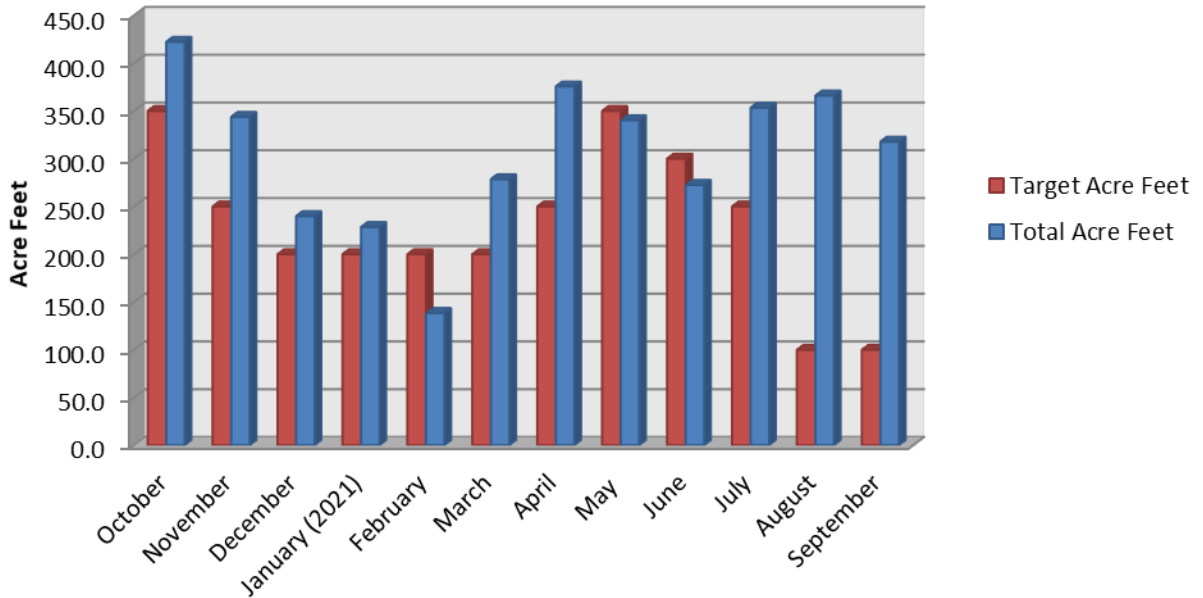


Water Service Line Leaks in the Distribution System
 (There have been 13 water service line leaks in calendar year 2021 / There were 25 in 2020)



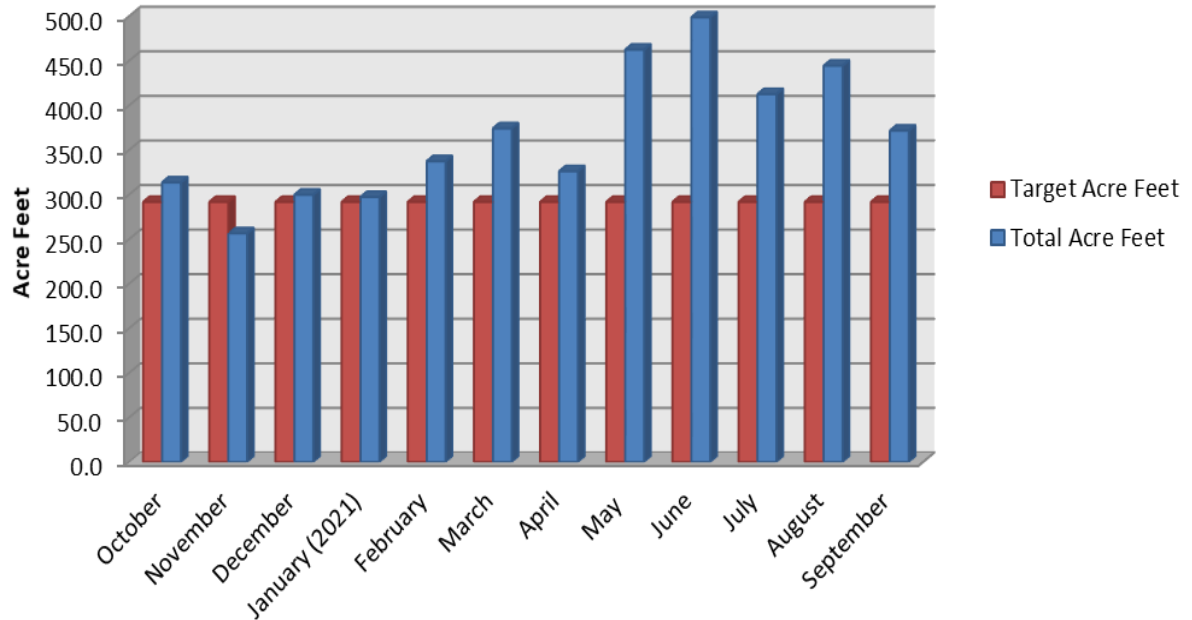
Fire Hydrants Hit in the Distribution System
 (There have been 7 fire hydrants hit in calendar year 2021 / There were 9 in 2020)

San Elijo Pump Station - OMWD Water Purchase

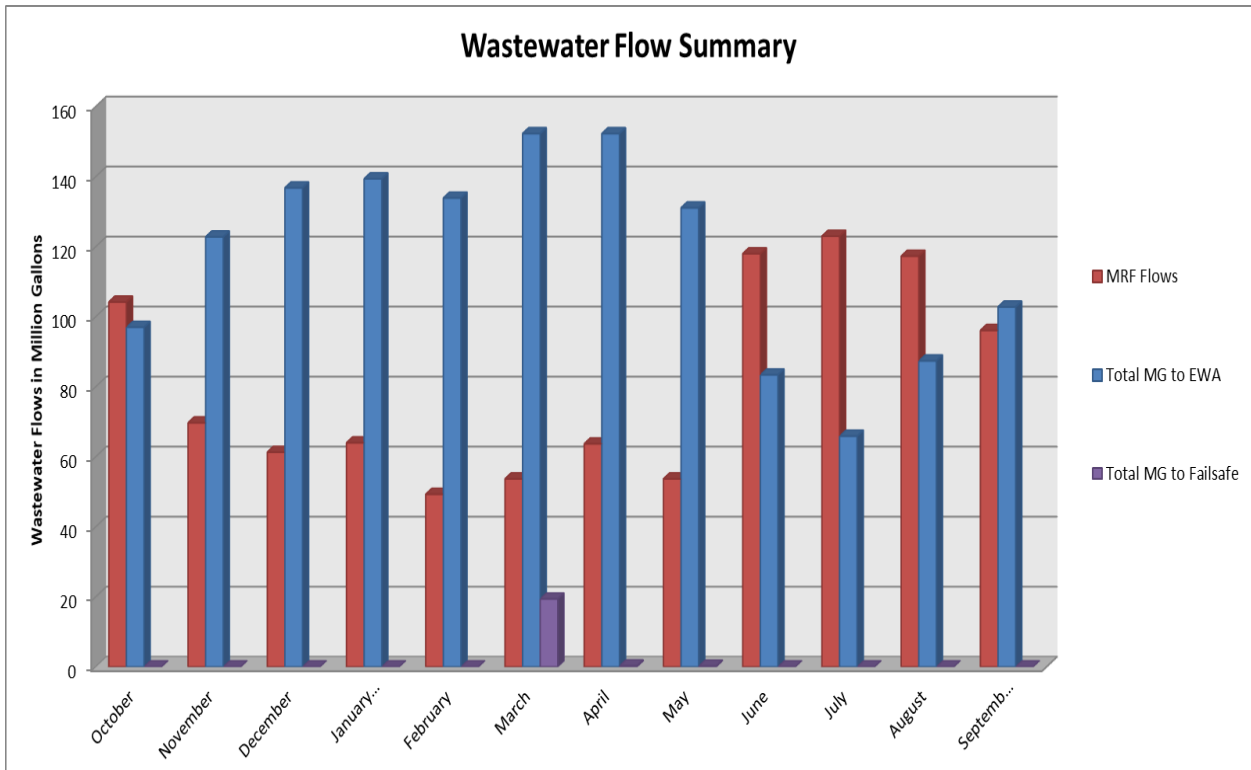


Acre Feet (AF) of Water Purchased from Olivenhain MWD – San Elijo Pump Station
 Our annual minimum take from OMWD is 2,750 AF / We have purchased 2,672 AF in CY 2021
 (The monthly Target Acre Feet varies throughout the year based on the agreement with OMWD)

Desalination Plant Water Purchase



Acre Feet (AF) of Water Purchased from the Carlsbad Desalination Plant
 Our annual minimum take from Desal is 3,500 AF / We have purchased 3,525 AF in CY 2021
 (Our monthly Target Acre Feet is based on our purchase agreement with SDCWA)



Total raw wastewater flows to Meadowlark Reclamation Facility (MRF) and Encina Wastewater Authority (EWA). This graph also includes secondary or reclaimed water sent to the District’s Failsafe line. All totals are in Million Gallons per Month.

Fitch Ratings assigns Vallecitos Water District a ‘AA+’ rating with a “Positive” Outlook

Board of Directors approves issuing Debt at an average rate of 2.24%

Fitch Ratings recently reaffirmed Vallecitos Water District’s credit rating of ‘AA+’, with a “Stable” Outlook improved to “Positive.” Fitch’s analysis determined the factors for the favorable rating include a very strong financial profile and very low leverage. The AA+ rating is a testament to the actions taken by the Vallecitos Board to ensure that Vallecitos is properly run financially.

Further, at the Board meeting on August 4, 2021, the Board of Directors approved staff to move forward with contracts necessary to issue \$28 million in 2021 Certificates of Participation (COPS). The Preliminary Official Statement was posted and

distributed in August 2021. The terms of the 2021 COPS are estimated at a fixed all-in true interest cost of 2.24% for 30 years.

In this way, Vallecitos will be able to reimburse itself for previously constructed projects, address the Capacity Fund revenue shortfall, and provide funding for upcoming projects.

Learn more at bit.ly/FitchVWD.

AA+

Fitch Ratings

You can help California with its current drought
See what Vallecitos' customers are doing in their landscapes!

Watch our video of our landscape contest winners
www.vwd.org/landscapecontest

WaterSmart Landscape Contest Winners



“Best in District”
Doug and Pam Hausmann



Second place winner:
Bruce Ferguson



Third place winner:
Ellen Kaplan

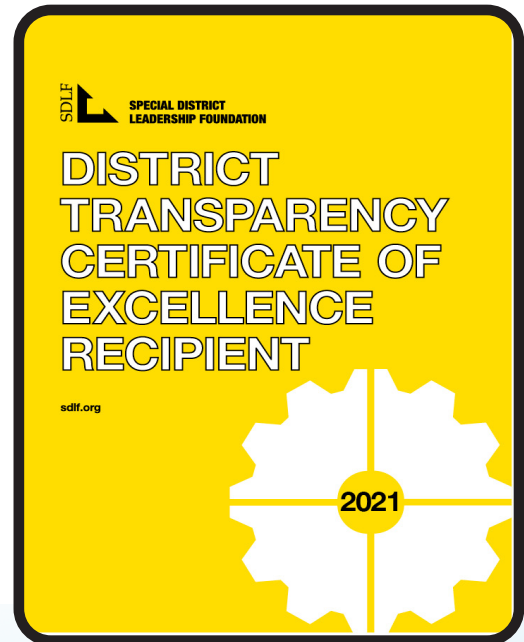
Vallecitos Receives Two Awards from the Special District Leadership Foundation

The Vallecitos Water District (VWD) recently received two awards from the Special District Leadership Foundation (SDLF). VWD received the District Transparency Certificate of Excellence in recognition of its outstanding efforts to promote transparency and good governance. VWD also received the “District of Distinction – Silver Level” accreditation for its sound fiscal management policies and practices in District operations.

To receive the award, VWD demonstrated the completion of essential governance transparency requirements, including conducting ethics training for all Board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner.

In addition, the District’s Board of Directors and executive staff must also show proof of educational training in public governance, as well as compliance with ethics and harassment prevention training.

Furthermore, in order to receive the recognition, the District’s website must include posting of transparency requirements, including: election procedures and deadlines, posted Board meeting schedules and agendas, current District budget, most recent financial audit, and a list of compensation of Board members and staff or a link to the State Controller’s web page with the data.





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

Management Staff

Glenn Pruum, General Manager
 James Gumpel, Assistant General Manager
 Rhondi Emmanuel, Administrative Services Manager
 Ed Pedrazzi, Operations and Maintenance Manager
 Wes Owen, Finance Manager



Between the Pipes is a publication of information and interest to Vallecitos water and sewer customers. If you receive water or sewer services from another district, please disregard any information that does not apply to you.

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ECRWSS

Pursuant to Section 54953 of the California Government Code, in the interest of public health and safety during the proclaimed State of Emergency and due to the fact that State or local officials have imposed or recommended measures to promote social distancing, the Board of Directors of the Vallecitos Water District will be meeting by teleconferencing. 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 or offer in-person public comment.

Members of the public may access the teleconferenced meeting via computer, smart device, or by dialing in (audio only). If you would like to join the meeting via computer or smart device, go to the District's website: <https://www.vwd.org/departments/board-of-directors/meetings-minutes> and click on the "Watch Live" icon. If you would like to listen to the meeting live on your phone, dial (888) 788-0099 (Toll Free) or (877) 853-5247 (Toll Free). When prompted, enter the meeting ID and Passcode displayed on the District's website.

Postal Customer

"Like us" on Facebook or follow us on Twitter
 @vallecitoswater

Keep Your Meter Clear and Accessible

Access is everything: In an obscure location in the ground near the sidewalk or driveway to your home, meter boxes are easy to overlook and primed to be blocked or grown over by grass and shrubs. Be sure to keep the area around the meter clear.

Doing so will allow for quick access whenever needed, such as in a water emergency, and assist District staff when it comes to reading or performing maintenance. Also along those lines, please notify the District's Meter Department at (760) 744-0460 to update combinations for gated communities.



DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: AWARD OF CONSTRUCTION CONTRACT FOR THE PAINTING OF DISTRICT FACILITIES

BACKGROUND:

The Maintenance Services department is responsible for maintaining the District's headquarters and facilities. The buildings occasionally require minor repairs and painting. The car wash building is used to clean District vehicles and equipment. Building E houses the District's HVAC equipment and emergency generator. Both of these buildings were determined to need some minor repairs and painting. Two projects were placed in the 2021/22 Capital budget for this work. The projects were combined into one bid package to maximize potential savings. The concrete repair work was completed in September by SS Mechanical Construction Corp.

DISCUSSION:

District staff requested bids from four local painting companies for the work. Only three of the painting companies submitted bids. The bid results are as follows:

Vallecitos Headquarters Painting Projects

Bidder

Parada Painting Inc.	\$ 82,800.00
MC Painting	\$ 76,045.00
Irwin Painting & Finishing Inc.	\$ 69,701.00

Staff completed the evaluation of qualifications and determined that Irwin Painting & Finishing Inc. was the lowest, most responsive bidder for the Vallecitos Headquarters Painting Projects. Construction management will be performed by District staff.

FISCAL IMPACT:

Funds were included in the 2021/22 budget for the painting of the two buildings. The budget and estimated cost summary is as follows:

Combined Budget	\$110,000.00
SS Mechanical - Concrete Repair Work	\$ 6,444.00
Irwin Painting & Finishing Inc.	\$ 69,701.00
<u>Staff Time & Overhead</u>	<u>\$ 5,207.00</u>
Total	\$ 81,352.00
Projected Budget Surplus	\$ 28,648.00

RECOMMENDATION:

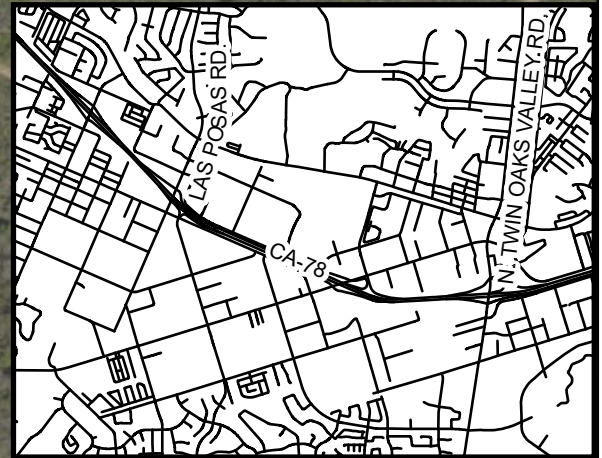
Authorize the General Manager to execute a contract with Irwin Painting & Finishing Inc. for a total of \$69,701.00, subject to provisions of the contract.

VALLECITOS HEADQUARTERS PAINTING PROJECTS

BUILDING E - HVAC



CAR WASH BUILDING



VALLECITOS DE ORO

DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST FOR WATER AND SEWER ANNEXATION INTO THE WATER AND SEWER IMPROVEMENT DISTRICT (GRAY)

BACKGROUND:

Kathryn and L. Malcom Gray, owner of the property, APN 182-132-09, are requesting annexation into the District's water and sewer service area. The property address is 1451 Mulberry Drive in San Marcos, located north of Woodward Street and south of La Cienega Road. The 4.23-acre property is currently within the Vista Irrigation District (VID) service boundary and is receiving water service from them; however, they are not within the Vallecitos Water District sewer service boundary.

The property is currently on a septic system. The Gray's are currently leasing land at 1575 Mulberry to run their commercial winery. They currently obtain water from VID and will remain on VID water with an exchange agreement. Once the annexation is completed, they desire to connect to the Vallecitos 12" VCP sewer main fronting their property on Mulberry Drive.

DISCUSSION:

District sewer facilities are currently available to serve the property on Mulberry Drive. The District currently has a 12-inch VCP sewer main located along the frontage of the Gray property. Prior to connection to the District sewer facilities, the owner must complete the annexation process, including payment of water and sewer annexation fees, which are currently \$4,952.00 per acre for water and \$10,256.00 per acre for sewer.

Payment of wastewater capital facility fees and payment of all current fees and charges will also be required prior to connection to sewer. Mr. and Mrs. Gray are responsible for the installation of the sewer connection to their property, which shall be made by a licensed underground contractor, and inspected and approved by the District.

FISCAL IMPACT:

Water annexation fees of \$20,946.96 (\$4,952.00 per acre x 4.23 acres) and sewer annexation fees of \$43,384.88 (\$10,256.00 per acre x 4.23 acres) for a total of \$64,329.84 will be collected in accordance with Ordinance No. 200.

RECOMMENDATION:

Staff recommends approval of the annexation of APN 182-132-09 into the Water and Sewer Improvement District for sewer service with the following conditions:

1. Payment of sewer annexation fee of \$43,382.88
2. Payment of water annexation fee of \$20,946.96
3. Payment of State Board of Equalization fee of \$350.00
4. Submittal of a copy of title report (initiated or updated within the last six months) showing ownership.

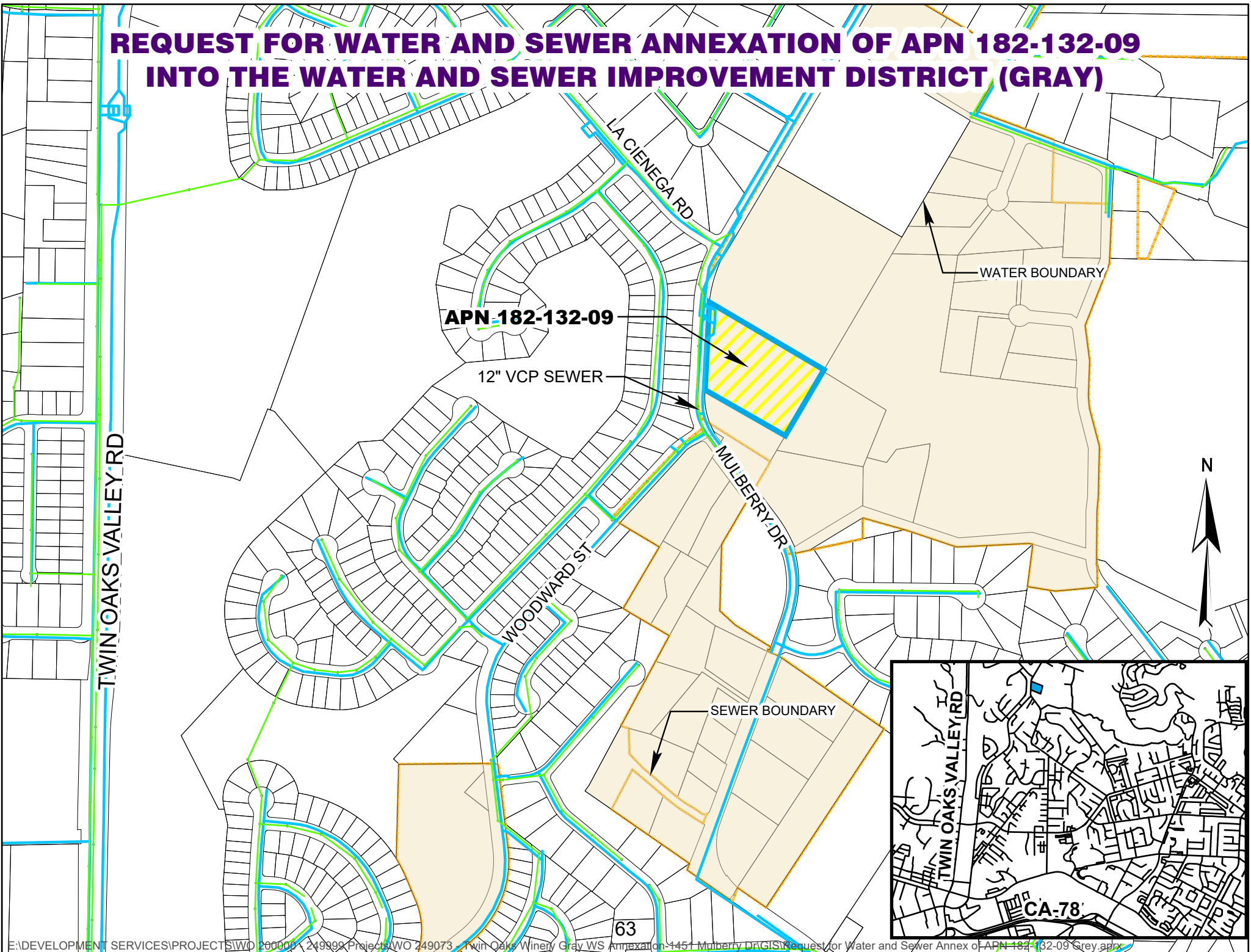
5. Submittal of a geographic description* of the property including a plat map and a disc or flash drive.
6. Completion of the annexation within 90 days of Board approval. If annexation is not completed within the 90 days of Board approval, a new request for annexation may be required.

**A geographic description is a State Board of Equalization requirement for annexations and is used to establish geodetic position and is not intended to establish property ownership. Visit the State Board of Equalization website at www.boe.ca.gov for complete details.*

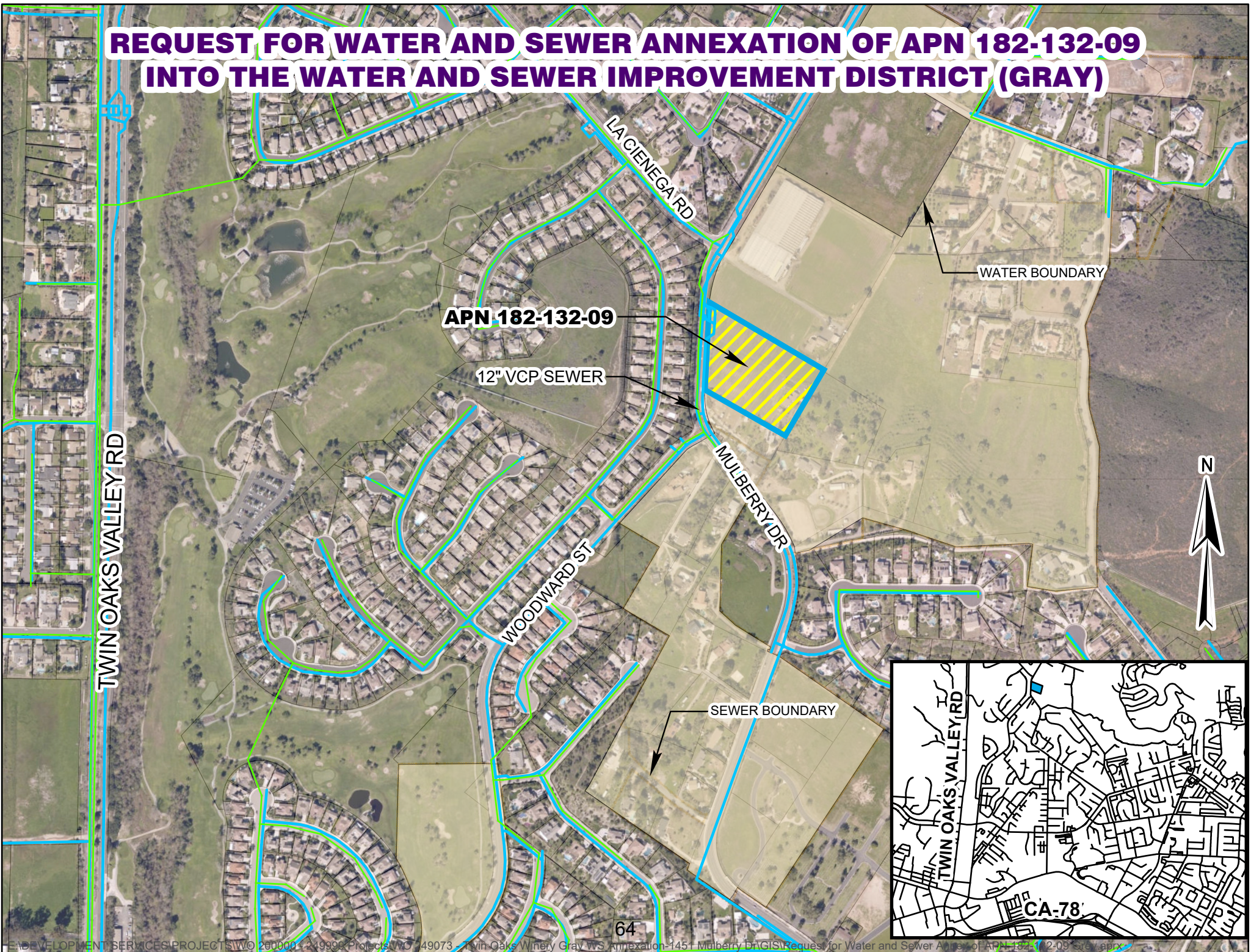
ATTACHMENTS:

2 Map Exhibits – 1 Plat Map and 1 Aerial Map

REQUEST FOR WATER AND SEWER ANNEXATION OF APN 182-132-09 INTO THE WATER AND SEWER IMPROVEMENT DISTRICT (GRAY)



REQUEST FOR WATER AND SEWER ANNEXATION OF APN 182-132-09 INTO THE WATER AND SEWER IMPROVEMENT DISTRICT (GRAY)



DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF TEMPORARY OFF-SITE WATER SERVICE AGREEMENT FOR MATTHES RESIDENCE (TINA M. MATTHES)

BACKGROUND:

Tina M. Matthes, owner of the property APN 228-040-40, has requested approval of a Temporary Off-Site Water Service Agreement to provide water service for a single-family residence on the above-referenced property. The 0.29-acre subject property is located within the District's water service boundary. An existing 6-inch asbestos clay pipe (ACP) water main in Rock Springs Road is located northeast of the property approximately 220 feet away.

DISCUSSION:

The owners plan to build a residential home and connect a private water service to the District's 6-inch ACP water main which is 220 feet away in Rock Springs Road. Per District Ordinance 118, the District's policy is to require a Temporary Off-Site Water Service Agreement for properties that do not abut, traverse, or are adjacent to existing pipelines.

There are currently no plans to construct any public water mains at this time which could serve this property along its frontage, however, future development plans in the area may change that determination. If a public water main extension is ever constructed which can serve this property, the Temporary Off-Site Water Agreement requires the owners to relocate the private water service and connect to the new public water main at that time.

FISCAL IMPACT:

Payment of \$7,935.00 in Water Capital Facility fees will be collected in accordance with District Ordinance 118.

RECOMMENDATION:

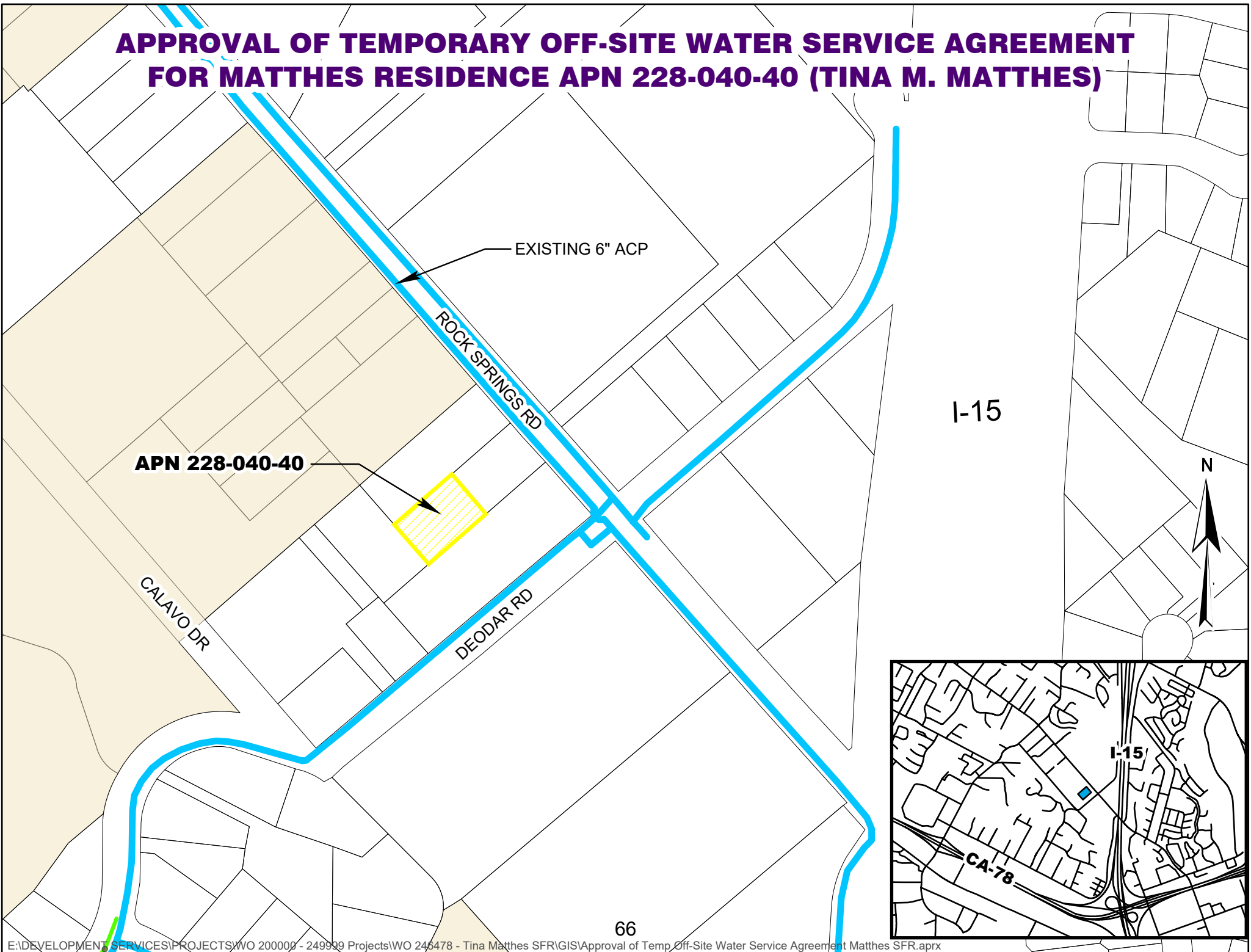
Approve Temporary Off-Site Agreement per District Ordinance 118

1. Execution of a Temporary Off-Site Water Service Agreement which will be recorded against the property.
2. Provide evidence of a private easement for the location of a private water service line to the property.
3. Payment of \$500 Administration fee and County recording fees.

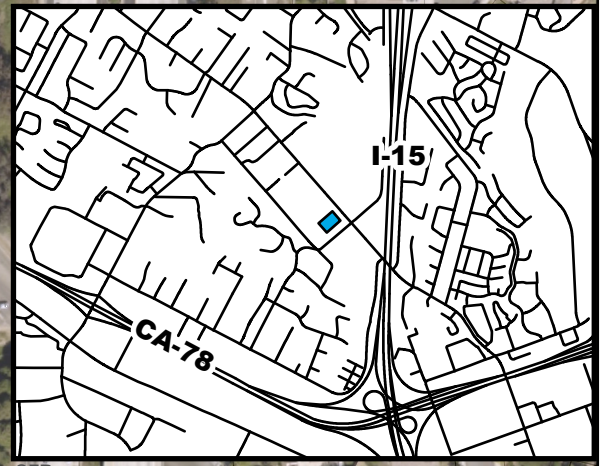
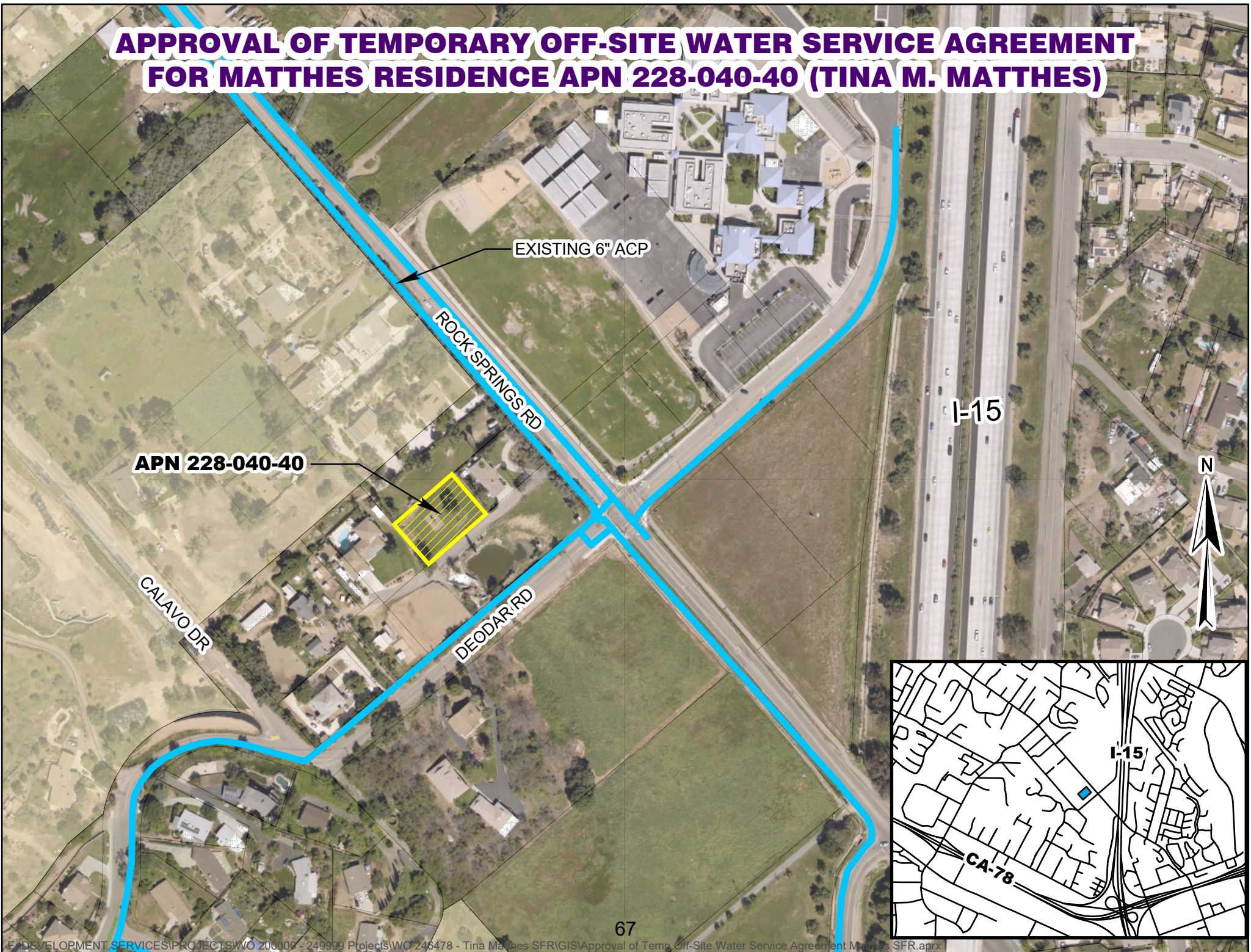
ATTACHMENTS:

2 Map Exhibits – 1 Plat Map & 1 Aerial

APPROVAL OF TEMPORARY OFF-SITE WATER SERVICE AGREEMENT FOR MATTHES RESIDENCE APN 228-040-40 (TINA M. MATTHES)



APPROVAL OF TEMPORARY OFF-SITE WATER SERVICE AGREEMENT FOR MATTHES RESIDENCE APN 228-040-40 (TINA M. MATTHES)



DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR NORDAHL ROAD SUBDIVISION (SAHAR NAEEMI)

BACKGROUND:

Sahar Naeemi, owner of the project, has completed the plan check process with the District. The project is located on Nordahl Road between Rock Springs Road and El Norte Parkway (APN 226-290-01). This parcel is currently served by Vista Irrigation District for water and was approved by the Vallecitos Water District (VWD) Board for sewer annexation per Resolution 1596, dated July 26, 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. The District performs a water and sewer study for every Development to determine if off-site improvements are required.

The project will construct approximately 562 feet of 8-inch diameter PVC sewer main within the project boundary. The project will also construct off-site improvements of approximately 137 feet of 15-inch PVC main to replace an existing section of 8-inch VCP sewer main in Rock Springs Road. Water for this project will be provided by Vista Irrigation District.

Upon completion of the sewer facilities, sewer service will be available to 15 single-family homes.

All engineering fees and inspection deposits have been paid prior to Board approval of the Construction Agreement. Wastewater capital facility fees in the amount of \$195,765.00 (15 lots x \$13,051.00/lot at today's rates) are due and payable prior to issuance of the final building inspection and/or utility release per Resolution 1441. Fees must be paid at the rate in effect at the time of payment.

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	\$252,164.00
Faithful Performance	\$252,164.00

FISCAL IMPACT:

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

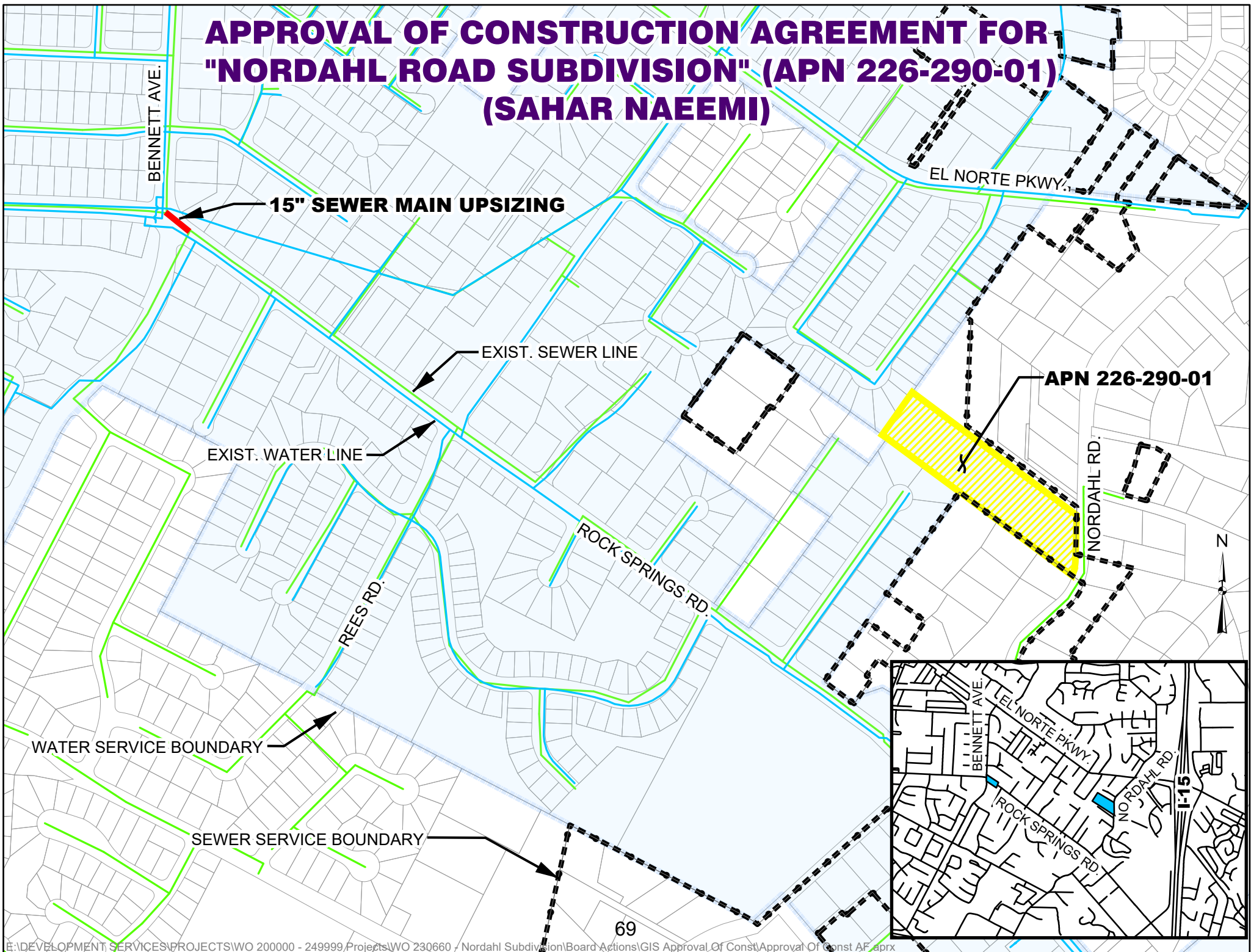
RECOMMENDATION:

Approve the construction agreement for the Nordahl Road Subdivision.

ATTACHMENTS:

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

APPROVAL OF CONSTRUCTION AGREEMENT FOR "NORDAHL ROAD SUBDIVISION" (APN 226-290-01) (SAHAR NAEEMI)



APPROVAL OF CONSTRUCTION AGREEMENT FOR "NORDAHL ROAD SUBDIVISION" (APN 226-290-01) (SAHAR NAEEMI)

BENNETT AVE.

EL NORTE PKWY.

15" SEWER MAIN UPSIZING

EXIST. SEWER LINE

EXIST. WATER LINE

APN 226-290-01

NORDAHL RD.

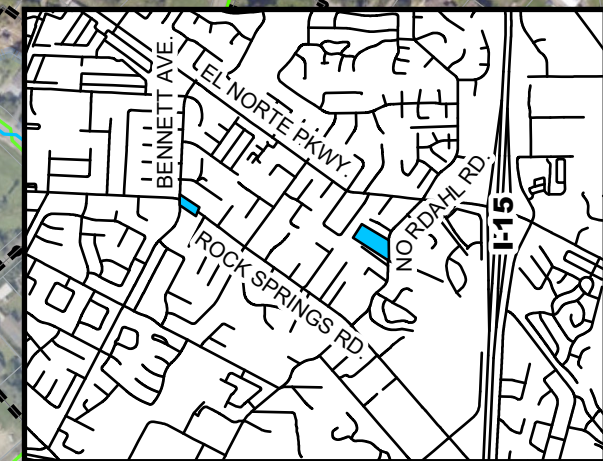
ROCK SPRINGS RD.

REES RD.

WATER SERVICE BOUNDARY

SEWER SERVICE BOUNDARY

70



**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 **SAHAR NAEEMI NOROLEH** ("OWNER/DEVELOPER"), a California resident.

RECITALS

1. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **3.8** acres commonly described as Tax Assessor's Parcel No. **226-290-01** ("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 **SWEETWATER ENGINEERING** and are identified as **1217 NORDAHL ROAD IMPROVEMENTS AND INTERSECTION OF ROCK SPRINGS ROAD AND BENNETT AVENUE IMPROVEMENTS PN# 2020100855 AND WO# 230660** 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-erectments, 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 **\$ 252,164.00**. 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 **\$ 20,880.50** to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to **\$ 2,500.00**, 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: <u>SAHAR NAEEMI NOROLEH</u>	
Title: <u>OWNER</u>	
Company: _____	
Signature*: <u></u>	Dated: <u>8/17/21</u>

*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.

See Attached

All-purpose Acknowledgment California

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

State of California

County of San Diego

On 08/17/2021 before me, Paul Joseph Cincotta Jr Notary Public (here insert name and title of the officer),

personally appeared Sahar Naeemi Noroleh

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



Notary Seal

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

WITNESS my hand and official seal.

Signature [Handwritten Signature]

For Bank Purposes Only

Description of Attached Document

Type or Title of Document Agreement for construction of facilities to be dedicated to the vellecitoswaterdistrict

Document Date 08/17/2021 Number of Pages 13

Signer(s) Other Than Named Above Glenn Pruim

Account Number (if applicable) n/a



DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 4 IMPROVEMENTS (KB HOMES COASTAL, INC.)

BACKGROUND:

KB Homes Coastal, owner of the project, has completed the plan check process for Phase 4 with the District. The project is located on North Las Posas Road, north of Borden Road.

The VWD Board adopted Resolution No. 1581 ordering water and sewer annexation of the project property on January 20, 2021. The Construction Agreement for Phase 1 Improvements was approved on June 16, 2021, and Phase 2 & 3 Improvements on August 18, 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 4 will construct approximately 2,038 feet of 8-inch diameter PVC water main and 1,475 feet of 8-inch diameter PVC sewer main. Upon completion of the water and sewer facilities, water and sewer service will be available to 30 single family homes for Phase 4. 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 No. 1441. Based on the current fees for Phase 4, this will total \$238,050.00 (30 lots x \$7,935/lot) for water capital facility fees and \$391,530.00 (30 lots x \$13,051/lot) 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	\$628,539.40
Faithful Performance	\$628,539.40

FISCAL IMPACT:

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

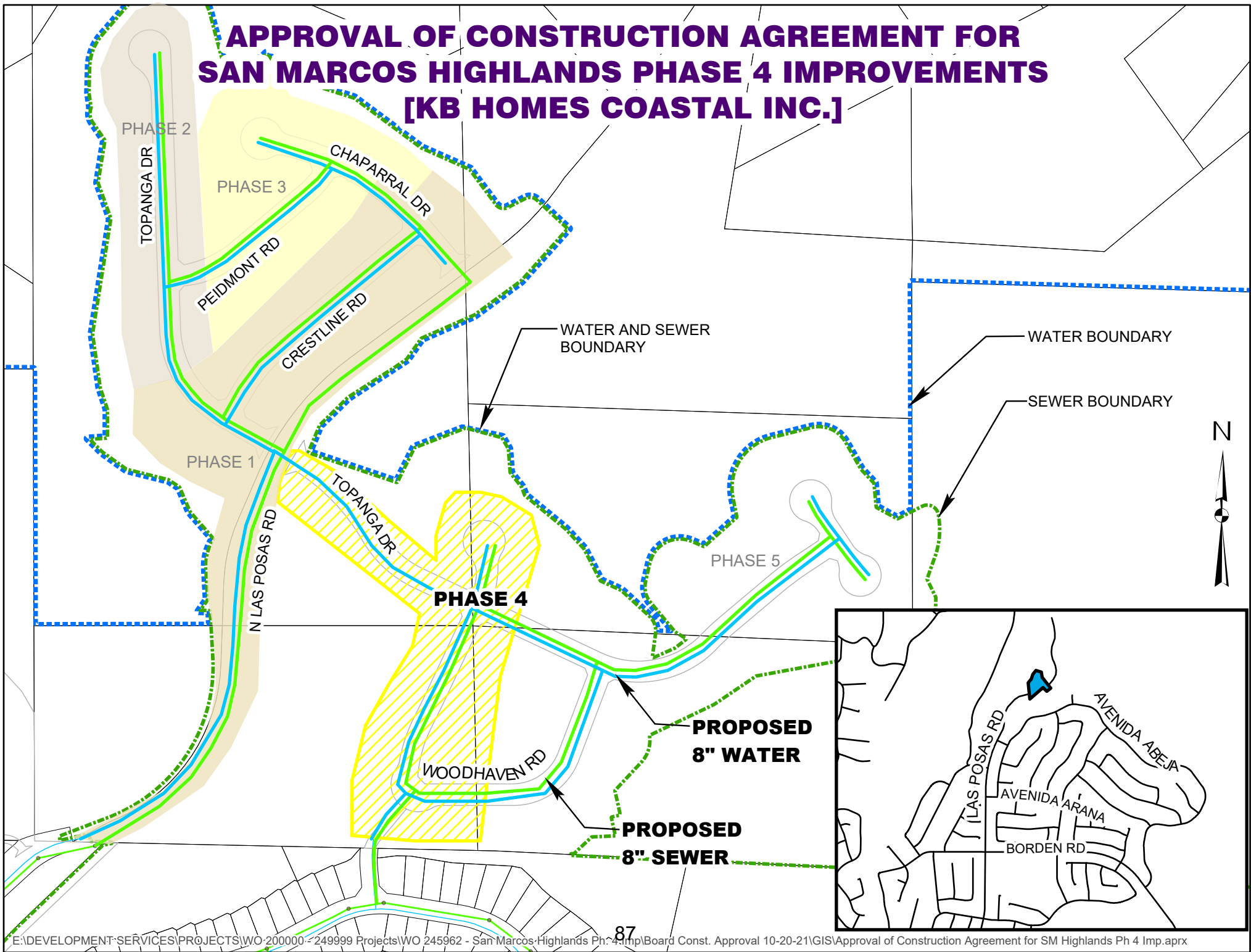
RECOMMENDATION:

Approve the Construction Agreement for San Marcos Highlands Phase 4 Improvements.

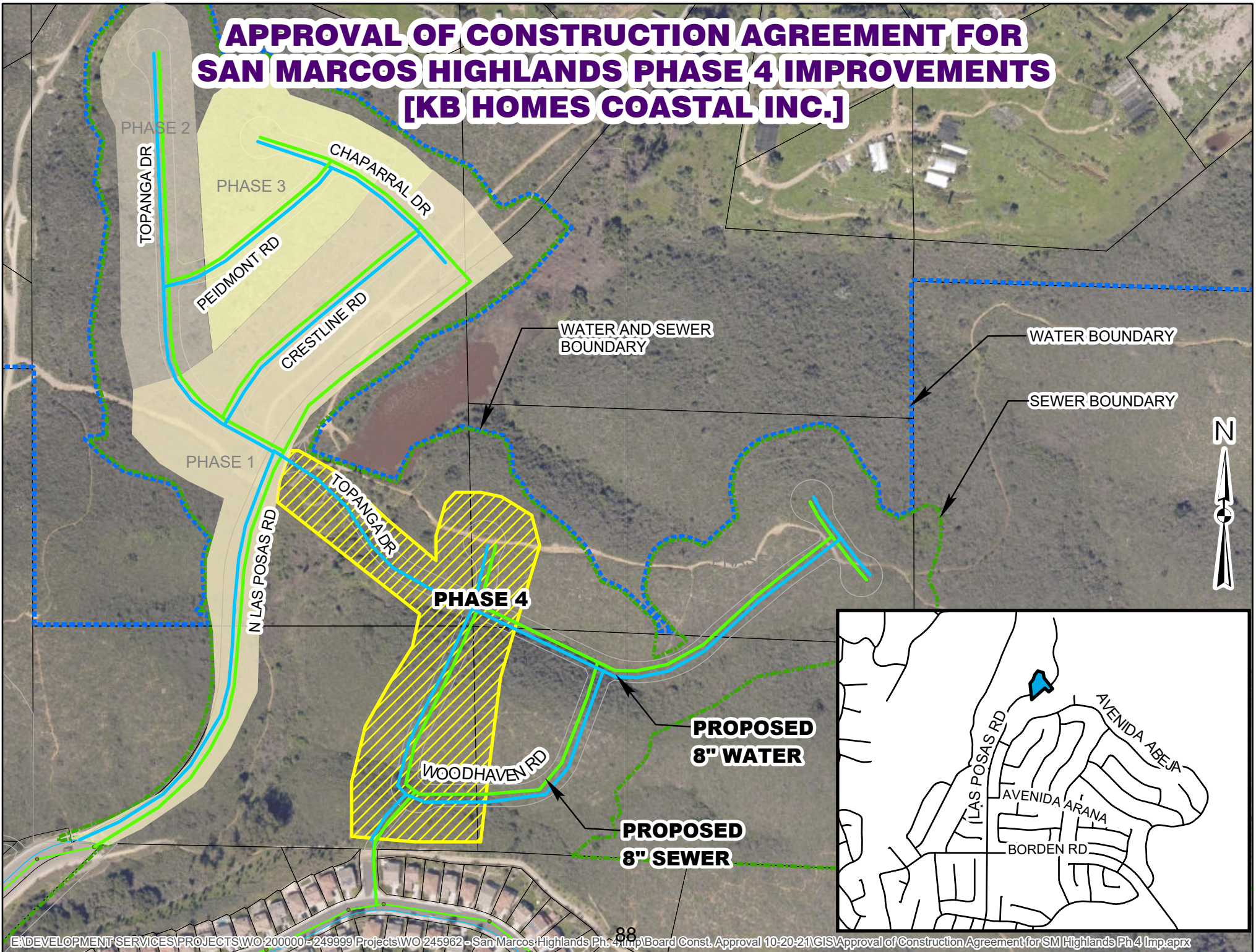
ATTACHMENTS:

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

APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 4 IMPROVEMENTS [KB HOMES COASTAL INC.]



APPROVAL OF CONSTRUCTION AGREEMENT FOR SAN MARCOS HIGHLANDS PHASE 4 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 **11.23** 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 and 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 4 Improvements – VWD WO# 245962**. 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 **\$ 628,539.40**. 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 **\$ 31,576.50** 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 Pruim, Secretary
Board of Directors
Vallecitos Water District

Dated: _____

“DEVELOPER”

Name: Jesse Kleist _____

Title: Vice President Forward Planning _____

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: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: URBAN RETAIL WATER SUPPLIERS: WATER LOSS MANAGEMENT

BACKGROUND:

California Senate Bill (SB) 555, passed in October 2015, and California Water Code Section 10608.34 require urban water suppliers to submit a completed and validated water loss audit annually to the California Department of Water Resources (DWR) starting in October 2017. The water loss audit must be completed in accordance with the method adopted by the American Water Works Association (AWWA) in the fourth edition of Water Audits and Loss Control Programs, Manual M36, and in the Free Water Audit Software, version 5.0.

The California-Nevada (CA-NV) Section of the AWWA led a broad group of stakeholders that came together in 2015 to combat water loss in California by forming the California Water Loss Control Collaborative (WLCC). This group includes utility personnel, industry organizations, non-profits as well as state entities. The WLCC project has been funded wholly or in part by the United States Environmental Protection Agency (EPA) and the State Water Resources Control Board (SWRCB), through the State Revolving Fund set-aside for technical assistance.

The WLCC in turn developed the Water Loss Technical Assistance Program (Water Loss TAP) to aid urban water suppliers in complying with SB 555. The Water Loss TAP program ushered utilities through a series of four work sessions or waves to accomplish this goal.

DISCUSSION:

Water Loss TAP documents recommend that each water agency put together their own internal water audit team consisting of representatives from: Billing & Finance; Conservation; Engineering; and Supply & Operations. Vallecitos' water audit team includes:

Mike Arthur, Principal Financial Analyst
James Gumpel, Assistant General Manager
Ryan Morgan, Capital Facilities Senior Engineer
Ed Pedrazzi, Operations & Maintenance Manager
Chris Robbins, Public Information/Conservation Supervisor

The initial workshops were designed to familiarize staff with the various definitions in water loss including:

- Water Supplied: the volume of treated water supplied to the retail water distribution system of a utility with the intent to serve customers. Water Supplied does not include bulk water exports. Therefore, Water Supplied is calculated by subtracting Water Exported from System Input Volume.

- **Authorized Consumption:** is water that is used by known customers of the water system. Authorized consumption is the sum of billed authorized consumption and unbilled authorized consumption and is a known quantity. An example of unbilled authorized consumption would be water used at the District's own facilities. It also includes water supplied to other water systems where the District supplies water to a customer, but another agency bills for it.
- **Real Losses:** also referred to as physical losses, are actual losses of water from the system and consist of leakage from transmission and distribution mains, leakage and overflows from the water system's storage tanks and leakage from service connections up to and including the meter. The software estimates these values unless the agency has better data.
- **Apparent losses:** occur when water that should be included as revenue generating water appears as a loss due to unauthorized actions or calculation error. Apparent losses consist of unauthorized consumption, customer metering inaccuracies, and systematic data handling errors in the meter reading and billing processes.
- **Non-Revenue Water (NRW):** is water that is not billed, and no payment is received, such as fire suppression that is not reimbursed. It can be either authorized or result from apparent and real losses. Unbilled Authorized Consumption is a component of NRW and consists of unbilled metered consumption and unbilled un-metered consumption.

Staff use these and other definitions along with the Water Audit Software (Excel spreadsheet) and District data to create a reporting worksheet.

Principal Financial Analyst, Michael Arthur completed the water audit in September 2021, and Rob Scholl, Engineering Services Manager at the Vista Irrigation District, served as the validator. The final validated Water Audit data was submitted to DWR on September 30, 2021, and is included in this packet as attachments.

VALIDATED AUDIT RESULTS:

Results from the CY 2020 audit show the following values:

Water Supplied:	14,839.3 acre feet
Authorized Consumption:	14,079.7 acre feet
Water Losses:	759.6 acre feet
Non-Revenue Water:	848.8 acre feet

Based on these numbers, the District's annual water loss is 5.12% of the water supplied.

Numbers are assigned to each data component to describe confidence and accuracy of input data with 1 being low and 10 being high. The Water Audit Software includes a weighted scale of the components which notes the confidence in the specific data values. The average Water Audit Data Validity Score for the State is 63. Vallecitos received a score of 70.

The preparation of the report and submittal to the state is now an annual requirement. It is expected that a standard for water system loss will be established through the SB 555 process and may be expressed as volume per capita or volume per connection, accounting for relevant factors such as infrastructure age and condition. It is anticipated that at some point, DWR or the SWRCB will also direct agencies to improve or increase their "Water Audit Data Validity Score." If agencies are required to increase their Score, District staff will identify improvements to achieve the target level.

RECOMMENDATION:

For information only.

ATTACHMENTS:

Vallecitos Water District validated water audit submitted to DWR on September 30, 2021.

Certified Validation Report Template, Part A: **Provided by Validator**

Audit Information:

Water System Name: Vallecitos Water District

Public Water System Identification (PWSID)¹: CA 3710002

¹List only 1 PWSID, which should match the PWSID on the FWAS Instructions Tab. For Special cases where multiple water systems are connected with permanent two-way interties, list those additional PWSIDs in the **Notes** below and describe the water distribution system(s) configuration.

PWSID and Water System Configuration Notes (Provided to Validator by Water System): *See Validation Summary Notes, Pre-Interview Notes on Page 1*

Audit Period: *Calendar Year 2020*

Validation Date: *9/29/2021*

Sufficient Supporting Documents Provided: *Yes*

Validation Findings & Confirmation Statement:

Key Audit Metrics:

Data Validity Score: *70* Data Validity Band (Level): *Band III (51-70)*

ILI: *0.94* Real Loss: *26.63 gal/conn/day* Apparent Loss: *3.33 gal/conn/day*

Non-revenue water as percent of cost of operating system: *3.9%*

Certification Statement by Validator:

This water loss audit report has been Level 1 validated per the requirements of California Code of Regulations Title 23, Division 2, Chapter 7 and the California Water Code Section 10608.34.

All recommendations on volume derivation and Data Validity Grades were incorporated into the water audit.

If not, rejected recommendations are included here:

Validator Information:

Water Audit Validator: *Robert Scholl* Qualifications: Water Audit Validator Certificate issued by the CA-NV Section of the AWWA

Validator Provided

Certified Validation Report Template, Part B: Provided by Utility

Water System Name: Vallecitos Water District

Public Water System Identification (PWSID)²: CA 3710002

²List only 1 PWSID, which should match the PWSID on the FWAS Instructions Tab. For Special cases where multiple water systems are connected with permanent two-way interties, those additional PWSIDs should have been listed in the Notes section on Page 1 by the Validator.

Water Audit & Water Loss Improvement Steps:

1. Steps Taken: Water System to identify steps taken in the preceding 3 years to increase data validity, reduce real loss, and reduce apparent loss as informed by the annual validated water audit:

The Vallecitos Water District refined and continued billing the San Marcos fire department training facilities for their water use. This creates a revenue water source not previously captured.

The Vallecitos Water District now meters water used by our own sewer combination trucks, which was previously unmetered.

2. Planned Steps (OPTIONAL): If your audit reflects negative real losses or the cost of non-revenue water is greater than 100% of the operating costs (issues for which your audit will not meet code requirements), you will be asked what steps you are planning in the coming year to address these issues. If you already know what steps you plan to take, you may list them here. If not, please prepare a response within 90 days (23 CCR Section 638.6[a]).

The Vallecitos Water District is developing plans to develop our own in-house meter testing and replacement policy, including a meter testing location.

3. Certification Statement by Utility Executive:

This water loss audit report meets the requirements of California Code of Regulations Title 23, Division 2, Chapter 7 and the California Water Code Section 10608.34 and has been prepared in accordance with the method adopted by the American Water Works Association, as contained in their manual, *Water Audit and Loss Control Programs, Manual M36, Fourth Edition* and in the Free Water Audit Software version 5.

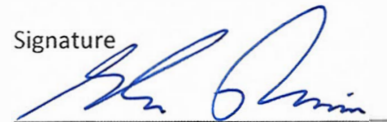
Executive Name (Print)

Glenn Pruim

Executive Position

General Manager

Signature



Date

September 29, 2021

Utility Provided

2020 AWWA Water Audit Level 1 Validation Summary Notes

Pre-Interview Notes	<p>Import and export water volume monthly reports received</p> <p>All import meter signal calibration reports received</p> <p>Primary export meter (>90% volume of total exports) signal calibration report received</p> <p>Authorized consumption per month for each use category spreadsheet received</p> <p>Customer Retail Unit Cost derivation spreadsheet received</p> <p>Variable Production Cost derivation spreadsheet received</p>
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Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
Volume from Own Sources (VOS)	<p>Supply meter profile: No supply from own sources</p> <p>Confirmed input value: 0.0 acre-feet/year</p>	Confirmed DVG: N/A
VOS Master Meter Error Adjustment	<p>Adjustment Basis: No supply from own sources</p> <p>Confirmed input value: None</p>	Confirmed DVG: N/A
Water Imported (WI)	<p>Import meter profile: 5 import connections to San Diego County Water Authority (includes desalinated water connection) through Venturi meters; 1 import connection to the Olivenhain Municipal Water District through a mag meter.</p> <p>WI Data Source: Totaled from all monthly volume reads</p> <p>Comments: Input derivation from supporting documents confirmed. Exclusion of non-potable volumes confirmed.</p> <p>Confirmed input value: 17,914.9 acre-feet/year</p>	<p>Percent of WI metered: 100%</p> <p>Signal calibration frequency: Semi-annually for San Diego County Water Authority meters; annually for the Olivenhain Municipal Water District meter.</p> <p>Volumetric testing frequency: None</p> <p>Volumetric testing method: N/A</p> <p>Percent of WI tested and/or calibrated: 100%</p> <p>Comments: Signal calibration testing performed annually for over 90% of the source flow by volume, but no volumetric flow testing</p> <p>Confirmed DVG: 7</p>
WI Master Meter Error Adjustment	<p>Adjustment Basis: No adjustment made in absence of volumetric flow test data.</p>	<p>Import meter read frequency: Continuous</p> <p>Import meter read method: Automatic logging via SCADA telemetry</p>

2020 AWWA Water Audit Level 1 Validation Summary Notes

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
	<p>Comments: Data made available to protect both the selling and purchasing agencies. Data is adjusted to correct for errors when equipment malfunction is detected.</p> <p>Confirmed input value: No Value</p>	<p>Frequency of data review: Monthly</p> <p>Comments: Metered data is reviewed only monthly by the purchasing agency, and so a Data Value Grade of 6 is not supported.</p> <p>Confirmed DVG: 5</p>
<p>Water Exported (WE)</p>	<p>Export meter profile: Total of 4 metered export interconnections. Main export interconnection is with the Carlsbad Municipal Water District. Smaller volume interconnections also exist with the Olivenhain Municipal Water District, the Vista Irrigation District and the City of Escondido.</p> <p>WE Data Source: Totaled from all monthly volume reads</p> <p>Comments: Input derivation from supporting documents confirmed. Exclusion of non-potable volumes confirmed. Exclusion of Billed Metered Authorized Consumption confirmed.</p> <p>Confirmed input value: 3,075.6 acre-feet/year</p>	<p>Percent of WE metered: 100%</p> <p>Signal calibration frequency: Annually for Carlsbad Municipal Water District meter; no calibration for the Vista Irrigation District or City of Escondido exchange meters.</p> <p>Volumetric testing frequency: None</p> <p>Volumetric testing method: N/A</p> <p>Percent of WE tested and/or calibrated: 98.9%</p> <p>Comments: Signal calibration testing performed annually for over 90% of the source flow by volume, but no volumetric flow testing</p> <p>Confirmed DVG: 7</p>
<p>WE Master Meter Error Adjustment</p>	<p>Adjustment Basis: No adjustment made in absence of volumetric flow test data.</p> <p>Comments: Data made available to protect both the selling and purchasing agencies. Data is adjusted to correct for errors when equipment malfunction is detected.</p> <p>Confirmed input value: No Value</p>	<p>Export meter read frequency: Continuous</p> <p>Export meter read method: Automatic logging via SCADA telemetry</p> <p>Frequency of data review: Monthly</p> <p>Comments: Metered data is reviewed only monthly by the purchasing agency, and so a Data Value Grade of 6 is not supported.</p> <p>Confirmed DVG: 5</p>

2020 AWWA Water Audit Level 1 Validation Summary Notes

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
<p>Billed Metered Authorized Consumption (BMAC)</p>	<p>Customer Meters & Reads Profile:</p> <ul style="list-style-type: none"> - Age profile: 95% of meters are 10 years old or less. Older meters may be up to 30 years old. - Reading system: Predominantly AMR with less than 10 accounts manually read due to radio coverage issues. - Read frequency: Monthly <p>Billing Data Pro-rated? Yes, based on customer complaints</p> <p>Comments: Input derivation from supporting documents confirmed; metered data time period is adjusted to align with the audit period. Exclusion of non-potable volumes confirmed.</p> <p>Confirmed input value: 13,990.3 acre-feet/year</p>	<p>Percent of customers metered: 100%</p> <p>Small meter testing policy: Reactive and only performed due to customer complaints</p> <p>Number of small meters testing/year: Less than 3 per year</p> <p>Large meter testing policy: Reactive and only performed due to customer complaints</p> <p>Number of large meter tested/year: Less than 3 per year</p> <p>Meter replacement policy: Upon meter failure or when flagged for consumption anomalies</p> <p>Number of replacements/year: Not quantified, but known to be small</p> <p>Billing data auditing practice: Computer records exist with annual auditing conducted by utility personnel.</p> <p>Comments: Volumes are reviewed by utility personnel during each billing cycle. No proactive meter testing program is in place, and so a Data Value Grade of 6 is not supported.</p> <p>Confirmed DVG: 5</p>
<p>Billed Unmetered Authorized Consumption (BUAC)</p>	<p>Billed Unmetered Profile: One-Day permits from the utility authorize the use up to 10,000 gallons of water.</p> <p>Input Derivation: Assumes 10,000 gallons of potable water use for each One-Day permit issued. Exclusion of non-potable volumes confirmed.</p> <p>Comments: Flat-rate charge with the goal of minimizing such unmetered usage.</p> <p>Confirmed input value: 0.2 acre-foot/year</p>	<p>Policy for metering exemptions: Authorized for small-scale, single-family residence projects only. Commercial landscaping and construction water usage are metered.</p> <p>Comments: Site-specific methods not performed to obtain reliable estimates of consumption.</p> <p>Confirmed DVG: 7</p>

2020 AWWA Water Audit Level 1 Validation Summary Notes

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
<p>Unbilled Metered Authorized Consumption (UMAC)</p>	<p>Unbilled Metered Profile: Vallecitos Water District internal consumption such as water pipeline flushing, sewer pipeline maintenance and headquarters building and water recycling plant potable water usage.</p> <p>Input Derivation: Totaled from all monthly volume reads</p> <p>Comments: Input derivation from supporting documents confirmed. Exclusion of non-potable volumes confirmed.</p> <p>Confirmed input value: 79.2 acre-feet/year</p>	<p>Policy for billing exemptions: Written policy exists regarding internal billing exemptions.</p> <p>Comments: Internal usage is audited monthly by utility personnel. Meters are not calibrated on an annual basis. Policy does not emphasize keeping such accounts to a minimum.</p> <p>Confirmed DVG: 9</p>
<p>Unbilled Unmetered Authorized Consumption (UUAC)</p>	<p>Unbilled Unmetered Profile: Vallecitos Water District potable water tank wash-out water usage.</p> <p>Input Derivation if Estimated: Consumption is quantified via formulae. Exclusion of non-potable volumes confirmed.</p> <p>Comments: No additional comments.</p> <p>Confirmed input value: 10.0 acre-foot/year</p>	<p>Default or Adjusted Default Applied: Value adjusted based on estimated flow methodology.</p> <p>Completeness of Documentation: Good records document each occurrence.</p> <p>Comments: Written policy exists regarding internal potable water usage with the intent of minimizing this type of consumption.</p> <p>Confirmed DVG: 10</p>
<p>Unauthorized Consumption (UC)</p>	<p>Default Applied? Yes</p> <p>Input Derivation if Customized: N/A</p> <p>Comments: No additional comments.</p> <p>Confirmed input value: 37.098 acre-feet/year</p>	<p>Instances and extent of UC documented: None</p> <p>Comments: Default grade applied</p> <p>Confirmed DVG: 5</p>
<p>Customer Metering Inaccuracies (CMI)</p>	<p>Input Derivation: Default value applied.</p> <p>Comments: The meter population includes a mix of new high-performing meters and dated meters with suspect accuracy.</p>	<p>Characterization of meter testing: Reactive and only performed due to customer complaints. Estimated that less than 3 meter tests are performed per year.</p> <p>Characterization of meter replacement: Upon meter failure or when flagged for consumption anomalies. Number of meter replacements each year are believed to be small.</p>

2020 AWWA Water Audit Level 1 Validation Summary Notes

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
	<p>Confirmed input value: 35.256 acre-feet/year</p>	<p>Comments: A reliable electronic recordkeeping system for meters exists. However, with no proactive meter testing program in place, a Data Value Grade of 4 is not supported.</p> <p>Confirmed DVG: 3</p>
<p>Systematic Data Handling Errors (SDHE)</p>	<p>Input Derivation: Estimate based on an assumed error of 42,000 cubic feet of water per month.</p> <p>Comments: No additional comments.</p> <p>Confirmed input value: 12.0 acre-feet/year</p>	<p>Characterization of read collection & billing process: Policy and procedures for new account activation in place and reviewed periodically. Oversight of billing operations reviewed monthly. Computerized billing system is in use with reports to confirm billing data and system functionality.</p> <p>Characterization of billing process and billing data auditing: Internal checks of billing data error conducted monthly. Volume attributed to errant reads, stuck meters, and other shortcomings of the billing process can only be approximated.</p> <p>Confirmed DVG: 5</p>
<p>Length of Mains</p>	<p>Input Derivation: Totaled from GIS inputs.</p> <p>Hydrant lateral length included: Yes</p> <p>Comments: Hydrant lateral lengths taken from water main to the property line.</p> <p>Confirmed input value: 380.0 miles</p>	<p>Mapping format: Digital</p> <p>Asset management database: GIS assumed as asset management.</p> <p>Map updates & field validation: Infrastructure updates added as they are constructed and as-built. However, digital database is not validated through random field verification.</p> <p>Comments: Sound written policy exists for managing water main extensions and replacements</p> <p>Confirmed DVG: 9</p>
<p>Number of Active and Inactive</p>	<p>Input Derivation: Standard report run from billing system.</p> <p>Basis for database query: By meter identification number.</p>	<p>CIS updates & field validation: Meter readers detect and field verify anomalies with billing system. Total meter count between billing and meter departments generally agree.</p> <p>Estimated error of total count within: 1%</p>

2020 AWWA Water Audit Level 1 Validation Summary Notes

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
Service Connections	<p>Comments: Number of connections cross-checked with GIS. A deviation of less than 200 meters currently exists between the two systems.</p> <p>Confirmed input value: 22,634</p>	<p>Comments: Written policy and auditing procedures exist for reliable management of service connection population.</p> <p>Confirmed DVG: 9</p>
Average Length of Customer Service Line	<p>Are customer meters at the curbstop? Yes</p> <p>Where are customer meters installed if not at curbstop? N/A</p> <p>Customer service line derivation: N/A</p> <p>Comments: No additional comments.</p> <p>Confirmed input value: 0.0 feet</p>	<p>Comments: Default grade applied</p> <p>Confirmed DVG: 10</p>
Average Operating Pressure	<p>Number of zones, general setup: 26 pressure zones</p> <p>Typical pressure range: 40 psi to 150 psi per policy, although some high-pressure areas can be up to 175 psi if meter type allows.</p> <p>Input derivation: Output from hydraulic model, averaged over the entire distribution system.</p> <p>Comments: Well managed, discrete pressure zones exist.</p> <p>Confirmed input value: 117.4 psi</p>	<p>Extent of static pressure data collection: From fire hydrants or testing stations taken during construction projects and to address customer complaints.</p> <p>Characterization of real-time pressure data collection: Current, full-scale SCADA system in place to monitor water distribution system and collect data, including real-time pressure readings.</p> <p>Hydraulic model in place? Calibrated?: Yes; last calibrated in 2018 against SCADA system data and manual pressure reads.</p> <p>Comments: Since procedures are not reviewed by a third party knowledgeable in the M36 methodology, a Data Value Grade of 10 is not supported.</p> <p>Confirmed DVG: 9</p>
Total Operating Cost (TOC)	<p>Input Derivation: From official financial statements</p> <p>Comments: Confirmed costs limited to water only, including engineering costs and overhead.</p>	<p>Frequency of internal auditing: Annually</p> <p>Frequency of third-party CPA auditing: Annually</p> <p>Comments: Reliable electronic, industry-standard cost accounting system in place.</p>

2020 AWWA Water Audit Level 1 Validation Summary Notes

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
	<p>Confirmed input value: \$40,244,812 per year</p>	<p>Confirmed DVG: 10</p>
<p>Customer Retail Unit Cost (CRUC)</p>	<p>Input Derivation: Total consumptive revenue divided by billed metered consumption.</p> <p>Sewer Charges Volumetric? Only commercial accounts.</p> <p>Sewer Charges Included? No</p> <p>Comments: Water rate structure updated annually and applied consistently in billing operations except for construction meters (charged at highest tier for all usage) and agricultural accounts (charged at middle tier for all usage and eligible for discounted agricultural rate).</p> <p>Confirmed input value: \$4.85 per 100 cubic feet</p>	<p>Characterization of calculation: Weighted average composite of all CII and other customer rates.</p> <p>Comments: Since rate structure and calculations of composite rate are not reviewed by a third party knowledgeable in the M36 methodology, a Data Value Grade of 10 is not supported.</p> <p>Confirmed DVG: 9</p>
<p>Variable Production Cost (VPC)</p>	<p>Supply profile: Imported potable water supply only.</p> <p>Direct variable costs included: Commodity portion of purchase costs plus variable distribution costs.</p> <p>Secondary costs included: Secondary costs of importer assumed in purchase costs.</p> <p>Comments: Pertinent marginal (variable) supply costs beyond power and additional treatment are included.</p> <p>Confirmed input value: \$1,796.05</p>	<p>Characterization of calculation: Total commodity portion of imported costs less utility overhead, all divided by total potable water purchases.</p> <p>Comments: Reliable electronic, industry-standard cost accounting system in place. Data is audited by utility personnel annually; but since the data is not audited by a third party knowledgeable in the M36 methodology, a Data Value Grade of 8 is not supported.</p> <p>Confirmed DVG: 7</p>
<p>Pending Items needed to complete the validation</p>	<p>None</p> <p>Validator: Robert Scholl (760) 597-3124</p>	

DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: WATER SUPPLY CONDITIONS UPDATE

BACKGROUND:

California's "water year" runs from October 1 through September 30. The 2021 water year was the second driest year on record, according to the Department of Water Resources. California had its warmest ever statewide monthly average temperatures in October, June, and July, according to the National Oceanic and Atmospheric Administration's National Centers for Environmental Information.

DISCUSSION:

The 2021 water year began with reservoirs at 93% capacity. The state's reservoirs are at 60% of their historic average. The State Water Project provides about 30% of the Metropolitan Water District's (MWD) supplies, with the Colorado River supplying about 25%. MWD also has some local supplies, including water it has in storage.

Despite the severity of the drought, Governor Gavin Newsom has not declared a statewide emergency. Instead, he has declared emergencies in 50 of the state's 58 counties, an approach his administration says is driven by lessons learned from the most recent drought when the state-imposed restrictions statewide.

The Northern Sierra 8-Station Precipitation Index shows values of 15% for the new water year. Lake Oroville is at 22% of capacity and the San Luis Reservoir at 11% of capacity.

Lake Mead is currently 35% full and Lake Powell is 30% 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. Precipitation is "below normal favored."

Vallecitos is updating its Drought Ordinance to comply with the recently approved Water Shortage Contingency Plan. The Drought Ordinance has gone to committees and BB&K is crafting a summary that can be published in the newspaper as part of a public hearing before the Board of Directors.

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: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: DISCUSSION REGARDING THE RETURN TO IN-PERSON PUBLIC MEETINGS

BACKGROUND:

Due to the COVID-19 pandemic, Governor Newsom issued a series of Executive Orders suspending certain provisions of the Brown Act governing the manner in which public meetings can be held. In particular, the Executive Orders allowed public agencies to conduct meetings in a virtual, or electronic, fashion. The intent of the Executive Orders was to allow for the orderly functioning of governmental agencies while protecting public health. The portions of the Executive Orders related to Teleconference Meetings expired on September 30, 2021, and were replaced by Assembly Bill (AB) 361 which went into effect on October 1, 2021.

Ever since March 18, 2020, Vallecitos has conducted all public meetings, including Board and Committee meetings, via the Zoom videoconferencing platform. This method has allowed Vallecitos to continue to conduct business while allowing the public to monitor the actions of its governing body. Zoom allows the public to see and hear the elected officials conduct meetings and allows the public the opportunity to provide comments.

DISCUSSION:

As COVID conditions continue to improve, many agencies are contemplating the return to conventional, in-person, public meetings. AB 361, approved by Governor Newsom on September 16, 2021, allows public agencies to continue to conduct their meetings via videoconferencing until January 31, 2022, if there is a proclaimed State of Emergency and other conditions exist. In order to continue conducting its meetings via teleconferencing during a proclaimed State of Emergency, an agency must find by majority vote that either:

(A) State or local officials have imposed or recommended measures to promote social distancing; or

(B) As a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

In order to continue Teleconference Meetings, 30 days after the first Teleconference Meeting and every 30 days thereafter, the Board can continue with Teleconference Meetings if the proclaimed State of Emergency continues and a majority of the Board finds that the State of Emergency continues to directly impact the ability of the members to meet safely in person; or State or local officials continue to impose or recommend measures to promote social distancing.

An item has been placed on the Board meeting scheduled for October 20, 2021, to provide the Board with an opportunity to discuss returning to in-person meetings. As conditions continue to change, the guidance regarding public health has also been changing. The

current rules would require persons attending public meetings to wear facial coverings if they are not fully vaccinated. Facial coverings are recommended for those individuals who are fully vaccinated. These rules would apply to the public, Board Members and staff. The Board could also establish a rule that all persons attending the meeting are required to wear masks regardless of vaccination status.

FISCAL IMPACT:

There are minor costs associated with the return to in-person Board meetings.

RECOMMENDATION:

Provide staff with direction regarding the return to in-person Board meetings. If the Board wishes to continue to conduct its meetings via videoconferencing, as allowed by AB 361, then the majority of the Board would need to make the finding that meeting in person would present imminent risks to the health or safety of attendees.

DATE: OCTOBER 20, 2021
TO: BOARD OF DIRECTORS
SUBJECT: ASSOCIATION OF CALIFORNIA WATER AGENCIES ELECTION OF OFFICERS

DISCUSSION:

The Association of California Water Agencies (ACWA) will be holding a General Session Membership Meeting at their 2021 Fall Conference on December 1, 2021, at 12:00 p.m. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2022-2023 term. At its meeting on September 24, 2021, the ACWA Board of Directors approved procedures whereby ACWA members will be able to participate and vote in the upcoming membership meeting and election in person or virtually. These procedures are in accordance with California Corporations Code Sections 20, 21, 5079 and subsections (a) and (f) of Section 7510, as well as Article 9 of ACWA's Bylaws. The in-person meeting will be held in Ballroom D-H of the Pasadena Convention Center. Virtual voting delegates will participate via Zoom. ACWA staff will provide the Zoom access information to the virtual voting delegates upon receipt of the Voter Designation & Information Form and the member agency's Consent to Electronic Transmissions, Meetings & Voting Form.

The ACWA Nominating Committee has announced a 2022-2023 slate that recommends current Vice President Pamela Tobin for ACWA President and current Region 10 Vice Chair Cathy Green for ACWA Vice President. As provided by ACWA's Bylaws, nominations from the floor will be accepted prior to the vote. The Bylaws require that floor nominations and seconds be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose Board the nominee serves must submit a resolution of support if they are not the agency making the floor nomination or second. The resolutions to facilitate floor nominations must be submitted by Wednesday, November 24, 2021.

ACWA will be using a voting system called Live-Tally that will allow voters to vote using a handheld keypad or online keypad which can be accessed through a web browser on a computer, tablet or smart phone. Voters must be present at the membership meeting, either in person or virtually, to vote.

RECOMMENDATION:

Request Board direction on Board Member authorized to vote on behalf of the District. If any Vallecitos Board members are interested in being considered for either office, staff would need to return with a resolution of support for the Board's consideration at a future meeting.

ATTACHMENTS:

Voter Designation & Information Form
Consent to Electronic Transmissions, Meetings & Voting

To: Donna Pangborn, Clerk of the Board

Email: donnap@acwa.com

Fax: 916-669-2425

The person designated below will be attending the ACWA General Session Membership Meeting(s) on Wednesday, December 1, 2021 (and December 2, 2021 if necessary) as our voting delegate. Please designate an alternate voting delegate to facilitate any change to your voting representation at the meeting. To change your alternate, however, you must notify Donna Pangborn of the change no later than COB Monday, November 29, 2021.

Member Agency's Name

Agency's Phone No.

Print Member Agency's Authorized Signatory Name

Authorized Signatory Signature

I have signed and returned the Consent to Electronic Transmission, Meetings & Voting Form.

Voting Delegate's Name

How Will Delegate Attend?

Will attend the meeting in person in Pasadena.

Will attend the meeting virtually.

Voting Delegate's Email

Voting Delegates' Phone No.

Alternate Voting Delegate's Name

How Will Alternate Delegate Attend?

Will attend the meeting in person in Pasadena.

Will attend the meeting virtually.

Alternate Voting Delegate's Email

Alternate Voting Delegates' Phone No.

Voting Delegate's Affiliation *(if different from assigning agency)**

Date

*If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above.

In accordance with California Corporations Code Sections 20, 21, 5079 and subsections (a) and (f) of Section 7510, and Article 9 of the Bylaws of the Association of California Water Agencies, a California nonprofit mutual benefit corporation ("ACWA"), the undersigned member of ACWA (the "Member") hereby consents and agrees as follows:

1. ACWA may send meeting notices, annual reports, and all other materials to the Member by (a) electronic transmission to the Member's facsimile number or email address; (b) posting on an electronic message board or network which ACWA has designated for those communications, together with separate notice to the Member of the posting; or (c) other means of electronic communication. The Member's initial facsimile number and email address for receiving such notices, annual reports and other materials are listed below.
2. ACWA may conduct meetings of the members by electronic transmission or electronic video screen communication; provided, however, that if fewer than all members of ACWA consent to conduct such meetings by electronic transmission or electronic video screen communication, then such meetings shall be held at a physical location, and the authorized representative(s) of any member that has so consented (and not withdrawn its consent) may participate in such meetings by electronic transmission or electronic video screen communication, be deemed present in person and vote at such meetings.
3. ACWA may rely on communications sent by the Member to ACWA by (a) electronic transmission from the Member's facsimile number or email address; (b) posting on an electronic message board or network which ACWA has designated for those communications; or (c) other means of electronic communication. ACWA may reasonably conclude that the Member is the sender of any electronic transmission that (i) is received from such facsimile number or email address or (ii) is submitted by an authorized representative of the Member with valid registration/login credentials.
4. ACWA may rely on electronic votes (including votes to approve or reject actions) submitted by an authorized representative of the Member to ACWA during meetings conducted in whole or in part by electronic transmission or electronic video screen communication. ACWA may reasonably conclude that the authorized representative of the Member is the sender of any electronic votes submitted pursuant to such authorized representative's meeting participant ID. The Member's initial authorized representative(s) is listed below.

ACWA shall maintain paper records of all communications sent by ACWA to the members and all votes or actions taken at any member meeting. The Member may (i) access such records at ACWA's headquarters during normal business hours or (ii) request in writing for ACWA to send copies of such records to the Member via U.S. Mail or email.

This consent shall remain in full force and effect until the Member revokes it in writing and so notifies ACWA.

Print Member Name

Print Representative Name

Representative Title

Representative Signature

Date

Please provide the facsimile number and email address to which the Member authorizes ACWA to send the electronic communications described above. The Member may change its designated facsimile number and email address at any time by written notice to ACWA.

Please provide the name of the Member's initial authorized representative(s) who will participate in and vote in connection with member meetings. The Member may change its authorized representative(s) at any time by written notice to ACWA.

Facsimile Number

Authorized Representative No. 1

Email

Authorized Representative No. 2