

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 17, 2021, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT SANNELLA

NOTICE TO THE PUBLIC

IN PERSON BOARD MEETING. Until further notice, meetings of the Board of Directors of the Vallecitos Water District will be held in the Board Room at the District Offices located at 201 Vallecitos de Oro, San Marcos, California, on the date and time identified above.

MASKS WILL BE REQUIRED IN THE BOARD ROOM. Pursuant to Governor Newsom’s Executive Order N-29-20 dated March 17, 2020, and Executive Order N-33-20 dated March 19, 2020, issued with respect to the COVID-19 pandemic, all persons attending the meeting in person will be required to maintain social distancing and wear a facial covering at all times while in the Board Room.

BROADCAST OF THE MEETING. Members of the public may watch the meeting live via computer or smart device by going to the District’s website: <https://www.vwd.org/departments/board-of-directors/meetings-minutes> and clicking on the “Watch Live” icon; however, they will not be able to participate in the meeting remotely.

LISTEN TO THE MEETING. Members of the public may listen to the meeting live on their phone by dialing (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.

PLEDGE OF ALLEGIANCE

ROLL CALL

ADDITIONS TO THE AGENDA

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 NOVEMBER 17, 2021

PUBLIC COMMENT

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

CONSENT CALENDAR

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

1.1 APPROVAL OF MINUTES (pp. 6-15)

- A. PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE MEETING – NOVEMBER 1, 2021
- B. CLOSED SESSION BOARD MEETING – NOVEMBER 3, 2021
- C. REGULAR BOARD MEETING – NOVEMBER 3, 2021

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH NOVEMBER 17, 2021 - \$1,009,148.20 (pp. 16-18)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 19-38)

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

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

PUBLIC HEARING

- 2.1 PUBLIC HEARING TO ADOPT AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT REPEALING ORDINANCE NO. 198 AND ADOPTING A DROUGHT RESPONSE WATER CONSERVATION PROGRAM THAT CONFORMS TO THE DISTRICT'S WATER SHORTAGE CONTINGENCY PLAN (pp. 39-50)

New requirements in the 2020 Urban Water Management Plan and Water Shortage Contingency Plan require the drought ordinance to include six levels of drought.

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

ACTION ITEM(S)

- 3.1 WATER SUPPLY CONDITIONS UPDATE (pp. 51)

Recommendation: For information only

- 3.2 LAND OUTFALL WEST CONDITION ASSESSMENT UPDATE (pp. 52-53)

The condition assessment project covered approximately 3.3 miles of Land Outfall West pipeline and its manholes.

Recommendation: For information only

- 3.3 SAN MARCOS INTERCEPTOR PHASE II PROJECT ACCEPTANCE (pp. 54-58)

The project replaced existing 21-inch diameter sewer pipeline with 12,200 feet of new 42-inch diameter sewer pipeline between Twin Oaks Valley Road and Pacific Street.

Recommendation: 1) Accept project; and 2) Authorize the filing of a Notice of Completion and release of retention funds

- 3.4 REFUNDED PROCEEDS FROM THE RESOLUTION OF THE LAWSUITS BETWEEN SAN DIEGO COUNTY WATER AUTHORITY AND METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (pp. 59-62)

Resolution of the lawsuits spanning 2015 to 2017 has been reached.

Recommendation: Request Board Direction

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

REPORTS

- 4.1 GENERAL MANAGER
- 4.2 DISTRICT LEGAL COUNSEL
- 4.3 SAN DIEGO COUNTY WATER AUTHORITY
- 4.4 ENCINA WASTEWATER AUTHORITY
 - *Board of Directors Meeting*
 - *Capital Improvement Committee*
 - *Policy and Finance Committee*
- 4.5 STANDING COMMITTEES
- 4.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

- 5.1 MEETINGS

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

- 6.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

- 7.1 ADJOURNMENT

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

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

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

AFFIDAVIT OF POSTING

I, 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 5:30 p.m., Wednesday, November 10, 2021.

Ann Johnson

MINUTES OF A MEETING OF THE
PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, NOVEMBER 1, 2021, AT 10:00 A.M.

Director Boyd-Hodgson called the meeting to order at the hour of 10:04 a.m.

Present: Director Boyd-Hodgson
Director Pennock
General Manager Pruim
Information Technology Technician Todd
Public Information/Conservation Supervisor Robbins (remote)

ITEMS FOR DISCUSSION

PERSONNEL

(OLD BUSINESS) UPDATE ON PALOMAR COLLEGE INTERNSHIP PROGRAM

Supervisor Robbins noted that applications were due to Jacob Shiba at Palomar College on Friday, November 5, 2021. Interviews will be conducted by Shiba and Robbins on November 29, 2021.

PUBLIC AWARENESS

(OLD BUSINESS) UPDATE ON BILL CONSOLIDATION

Staff met with San Elijo Hills Homeowners Association (HOA) members about two weeks ago, sharing with them our progress to date. The HOA asked for some additional information and staff had questions for the HOA. Staff are waiting to hear back from the HOA on what they would like the bill to look like. HOA may want some raw data to review on their own.

(OLD BUSINESS) VWD SCHOLARSHIP PROGRAM

District staff surveyed other agencies. Some simply promote the California Special Districts Association (CSDA) video contest. Helix and Vista Irrigation have their own programs with checks sent directly to the school. Their programs typically require an application.

The Association of California Water Agencies (ACWA) has a \$10,000 scholarship. Students need to be in a water related field. Students must commit to full time enrollment.

CSDA “Districts Make the Difference” video contest: \$2,000 for First Place; \$1,000 for Second Place; \$500 for Third Place.

VWD can set up our program in any manner. General Manager Pruim suggested the Committee provide some guidelines. Director Pennock thought that students would need to reapply each year. Director Boyd-Hodgson wanted to be sure that the District maintain lines of communication with the student. Director Pennock was more in favor of fewer, larger scholarships. Director Boyd-Hodgson wanted to be sure that scholarships were available to two-year colleges.

Additional discussion took place on what amount the scholarships would be. Committee members were unclear on the costs for community and four-year colleges. General Manager Pruim committed to having staff research the cost for college at various locations.

Director Boyd-Hodgson asked for a list of questions that Committee members could answer to provide direction and guide the policy. Staff can develop a list to send the Committee members before the next meeting. The desire is to provide scholarship funding for Fall of 2022.

(NEW BUSINESS) DROUGHT DECLARATION

General Manager Pruim noted that he declared a Level 1 “Drought Watch” voluntary water conservation condition. If conditions deteriorate, drought levels will be brought to the Committee or the Board depending on timing. The new Drought Ordinance will be brought to the November 17, 2021, Board meeting. Supervisor Robbins noted that the District has a long list of permanent water waste prohibitions. Director Boyd-Hodgson requested information on the roll out of drought information to customers. Supervisor Robbins indicated that during the past drought: banners were posted within the City, information was contained in our newsletter, it was on the website, the District issued a Press Release, newspapers and television stations picked up the story, a snipe on the bill envelope, and social media was also used.

POLICY

(OLD BUSINESS) SINGLE USE PLASTICS RESOLUTION

Director Boyd-Hodgson noted that the City of San Marcos passed a single-use plastics resolution and that the District could be supportive of the resolution/ordinance as well as having the District’s culture limit the use of single-use plastics.

General Manager Pruim noted that Director Hernandez had expressed interest in this a few years ago and the District had temporarily switched from bottled to boxed water. There was not a policy put in place. The District can review its purchasing policy to look for items that don’t use single-use plastics. Alternatives can often be more expensive.

For water main breaks, the District continues to drop off pallets of bottled water. Boxed water is four to five times more expensive. For internal use the District does use boxed water.

Director Boyd-Hodgson requested cost information for boxed vs bottled water as well as single-use plastics. She also wondered about other processes at the District that use single-use plastics. She hoped to promote a VWD culture that favors less use of single-use plastics.

General Manager Pruim noted that VWD does not have the ability to enforce the actions of others (stores) on their use of single-use plastics. The City of San Marcos does have those powers. General Manager Pruim committed to bringing back some cost comparison data for single-use plastics at the District to assist in decision making.

NEXT MEETING DATE – DECEMBER 6, 2021

The next Committee meeting is scheduled for 10:00 a.m. on Monday, December 6, 2021.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at the hour of 10:47 a.m.

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 3, 2021, AT 4:00 PM, AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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 Prum
Legal Counsel Gilpin
Administrative Secretary Johnson

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF NOVEMBER 3, 2021

21-11-01 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Closed Session Meeting of November 3, 2021.

PUBLIC COMMENT

None.

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Per Government Code Section 54957 – Title: General Counsel

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Per Government Code Section 54957 – Title: General Manager

21-11-02 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Pennock, and carried unanimously, to move into Closed Session pursuant to Government Code Section 54957.

REPORT AFTER CLOSED SESSION

The Board adjourned to Open Session at 4:58 p.m.

The Board reconvened to Closed Session at 6:20 p.m. following the adjournment of the Regular Board Meeting at 6:11 p.m.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at 6:30 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 6:31 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 17, 2021, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 3, 2021, AT 5:00 PM AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Sannella called the Regular meeting to order at the hour of 5:03 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
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Lopez
Public Information/Conservation Supervisor Robbins
Information Technology Technician Todd
Administrative Secretary Johnson

General Manager Pruim led the pledge of allegiance.

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 3, 2021

21-11-03 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Regular Board Meeting of November 3, 2021.

PUBLIC COMMENT

None.

PRESENTATION

A video highlighting the Employee Service Awards recognized at the October 20, 2021, Board meeting was presented.

CONSENT CALENDAR

21-11-04 MOTION WAS MADE by Director Pennock, seconded by Director Hernandez, and carried unanimously, to approve the Consent Calendar as presented.

- 1.1 Approval of Minutes
 - A. Engineering/Equipment Committee Meeting – October 11, 2021
 - B. Closed Session Board Meeting – October 20, 2021
 - C. Regular Board Meeting – October 20, 2021
- 1.2 Warrant List through November 3, 2021 - \$6,439,643.36
- 1.3 Approval of Additional As-Needed Engineering Professional Services Agreement
- 1.4 Final Acceptance of Water and Sewer Improvements for El Dorado Apartments (El Dorado II, LP.)
- 1.5 Final Acceptance of Sewer Improvements for Pico Avenue, North County Transit District Crossing Phase 2 (El Dorado II, LP.)
- 1.6 Final Acceptance of Sewer Improvements for Pico Avenue Phase 1 (El Dorado II, LP.)
- 1.7 Request for Water and Sewer Annexation Into the Water and Sewer Improvement District (Parks)
- 1.8 Approval of Temporary Off-Site Water Service Agreement for Zayat Residence (Pure Olive Oil LLC.)

ACTION ITEM(S)

STRATEGIC PLAN 2022

General Manager Pruiam stated that two Board workshops were held recently regarding the District's strategic plan. Staff incorporated the Board's suggestions to update the plan. He facilitated a presentation, Strategic Plan 2022, as follows:

- Strategic Plan 2012
- Strategic Plan 2012 Strategic Focus Areas
 - 1. Infrastructure Integrity
 - 2. Internal Communication
 - 3. Continuous Improvement/Workforce Development
 - 4. Fiscal Responsibility
 - 5. Public Education and Outreach
 - 6. Resource Exploration
- New Board of Directors – Time for a New Plan
- Board Retreat
- New Mission Statement
- Vision Statement
- Organizational Values

- Strategic Plan 2022 Strategic Focus Areas
 - 1. Infrastructure Integrity
 - 2. Organizational Improvement/Efficiency
 - 3. Workforce Excellence
 - 4. Fiscal Responsibility
 - 5. Public Information and Outreach
 - 6. Environmental Stewardship
- Tactical Plan
- Recommendation – Approve the Plan

General Manager Pruim stated staff is already working on the Tactical Plan which will accompany the Strategic Plan. He anticipates the initiatives of the Tactical Plan will be completed in January 2022.

General discussion took place. The consensus of the Board was to add climate change language to Strategic Focus Area 6, Environmental Stewardship, Strategy 6.1 and 6.2, and revise the vision statement. Director Boyd-Hodgson will provide staff with the climate change language. Staff will present the revised Strategic Plan 2022 at a future Board meeting.

Gayle Martin, member of the public, provided comment on the developer deficit, reserve transfers, the District's reserve policy, and alleged misinformation from the District.

Tracey Bondi-Pear, member of the public, requested Ms. Martin's concerns and developer debt be placed on a future Board agenda.

President Sannella suggested a workshop on these issues be scheduled for the purpose of answering questions from the public and addressing misinformation circulating in the community. The workshop will likely be held in January or February.

REPORTS

GENERAL MANAGER

General Manager Pruim welcomed everyone back to the Board Room for this in-person Board meeting. He reported that District crews will be performing night work beginning at 10:00 p.m. this evening along Bent Avenue between San Marcos Boulevard and Discovery Street. The crews will be shutting off water valves so that the City's contractor can work on the City's Creekside District Project.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin offered the services of Best Best & Krieger's (BBK) in-house staff to assist the District with the upcoming redistricting process. He announced BBK will be hosting a dinner at the Association of California Water Agencies Fall Conference on December 1, and invited Directors and staff who will be attending the conference to the dinner.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp provided a summary of actions taken at the October 28, 2021, SDCWA Board meeting at which the Board adopted a resolution to activate Level 1 of the SDCWA's Water Shortage Contingency Plan. The Board also approved disbursement of the \$35 million paid by the Metropolitan Water District of Southern California to SDCWA's member agencies. The District's share is \$1,248,828.17. That amount combined with the previous payment brings the total to approximately \$2.8 million awarded to the District.

ENCINA WASTEWATER AUTHORITY

President Sannella stated the Policy and Finance Committee has not met since the last Board meeting.

Director Hernandez stated the Capital Improvement Committee will meet next week.

President Sannella stated the EWA Board awarded several contracts at their meeting as well as adding funding to the contracts for the HVAC systems project. The EWA Board has elected to continue conducting virtual meetings but will evaluate monthly. Director Hernandez stated the Selection Committee for the General Manager recruitment has narrowed the list of candidates from 25 to 5. Interviews will be held later this week.

STANDING COMMITTEES

Director Boyd-Hodgson stated the Public Awareness/Personnel/Policy Committee met on November 1. The internship program is expected to start next spring. Discussion continued regarding the scholarship program.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Boyd-Hodgson stated she was invited to speak to the San Dieguito Interfaith Ministerial Association about water and equity. She spoke to the group today in an unofficial capacity.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Pennock remarked on how smoothly this meeting went being the first in-person meeting in a long while, and thanked Information Technology Technician Todd for his efforts.

President Sannella requested official portraits of the new Board members as well as the full Board be taken in the near future. Staff will schedule a time to do this.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 6:11 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, November 17, 2021, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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

ATTEST:

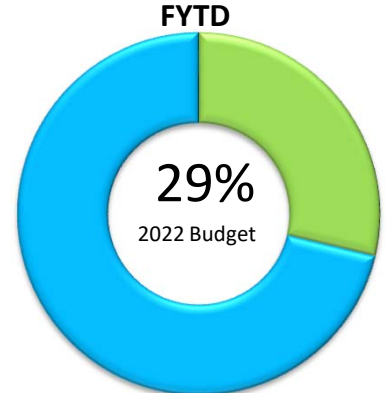
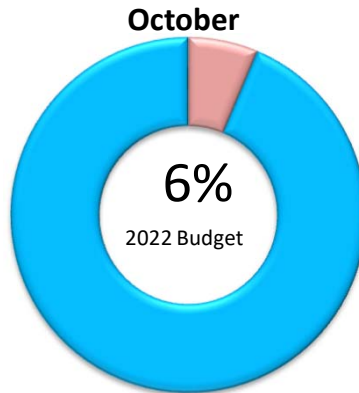
Glenn Pruiim, Secretary
Board of Directors
Vallecitos Water District

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

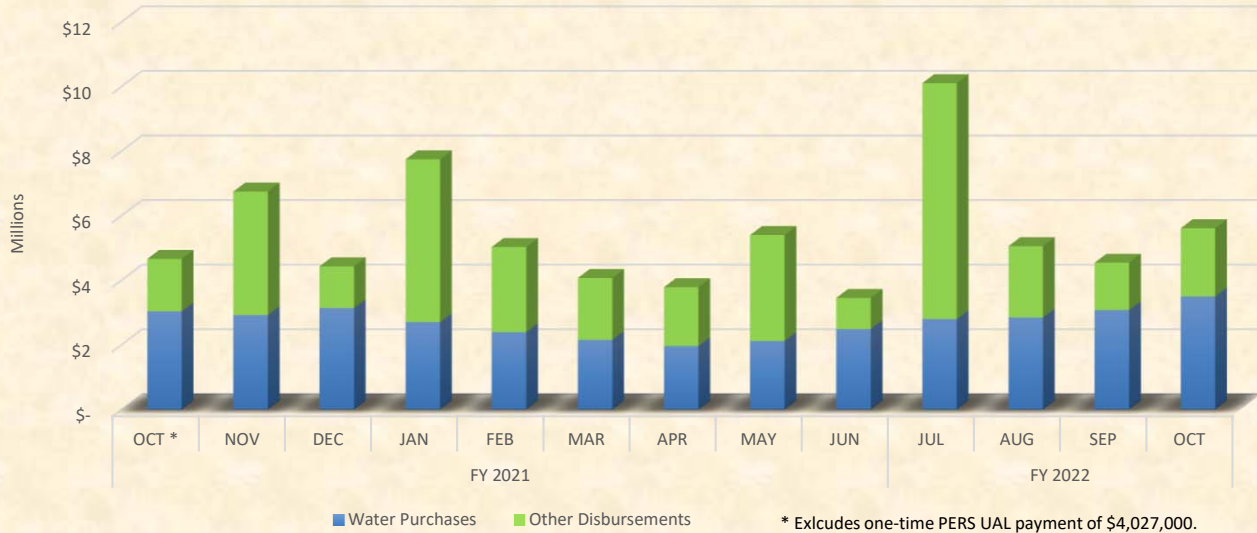
Summary

October Disbursements	\$	5,610,869 *
YTD Disbursements	\$	25,315,561 *
FY2022 Budget	\$	88,064,000

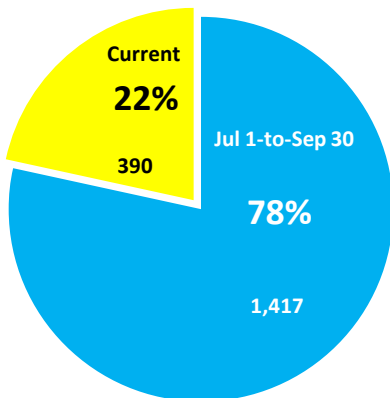
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$12.2M
ENCINA WASTEWATER AUTHORITY	\$3.2M
TC CONSTRUCTION CO INC	\$1.6M
ACWA/JOINT POWERS INSURANCE	\$1.4M
PUBLIC EMPLOYEES RETIRE SYSTEM	\$1.4M
SAN DIEGO GAS & ELECTRIC	\$495.2K
HAAKER EQUIPMENT CO.	447.5K
JAMISON ENGINEERING...	\$379.5K
OLIVENHAIN MWD	\$288.7K
PENCCO, INC.	\$180.8K

VALLECITOS WATER DISTRICT
WARRANTS LIST
November 17, 2021

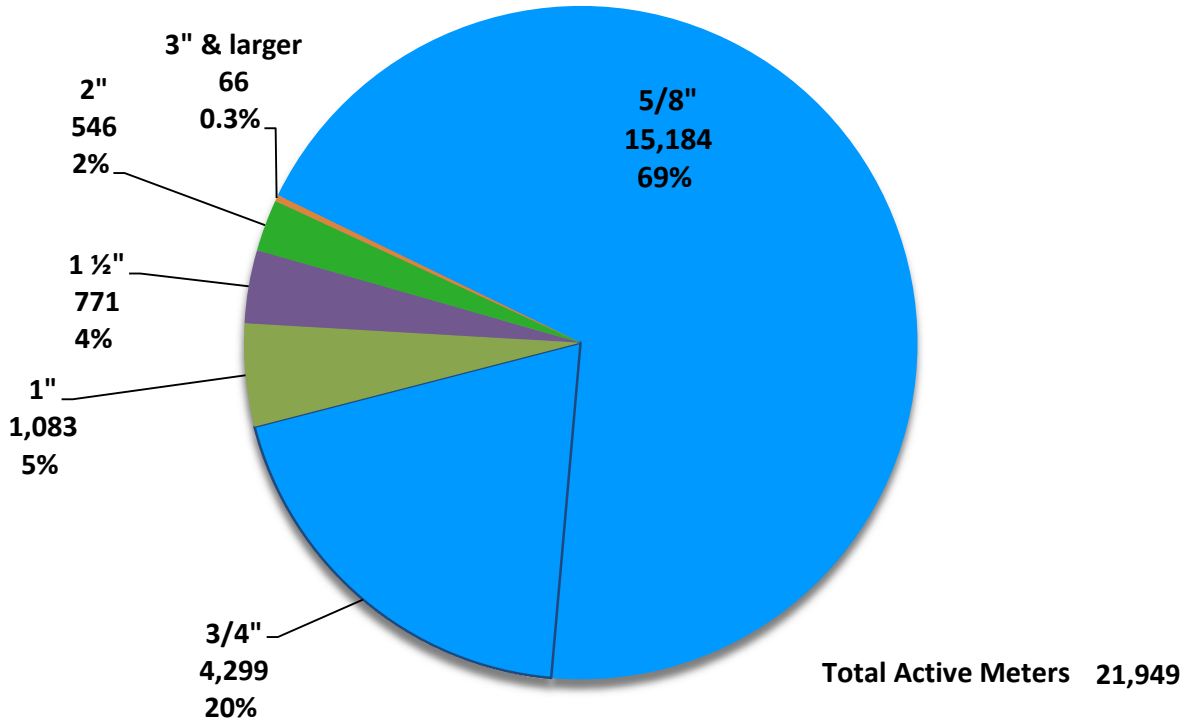
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	122896 through	122898 -
Advanced Imaging Solutions, Inc.	Copier Lease - Oct	122899	2,451.32
All Star Signs Inc.	Custom Name Plates - 17	122900	265.60
American Water Works Association	District Membership 21-22	122901	4,265.00
Ann Johnson	CSDA Board Secretary Conference 10-24-21	122902	666.45
Backflow Solutions, Inc.	Backflow Testing Qty 479 - Sep	122903	7,161.05
Bombardier Mass Transit Corporation	Roadway Worker Protection Training - 30 Employees	122904	5,051.10
Boncor Water Systems	Soft Water Svc - Nov	122905	1,037.50
California Bank & Trust	San Marcos Interceptor Prj 71004	122906	5,907.61
California Special Dist Assn.	District Membership 21-22	122907	8,195.00
Carbon Activated Corp.	Carbon - LS3	122908	2,486.04
CCI	Water Treatment - Oct & Hand Sanitizer	122909	866.50
Core Logic Information Solutions Inc	Real Quest Engineering Map Svcs - Oct	122910	218.55
CWEA	Membership & Lab Cert - M Smith	122911	283.00
EDCO Waste & Recycling Serv	Trash Svc - Oct	122912	910.30
Encina Wastewater Authority	Sewer Testing	122913	19,089.25
Fisher Scientific LLC	Lab Supplies	122914	562.25
James Gumpel	JPIA Leadership Training 10-6-21	122915	96.15
Hach Company	Supplies - Composite Sampler Repair & Chlorine Sensor - MRF	122916	4,089.16
Harper & Associates Inc	Sage Canyon Tank Rehab Prj 20201-6	122917	1,890.00
Harrington Industrial	Channel Mixing Pump - MRF	122918	4,890.44
Hawthorne Machinery Co.	Sweeper Broom Parts	122919	564.27
Jamison Engineering Contractors, Inc	Headworks Improvement - MRF Prj 20211-4	122920	44,736.45
Jan-Pro of San Diego	Disinfecting & Cleaning Svcs HQ & MRF - Oct	122921	11,501.00
Joe's Paving Co Inc	Asphalt Removal & Replacement - 5,708 Sq. Ft	122922	75,755.07
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004	122923	4,270.00
Land Surveying Consultants Inc	Mahr Reservoir & Dam Monitoring Svcs	122924	2,500.00
Lloyd Pest Control	Pest Control Svc - Oct	122925	98.00
Mission Resource Conservation District	Water Evaluations 3 - Prj 20221-51	122926	225.00
O.G. Supply Inc	Meter Gaskets - 1000	122927	160.00
Oscar Hernandez	Deposit Refund Prj 20191-540	122928	2,995.19
Patriot Portable Restroom Inc	Portable Restroom Rental - Oct	122929	268.40
Pitney Bowes	Postage Meter Refill	122930	33.78
Raftelis Financial Consultants Inc	Water Cost of Service Study	122931	1,440.00
Richard W. Gittings	Hillside Development - Oct	122932	1,400.00
Safety-Kleen Systems Inc	Parts Washer Rental	122933	454.71
SDGE	Power - Sept	122934	55,506.88
SCAP	District Membership 21-22	122935	538.00
Jeremy Scott	Ops Crew Meal Reimbursement	122936	41.37
SHI International Corp.	Nimble Support Renewal 21-22	122937	6,373.00
SSA Solar of CA 5, LLC	District Wide Solar Power Purchase Agreement - Sept	122938	16,408.00
Staples Advantage	Office Supplies - Oct	122939	1,075.01
TC Construction Co Inc	San Marcos Interceptor Prj 71004	122940	112,244.52
TK Elevator Corporation	Elevator Maintenance Nov - Jan	122941	1,095.36
Total Compensation Systems, Inc.	GASB 75 Valuation Svcs	122942	810.00
Tracker	Portfolio Software Annual Maintenance 21-22	122943	6,540.00
Uline Inc	55 Gallon Fiber Drums - 12	122944	896.67
Underground Service Alert	Dig Alert Svcs & State of CA Regulatory Fees - Oct	122945	843.00
UPS	Shipping Svcs - Sept & Oct	122946	155.81
Utility Systems, Science & Software Inc	Sewer Flow Meter Calibration - 3 Sites	122947	1,704.00
Verizon Wireless	Ipad Svc - Oct	122948	427.39
Vista Fence Company Incorporated.	Emergency Chain Link Fence Repair - Meter Parking Lot	122949	1,696.00
Vortex Industries Inc	Preventative Maintenance - District HQ Gates	122950	900.00
Work Partners Occupational Health	Medical Svcs - Sept & Covid Testing	122951	1,640.00
Zoho Corporation	Manage Engine Software Renewal 21-22	122952	4,535.00
Accurate Security Pros, Inc.	Keypad Card Reader	122953	345.36
Airgas USA LLC	Multigas Detector - Water Ops	122954	2,458.36
Blue Wave Security	Security Fobs - 40 & Proximity Fob Reader - Dist HQ Front Gate	122955	291.85
CDW Government Inc	Cylance Protect Antivirus Renewal 21-22	122956	4,996.00
Consolidated Electrical Distributors, Inc.	Light Bulbs 50; Board Room & Lobby Maintenance	122957	754.25
Doane & Hartwig Water Systems Inc	Emergency Standby Chemical Pump - MRF	122958	4,900.32
Electrical Sales Inc	Materials - Mahr Reservoir	122959	772.70
Grainger Inc	Cla-Val Shop Stainless Steel Parts, Bolt Cutters, Water Hoses & Surgical Masks	122960	3,522.36
Granetto's Farm Garden Supply	Landscaping Chemicals	122961	902.08
Hoch Consulting	Land Outfall West Condition Assessment Prj 20201-9	122962	10,456.25
Interstate Batteries	UPS Batteries - 2	122963	31.25
MAAC	Deposit Refund Prj 20201-771	122964	465.96

VALLECITOS WATER DISTRICT
WARRANTS LIST
November 17, 2021

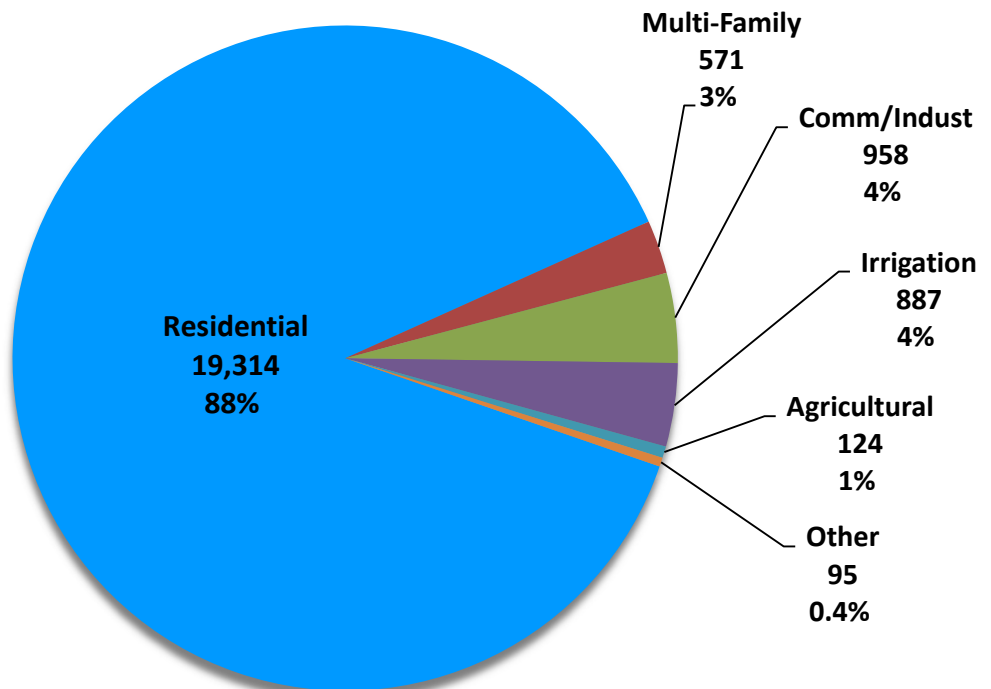
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Mallory Safety & Supply, LLC	Safety Glasses & Jackets	122965	509.50
Municipal Sewer Tools	CCTV Replacement Parts - 8" Steel Pipes - 2 & TruGrit Wheels - 6	122966	1,244.53
Pacific Pipeline Supply	PVC Pipes, Valve Boxes, Couplings, Valve Gates, & Air Valve/Enclosure	122967	14,021.51
Penco, Inc.	Calcium Nitrate	122968	5,304.31
Plumbers Depot Inc	CCTV Annual Svc, Repair, & Supplies	122969	6,538.61
Proteus Consulting	Asset Management Consulting Svcs Prj 20141-4	122970	720.00
Rusty Wallis Inc	Water Softener & Water System Svc - MRF	122971	1,072.00
SHI International Corp.	LED Monitors - 4 & Laptops - 3	122972	10,519.67
Southern Counties Lubricants, LLC	Diesel Fuel	122973	2,367.53
Syntech Systems Inc	Fuel Island Maintenance 21-22	122974	2,650.00
T.S. Industrial Supply	Suction Hose, Small Tools - MRF	122975	1,009.46
Terra Verde Energy LLC	Energy Management Study Prj 20221-6	122976	25,654.00
Traffic Safety Solutions LLC	Traffic Control Svcs - Multi-Lane Closure	122977	2,100.00
Unifirst Corporation	Uniform Delivery	122978	414.13
Wateruse Association	District Membership 21-22	122979	3,255.00
Total Disbursements (81 Checks)			<u>537,491.14</u>
WIRES			
Public Employees Retirement System	Retirement Contribution - November 02, 2021 Payroll	Wire	79,364.40
PAYROLL			
Total direct deposits		Wire	248,552.10
VWD Employee Association		122896	584.00
Payroll & Garnishments		122898	1,091.52
IRS	Federal payroll tax deposits	Wire	96,641.41
Employment Development Department	California payroll tax deposit	Wire	20,165.38
CalPERS	Deferred compensation withheld	Wire	18,088.29
VOYA	Deferred compensation withheld	Wire	7,169.96
Total November 02, 2021 Payroll Disbursements			<u>392,292.66</u>
TOTAL DISBURSEMENTS			<u><u>1,009,148.20</u></u>

Vallecitos Water District
 Active Water Meters
 October 31, 2021

Active Meters by Size as of October 31, 2021

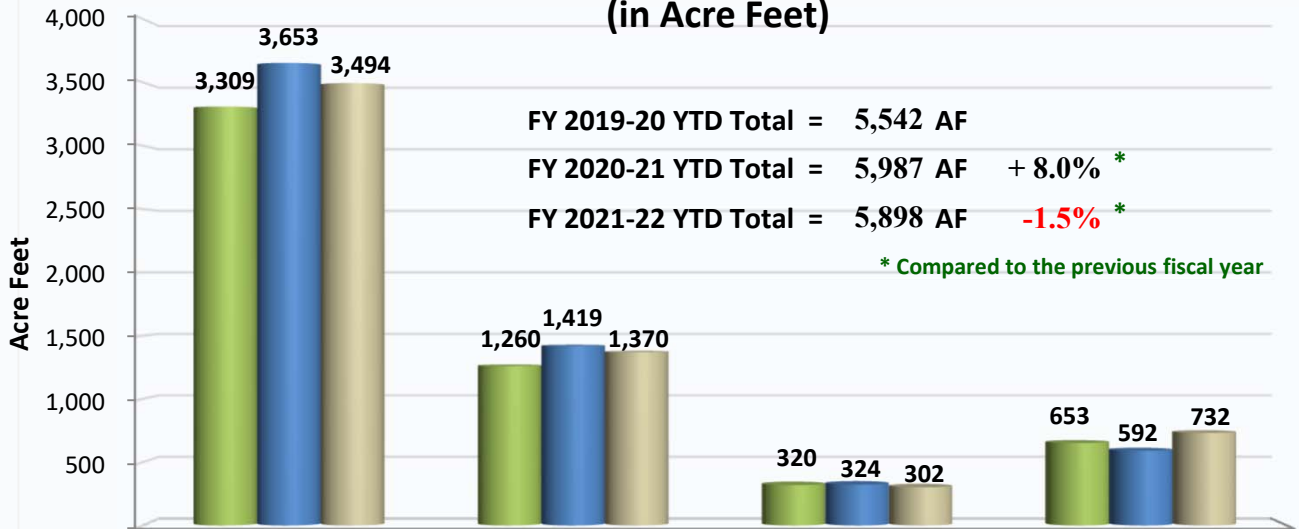


Active Meters by Type as of October 31, 2021



Vallejos Water District
 Water Production/Sales
 October 31, 2021

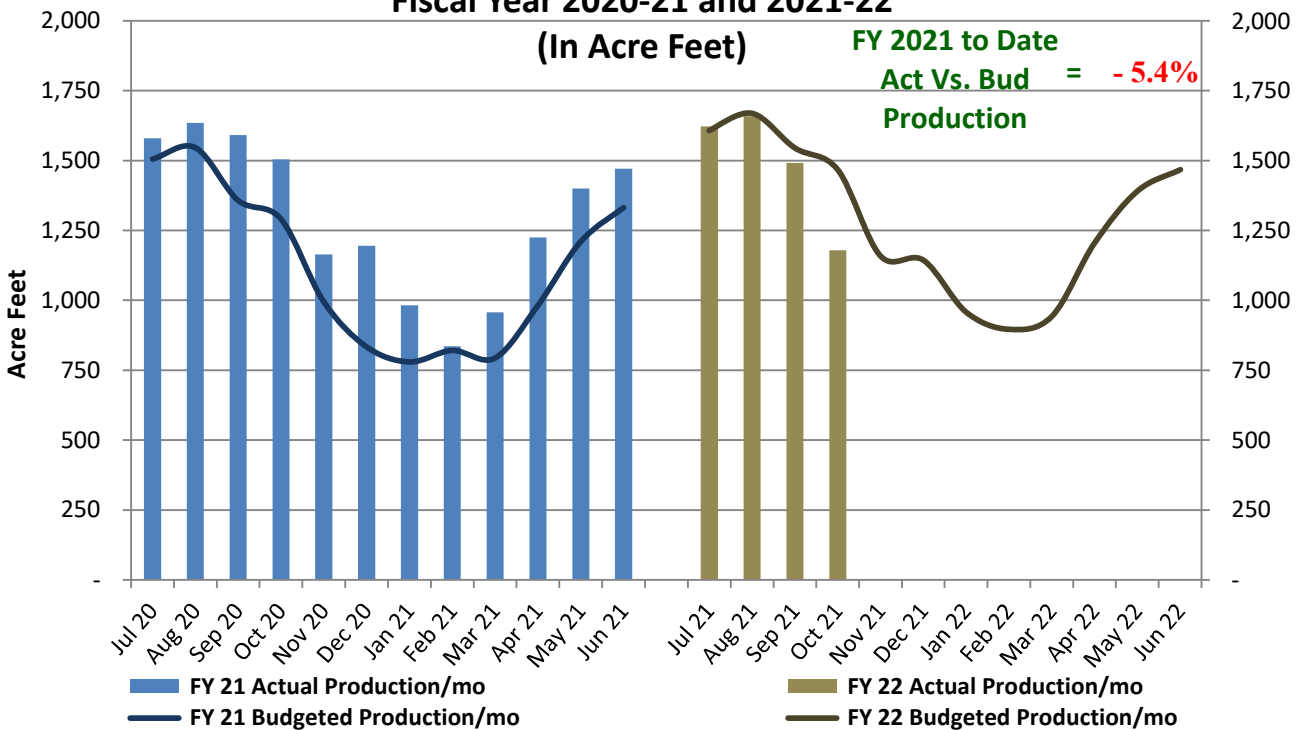
Water Sales FY 19-20, FY 20-21 and FY 21-22 (FYTD)
(in Acre Feet)



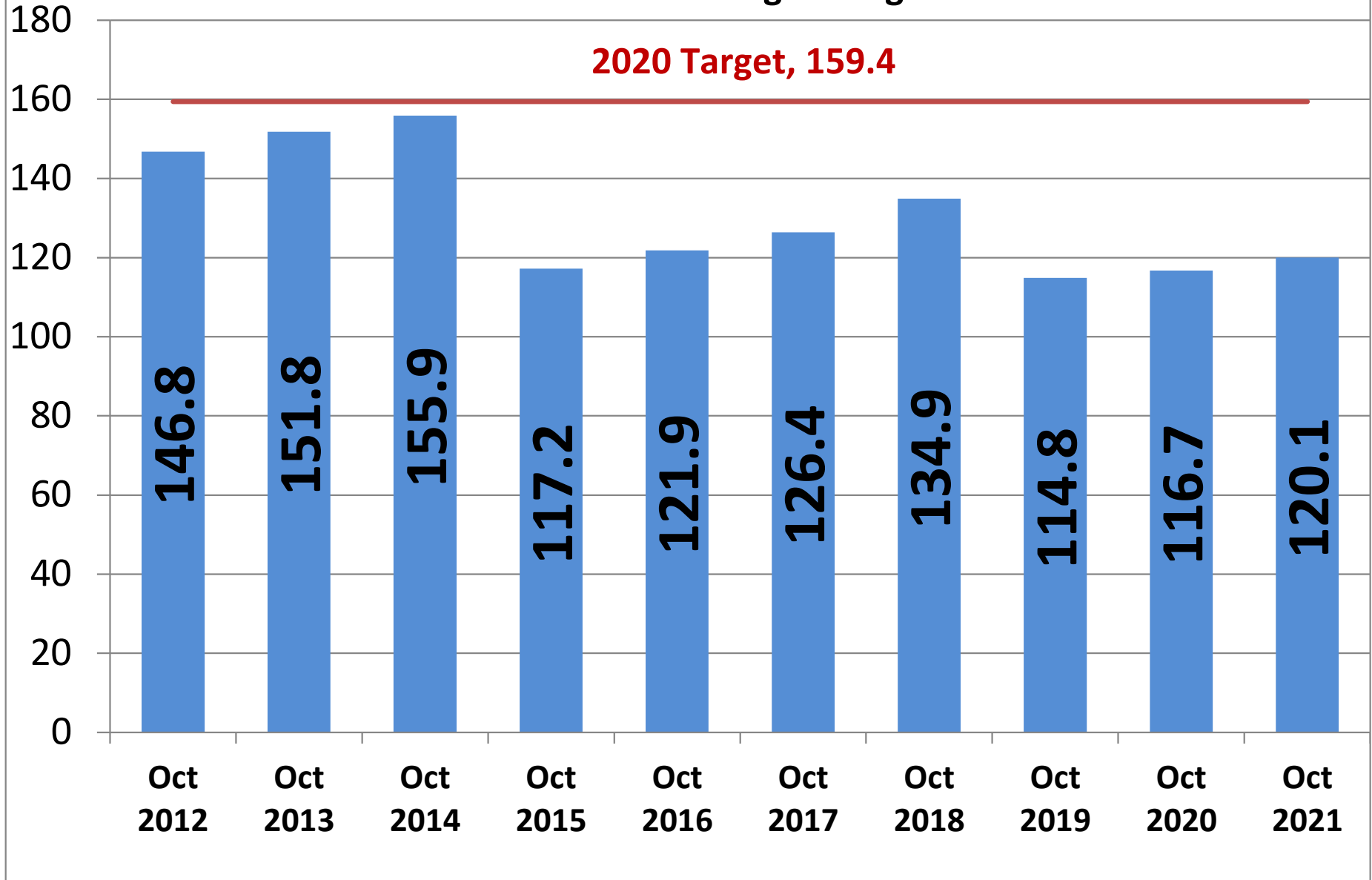
	Residential	Irrigation	Agricultural	Commer/ Indust/ Const/ Oth
FY 19-20	3,309	1,260	320	653
FY 20-21	3,653	1,419	324	592
FY 21-22	3,494	1,370	302	732

Water Production Budget vs. Actual
Fiscal Year 2020-21 and 2021-22

(In Acre Feet)



Gallons per Capita per Day 12-Month Rolling Average



DATE: NOVEMBER 17, 2021
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the four months ended October 31, 2021 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 4-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and reflected in the Reserve Report. Any excess of expenses above revenues are paid for out of reserves in the current fiscal year.

The Monthly Reserve Report presents the balances in each of the District's reserve funds. The report summarizes all sources and uses of reserves. Sources consist of operating transfers, capital facility fees, property taxes, dissolved RDA distributions, investment earnings and annexation fees. Uses are distributions for capital projects and debt service.

RECOMMENDATION:

For information only.

Vallecitos Water District
Water Revenue and Expense Report
For the Four Months Ended October 31, 2021

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Water Sales	\$ 13,783,725	\$ 13,850,966	\$ (67,241)	-0.5%	\$ 13,136,000	\$ 647,725	4.9%
Ready-to-serve	4,885,688	4,866,880	18,808	0.4%	4,766,000	119,688	2.5%
Pumping cost recovery	177,078	188,762	(11,684)	-6.2%	175,000	2,078	1.2%
Late & lock charges	102,808	95,600	7,208	7.5%	127,106	(24,298)	-19.1%
Backflow fees	39,334	35,234	4,100	11.6%	27,918	11,416	40.9%
Other revenue	88,078	41,664	46,414	111.4%	37,800	50,278	133.0%
Total Revenue	19,076,711	19,079,106	(2,395)	0.0%	18,269,824	806,887	4.4%
Expenses							
Water costs	11,784,065	11,894,130	(110,065)	-0.9%	12,572,000	(787,935)	-6.3%
Pumping costs	153,678	286,407	(132,729)	-46.3%	388,000	(234,322)	-60.4%
Water quality	122,743	34,694	88,049	253.8%	69,000	53,743	77.9%
Water treatment	132,866	159,734	(26,868)	-16.8%	160,000	(27,134)	-17.0%
Tanks & reservoirs	110,247	64,010	46,237	72.2%	128,000	(17,753)	-13.9%
Trans & distribution	493,714	632,770	(139,056)	-22.0%	634,000	(140,286)	-22.1%
Services	16,963	23,207	(6,244)	-26.9%	22,000	(5,037)	-22.9%
Meters	242,109	247,641	(5,532)	-2.2%	321,000	(78,891)	-24.6%
Backflow prevention	7,177	29,603	(22,426)	-75.8%	24,000	(16,823)	-70.1%
Customer accounts	254,082	220,978	33,104	15.0%	296,000	(41,918)	-14.2%
Building & grounds	154,112	130,264	23,848	18.3%	165,000	(10,888)	-6.6%
Equipment & vehicles	75,809	81,817	(6,008)	-7.3%	109,000	(33,191)	-30.5%
Engineering	448,517	463,864	(15,347)	-3.3%	543,000	(94,483)	-17.4%
Safety & compliance	34,458	63,848	(29,390)	-46.0%	97,000	(62,542)	-64.5%
Information Technology	332,922	278,837	54,085	19.4%	373,000	(40,078)	-10.7%
General & administrative	803,173	650,107	153,066	23.5%	1,048,000	(244,827)	-23.4%
Total Expenses	15,166,635	15,261,911	(95,276)	-0.6%	16,949,000	(1,782,365)	-10.5%
Net Operating Income	\$ 3,910,076	\$ 3,817,195	92,881	2.4%	\$ 1,320,824	2,589,252	196.0%

Explanation of Significant Variances

Other revenue has a favorable prior year and budget variance as a result of higher than anticipated miscellaneous fees collected on engineering projects.

Pumping costs have a favorable prior year and budget variance thus far this year due to less than anticipated outside services being performed and lower power costs.

Water quality has an unfavorable prior year and budget variance due to timing of outside services being performed.

Tanks & reservoirs has an unfavorable prior year variance as a result of planned increases in labor and outside services.

Transmission & distribution has a favorable prior year and budget variance due to fewer main breaks than the previous year resulting in decreased labor costs and outside repair costs.

Meters has a favorable budget variance because of product supply shortages causing delays in the meter testing and replacement program.

Safety & compliance has a favorable budget variance due to lower than anticipated labor costs.

General & administrative has an unfavorable prior year variance due to planned increases in outside services. *General & administrative* has a favorable budget variance as a result of less than anticipated labor costs.

Variances are considered significant if they exceed \$33333 and 20%.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Four Months Ended October 31, 2021

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$ 6,206,191	\$ 6,118,326	\$ 87,865	1.4%	\$ 5,881,000	\$ 325,191	5.5%
Reclaimed water sales	991,666	931,333	60,333	6.5%	992,000	(334)	0.0%
Other revenue	50,384	34,003	16,381	48.2%	93,000	(42,616)	-45.8%
Total Revenue	<u>7,248,241</u>	<u>7,083,662</u>	164,579	2.3%	<u>6,966,000</u>	282,241	4.1%
Expenses							
Collection & conveyance	647,851	786,162	(138,311)	-17.6%	792,000	(144,149)	-18.2%
Lift stations	54,844	118,843	(63,999)	-53.9%	76,000	(21,156)	-27.8%
Source control	51,036	47,210	3,826	8.1%	67,000	(15,964)	-23.8%
Effluent disposal	1,113,000	870,579	242,421	27.8%	1,115,000	(2,000)	-0.2%
Meadowlark	860,264	850,992	9,272	1.1%	1,018,000	(157,736)	-15.5%
Customer Accounts	143,434	135,417	8,017	5.9%	189,000	(45,566)	-24.1%
Building & grounds	103,418	75,657	27,761	36.7%	113,000	(9,582)	-8.5%
Equipment & vehicles	58,672	56,851	1,821	3.2%	86,000	(27,328)	-31.8%
Engineering	202,711	233,467	(30,756)	-13.2%	299,000	(96,289)	-32.2%
Safety & compliance	19,991	38,759	(18,768)	-48.4%	61,000	(41,009)	-67.2%
Information technology	296,587	245,726	50,861	20.7%	289,000	7,587	2.6%
General & administrative	417,161	446,156	(28,995)	-6.5%	475,000	(57,839)	-12.2%
Total Expenses	<u>3,968,969</u>	<u>3,905,819</u>	63,150	1.6%	<u>4,580,000</u>	(611,031)	-13.3%
Net Operating Income	<u>\$ 3,279,272</u>	<u>\$ 3,177,843</u>	101,429	3.2%	<u>\$ 2,386,000</u>	893,272	37.4%

Explanation of Significant Variances

Other revenue has a unfavorable budget variance as a result of less grant monies being received thus far this year.

Lift stations has favorable prior year variance due to the timing of outside services being performed.

Effluent disposal has a unfavorable prior year variance as a result of budgeted increases in the District's portion of operating costs at Encina Wastewater Authority.

Customer accounts has a favorable budget variance due to less than anticipated bad debt expense when compared to COVID-19 projections.

Engineering has a favorable budget variance due to timing of outside services being performed.

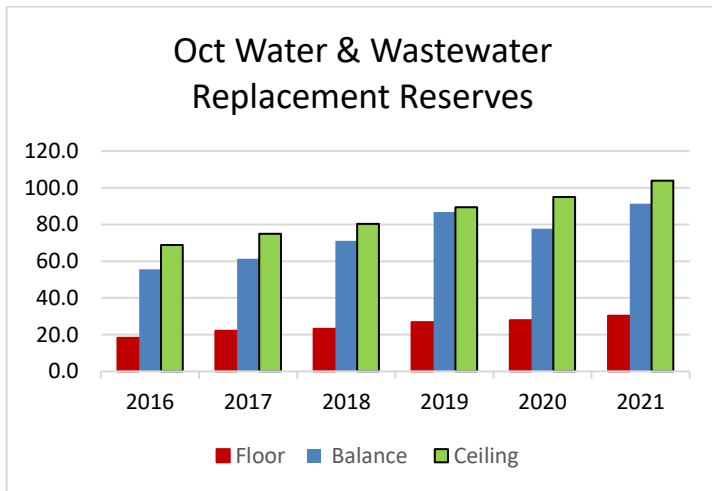
Safety & compliance has a favorable budget variance as a result of lower than anticipated labor costs.

Information technology has an unfavorable prior year variance due to the timing of outside services being performed.

Variances are considered significant if they exceed \$33333 and 20%.

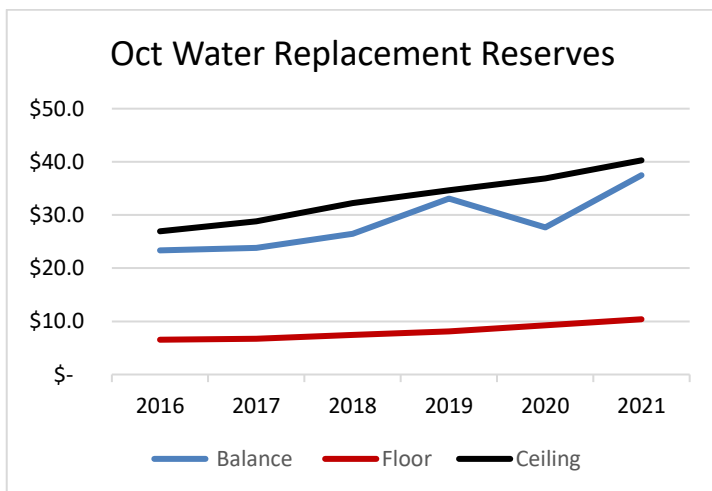
REPLACEMENT RESERVES

The District maintains two replacement reserves in cash equivalents and investments: One for the District’s water system, and the other for the District’s wastewater system. The District’s reserve policy establishes a floor of the sum of the next three years of projected system replacement costs, and a ceiling of the sum of the next ten years of system replacement costs. As of October 31, 2021, the total water and wastewater replacement reserve balance was \$91.4 million, 17.6 percent greater than October 31, 2020.



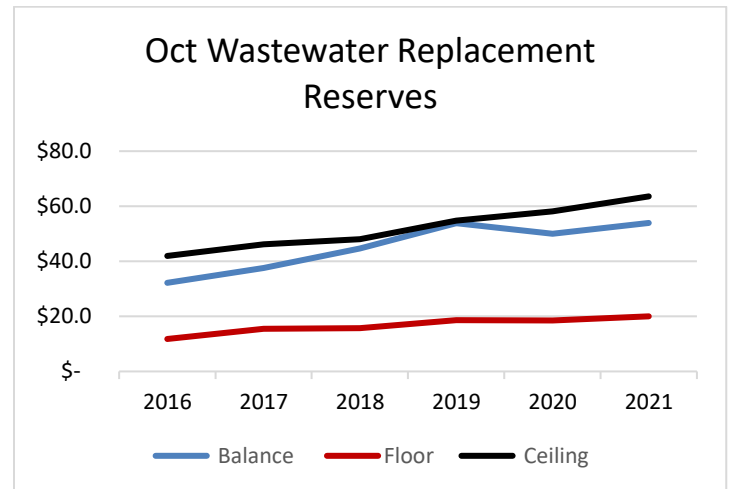
WATER REPLACEMENT RESERVE

As of October 31, 2021, the District’s water replacement reserve totaled \$37.5 million, an increase of 35.4 percent, or \$9.8 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.



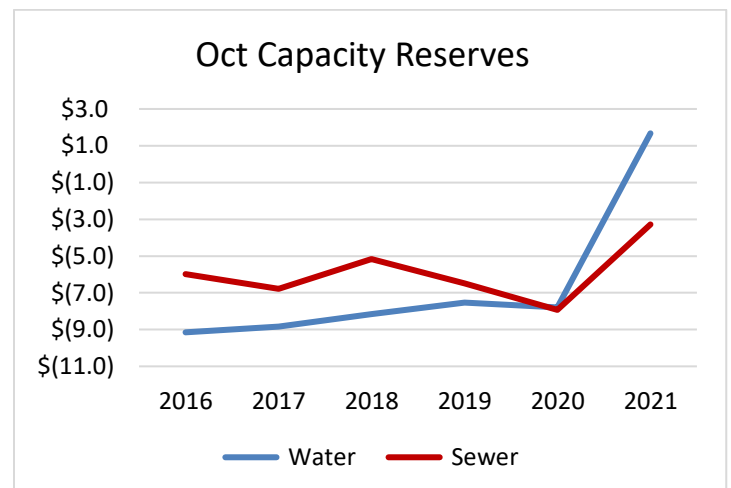
WASTEWATER REPLACEMENT RESERVE

As of October 31, 2021, the balance in the District’s wastewater replacement reserve totaled \$53.9 million, an increase of 7.7 percent, or \$3.9 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



CAPACITY RESERVES

The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of October 31, 2021, the water capacity fund had a balance of \$1.7 million and the sewer capacity fund had a deficit of \$3.3 million. The District’s capital facility fees situation is expected to improve with the adoption of the new Master Plan and the corresponding capacity fee study.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE THREE MONTHS ENDED OCTOBER 31, 2021

	110 Water		120		210 Wastewater		220		Total
	Replacement	Capacity	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	56,331	-	10,121,944	-	5,337,284	-	15,515,558		
Interfund Transfer	-	8,475,331	-	-	1,702,944	-	10,178,275		
FY 21/22 Operating Transfers ⁽²⁾	3,910,076	-	3,279,272	-	-	-	7,189,348		
Capital Facility Fees	-	1,094,310	-	-	1,436,793	-	2,531,103		
Annexation Fees	765,564	-	112,015	-	-	-	877,579		
Investment Earnings	220,334	-	105,177	-	-	-	325,511		
Property Tax	64,543	-	52,226	-	-	-	116,769		
TOTAL REVENUES	5,016,847	9,569,641	13,670,633	8,477,021	36,734,142				
LESS DISTRIBUTIONS									
Capital Projects									
Encina Wastewater Authority Five Year Plan	-	-	1,636,401	-	-	-	1,636,401		
San Marcos Interceptor Sewer	-	-	399,040	-	888,188	-	1,287,228		
MRF Headworks - Upgrade/Replace Equipment	-	-	430,167	-	-	-	430,167		
MRF Biological Selector Improvements	-	-	186,461	-	-	-	186,461		
MRF - Odor Scrubber #1 Replacement	-	-	137,656	-	-	-	137,656		
Land Outfall West Condition Assessment	-	-	118,463	-	-	-	118,463		
MRF Site Lighting Upgrade and Repairs	-	-	115,143	-	-	-	115,143		
District-Wide Valve Replacement Program	108,717	-	-	-	-	-	108,717		
16-Inch Emergency Bypass Pipeline Rehabilitation	-	-	76,152	-	-	-	76,152		
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	-	-	49,909	-	-	-	49,909		
MRF - Flow Control Valve & Actuator	-	-	49,062	-	-	-	49,062		
District-Wide SCADA Upgrade Project	24,028	-	23,086	-	-	-	47,114		
Montiel Lift Station And Forcemain Replacement	-	-	33,146	-	13,539	-	46,685		
Energy Management Study	20,658	-	19,848	-	-	-	40,506		
Wulff Pressure Reducing Station	37,124	-	-	-	-	-	37,124		
Meadowlark Failsafe Rehabilitation (Buena Reach)	-	-	34,641	-	-	-	34,641		
MRF - Tertiary Influent Chamber Repairs	-	-	33,337	-	-	-	33,337		
Tres Amigos Water Line Replacement Phase 1	33,127	-	-	-	-	-	33,127		
GEMS AB Suite 6.1 Upgrade	15,401	-	14,797	-	-	-	30,198		
Sage Canyon Tank Refurbishment	23,203	-	-	-	-	-	23,203		
District Wide Solar Project	9,725	-	9,344	-	-	-	19,070		
Fire Services - Backflow Preventer Upgrades	18,270	-	-	-	-	-	18,270		
Sewer Lining and Rehab	-	-	18,230	-	-	-	18,230		
Neogov Applicant Tracking Software	7,737	-	7,433	-	-	-	15,170		
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 Pump Station - Motor Starter Upgrade	11,879	-	-	-	-	-	11,879		
Palos Vista Tank I: Asphalt Repair and Sealcoat	11,760	-	-	-	-	-	11,760		
Richland Tank I: Asphalt Repair and Sealcoat	10,294	-	-	-	-	-	10,294		
Richland Tank II: Asphalt Repair and Sealcoat	10,110	-	-	-	-	-	10,110		
All other capital projects	15,734	-	37,336	-	2,112	-	55,182		
Capital Budget - Vehicles/Mobile Equipmnt	2,909	-	2,795	-	-	-	5,705		
Total Capital Project Expenditures	492,042	-	3,530,344	903,838	4,926,224				
Interfund Transfer	56,331	-	10,121,944	-	-	-	10,178,274		
Debt Service	-	-	-	-	977,180	-	977,180		
Interest Expense	-	24,154	-	33,191	-	-	57,345		
TOTAL DISTRIBUTIONS	548,372	24,154	13,652,288	1,914,209	16,139,023				
ENDING BALANCE	\$ 43,857,920	\$ 1,673,958	\$ 60,716,785	\$ (3,279,870)	\$ 102,968,794				
Less: Operating Reserves	6,375,900	-	6,791,700	-	13,167,600				
Replacement Reserves/Restricted Funds	\$ 37,482,020	\$ 1,673,958	\$ 53,925,085	\$ (3,279,870)	\$ 89,801,194				
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 OCTOBER 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 October follows:

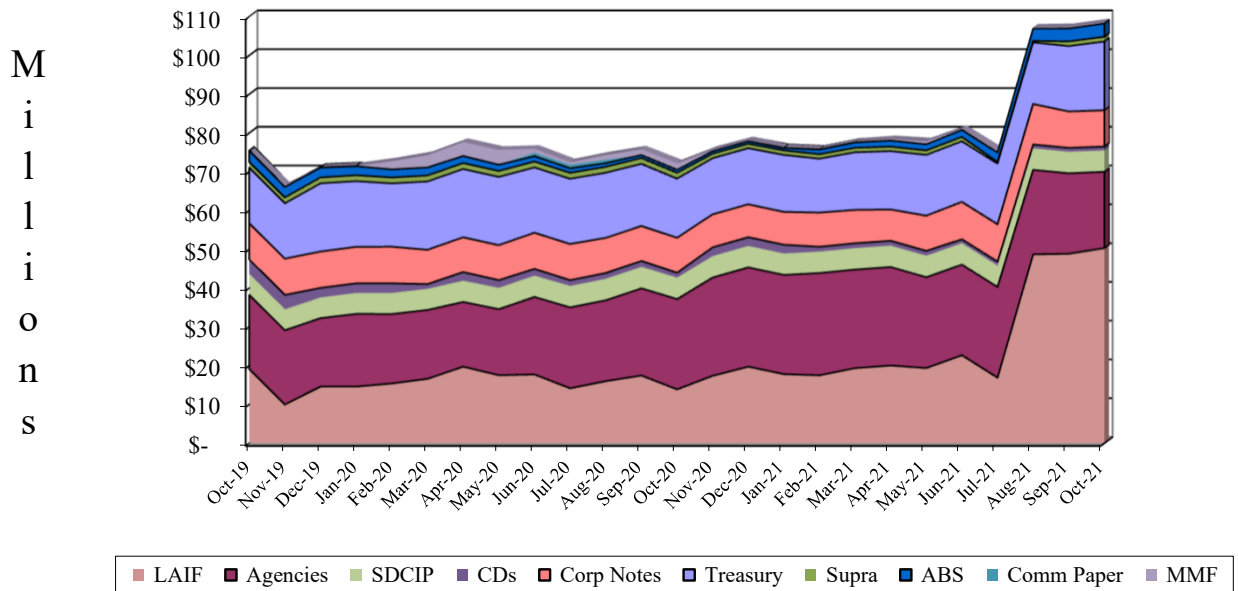
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
10/01/21	Withdrawal	LAIF	(300,000)	Open	0.20%
10/07/21	Deposit	LAIF	750,000	Open	0.20%
10/14/21	Deposit	LAIF	550,000	Open	0.20%
10/15/21	Interest	LAIF	19,572	Open	0.20%
10/15/21	Sold	FFCB	(1,000,346)	06/22/22	0.26%
10/15/21	Purchased	US Treasury Note	981,912	05/31/25	0.25%
10/18/21	Withdrawal	LAIF	(400,000)	Open	0.20%
10/21/21	Sold	Honda Auto Rec	(7,118)	08/22/22	2.95%
10/21/21	Purchased	GM Corp Note	129,997	09/16/26	0.70%
10/22/21	Deposit	LAIF	850,000	Open	0.20%
Change in investments during the month			<u>\$ 1,574,017</u>		

Weighted average annual yield for total Vallecitos investments	<u>Current</u> 0.700%
Weighted average days to maturity	318

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 September 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 September 30, 2021. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

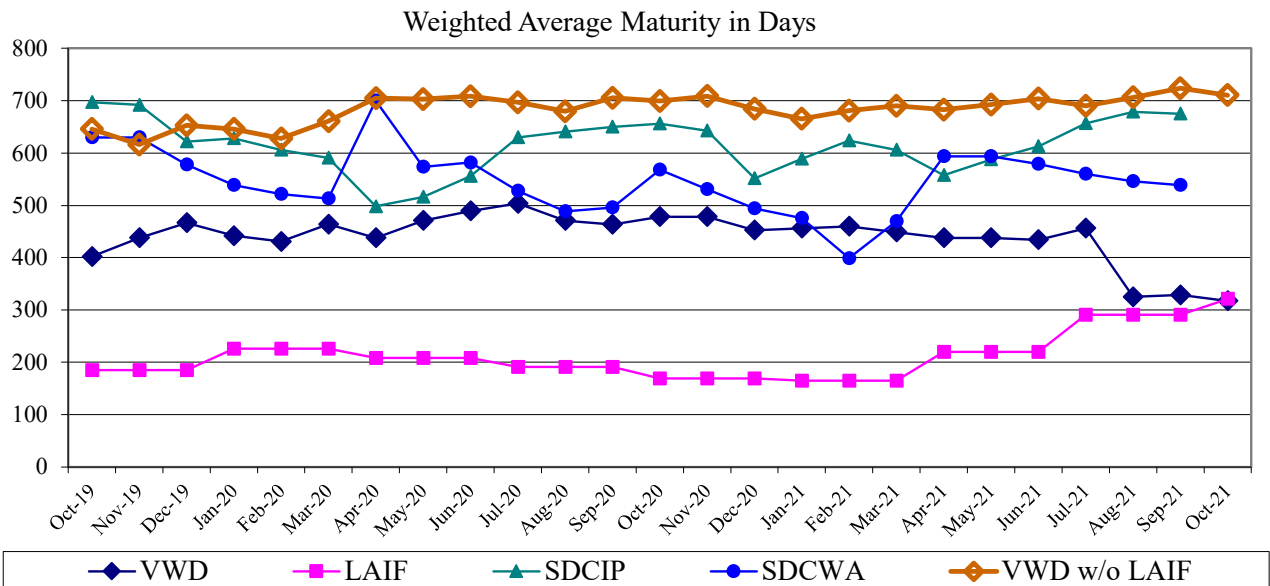
Safety

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



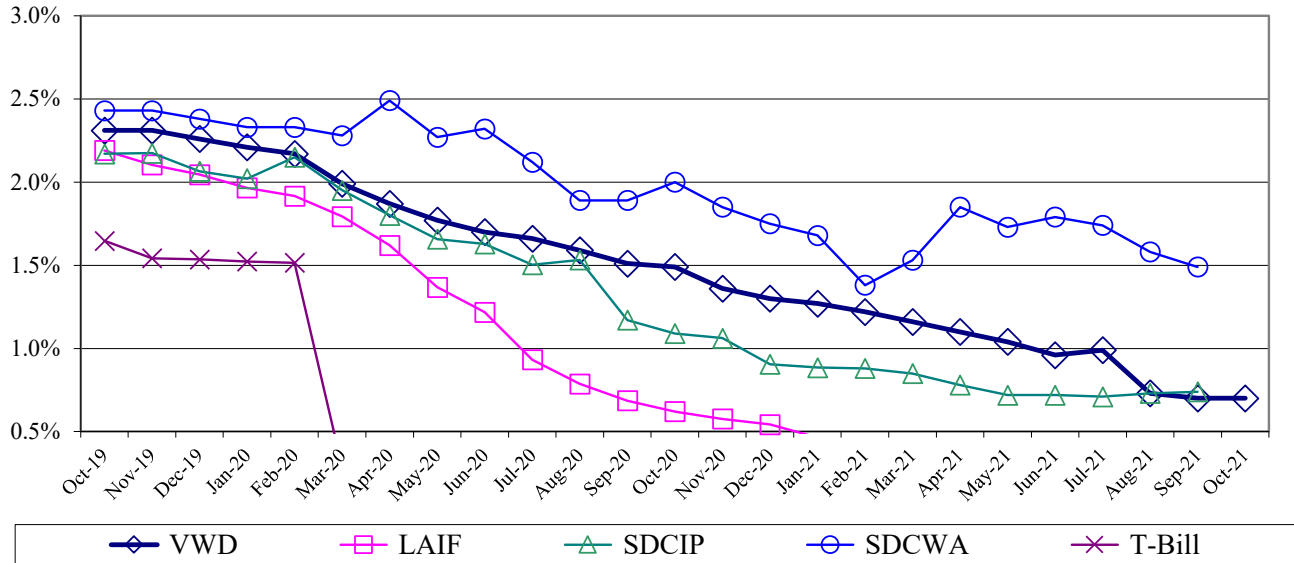
Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District's liquidity to other managed portfolios. The District's liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with \$50.3 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	0.87
Average Coupon	0.77%
Average Purchase YTM	0.70%
Average Market YTM	0.39%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	0.96 yrs
Average Life	0.88 yrs

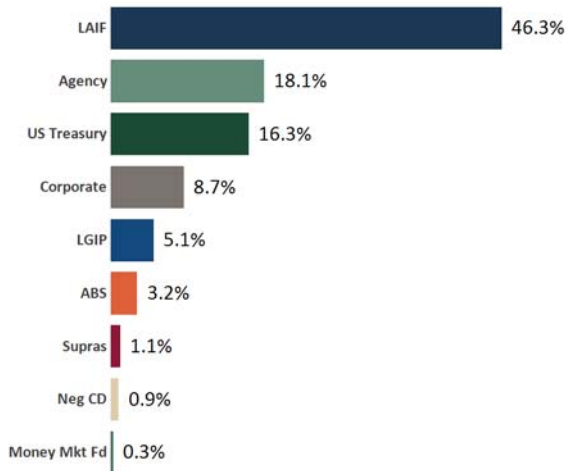
ACCOUNT SUMMARY

	Beg. Values as of 9/30/21	End Values as of 10/31/21
Market Value	107,335,516	108,571,345
Accrued Interest	181,636	180,863
Total Market Value	107,517,152	108,752,208
Income Earned	59,253	61,572
Cont/WD		
Par	106,636,515	108,126,071
Book Value	106,833,476	108,297,542
Cost Value	106,914,490	108,385,490

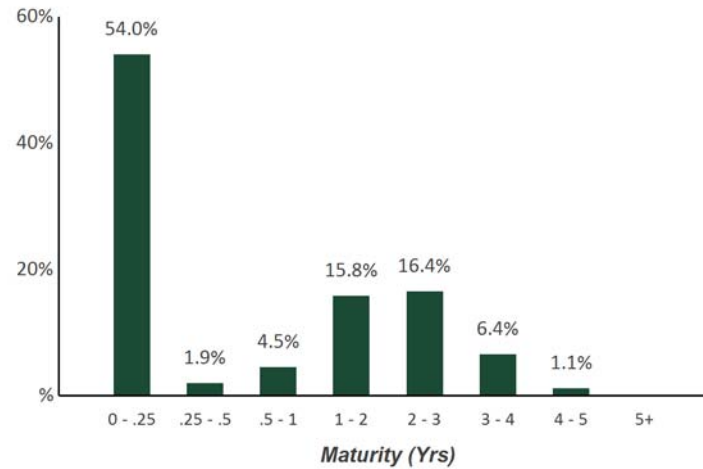
TOP ISSUERS

Local Agency Investment Fund	46.3%
Government of United States	16.3%
County of San Diego Pooled Inve	5.1%
Federal Farm Credit Bank	5.0%
Federal Home Loan Mortgage Corp	4.9%
Federal Home Loan Bank	4.6%
Federal National Mortgage Assoc	3.7%
Bank of Nova Scotia Houston	0.9%
Total	86.8%

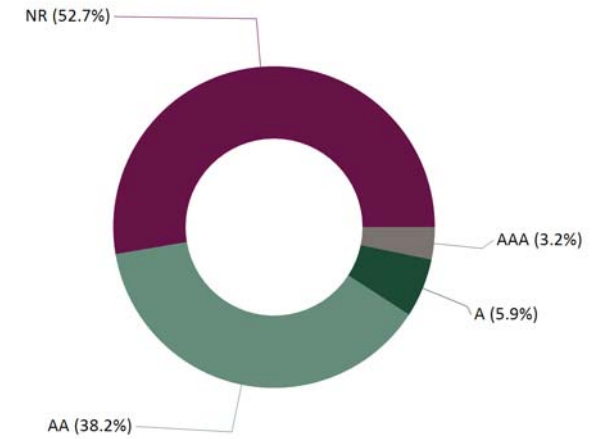
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of October 31, 2021



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
43815HAC1	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	3,136.75	08/21/2018 2.98%	3,136.32 3,136.66	100.17 0.18%	3,142.06 2.57	0.00% 5.40	Aaa / NR AAA	0.81 0.06
47789KAC7	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	275,000.00	03/04/2020 1.11%	274,983.20 274,989.43	100.51 0.40%	276,388.75 134.44	0.25% 1,399.32	Aaa / NR AAA	2.79 0.72
36262XAC8	GM Financial Auto Lease Trust 2021-3 A2 0.39% Due 10/21/2024	360,000.00	08/10/2021 0.39%	359,995.10 359,995.52	99.50 0.67%	358,214.40 42.90	0.33% (1,781.12)	NR / AAA AAA	2.98 1.79
58769KAD6	Mercedes-Benz Auto Lease Trust 2021- B A3 0.4% Due 11/15/2024	255,000.00	06/22/2021 0.40%	254,980.75 254,983.34	99.45 0.72%	253,606.43 45.33	0.23% (1,376.91)	NR / AAA AAA	3.04 1.71
09690AAC7	BMW Vehicle Lease Trust 2021-2 A3 0.33% Due 12/26/2024	160,000.00	09/08/2021 0.34%	159,983.49 159,984.42	99.53 0.61%	159,249.12 8.80	0.15% (735.30)	Aaa / NR AAA	3.16 1.66
89236XAC0	Toyota Auto Receivables 2020-D A3 0.35% Due 1/15/2025	220,000.00	10/06/2020 0.36%	219,959.01 219,969.13	99.86 0.50%	219,699.48 34.22	0.20% (269.65)	NR / AAA AAA	3.21 0.93
43813GAC5	Honda Auto Receivables Trust 2021-1 A3 0.27% Due 4/21/2025	130,000.00	02/17/2021 0.27%	129,997.62 129,998.15	99.54 0.63%	129,406.16 9.75	0.12% (591.99)	Aaa / NR AAA	3.47 1.29
89240BAC2	Toyota Auto Receivables Owners 2021- A A3 0.26% Due 5/15/2025	475,000.00	02/02/2021 0.27%	474,911.84 474,932.57	99.65 0.52%	473,352.23 54.89	0.44% (1,580.34)	Aaa / NR AAA	3.54 1.35
47788UAC6	John Deere Owner Trust 2021-A A3 0.36% Due 9/15/2025	185,000.00	03/02/2021 0.37%	184,964.44 184,970.82	99.46 0.66%	184,006.74 29.60	0.17% (964.08)	Aaa / NR AAA	3.88 1.80
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.38% Due 9/15/2025	225,000.00	04/20/2021 0.38%	224,976.33 224,980.31	99.55 0.65%	223,978.50 38.00	0.21% (1,001.81)	NR / AAA AAA	3.88 1.72
43815EAC8	Honda Auto Receivables 2021-3 A3 0.41% Due 11/18/2025	340,000.00	08/17/2021 0.41%	339,995.04 339,995.33	99.20 0.81%	337,293.60 50.34	0.31% (2,701.73)	NR / AAA AAA	4.05 2.01
44934KAC8	Hyundai Auto Receivables Trust 2021-B A3 0.38% Due 1/15/2026	465,000.00	07/20/2021 0.39%	464,897.37 464,905.97	99.14 0.81%	461,003.33 78.53	0.42% (3,902.64)	NR / AAA AAA	4.21 2.03
47789QAC4	John Deere Owner Trust 2021-B A3 0.52% Due 3/16/2026	220,000.00	07/13/2021 0.52%	219,980.38 219,981.90	99.29 0.80%	218,435.58 50.84	0.20% (1,546.32)	Aaa / NR AAA	4.38 2.53



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
ABS									
362554AC1	GM Financial Securitized Term 2021-4 A3 0.68% Due 9/16/2026	130,000.00	10/13/2021 0.68%	129,996.69 129,996.72	99.54 0.87%	129,401.87 24.56	0.12% (594.85)	Aaa / AAA NR	4.88 2.44
Total ABS		3,443,136.75	0.44%	3,442,757.58 3,442,820.27	0.66%	3,427,178.25 604.77	3.15% (15,642.02)	Aaa / AAA AAA	3.62 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 1,000,117.75	100.34 0.12%	1,003,426.00 10,422.22	0.93% 3,308.25	Aaa / AA+ AAA	0.13 0.13
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	750,000.00	02/27/2019 2.55%	750,075.00 750,008.21	100.80 0.16%	755,976.00 3,187.50	0.70% 5,967.79	Aaa / AA+ AAA	0.33 0.33
3135G0V59	FNMA Note 2.25% Due 4/12/2022	1,000,000.00	03/24/2020 0.59%	1,033,760.00 1,007,311.66	100.97 0.09%	1,009,653.00 1,187.50	0.93% 2,341.34	Aaa / AA+ AAA	0.45 0.45
313383WD9	FHLB Note 3.125% Due 9/9/2022	500,000.00	01/30/2019 2.68%	507,580.00 501,795.72	102.56 0.13%	512,821.00 2,256.94	0.47% 11,025.28	Aaa / AA+ AAA	0.86 0.85
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,003,056.06	103.09 0.20%	1,030,910.00 11,833.33	0.96% 27,853.94	Aaa / AA+ AAA	1.11 1.08
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	985,000.00	05/05/2020 0.39%	984,586.30 984,791.83	100.02 0.36%	985,195.03 1,805.83	0.91% 403.20	Aaa / AA+ AAA	1.51 1.50
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	1,055,000.00	05/20/2020 0.35%	1,051,824.45 1,053,355.67	99.78 0.39%	1,052,677.95 1,164.90	0.97% (677.72)	Aaa / AA+ AAA	1.56 1.55
3133834G3	FHLB Note 2.125% Due 6/9/2023	650,000.00	10/30/2019 1.66%	660,432.50 654,634.03	102.70 0.43%	667,577.30 5,448.26	0.62% 12,943.27	Aaa / AA+ NR	1.61 1.57
3135G05G4	FNMA Note 0.25% Due 7/10/2023	875,000.00	07/08/2020 0.32%	873,118.75 873,941.69	99.68 0.44%	872,183.38 674.48	0.80% (1,758.31)	Aaa / AA+ AAA	1.69 1.68
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,002,115.98	102.00 0.47%	1,020,001.00 3,422.22	0.94% 17,885.02	Aaa / AA+ AAA	1.79 1.76
3137EAEV7	FHLMC Note 0.25% Due 8/24/2023	1,000,000.00	09/24/2020 0.24%	1,000,230.00 1,000,143.02	99.60 0.47%	995,993.00 465.28	0.92% (4,150.02)	Aaa / AA+ AAA	1.81 1.81



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 711,762.12	103.58 0.43%	725,090.80 2,447.57	0.67% 13,328.68	Aaa / AA+ NR	1.85 1.81
3137EAEW5	FHLMC Note 0.25% Due 9/8/2023	660,000.00	09/02/2020 0.26%	659,782.20 659,866.03	99.59 0.47%	657,276.84 242.92	0.60% (2,589.19)	Aaa / AA+ AAA	1.85 1.84
3133EMBS0	FFCB Note 0.2% Due 10/2/2023	1,000,000.00	11/12/2020 0.28%	997,720.00 998,484.33	99.37 0.53%	993,749.00 161.11	0.91% (4,735.33)	Aaa / AA+ AAA	1.92 1.91
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	825,000.00	10/14/2020 0.25%	821,922.75 822,993.46	99.35 0.46%	819,618.53 42.97	0.75% (3,374.93)	Aaa / AA+ AAA	1.96 1.95
3137EAEZ8	FHLMC Note 0.25% Due 11/6/2023	1,075,000.00	11/03/2020 0.28%	1,074,032.50 1,074,351.17	99.46 0.52%	1,069,235.85 1,306.42	0.98% (5,115.32)	Aaa / AA+ AAA	2.02 2.00
3137EAF2	FHLMC Note 0.25% Due 12/4/2023	770,000.00	12/02/2020 0.28%	769,237.70 769,468.83	99.48 0.50%	765,966.74 786.04	0.71% (3,502.09)	Aaa / AA+ AAA	2.09 2.08
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,016,099.84	103.60 0.53%	1,036,012.00 8,937.50	0.96% 19,912.16	Aaa / AA+ NR	2.10 2.04
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,023,258.72	104.30 0.58%	1,043,015.00 5,972.22	0.96% 19,756.28	Aaa / AA+ AAA	2.27 2.20
3133EKM1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 755,275.00	103.64 0.64%	777,295.50 3,159.17	0.72% 22,020.50	Aaa / AA+ AAA	2.32 2.25
3133EMR27	FFCB Note 0.25% Due 2/26/2024	850,000.00	02/22/2021 0.26%	849,694.00 849,763.30	99.26 0.57%	843,724.45 383.68	0.78% (6,038.85)	Aaa / AA+ AAA	2.32 2.31
3130A7PH2	FHLB Note 1.875% Due 3/8/2024	1,000,000.00	03/03/2020 0.85%	1,040,350.00 1,023,631.60	102.91 0.63%	1,029,091.00 2,760.42	0.95% 5,459.40	Aaa / AA+ NR	2.35 2.30
Total Agency		19,445,000.00	1.06%	19,648,335.15 19,536,226.02	0.42%	19,666,489.37 68,068.48	18.15% 130,263.35	Aaa / AA+ AAA	1.64 1.62
CORPORATE									
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 499,457.04	100.41 0.40%	502,030.00 4,232.64	0.47% 2,572.96	A2 / A A	0.18 0.18
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 299,428.70	100.08 0.43%	300,231.30 1,551.67	0.28% 802.60	A2 / A NR	0.29 0.04
037833CQ1	Apple Inc Callable Note Cont 4/11/2022 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 497,535.70	100.92 0.24%	504,577.50 5,430.56	0.47% 7,041.80	Aa1 / AA+ NR	0.53 0.44



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%	495,015.00 499,221.72	101.44 0.31%	507,222.50 6,916.67	0.47% 8,000.78	Aa2 / AA A+	0.54 0.53
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,035.64	101.79 0.30%	508,940.50 7,031.25	0.47% 8,904.86	Aa3 / AA- NR	0.58 0.57
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 405,354.94	103.33 0.50%	413,338.00 4,033.33	0.38% 7,983.06	A2 / A- AA-	1.20 1.17
90331HNL3	US Bank NA Callable Note Cont 12/23/2022 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 483,201.28	102.75 0.43%	493,217.76 3,724.00	0.46% 10,016.48	A1 / AA- AA-	1.23 1.13
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 507,606.82	104.39 0.59%	521,940.50 6,951.39	0.49% 14,333.68	A2 / A A+	1.60 1.47
69371RQ82	Paccar Financial Corp Note 0.8% Due 6/8/2023	300,000.00	06/01/2020 0.85%	299,583.00 299,777.60	100.26 0.64%	300,774.90 953.33	0.28% 997.30	A1 / A+ NR	1.60 1.59
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 505,505.24	104.53 0.50%	522,659.50 5,902.78	0.49% 17,154.26	Aa2 / AA AA	1.65 1.52
808513BN4	Charles Schwab Corp Callable Note Cont 2/18/2024 0.75% Due 3/18/2024	600,000.00	Various 0.70%	600,858.00 600,677.54	99.84 0.82%	599,065.20 537.50	0.55% (1,612.34)	A2 / A A	2.38 2.27
023135BW5	Amazon.com Inc Note 0.45% Due 5/12/2024	420,000.00	05/10/2021 0.50%	419,386.80 419,483.59	99.26 0.74%	416,912.58 887.25	0.38% (2,571.01)	A1 / AA AA-	2.53 2.50
14913R2L0	Caterpillar Financial Service Note 0.45% Due 5/17/2024	665,000.00	05/10/2021 0.50%	664,108.90 664,245.49	99.12 0.80%	659,149.33 1,363.25	0.61% (5,096.16)	A2 / A A	2.55 2.52
24422EVQ9	John Deere Capital Corp Note 0.45% Due 6/7/2024	395,000.00	06/07/2021 0.49%	394,506.25 394,571.30	99.13 0.79%	391,575.35 696.19	0.36% (2,995.95)	A2 / A A	2.60 2.57
89114QCA4	Toronto Dominion Bank Note 2.65% Due 6/12/2024	500,000.00	08/25/2021 0.61%	528,130.00 526,309.82	104.40 0.94%	522,020.50 5,115.97	0.48% (4,289.32)	A1 / A AA-	2.62 2.51
89236TJH9	Toyota Motor Credit Corp Note 0.5% Due 6/18/2024	400,000.00	06/15/2021 0.54%	399,524.00 399,583.07	98.90 0.92%	395,611.60 738.89	0.36% (3,971.47)	A1 / A+ A+	2.63 2.60
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 7/15/2024	105,000.00	06/29/2021 0.64%	104,946.45 104,951.91	99.80 0.90%	104,794.41 198.70	0.10% (157.50)	A2 / A+ NR	2.71 0.70
69371RR40	Paccar Financial Corp Note 0.5% Due 8/9/2024	255,000.00	08/03/2021 0.52%	254,862.30 254,872.85	98.96 0.88%	252,346.73 290.42	0.23% (2,526.12)	A1 / A+ NR	2.78 2.74



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%	525,645.00 522,307.08	103.66 1.01%	518,314.50 5,625.00	0.48% (3,992.58)	A2 / A AA-	3.01 2.87
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	98.97 1.02%	361,255.10 428.11	0.33% (3,744.90)	A2 / A- AA-	3.30 2.27
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%	555,720.85 555,645.36	99.22 1.13%	550,644.92 1,905.50	0.51% (5,000.44)	A2 / A- AA-	3.59 2.54
Total Corporate		9,240,000.00	1.64%	9,311,631.85 9,304,772.69	0.67%	9,346,622.68 64,514.40	8.65% 41,849.99	A1 / A+ A+	1.88 1.69
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	50,316,639.75	Various 0.21%	50,316,639.75 50,316,639.75	1.00 0.21%	50,316,639.75 8,572.48	46.28% 0.00	NR / NR NR	0.00 0.00
Total LAIF		50,316,639.75	0.21%	50,316,639.75 50,316,639.75	0.21%	50,316,639.75 8,572.48	46.28% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,524,000.00	Various 0.73%	5,524,000.00 5,524,000.00	1.00 0.73%	5,524,000.00 0.00	5.08% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,524,000.00	0.73%	5,524,000.00 5,524,000.00	0.73%	5,524,000.00 0.00	5.08% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND									
261908206	Dreyfus Treasury Money Market Fund	332,294.44	Various 0.01%	332,294.44 332,294.44	1.00 0.01%	332,294.44 0.00	0.31% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund		332,294.44	0.01%	332,294.44 332,294.44	0.01%	332,294.44 0.00	0.31% 0.00	Aaa / AAA NR	0.00 0.00

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of October 31, 2021



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
NEGOTIABLE CD									
06417MMB8	Bank of Nova Scotia Houston Yankee CD 0.28% Due 11/24/2021	1,000,000.00	11/24/2020 0.28%	1,000,000.00 1,000,000.00	100.00 0.28%	1,000,000.00 2,652.22	0.92% 0.00	P-1 / A-1 F-1+	0.07 0.07
Total Negotiable CD		1,000,000.00	0.28%	1,000,000.00	0.28%	1,000,000.00 2,652.22	0.92% 0.00	Aaa / AA AAA	0.07 0.07

SUPRANATIONAL									
459058JM6	Intl. Bank Recon & Development Note 0.25% Due 11/24/2023	395,000.00	11/17/2020 0.32%	394,150.75 394,416.00	99.30 0.59%	392,231.05 430.66	0.36% (2,184.95)	Aaa / AAA AAA	2.07 2.05
4581X0DZ8	Inter-American Dev Bank Note 0.5% Due 9/23/2024	830,000.00	09/15/2021 0.52%	829,385.80 829,407.66	99.05 0.83%	822,124.13 438.06	0.76% (7,283.53)	Aaa / AAA NR	2.90 2.86
Total Supranational		1,225,000.00	0.46%	1,223,536.55 1,223,823.66	0.75%	1,214,355.18 868.72	1.12% (9,468.48)	Aaa / AAA AAA	2.63 2.60

US TREASURY									
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 995,345.47	101.33 0.10%	1,013,281.00 4,738.45	0.94% 17,935.53	Aaa / AA+ AAA	0.75 0.75
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 743,779.97	101.45 0.13%	760,898.25 2,408.49	0.70% 17,118.28	Aaa / AA+ AAA	0.83 0.83
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 995,200.22	101.57 0.16%	1,015,703.00 1,648.35	0.94% 20,502.78	Aaa / AA+ AAA	0.92 0.91
912828M80	US Treasury Note 2% Due 11/30/2022	800,000.00	12/24/2019 1.70%	806,875.00 802,531.54	101.97 0.18%	815,750.40 6,732.24	0.76% 13,218.86	Aaa / AA+ AAA	1.08 1.07
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,798.56	103.05 0.33%	1,030,547.00 2,197.80	0.95% 30,748.44	Aaa / AA+ AAA	1.41 1.39
912828R28	US Treasury Note 1.625% Due 4/30/2023	1,000,000.00	12/04/2019 1.60%	1,000,898.44 1,000,394.24	101.89 0.36%	1,018,906.00 44.89	0.94% 18,511.76	Aaa / AA+ AAA	1.50 1.49
912828R69	US Treasury Note 1.625% Due 5/31/2023	1,100,000.00	Various 2.00%	1,083,765.62 1,093,785.29	101.96 0.38%	1,121,569.90 7,521.18	1.04% 27,784.61	Aaa / AA+ AAA	1.58 1.56



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 1,000,437.81	102.21 0.51%	1,022,070.00 44.89	0.94% 21,632.19	Aaa / AA+ AAA	2.00 1.97
91282CBE0	US Treasury Note 0.125% Due 1/15/2024	1,000,000.00	01/12/2021 0.24%	996,445.31 997,386.73	99.00 0.58%	990,039.00 370.24	0.91% (7,347.73)	Aaa / AA+ AAA	2.21 2.20
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,011,563.20	103.72 0.58%	1,037,188.00 5,686.14	0.96% 25,624.80	Aaa / AA+ AAA	2.25 2.19
912828X70	US Treasury Note 2% Due 4/30/2024	1,000,000.00	03/03/2020 0.71%	1,052,539.06 1,031,530.36	103.34 0.65%	1,033,398.00 55.25	0.95% 1,867.64	Aaa / AA+ AAA	2.50 2.44
91282CCC3	US Treasury Note 0.25% Due 5/15/2024	1,000,000.00	05/12/2021 0.36%	996,875.00 997,354.89	98.95 0.67%	989,531.00 1,154.89	0.91% (7,823.89)	Aaa / AA+ AAA	2.54 2.52
91282CCG4	US Treasury Note 0.25% Due 6/15/2024	1,000,000.00	06/10/2021 0.33%	997,695.31 997,987.60	98.85 0.69%	988,477.00 949.45	0.91% (9,510.60)	Aaa / AA+ AAA	2.62 2.60
91282CCX7	US Treasury Note 0.375% Due 9/15/2024	1,000,000.00	09/10/2021 0.44%	997,929.69 998,018.47	98.98 0.73%	989,844.00 486.88	0.91% (8,174.47)	Aaa / AA+ AAA	2.88 2.85
912828YM6	US Treasury Note 1.5% Due 10/31/2024	1,000,000.00	08/06/2021 0.45%	1,033,554.69 1,031,164.03	102.17 0.77%	1,021,719.00 41.44	0.94% (9,445.03)	Aaa / AA+ AAA	3.00 2.93
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	1,000,000.00	03/03/2021 0.54%	998,515.63 998,757.04	98.71 0.89%	987,070.00 439.56	0.91% (11,687.04)	Aaa / AA+ AAA	3.42 3.37
912828ZL7	US Treasury Note 0.375% Due 4/30/2025	950,000.00	04/12/2021 0.66%	939,238.28 940,709.10	98.13 0.92%	932,187.50 9.84	0.86% (8,521.60)	Aaa / AA+ AAA	3.50 3.46
912828ZT0	US Treasury Note 0.25% Due 5/31/2025	1,000,000.00	10/14/2021 0.78%	980,976.56 981,220.82	97.56 0.94%	975,586.00 1,051.91	0.90% (5,634.82)	Aaa / AA+ AAA	3.58 3.55
Total US Treasury		17,600,000.00	1.28%	17,586,294.92 17,616,965.34	0.54%	17,743,765.05 35,581.89	16.35% 126,799.71	Aaa / AA+ AAA	2.15 2.13
TOTAL PORTFOLIO		108,126,070.94	0.70%	108,385,490.24 108,297,542.17	0.39%	108,571,344.72 180,862.96	100.00% 273,802.55	Aa1 / AA+ AAA	0.96 0.87
TOTAL MARKET VALUE PLUS ACCRUED						108,752,207.68			

**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Total
General Counsel Services	\$ 9,405	\$ 32,375	\$ 6,534	\$ 34,002	\$ 7,971	\$ 4,303	\$ 33,300	\$ 10,756	\$ 4,232	\$ 13,238	\$ 16,885	\$ 6,265	\$ 5,404	\$ 184,670
Labor/Employment	601	785	1,123	1,013	2,859	1,275	1,183	800	2,241	2,487	1,627	1,075	368	17,437.20
Engineering - Construction/Contracting	10,280	11,791	7,949	5,363	6,985	5,005	3,575	4,180	1,348	3,033	2,640	2,640	990	65,776.90
Fees and Taxes	156	-	-	-	-	-	-	890	491	-	645	-	-	2,182.10
Environmental	-	-	-	-	-	154	1,934	-	-	-	-	-	-	2,087.60
Adv. Butler	34	2,949	658	1,412	-	138	2,757	4,150	1,722	275	1,458	1,267	3,489	20,306.13
Renewable Energy	-	-	-	215	92	-	307	-	-	645	276	-	-	1,535.00
Litigation	768	4,386	5,312	3,937	3,197	5,198	4,276	7,568	6,060	4,840	-	3,745	3,469	52,756.36
Driscoll & Omens Prop 218 Sole	3,450	887	1,462	2,972	911	2,598	2,938	1,609	1,209	1,562	163	3,935	333	24,029.28
Driscoll & Omens Prop 218 Shared	1,433	1,685	1,021	502	547	429	204	142	301	318	281	229	151	7,243.96
Driscoll & Omens Prop 218 PRA Requests	-	2,138	964	1,280	3,544	774	1,272	510	619	481	767	252	545	13,146.21
Total	\$ 26,126	\$ 56,996	\$ 25,024	\$ 50,695	\$ 26,106	\$ 19,873	\$ 51,745	\$ 30,605	\$ 18,223	\$ 26,877	\$ 24,742	\$ 19,407	\$ 14,751	\$ 391,170

DATE: NOVEMBER 17, 2021
TO: BOARD OF DIRECTORS
SUBJECT: NEW DROUGHT ORDINANCE

BACKGROUND:

Following the second driest year on record and with near record low storage in California's largest reservoirs, Governor Gavin Newsom issued a proclamation extending the drought emergency statewide and further urging Californians to step up their water conservation efforts as the western U.S. faces a potential third dry year.

On October 25, 2021, General Manager Glenn Pruum declared a Level 1 – Drought Watch (voluntary) condition within the Vallecitos Water District service area.

DISCUSSION:

The 2020 Urban Water Management Plan and Water Shortage Contingency Plan was approved by the Board of Directors on June 16, 2021. New requirements in these documents require that water districts modify drought ordinances to include six (6) levels of drought.

The District worked to expand the old Drought Ordinance No. 198 from four to six drought levels. Additionally, this ordinance incorporates drought rates at levels 2 through 6 that are expected to be incorporated into the District's ongoing cost of service study. Highlights of the new ordinance include:

- 1) The ordinance references: drought, declared water shortages, water conservation mandates or emergencies
- 2) It includes water waste prohibitions that are always in effect
- 3) Level 1 is voluntary (up to 10 percent reduction) and titled "Drought Watch"
 - a. Declaration by General Manager
- 4) Level 2 is mandatory (up to 20 percent reduction) and titled "Drought Alert"
 - a. Declaration by the Board of Directors
 - b. Drought Rates would be in effect at the "Drought Alert" rate
- 5) Level 3 is mandatory (up to 30 percent reduction) also titled "Drought Alert"
 - a. Declaration by the Board of Directors
 - b. Drought Rates would be in effect at the "Drought Alert" rate
- 6) Level 4 is mandatory (up to 40 percent reduction) and titled "Drought Critical"
 - a. Declaration by the Board of Directors
 - b. Drought Rates would be in effect at the "Drought Critical" rate
- 7) Level 5 is mandatory (up to 50 percent reduction) and titled "Drought Critical"
 - a. Declaration by the Board of Directors
 - b. Drought Rates would be in effect at the "Drought Critical" rate
- 8) Level 6 is mandatory (greater than 50 percent reduction) and titled "Drought Emergency"
 - a. Declaration by the Board of Directors
 - b. Drought Rates would be in effect at the "Drought Emergency" rate

This draft ordinance was reviewed and approved by both the Finance Committee and the Public Awareness/Personnel/Policy Committee. Public notification also took place according to Legal Counsel direction.

FISCAL IMPACT:

None with approving the Drought Ordinance. Water savings will continue due to water waste prohibitions, and water consumption is expected to decrease as we move to cooler months that require less outdoor irrigation.

RECOMMENDATION:

Repeal Ordinance No. 198 and adopt the new Drought Response Water Conservation Program that conforms to the District's Water Shortage Contingency Plan.

ORDINANCE NO.

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT REPEALING ORDINANCE NO.198 AND ADOPTING A DROUGHT RESPONSE WATER CONSERVATION PROGRAM THAT CONFORMS TO THE DISTRICT’S WATER SHORTAGE CONTINGENCY PLAN

BE IT ORDAINED by the Board of Directors of the Vallecitos Water District as follows:

SECTION 1: DECLARATION OF NECESSITY AND INTENT OF WATER SUPPLIES AND/OR DROUGHT MANAGEMENT PLAN

This ordinance establishes regulations to be implemented during times of drought, declared water shortages, water conservation mandates, or emergencies to conserve water, enable effective water supply planning, assure reasonable and beneficial use of water, prevent waste of water, and prevent unreasonable use of water within the Vallecitos Water District. Such actions are to ensure adequate supplies of water to meet the needs of the public, and further the public health, safety, and welfare, recognizing that water is a scarce natural resource that requires careful management. This ordinance establishes six levels of water conservation response actions to be implemented in times of shortage, mandate or emergency with increasing restrictions on water use in response to worsening drought, mandate or emergency conditions and decreasing available supplies.

SECTION 2: APPLICATION

(a) The provisions of this ordinance apply to any customer using water provided by the Vallecitos Water District (“District”).

(b) This ordinance is intended solely to further the conservation of water. It is not intended to implement any provision of Federal, State, or local statutes, ordinances, or regulations relating to protection of water quality or control of drainage or runoff. Refer to the local jurisdiction or Regional Water Quality Control Board for information on any storm water ordinances and storm water management plans.

(c) Nothing in this ordinance is intended to affect or limit the ability of the District to declare and respond to an emergency, including an emergency that affects the ability of the District to supply water.

(d) The provisions of this ordinance do not apply to use of the water from private wells or to recycled water.

(e) Nothing in this ordinance shall apply to use of water that is subject to a special supply program, such as the San Diego County Water Authority Permanent

Special Agricultural Water Rate Programs (PSAWR). Violations of the conditions of special supply programs are subject to the penalties established under the applicable program. A person using water subject to a special supply program and also domestic water provided by the District is subject to this ordinance in the use of the District provided domestic water only.

SECTION 3: WATER WASTE PROHIBITIONS

The following prohibitions are in effect at all times:

(a) The use of potable water for irrigation of ornamental turf within the public street rights of ways including adjacent landscape strips.

(b) The use of potable water outside of newly constructed homes and buildings inconsistent with regulations established by the California Building Standards Commission.

(c) The application of potable water to outdoor landscaping during and after 48 hours of a measurable rain event.

(d) A customer shall not allow water to leave the customer's property by drainage onto adjacent properties or public or private roadways or streets or gutters due to excessive irrigation and/or uncorrected leaks.

(e) Customers shall repair or stop all water leaks upon discovery or within forty-eight hours of notification by the Vallecitos Water District.

(f) Washing any paved area (sidewalks, driveways, parking areas, tennis courts, etc.) is only allowed to alleviate immediate safety or sanitation hazards. To relieve hazards, only a power washer or a hose with a shutoff nozzle may be used.

(g) A customer shall not continuously fill swimming pools and spas that are draining due to uncorrected leaks.

(h) A customer shall not use non-recirculating ornamental fountains or cascading fountains.

(i) Vehicle washing shall only be done in a commercial car wash or by using a hose with an automatic shutoff nozzle or hand held container.

(j) Restaurants and other food establishments shall only serve and refill water upon request.

(k) Guests in hotels, motels, and other commercial lodging establishments shall be provided the option of not laundering towels and linens daily.

(l) A customer may only irrigate potted plants, non-commercial vegetable

gardens and fruit trees, residential and commercial landscapes, including golf courses, parks, school grounds and recreation fields, before 10:00 a.m. and after 6:00 p.m. A customer may irrigate the following at any time:

- (1) as required by a landscape permit;
- (2) as needed for erosion control;
- (3) for establishment, repair, or renovation of public use fields for schools and parks;
- (4) for landscape establishment following a disaster, such as a fire;
- (5) for renovation or repair of an irrigation system with an operator present; or
- (6) for commercial growers, agricultural water accounts and nurseries using a hand-held hose equipped with a positive shut-off nozzle, a hand held container, or when a drip or micro-irrigation system or equipment is used. Irrigation of nursery propagation beds is permitted at any time.

SECTION 4: DROUGHT RESPONSE LEVEL 1 – DROUGHT WATCH - 10% REDUCTION

This is a “Drought Watch” condition, and applies when the District is notified that, due to drought, water conservation mandates or other supply reductions, there is a reasonable probability there will be a required consumer demand reduction of up to 10 percent. The District General Manager shall declare the existence of a Drought Response Level 1 and implement Level 1 voluntary conservation practices. The District will increase public outreach and awareness and take action to encourage Level 1 conservation practices:

(a) **LEVEL 1 VOLUNTARY CONSERVATION PRACTICES**

(1) Residential and commercial landscape irrigation is limited to no more than three assigned days per week from June through October and no more than two days per week, from November through May, on a schedule established by the General Manager and posted by the District. This shall not apply to commercial growers, agricultural water accounts or nurseries.

(2) Use recycled or non-potable water for construction purposes when available and permitted for use in accordance with all local, State and Federal regulations.

SECTION 5: DROUGHT RESPONSE LEVEL 2 – DROUGHT ALERT – 20% REDUCTION

This is a “Drought Alert” condition, and applies when the District is notified that, due to drought, water conservation mandates or other supply reductions, there is a reasonable probability there will be a required consumer demand reduction of up to 20 percent. With this alert, the District will increase public outreach and awareness regarding mandatory Level 2 conservation practices. The District Board of Directors shall declare the existence of Drought Response Level 2 condition, the allocation reduction, and implement Level 2 mandatory water conservation practices. All District customers shall comply with the applicable Level 2 Drought Alert mandatory conservation practices:

(a) LEVEL 2 MANDATORY CONSERVATION PRACTICES

(1) Residential and commercial landscape irrigation is limited to no more than three assigned days per week from June through October and no more than two days per week, from November through May, on a schedule established by the General Manager and posted by the District. This shall not apply to commercial growers, agricultural water accounts or nurseries.

(2) Drought Rates are in effect at the Drought Alert Rate.

SECTION 6: DROUGHT RESPONSE LEVEL 3 – DROUGHT ALERT – 30% REDUCTION

This is a “Drought Alert” condition, and applies when the District is notified that, due to drought, water conservation mandates or other supply reductions, there is a reasonable probability there will be a required consumer demand reduction of up to 30 percent. With this alert, the District will increase public outreach and awareness regarding mandatory Level 3 conservation practices. The District Board of Directors shall declare the existence of Drought Response Level 3 condition, the allocation reduction, and implement Level 3 mandatory water conservation practices. All District customers shall comply with the applicable Level 2 and Level 3 Drought Alert mandatory conservation practices:

(a) LEVEL 3 MANDATORY CONSERVATION PRACTICES

(1) Irrigation, using standard sprinklers, is limited to no more than 10 minutes per watering station per assigned day. Systems using water-efficient devices, including but not limited to: weather based controllers, drip/micro-irrigation systems and stream rotors are excluded.

(2) Drought Rates are in effect at the Drought Alert Rate.

SECTION 7: DROUGHT RESPONSE LEVEL 4 – DROUGHT CRITICAL – 40% REDUCTION

This is an official “Drought Critical” condition, and applies when the District is notified that, due to drought, water conservation mandates or other supply reductions, there is a reasonable probability there will be a required consumer demand reduction of up to 40 percent. The District Board of Directors shall declare the existence of a Drought Response Level 4 condition, the allocation reduction, and implement mandatory Level 4 conservation practices. All District customers shall comply with Level 4 Drought Critical and applicable Level 2 and 3 Drought Alert mandatory conservation practices:

(a) LEVEL 4 MANDATORY CONSERVATION PRACTICES

(1) Residential and commercial landscape irrigation is limited to no more than two assigned days per week from June through October and no more than once per week, from November through May, on a schedule established by the General Manager and posted by the District. This shall not apply to commercial growers, agricultural water accounts or nurseries.

(2) Irrigation, using sprinklers, will be limited to no more than 8 minutes per watering station per assigned day. Systems using water-efficient devices, including but not limited to: weather-based controllers, drip/micro-irrigation systems and stream rotors are excluded.

(3) The filling or refilling of pools or spas is prohibited, except as needed to prevent damage to the pool or spa.

(4) Drought Rates are in effect at the Drought Critical Rate.

(b) NEW POTABLE WATER SERVICE ALLOWANCE

Upon the declaration of a Drought Response Level 4 condition, no new potable water service shall be provided, no new temporary meters or permanent meters shall be provided or installed, and no statements of immediate ability to serve or provide potable water service (such as, will serve letters, certificates or letters of availability) shall be issued, except under the following circumstances:

(1) A valid, unexpired building permit has been issued for the property as of the date of adoption of a Drought Response Level 4 and meter capacity fees have been paid; or

(2) The project is necessary to protect the public’s health, safety and welfare; or

(3) The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of the District.

(c) **RESTORATION OF SERVICE / METER TURN ON**

This provision shall not be construed to preclude the resetting or turn-on of meters to provide continuation of water service or to restore service that has been interrupted for a period of one year or less.

(d) **MISCELLANEOUS PROVISIONS**

(1) Upon the declaration of a Drought Response Level 4 condition, the District will suspend consideration of water service annexations to its service area.

(2) The District may establish a water allocation for property served by the District using a method that does not penalize persons for the implementation of conservation methods or the installation of water saving devices. If the District establishes water allocation, it shall provide notice of the allocation by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for on-going water service. Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount as adopted by the District Board of Directors for each billing unit of water in excess of the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation for this ordinance.

SECTION 8: DROUGHT RESPONSE LEVEL 5 – DROUGHT CRITICAL – 50% REDUCTION

This is an official “Drought Critical” condition, and applies when the District is notified that, due to drought, water conservation mandates or other supply reductions, there is a reasonable probability there will be a required consumer demand reduction of up to 50 percent. The District Board of Directors shall declare the existence of a Drought Response Level 5 condition, the allocation reduction, and implement mandatory Level 5 conservation practices. All District customers shall comply with Level 5 Drought Critical and applicable Level 2 and 3 Drought Alert mandatory conservation practices and Level 4 Drought Critical mandatory conservation practices:

(a) **LEVEL 5 MANDATORY CONSERVATION PRACTICES**

(1) Power washing and/or cleaning and spraying of commercial or residential structures is prohibited.

- (2) Ornamental lakes or ponds shall not be refilled, except to the extent needed to sustain aquatic life.
- (3) Washing vehicles except at commercial carwashes that re-circulate water by high pressure/low volume wash systems is prohibited.
- (4) Drought Rates are in effect at the Drought Critical Rate.

SECTION 9: DROUGHT RESPONSE LEVEL 6 - DROUGHT EMERGENCY CONDITION – GREATER THAN 50% REDUCTION

This is an official “Drought Emergency” condition, and applies when the District is notified that, due to drought, water conservation mandates or other supply reductions, there is a reasonable probability there will be a required consumer demand reduction of greater than 50 percent. The District shall declare a Drought Emergency in the manner and on the grounds provided in California Water Code Section 350. All District customers shall comply with conservation practices required during Level 2 and 3 Drought Alert, and Level 4 and 5 Drought Critical conditions and shall also comply with Level 6 Drought Emergency mandatory conservation practices:

(a) LEVEL 6 MANDATORY CONSERVATION PRACTICES

- (1) All landscape irrigation and other outdoor watering for residential and commercial customers, not including commercial growers, agricultural water accounts and nurseries, is prohibited, except the minimum use necessary for:
 - (i) Maintenance of existing landscaping necessary for fire protection as specified by the Fire Marshal of the local fire protection agency having jurisdiction over the property to be irrigated;
 - (ii) Maintenance of existing landscaping for erosion control;
 - (iii) Maintenance of plant materials identified to be rare or essential to the well-being of rare animals;
 - (iv) Maintenance of landscaping within active public parks and playing fields, day care centers, school grounds, cemeteries, and golf course greens, provided that such irrigation does not exceed two days per week;
 - (v) Watering of livestock; and
 - (vi) Public Works projects and actively irrigated environmental mitigation projects.

(b) The District may establish a water allocation for property served by the District. If the District establishes water allocation, it shall provide notice of the allocation by including it in the regular billing statement for the fee or charge or by any other mailing to the address to which the District customarily mails the billing statement for fees or charges for on-going water service. Following the effective date of the water allocation as established by the District, any person that uses water in excess of the allocation shall be subject to a penalty in the amount as adopted by the Board of Directors for each billing unit of water in excess of the allocation. The penalty for excess water usage shall be cumulative to any other remedy or penalty that may be imposed for violation of this ordinance.

(2) Drought Rates are in effect at the Drought Emergency Rate.

SECTION 10: HARDSHIP VARIANCE

If, due to unique circumstances, a specific requirement of this ordinance would result in undue hardship to a customer using District water or to property upon which District water is used, that is disproportionate to the impacts to District water users generally or to a similar property or classes of water uses, then the person may apply for a variance to the requirements as provided in this Section.

(a) The variance may be granted or conditionally granted, only upon a written finding of the existence of facts demonstrating an undue hardship to a customer using District water or to property upon which District water is used, that is disproportionate to the impacts to District water users generally or to similar property or classes of water use due to specific and unique circumstances of the user or the user's property.

(1) An application for a Hardship Variance shall be in writing and may be accompanied by photographs, maps, drawings, and other information in support of the application.

(2) An application for a Hardship Variance shall be denied unless the General Manager finds, based on the information provided in the application, supporting documents or such additional information as may be requested, and on the water use information for the property as shown by the records of the District, all of the following:

(i) That the variance does not constitute a grant of special privilege inconsistent with the limitation upon other District customers.

(ii) That because of special circumstances applicable to the property or its use, the strict application of this ordinance would have a disproportionate impact on the property or use that exceeds the impacts to customers generally.

(iii) That authorization of such variance will not be of substantial detriment to adjacent properties, and will not materially affect the ability of the District to effectuate the purpose of this Ordinance and will not be detrimental to the public interest.

(iv) The condition or situation of the subject property or the intended use of the property for which the variance is sought is not common, recurrent or general in nature.

(b) The General Manager shall exercise approval authority and set a hearing within 10 days upon receipt of a completed application for a Hardship Variance. The General Manager shall notify the applicant of the decision to approve, conditionally approve, or deny the variance within 5 days of the hearing.

(c) A customer may appeal the decision of the General Manager by filing a request for a hearing before the District Board of Directors, at a regularly scheduled Board meeting, within 10 days of the decision. The District will provide written notice of the hearing day to the customer. At the hearing before the Board the customer may present testimony and written documentation demonstrating that the Hardship Variance is warranted in accordance with the requirements of this section. The decision of the Board of Directors shall be final.

SECTION 11: VIOLATIONS AND PENALTIES

In addition to any other remedies which the District may have for the enforcement of this Ordinance pursuant to Water Code Section 31029, any person who uses, causes to be used, or permits the use of water in violation of this ordinance is guilty of an offense punishable as provided herein. Each day that a violation of this ordinance occurs is a separate offense. Administrative fines may be levied for each violation of a provision of this ordinance as follows:

(a) **FINES**

(1) One hundred dollars (\$100.00) for a first violation.

(2) Two hundred dollars (\$200.00) for a second violation of any provision of this ordinance within one year of the prior violation.

(3) Five hundred dollars (\$500.00) for each additional violation of this ordinance within one year of the prior violation.

(4) Violation of a provision of this ordinance is subject to enforcement through installation of a flow-restricting device in the meter.

(b) Each violation of this ordinance may be prosecuted as a misdemeanor punishable by imprisonment in the county jail for not more than 30 days or by a fine not exceeding \$1,000, or by both as provided in Water Code Section 377.

(c) Willful violations of the mandatory conservation measures and water use restrictions as set forth during Stage 4 Drought Emergency condition may be enforced by discontinuing service to the property at which the violation occurs as provided by Water Code Section 346.

(d) All remedies provided for herein shall be cumulative and not exclusive.

SECTION 12: EFFECTIVE DATE

This ordinance is effective immediately upon adoption or as otherwise established by State law for the Vallecitos Water District.

PASSED, APPROVED AND ADOPTED on this 17th day of November, 2021, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

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

ATTEST:

Glenn Pruij, Secretary
 Board of Directors
 Vallecitos Water District

DATE: NOVEMBER 17, 2021
TO: BOARD OF DIRECTORS
SUBJECT: WATER SUPPLY CONDITIONS UPDATE

BACKGROUND:

Following the second driest year on record and with near record low storage in California's largest reservoirs, Governor Gavin Newsom issued a proclamation extending the drought emergency statewide and further urging Californians to step up their water conservation efforts as the western U.S. faces a potential third dry year. General Manager Glenn Prum declared a Level 1 "Drought Watch" condition on October 25, 2021.

DISCUSSION:

Federal forecasters estimate that the atmospheric river storms that hit parts of northern and central California from October 23-26 dropped 7.6 trillion gallons of water. Enough water for over 244 million people for an entire year. However, it was no drought buster. California will need ongoing storms and snowpack to improve the situation.

The Northern Sierra 8-Station Precipitation Index shows values of 398% for the new water year. Snow content has yet to be measured. Lake Oroville is at 28% of capacity and the San Luis Reservoir at 15% of capacity.

Lake Mead is currently 34% 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 Board will review the new Drought Ordinance today.

FISCAL IMPACT:

Conservation measures can reduce revenues. There currently no expected financial impact beyond seasonal changes.

RECOMMENDATION:

For information only.

DATE: NOVEMBER 17, 2021
TO: BOARD OF DIRECTORS
SUBJECT: LAND OUTFALL WEST CONDITION ASSESSMENT UPDATE

BACKGROUND:

The existing sewer Land Outfall pipeline was installed in 1986 and connects the District's Lift Station No.1 to the Encina Water Pollution Control Facility (EWPCF). The 34,000 linear foot (LF) pipeline has both gravity and pressurized segments and consists of various materials with the diameter ranging in size from 24 to 54 inches. This pipeline is jointly owned by Vallecitos Water District, Buena Sanitation District and the City of Carlsbad.

This Condition Assessment project covered approximately 3.3 miles of the Land Outfall West pipeline and its manholes from El Camino Real west to Encina Water Pollution Control Facility (EWPCF). The western segments are comprised of mostly vitrified clay pipe with some metallic pipe and HOBAS pipe. There are three inverted siphons. The results of the Condition Assessment will produce recommendations regarding which segments require cleaning, rehabilitation, and/or replacement.



DISCUSSION:

As joint partners in the Land Outfall, this project required coordination with the Buena Sanitation District (BSD) and the City of Carlsbad (CoC). BSD and CoC have provided an owner/agent for representation throughout design and assessment. Through existing agreements with these agencies, the District is responsible for operating and maintaining the pipeline; however, incurred costs are distributed among the agencies as follows:

Agency		
Vallecitos WD	Buena SD	City of Carlsbad
58.03%	17.99%	23.98%

Following a competitive process involving all three pipeline owners, Hoch Consulting was selected. The preparation and planning for this project included coordination with multiple agencies, site visits and permit acquisition including environmental access and Right-of-Way permits.

Public outreach was important as work was to be performed at night in proximity to apartments, homes, childcare facilities and motels. The District scheduled public presentations and reached out directly to affected parties.

The project field work was performed June 7 -24, 2021, with all work completed overnight due to flow conditions.

Overall, the pipeline and manholes were found to be in decent condition given their age, materials of construction, and their 35 years of service. General structural defects observed included lining failure and surface damage. Some pipe segments displayed cracks and fractures. In addition to structural defects, maintenance defects were also observed such as deposits, obstructions, infiltration and roots. There were no defects identified that required immediate action.

Recommendations from the condition assessment include structural repair/renewal and spot repair, monitoring of cracks/roots, and pipeline siphon cleaning. Rehabilitation, renewal and replacement needs will be evaluated, and additional costs shared by the agencies as described.

The next steps for this Land Outfall project will be to review and prioritize the recommendations with the pipeline co-owners, determine maintenance activities that can be performed by District staff and begin work on a bid package for the renewal and replacement activities.

FISCAL IMPACT:

This project is identified in the District's fiscal year 2020/2021 budget. The approved Capital budget amount is \$609,000 which includes this Condition Assessment and additional renewal/rehabilitation work identified. Funding for the project comes entirely from Sewer Replacement Funds. As shared stakeholders, the Buena Sanitation District and City of Carlsbad will fund 41.97% of the project's planning, design, engineering, and inspection efforts.

RECOMMENDATION:

Informational only; no action requested.

DATE: NOVEMBER 17, 2021
TO: BOARD OF DIRECTORS
SUBJECT: SAN MARCOS INTERCEPTOR PHASE II PROJECT ACCEPTANCE

BACKGROUND:

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

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

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

The Board of Directors approved an engineering services contract with Kennedy/Jenks Consultants (K/J) for design and environmental services for the Phase 2 portion of the Sewer Interceptor in the amount of \$381,732 on August 21, 2013. Over the course of design from 2014 to 2019, K/J received 6 contract amendments totaling \$189,601, some of which were at the request of the City and reimbursed to the District. The project design slowed due to the commitments of higher priority capital improvement projects, design changes, additional right-of-way acquisitions, City Creek District environmental coordination, and budget deferment. K/J completed final design and District staff advertised project bid in March 2020. K/J provided construction phase engineering services with a time and material not-to-exceed fee of \$87,138

The Board authorized Valley CM for construction management and inspection services on June 17, 2020. Valley CM's time and material not-to-exceed project fee was \$493,614. Valley CM received 2 contract amendments totaling \$211,310.

DISCUSSION:

District staff received and opened bids from 10 contractors; TC Construction was the lowest apparent responsive bidder. The Board awarded the contract to TC Construction in the amount of \$6,310,315 on June 17, 2020. Construction began July 26, 2020, Substantial Completion was achieved on October 8, 2021, and Final Completion was achieved on November 3, 2021.

Throughout construction there was a total of 3 Change Orders that amounted to \$286,734.13 or 4.5% of the original contract value. The change orders are summarized in the table below:

Change Order No.	Total Cost	% of Original Contract
1	\$259,654.00	4.1%
2	\$87,719.00	1.4%
3	(\$60,638.87)	(1.0%)
Total	\$286,734.13	4.5%

Staff authorized Change Order No. 1 in the amount of \$259,654 on January 14, 2021, which totaled 4.1% of the original contract value. Change Order No. 1 included additional work related to the San Marcos Boulevard sewer alignment redesign including changes in the microtunnel alignment and other extra work items associated with the proposed small diameter water and sewer improvements. Per VWD Ordinance No. 146, the project budget was allocated a 5.0% contingency. Any change order above this amount would require Board authorization. The Board authorized Change Order No. 2 in the amount of \$87,719 on May 19, 2021, which totaled 1.4% of the original contract value. Change Order No. 2 included extra work associated with poor soils and groundwater encountered in the trench in San Marcos Boulevard which required additional backfill material, labor, and surface restoration.

Staff received proposed Change Order No. 3 from TC on October 24, 2021, which resulted in a credit in the amount of \$60,638.87. Staff reviewed Proposed Change Order No. 3 for content and completeness for the additional roadway paving/restoration in San Marcos Boulevard, 8" diameter sewer rehab/repair, and other credits associated with rock removal and proposed 12" diameter sewer rehabilitation. Upon completion of review of the extra work items, staff approves proposed Change Order No. 3 in the credit amount of \$60,638.87 which totals 1.0% of the original contract value.

FISCAL IMPACT:

The project is identified in the FY 21/22 Budget with a budget amount of \$8,750,000. The project funding sources are allocated to Sewer Replacement (29%) and Sewer Capacity (71%) funds. The project's budget summary is provided below:

Budget	\$8,750,000
Construction	\$6,310,315
Change Orders #1 - #3	\$ 286,734
Planning, Design, and Environmental (K/J)	\$ 484,195
Staff & Overhead: Planning, Design, ROW Acquisition, And Environmental Services	\$ 350,500
Bid and Construction Phase Services (K/J)	\$ 87,138
Construction Management & Inspection (VCM)	\$ 704,924
Staff & Overhead: Construction Phase	\$ 205,500
Total	\$8,429,306
Budget Surplus	\$ 320,694

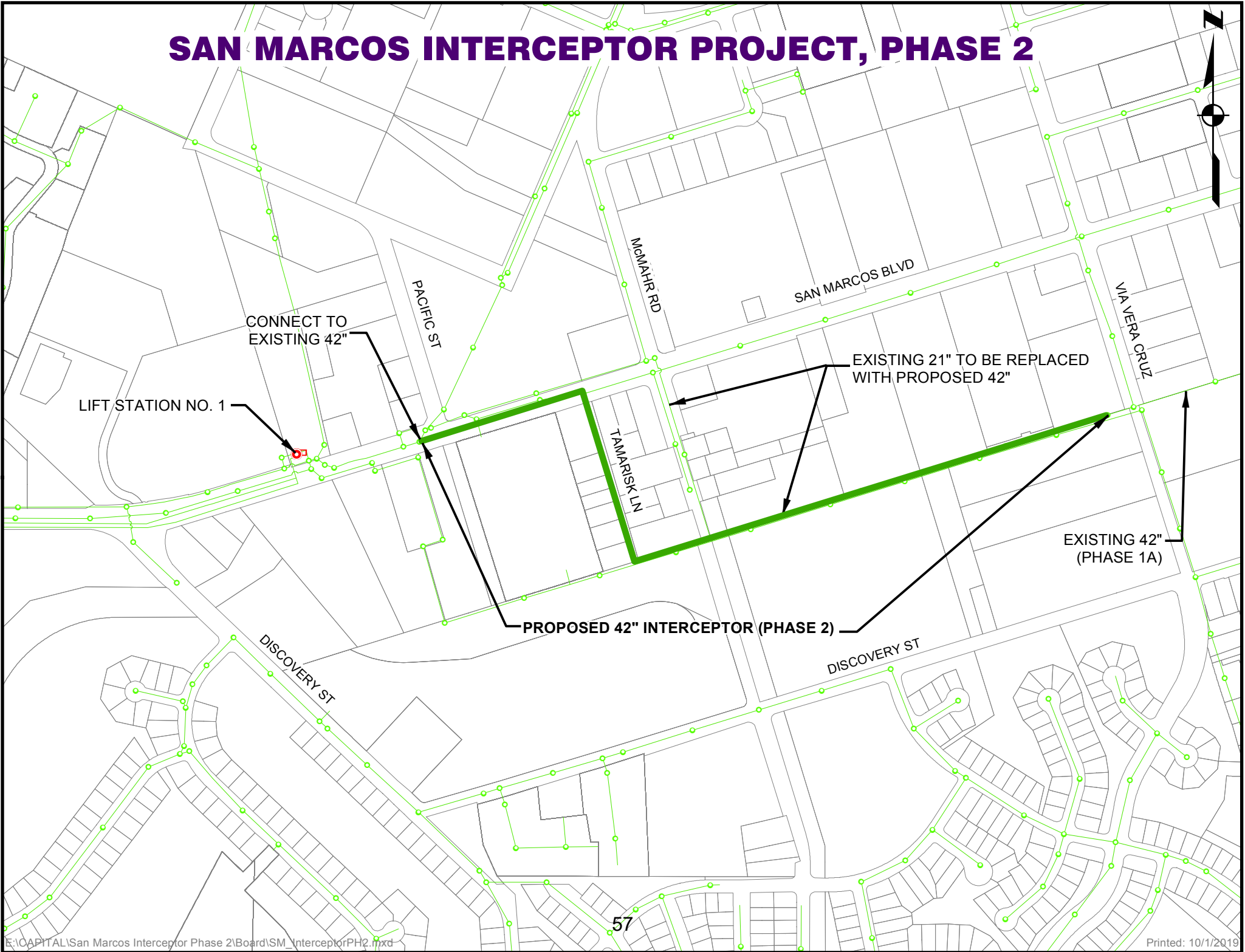
RECOMMENDATION:

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

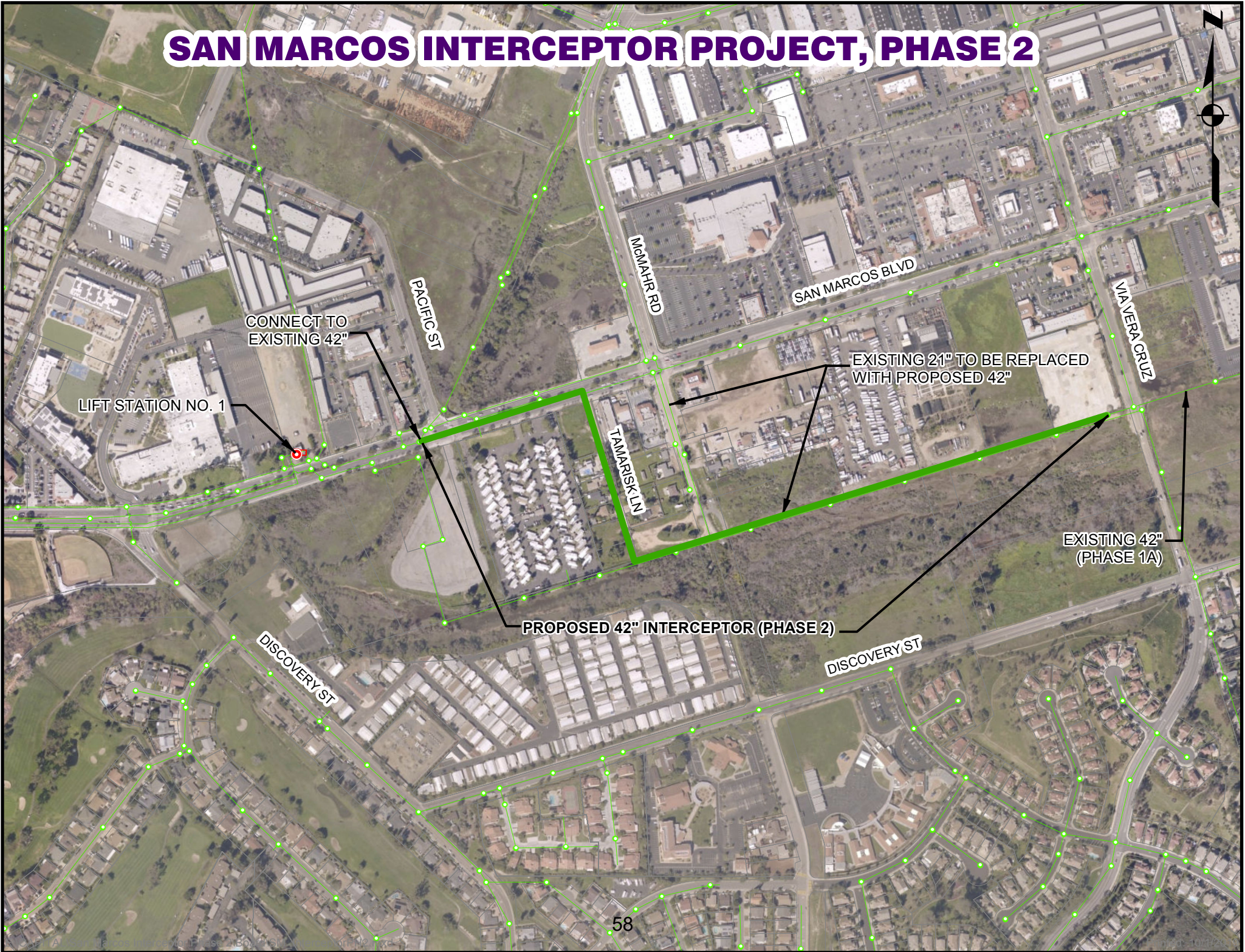
ATTACHMENTS:

Plat/Aerial

SAN MARCOS INTERCEPTOR PROJECT, PHASE 2



SAN MARCOS INTERCEPTOR PROJECT, PHASE 2



LIFT STATION NO. 1

CONNECT TO EXISTING 42"

PACIFIC ST

McMAHR RD

SAN MARCOS BLVD

VAVERA CRUZ

EXISTING 21" TO BE REPLACED WITH PROPOSED 42"

TAMARISK LN

EXISTING 42" (PHASE 1A)

PROPOSED 42" INTERCEPTOR (PHASE 2)

DISCOVERY ST

DISCOVERY ST

DATE: NOVEMBER 17, 2021
TO: BOARD OF DIRECTORS
**SUBJECT: REFUNDED PROCEEDS FROM THE RESOLUTION OF THE LAWSUITS
BETWEEN SAN DIEGO COUNTY WATER AUTHORITY AND
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

BACKGROUND:

The San Diego County Water Authority (CWA) has filed numerous lawsuits against Metropolitan Water District (MWD) regarding the legality of MWD's rate setting process. The illegal rate setting alleged by CWA spans many years and involves several facets of rate setting. The primary component of the lawsuits is that CWA believes MWD did not have the legal authority to charge its Water Stewardship Rate (WSR) on CWA's independent Colorado River water supplies being transported by MWD. The WSR is a charge MWD places on water supply costs to fund programs that provide incentives for MWD member agencies to develop local water supplies.

The lawsuits filed by CWA span the years 2011 through 2020. MWD prepares biannual budgets and rate settings. The first two lawsuits by CWA covered the first two two-year rate setting cycles, covering the time period from 2011 through 2014. The lawsuits that cover the years 2015 through 2020 have been stayed by the courts and have yet to be tried.

In January 2021, the San Francisco Superior Court ruled the San Diego County Water Authority is the prevailing party in the agency's first two lawsuits. The order entitled the Water Authority to recover its attorneys' fees and costs in those cases, in addition to a \$44.4 million damage and interest award. The determination of attorney's fees is still to be determined, but the \$44.4M damage award has been paid to CWA.

At its February 2021 Board meeting, the CWA Board voted to return the \$44.4M to its Member Agencies. The funds were directed to be allocated based on the water purchases made by the Member Agencies during the 2011 through 2014 time period. Vallecitos' share of the award was determined to be \$1,590,623.74. CWA wire transferred the funds to Vallecitos on Thursday, March 4, 2021. At its April 7, 2021, meeting, the Vallecitos Board directed staff to provide refunds to its then-current customers based on meter size. Those refunds have since been credited to the appropriate customer accounts.

DISCUSSION:

Recently, MWD and CWA have reached resolution on the lawsuits spanning from 2015-2017. This action resulted in the payment from MWD to CWA in the amount of \$35.9M. At its October 2021 Board meeting, the CWA Board voted to return the \$35.9M to its Member Agencies. The funds were directed to be allocated in the same fashion as the previous allocation. Vallecitos' share of the most recent award was determined to be \$1,248,828.17.

The transferred funds have not yet been received from CWA. In general, the returned money would need to be used in a manner that would benefit the fund which paid the money to MWD. One of CWA's largest budget items is water supply costs. Those costs, which include the costs from MWD, are factored into the water rates CWA charges its Member Agencies. Similarly, the rates charged by CWA become one of Vallecitos' largest costs, which are recovered by the water rates Vallecitos charges its customers. The costs for water supply from CWA are paid from the Water Replacement Fund.

Most costs paid from the Water Replacement Fund would be allowable uses for the returned funds. These costs include, but are not limited to:

- Operating costs, including personnel, electricity, materials, supplies, etc.
- Water purchase costs
- Water replacement capital projects
- District fleet needs
- PERS Unfunded Accrued Liability payments

The funds could not be used to pay for any wastewater-related costs or for costs associated with the Water Capacity Fund. That account is funded by developer fees, which were not used to purchase the water which led to the lawsuit.

The most straightforward way to use the funds would be to offset the CWA water supply costs in the coming budget cycle. In this manner, the revenue requirement could be reduced by the amount of the funds received from CWA. This would have the benefit of mitigating future water rate increases. Using the returned money in this fashion would benefit the group that provided the revenue in the first place.

If the refund was used to defray future water purchase costs from CWA, then each customer would realize a benefit on future water bills from the reduction in water purchase costs. The District anticipates purchasing approximately 6.1 million units of water from CWA this year. If the refund amount of \$1,248,828,17 were spread over all those units equally, then the purchase price of each unit of water could be reduced by approximately \$0.20/unit. A typical single-family home uses 13 units of water per month. Over the course of one year, a typical customer would realize \$31.20 in reduced costs. Higher water users would receive greater refunds. This could show up on the bill as a temporary credit per unit of water which would expire at the end of one year. The total amount of money that would be used to defray future water costs would depend upon the amount of water sold over the next year.

The Board can also consider providing refunds or rebates directly to customers. Although this approach is administratively more complicated, Vallecitos staff did successfully complete this approach with the previous refund.

There are several methods to provide refunds to current District customers:

Method 1: Split the refund proceeds evenly amongst all current District customers. The District currently has approximately 21,949 active meters. Splitting the refunded amount of \$1,248,828.17 evenly across those meters would result in an estimated refund of \$56.89 per account. This would be a one-time refund. Because this does not represent a proportional allocation of the refund based on customer usage, staff does not support this method.

Method 2: Split the refund proceeds amongst all current District customers in a manner that generally reflects each customers' contribution to District revenue, based on the size of the meter assigned to the account. Each customer has a meter that was sized to deliver the expected demands that customer would place on the system. Customers with similar sized meters would be expected to have similar water demands and would be expected to have similar water bills. The District uses a method called Meter Equivalents to compare larger meters to the standard residential meters. A typical single-family home would have a meter equivalence of one. Larger meters would have meter equivalents of greater than one. Figure 1 below includes a table showing standard meter sizes and their associated meter equivalents. Multiplying the meter equivalent by the number of meters of that size across all meter sizes gives an overall Meter Equivalent number of 28,851. The Board will note that the total Meter Equivalent number is significantly greater than the total number of meters. Using the Meter Equivalents number in the calculation results in an estimated refund of \$43.28 per Meter Equivalent. Figure 1 below shows the estimated amount of refund by meter size.

FIGURE 1 – METER EQUIVALENTS

Meter Size	5/8" & 3/4"	1"	1 1/2"	2"	3"	4"	6"	10"
Meter Equivalent	1.0	1.5	4.0	6.5	10.0	15.0	30.0	70.0
# of meters	19,483	1,083	771	546	32	18	15	1
Total MEs	19,483	1,625	3,084	3,549	320	270	450	70
Refund/meter	\$ 43.28	\$ 64.92	\$ 173.12	\$ 281.32	\$ 432.80	\$ 649.20	\$1,298.40	\$3,029.60

Method 3: Split the refund proceeds amongst all current District customers in a manner that reflects their actual financial contribution over a specified time period. For example, each current customers' account can be analyzed to determine how much in water revenue they have contributed over the past year. Each customer would then get a refund in proportion to the percentage of their overall contribution. This method would require a significant amount of staff time. Some customers would not have twelve months of data. Additionally, the Board would need to determine if customers were eligible for refunds based on amounts billed or amounts paid. Due to the administrative complexities associated with this method, it is not recommended by staff.

Any of the three methods described above could result in either direct payments to the customers or in credits to the customer accounts. Issuing direct payments to customers would require the issuance of individual checks. Processing costs for each check are approximately eight dollars. Given the number of customer accounts, it would cost approximately \$175,000 to issue refund checks. Providing the refunds to customers as a credit on their next bill would be much easier and less costly, allowing more of the

refunded amount to be distributed to the customers. If the Board opts to provide refunds to the customers, staff recommends that it be done as a credit on the account, with accompanying information clearly describing the reason for the credit and the Board's decision to refund the amounts.

FISCAL IMPACT:

As staff prepared the FY 21/22 budget, the CWA-provided refund of \$1,248,828.17 was not anticipated; therefore, was not included in the budget. Refunding/crediting the proceeds to existing customers would have no net impact on FY 21/22 budget.

RECOMMENDATIONS:

Staff recommends the Board discuss the CWA refund and provide staff direction.