

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 21, 2017, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT ELITHARP

PLEDGE OF ALLEGIANCE

ROLL CALL

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

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 21, 2017

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.

NOTICE TO THE PUBLIC

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

PRESENTATIONS

Meena Westford, Special Projects Manager for Metropolitan Water District, and Maureen Stapleton, General Manager for San Diego County Water Authority, will independently provide a presentation on water issues from a water wholesaler's perspective.

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 5-20)

- A. ENGINEERING COMMITTEE MEETING – JUNE 1, 2017
- B. REGULAR BOARD MEETING – JUNE 7, 2017
- C. FINANCE/INVESTMENT COMMITTEE MEETING – JUNE 14, 2017

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

- 1.2 WARRANT LIST THROUGH JUNE 21, 2017 – \$961,919.40 (pp. 21-24)

Recommendation: Approve Warrant List

- 1.3 FINANCIAL REPORTS (pp. 25-35)

- A. WATER METER COUNT – MAY 31, 2017
- B. WATER PRODUCTION/SALES REPORT – 2016/2017
- C. WATER REVENUE AND EXPENSE REPORT – MAY 31, 2017
- D. SEWER REVENUE AND EXPENSE REPORT – MAY 31, 2017
- E. RESERVE FUNDS ACTIVITY – MAY 31, 2017
- F. INVESTMENT REPORT – MAY 31, 2017

- 1.4 RESOLUTION ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2017/18 (pp. 36-38)

The District is required by Proposition 4 to establish an Appropriations Limit each fiscal year.

Recommendation: Adopt Resolution

- 1.5 SURPLUS PERSONAL PROPERTY LISTING (pp. 39)

Resolution No. 1312 authorizes staff to accumulate and dispose of surplus property items through a publicly noticed sale.

Recommendation: Approve item to be made available for disposal through a public auction

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

ACTION ITEMS

- 2.1 RESOLUTION ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT “A” FOR FISCAL YEAR JULY 1, 2017 TO JUNE 30, 2018 COLLECTED ON THE TAX ROLL (pp. 40-41)

The District is required to hold a Public Hearing for the collection of sewer service fees for Improvement District “A”.

Recommendation: Adopt Resolution authorizing collection of Improvement District “A” sewer service fees and set Public Hearing for the Regular Board meeting on July 19, 2017

2.2 ORDINANCE ESTABLISHING ADMINISTRATIVE CHARGES TO RECOVER INDIRECT COSTS FOR FISCAL YEAR 2017-18 (pp. 42-44)

The proposed Ordinance maintains the District's desire to recover all administrative expenses incurred in connection with providing direct services.

Recommendation: Adopt Ordinance

2.3 CONSUMER CONFIDENCE REPORT (pp. 45-52)

The 2016 Water Quality Report is provided to customers in the Vallecitos Water District.

Recommendation: Approve the 2016 Water Quality Report

2.4 2017 PUBLIC RATE HEARING NOTICE (pp. 53-56)

The District mails a Notice of Public Rate Hearing to all ratepayers in anticipation of any proposed rate increase.

Recommendation: Approve Public Rate Hearing Notice

2.5 CSDA SPECIAL DISTRICT 2017 BOARD ELECTIONS (pp. 57-69)

The CSDA is conducting its election to fill CSDA Board of Directors Seat C in the District's Network for the term ending 2020.

Recommendation: Select one candidate to represent the Network in Seat C

2.6 ACWA NOMINATING COMMITTEE CALL FOR NOMINATIONS FOR STATEWIDE POSITIONS OF PRESIDENT AND VICE PRESIDENT (pp. 70-76)

Nominations are being solicited for the positions of President and Vice President to the general membership.

Recommendation: Request Board direction

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

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

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

3.5 STANDING COMMITTEES

- 3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS
ATTENDED

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

OTHER BUSINESS

- 4.1 MEETINGS (pp. 77-78)

CASA Annual Conference

August 22 – 24, 2017 – Marriott Marquis, San Diego

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

- 5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

- 6.1 ADJOURNMENT

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

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

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

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Friday, June 16, 2017.

Diane Posvar

MINUTES OF A MEETING OF THE
ENGINEERING/EQUIPMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
THURSDAY, JUNE 1, 2017 AT 10:00 A.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Hernandez called the meeting to order at the hour of 10:00 a.m.

Present: Director Hernandez
Director Elitharp
General Manager Pruum
District Engineer Gumpel
Executive Secretary Posvar

Others Present: Dennis Williams, PhD, PG, CHG, Geoscience
Brian Villalobos, PG, CHG, CEG, Geoscience
Mark William, PhD, PE, Geoscience

ITEM FOR DISCUSSION

GROUNDWATER OPPORTUNITIES IN THE VALLECITOS WATER DISTRICT
SERVICE AREA

Mr. Williams provided an overview of the firm and provided preliminary hydrogeologic data for the District's service area. Should the District pursue groundwater, Mr. Williams recommended a very detailed water balance which is basically inflow/outflow. He further stated there are much better techniques today to estimate within the watershed what is the actual sustainable recharge.

Director Hernandez stated he would like to be able to use groundwater, if there is any, as a resource to add to the District's portfolio and minimize water purchased from other sources.

Principle Engineer stated it was his understanding from the current rules and regulations that groundwater cannot be taken out and put directly into a potable water system without treating it.

Mr. Williams stated that there has to be at least tertiary treatment water and sometimes advanced treatment, a certain amount of residence time and recycled water contribution, and would have to go through the Department of Drinking Water. He further stated this is popular and that they are getting more and more of these types of projects.

Mr. Williams further reviewed the various services his firm provides which includes basin management services, groundwater and surface water modeling services, water wells and well field optimization, desalination subsurface intakes, recent projects and legal support.

Mr. Villalobos reviewed the District's service area boundaries and DWR groundwater basins. He continued review of other projects they have completed such as brackish water for San Luis Rey River, completed a safe yield study and finished a harbor study and ground water model for the City of Oceanside. He further stated he conducted research on the San Marcos groundwater basins and DWR basin 932. San Marcos has a shallow groundwater basin with crystal and bedrock underneath - looking at 170-175 feet, which is a low yield situation. If they can get water level data over a period of time, they can see what the safe yield is in a very simplistic way. This process takes years to complete. The District would need to hire a Water Rights Attorney to determine any impacts on other water wells in the area. Mr. Villalobos reviewed the boundaries of the geologic map and water level data. Ultimately, a perennial yield study would be conducted. The plan would be to characterize the extent of the groundwater basin, begin to develop preliminary hydrogeologic information, and estimate how much is being pumped out of the basin.

Director Hernandez asked how long it would take to complete the study and what the cost would be. Mr. Williams stated they would provide a proposal. He requested bullet points of what is wanted be emailed to him so that the scope is not overdeveloped.

General Manager Pruim asked Mr. Williams at what point in the process do they conduct a legal water rights analysis. Mr. Williams indicated they could do a phase 1 study that shows a safe yield of the groundwater basin.

Mr. Williams stated that staff would most likely want to have a water rights attorney to determine if the District is intercepting underflow that is going downstream.

General Manager Pruim asked the committee members if they want the scope to include anything with recycled water augmentation. Director Hernandez stated he hoped the study will tell how big our area is, how much is there, and how much more can be put into the existing aquifers in order to determine if this is a resource that can be relied on.

The Committee directed staff to put together a scope of services to look at the District's groundwater basin.

Mr. Hunsaker, member of the public, addressed Mr. Williams stating alluvial doesn't sound very permeable. There is a lot of nitrate and fertilizer contamination. He asked Mr. Williams what it would take to cleanse the basin of these two. Mr. Williams stated well head treatment would be conducted.

Mr. Hunsaker stated there are a number of citizens who have had a well for many years and the golf course is draining them dry. He asked if Geoscience's study would provide a legal basis for them to claim senior rights.

General Manager Pruim responded stating we would be looking for the District's ability to claim water rights, not trying to solve private parties' rights.

Mr. Hunsaker asked if injection wells could be recharged. Mr. Williams responded yes, however, injection is pretty costly and injection wells are the last resort for recharging.

DISCUSSION RELATING TO THE OPERATIONS OF THE MEADOWLARK RECLAMATION FACILITY

General Manager Pruim stated an inquiry had been made in a recent Board meeting if the Meadowlark Reclamation Facility (MRF) is as efficient cost-wise in treating wastewater as Encina Wastewater Authority (EWA) and that MRF should be shut down and flows be diverted to EWA. Mr. Pruim discussed what would need to take place to accomplish this, i.e. constructing infrastructure, building a pump station and pipelines. There would also be ongoing operations and maintenance costs. The flows from Lake San Marcos and the local flows that get to MRF would have to be collected, pumped, and conveyed to EWA and there is a cost associated with this. Staff would also have to look at what capacity rights we have for treatment at EWA. Over time, VWD bought into capacity at EWA assuming MRF was up and running. If MRF were to be shut down and not used as it was historically used, staff would have to determine what would have to take place at EWA to get the equivalent amount of treatment capacity.

General Manager Pruim stated he and District Engineer Gumpel met with Mr. Scott Goldman of RMC and asked him to develop a proposal that will convey what it would take to start looking at what the cost effectiveness would be, what the treatment cost at MRF would be, what the cost would be to treat at EWA, what it would cost to bypass MRF to go elsewhere and compare those.

Principal Engineer Gumpel stated there are 3 sub-basins or sewer-sheds: the Encina shed, local flows – MRF shed, and the little basin which is Lake San Marcos (LSM). He reviewed what actions would need to take place in order to get everything to go to EWA which would basically shut down Lift Station 1. The 16" bypass would have to be upgraded to get the LSM flows with consistent reliability, would need a pump station, some type of large wet well to help flow equalize, and a larger pipeline.

He further stated that Mr. Goldman provided a scope which was then tailored to get some information out. The substantive data was the data collection, everything District staff is supposed to be doing, what investments were already put into MRF, which would now be money already spent and what money would need to be spent on MRF which includes demolition and repurposing some facilities and an 8,000 foot pipeline to get the sewer from MRF to the closest point of the outfall. Mr. Goldman also looked at life cycle costs – what would it cost to treat sewer at MRF compared to what it would cost to treat sewer at EWA. The District has a little over 7.5 million gallons per day capacity rights at EWA for liquids and a little over 12 million gallons per day capacity rights for solids. The District would have to purchase another 5 million gallons per day capacity to make up the shortfall and would have to look at the additional O&M costs.

General Manager Pruim stated the cost to each agency varies depending on certain factors. VWD is well above all those because the District is the only scalping plant. The District also sends some liquids and solids. EWA's cost per million gallons is approximately \$1400. The cost for VWD is up over \$2,000 per million gallons treated. This is the liquids treatment and the extra cost for treating the solids that are being diverted out of MRF. Part of the study Mr. Goldman will do will be to determine which plant is more effective. The cost of secondary treatment at MRF is approximately \$1400. The liquids to liquids comparison is very close to EWA.

Principal Engineer Gumpel stated the final part is the capital investment costs. It will cost tens of millions of dollars of infrastructure just between decommissioning and building. Mr. Goldman explained to him that even if the District were 20% more expensive on the cost per million gallons, by the time the fact the District has a \$31 million treatment plant that has not gone through the depreciation cycle, and now the District is building \$30 million dollars of infrastructure, it will take up any difference. Mr. Goldman's scope is approximately \$49,900. This amount is for Mr. Goldman's effort and does not include staff time. The bullet items in the proposal needs to be provided by staff which includes all the mapping, infrastructure, layout, and the financial analysis. This will cost approximately \$15,000.

General discussion took place. During general discussion, Director Hernandez stated this item will need to be discussed during the Strategic Plan process as this is a \$30 million project.

The Committee directed staff to conduct an engineering study on this subject which would be far less expensive.

Mr. Mike Hunsaker, member of the public, commented that he went through an issue recently about not addressing pumping charges for so long. This question should have been raised three years ago. If going to go down this path, that should go in the Master Water Plan.

SOLAR ENERGY OPORTUNITIES RELATED TO VALLECITOS WATER DISTRICT OPERATIONS

Director Hernandez stated he heard that one can now put solar panels anywhere and power into the grid. There are two opportunities at the top of the District's reservoirs. He would like answers so he can safely and correctly inform ratepayers that staff looked at it and can convey what is and isn't possible.

General Manager Pruim stated that the concept of generating electricity at one site to be used to offset meters is called virtual aggregation and is acceptable now. Real estate is not an issue, the District has enough space to generate as much electricity as wanted. The District has 100+ acres if the Board wants to start building panels. However, solar is not as promising as it used to be.

Principal Engineer Gumpel stated that in 2012 staff did an energy management study for the entire district. He distributed a copy of the report on energy usage. SDG&E paid for the study to be performed but refused to pay for analysis of their rates. Staff hired Don H. King, an energy rate consultant, to complete the last part which is to tie in with rates and do strategies on tariff's, rates, and all the consequential and non-consequential charges. In the last part, SDG&E changed the rules. SDG&E has filed with the PUC which has accepted their new rate structure. The rate structure is in place but is not yet completed. SDG&E is de-incentivizing solar and are keeping the incentives on gas, hydro and some other components. They are also changing peak/off peak times, changing the rate structure, and are going to coincide summer and winter rates with daylight savings. SDG&E is going to phase this in over the next three years. Our systems are designed to pump during off peak, semi peak and can pump 24 hours

on holidays and weekends because it's all off-peak. There is the RESBCT program which means one can aggregate many meters for one solar. There is also a program through a power purchase agreement where one can aggregate up to 15 meters to one solar generation area. The consultant would put together a scope and fee of the project, find a builder and an owner of a 1 megawatt system and enter into a power purchase agreement or the District could do the RESBCT program which means the District owns it. If the District owns it, we are paying for the initial capital, we wouldn't pay for the power purchase agreement. There is a \$150,000 administrative fee from the initial consultant and the builder also has his costs. There is a guarantee we are purchasing power from them for a certain amount guaranteed for 25 years.

General discussion took place. Following general discussion, the Committee directed staff to obtain proposals from other consultants to place solar panels on the District's Twin Oaks Facility and any other appropriate District facilities.

Mike Hunsaker, member of the public, stated he attended a presentation at Rincon del Diablo Municipal Water District at which one of the things they're pointing out is that a lot of energy is not recovered. They were suggesting turbines instead of pressure breakers. You could pump during peak hours and offset a lot of that power. Staff indicated to him that this has been looked at.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 12:05 p.m.

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 7, 2017, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Director Martin led the pledge of allegiance.

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

Staff Present: General Manager Pruim
Assistant General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Accounting Supervisor Owen
Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 7, 2017

17-06-01 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of June 7, 2017.

PUBLIC COMMENT

None.

CONSENT CALENDAR

President Elitharp stated he received a Request to Speak form for Item 1.6, Approval of Temporary Off-Site Water and Sewer Service Agreements for Dang/Mai Residence. This item was pulled from the consent calendar for discussion.

- 17-06-02 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve Items 1.1, 1.2, 1.3, 1.4, 1.5, and 1.7 of the Consent Calendar as presented.
- 1.1 Approval of Minutes
- A. Regular Board Meeting – May 17, 2017
 - B. Board Workshop Meeting – May 24, 2017
- 1.2 Warrant List through June 7, 2017 - \$6,747,943.43
- 1.3 Acceptance of Meadowlark Water Reclamation Facility (MRF) Tertiary Media Filter Replacement
- 1.4 Request for Annexation of Certain Property Designated as “Meadowlark Canyon” (APN: 221-021-45) into the Sewer Improvement District (Meadowlark Canyon, LLC)
- 1.5 Final Acceptance of Water and Sewer Improvements for San Elijo Hills, Phase V, P.A. “O”, Unit 7, APN: 679-221-17 (San Elijo Hills Development Company, LLC)
- 1.7 Approval of Construction Agreement for North City East Infrastructure, APN: 221-110-20, 30, 220-200-40, 47, 48, 49 (Urban Villages San Marcos, LLC)

Discussion of consent calendar Item 1.6 took place as follows:

- 1.6 Approval of Temporary Off-Site Water and Sewer Service Agreements for Dang/Mai Residence

Mike Hunsaker, member of the public, addressed the Board stating there had been a “temporary off-site” water and sewer service agreement a couple of months ago where a construction valve was allowed to remain for about 40 years. The individual was allowed to annex in but he didn’t have to pay any fees because there were no fees applicable at the time he received the construction meter. He questioned why there are almost 40 different plots of land that are operating within the District and now at least one without. They’re not formally required to do annexation. When they annex, they pay certain fees that are proportional to their share of the value of the assets of the District. Because temporary sometimes turns into permanent, he’s wondering why the District is continuing on this road. He thanked the Board.

Development Services Senior Engineer Scholl stated in this instance a public water and sewer line extension does not benefit the District. It costs a single homeowner a lot of money to extend a public infrastructure. He noted this property is within the District’s water and sewer service areas. He further stated the District is trying to get away from entering into temporary off-site agreements where possible; however, it is not feasible with this particular property.

General discussion took place during which Development Services Senior Engineer Scholl stated that when a temporary off-site agreement is approved, the property owner is required to pay capital facilities and administrative fees to the District. General Manager Pruim clarified that in a situation where a temporary line is transferred to the District, the property owner is not responsible to pay a second capacity fee.

17-06-03 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to approve Item 1.6 of the Consent Calendar as presented.

ACTION ITEMS

VALLECITOS WATER DISTRICT RECOMMENDED FISCAL YEAR 2017/18 BUDGET

General Manager Pruim commended staff for their hard work throughout the long budget process which began in December of 2016 during which staff looked for ways to increase efficiencies and control costs while retaining the District's high level of service. He thanked the Finance/Investment Committee for their time and close attention to detail during the preparation of the budget and the entire Board for their time as well. He stated the recommended Fiscal Year 2017/18 Budget includes approximately \$53 million dollars in operating costs and approximately \$122 million dollars in capital project expenses over the next five years.

Finance Manager Fusco provided a presentation on the recommended Fiscal Year 2017/18 Budget as follows:

- What We Do
- FY 2017/18 Budget
- Budget Process Including Cost of Service Study & Rates
- Principal Debt Balance
- Budget to Budget Comparison
- Operating Budget by Division
- 2017/18 Water Operating Expense Budget - \$39,763,000
- Water Operating Expense Budget-to-Budget Comparison
- 2017/18 Wastewater Operating Expense Budget - \$13,217,000
- Wastewater Operating Expense Budget-to-Budget Comparison
- Salaries & Benefits - \$15.5 Million
- Salaries & Benefits Budget-to-Budget Comparison
- FY17/18 Budget Projections – Operating Transfers to Reserves
- Capital Budget-to-Budget Comparison
- Capital Improvement Projects by Function Total
- Capital Improvement Projects by Function (EWA Highlighted)

Staff recommended the Board adopt the recommended Fiscal Year 2017/18 Budget.

Mike Hunsaker, member of the public, addressed the Board expressing his concerns about the priorities of the budget, potential future debt, labor costs and the lack of a break-down of water purchase costs. He thanked the Board.

General discussion took place.

17-06-04 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to approve the recommended Fiscal Year 2017/18 Budget.

2017 COST OF SERVICE AND RATE STRUCTURE STUDY

General Manager Pruim noted an error on Page 95 of the Board packet concerning the rate survey. The tier limit for "VWD Proposed" should be 6 units available in Tier 1, not 4. He clarified that 6 was used in the calculations.

Assistant General Manager Scaglione provided a presentation on the 2017 Cost of Service and Rates Structure Study Proposed Rates which included changes that were made to address review comments from the rate consultant and legal counsel, the change in effective date from July 1 to January 1, and changes to the table. The presentation included the following:

- Five-Year Rate Projection
- Total Rate Impact (Water and Sewer) at Varying Levels of Use
- Rate Impact – Ready-to-Serve (RTS) plus Commodity
- Single Family 2017 Monthly Water Bill with Low (6 HCF) Use
- Single Family 2017 Monthly Water Bill with Average (13 HCF) Use
- Single Family 2017 Monthly Water Bill with High (21 HCF) Use
- Single Family 2017 Monthly Water Bill with Very High (42 HCF) Use
- Water Projected Replacement Reserves and Proposed Rates
- Sewer Projected Replacement Reserves and Proposed Rates

General discussion took place during which Director Martin asked why sewer rates have not gone up in the last two years and are not projected to increase in the next three years. Assistant General Manager Scaglione explained that the projected reserves have not decreased significantly enough to require an increase in sewer rates.

General Manager Pruim suggested the Finance/Investment Committee and the Board assist staff in reviewing the reserve policy to determine specific targets for reserve levels in the future. This will be brought back to a Finance/Investment Committee meeting in August for discussion.

Staff recommended the Board approve the Cost of Service and Rate Structure Study.

General discussion took place regarding the rate impact on the very high use level. Staff will provide information to the Board as to the number of customers that consistently fall into that category.

Mike Hunsaker, member of the public, addressed the Board stating the previous rate structure based on land use was fairly straightforward and easy to consider and decide what the overall impact was. Going by meter size is not nearly as transparent. Another problem is SB 814, which says that in a drought single family dwellings must conserve. Those who live in apartments, mixed use facilities and mobile home parks may or may not be required to do mandatory rationing depending on how the owner/operator decides to place the bills. If you have a drought and you are no longer allowed to use a certain amount of facilities and capacity, can you be charged the old non-restricted rate?

Mr. Hunsaker asked if meters for mixed-use facilities (commercial and residential) would be charged by one meter size that is supplying water to the mixed-use facility. He also wanted to make sure that the RTS is not following some rigid formula of twice the increase of water. We do have a very substantial, detailed budget and computerized budgeting. It doesn't seem like an arbitrary factor for correlation purposes should be used to set RTS in the future. He thanked the Board.

17-06-05 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve the 2017 Cost of Service and Rate Structure Study.

2017 PUBLIC RATE HEARING NOTICE

General Manager Pruim clarified that the Board is not being asked to adopt rates at this meeting. Staff will be seeking the Board's approval of the notice that will be mailed to the customers setting the date for the Public Hearing at which the Board will adopt the rates.

Assistant General Manager Scaglione discussed two changes that have been made to the draft 2017 Public Rate Hearing Notice as discussed at the May 24, 2017 workshop: the summary page is more detailed to show a water-only bill and a sewer-only bill, and the last sentence of the second paragraph on the second page of the notice states what the wholesale rate increase is without the direct desal impact.

Staff recommended the Board approve the 2017 Public Rate Hearing Notice.

General discussion took place during which Director Sannella commented it is important to state for the record the District will be considering a 4% rate increase, of which 3.4% of that is the San Diego County Water Authority's rate increase to the District. He thanked staff for their efforts in keeping the District's costs down in order to keep the rate increase to our customers as minimal as possible.

The consensus of the Board was to change the date of the Public Rate Hearing from August 16 to September 6, with September 20 as the alternative date if needed.

17-06-06 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve the 2017 Public Rate Hearing Notice with the date changed to September 6, 2017.

RESOLUTION PLACING IN NOMINATION HAL J. MARTIN AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 10 BOARD OF DIRECTORS

General Manager Pruum stated that at the May 17, 2017 Board meeting, the consensus of the Board was to nominate Director Martin for the ACWA Region 10 Board. A nomination form must be completed and a resolution of support from the Board of Directors is also required.

17-06-07 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to adopt the resolution in support of Director Martin's nomination for the ACWA Region 10 Board.

Resolution No. 1517 – The roll call vote was as follows:

AYES: Evans, Hernandez, Martin, Sannella, Elitharp
NOES:
ABSTAIN:
ABSENT:

REPORTS

GENERAL MANAGER

General Manager Pruum reported the following:

- A pre-bid meeting with contractors was held on June 6 regarding the locker room expansion project. Bid opening will take place on June 21.
- The auditors have started their preliminary work on the District's annual financial audit. An audit entrance meeting with the Finance/Investment Committee is tentatively scheduled for June 14 at 3:00 p.m.
- Several top officials of Diamond Environmental Services, the subject of a Federal probe, have pled guilty in Federal court and will be sentenced soon for up to five years in prison, up to \$250,000 in fines, and they must forfeit some of the proceeds from their illegal activities. They pled guilty to illegally dumping waste collected from portable toilets into the municipal sewer system. General Manager Pruum is working with the District's legal counsel and Encina Wastewater Authority to determine to what extent the District was damaged. He will update the Board on the progress of this case.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the Board meeting is scheduled for June 22 at which a public hearing will be held on the budget and rates. The Finance Committee is currently reviewing the budget and is scheduled to meet on Thursday, June 8. She will be attending that meeting.

Director Evans stated SDCWA General Manager Maureen Stapleton will be providing a presentation to this Board at the June 21 Board meeting.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee's next meeting is scheduled on June 21.

President Elitharp stated the Policy and Finance Committee's next meeting is scheduled on June 13.

STANDING COMMITTEES

President Elitharp stated the Engineering/Equipment Committee met on June 1. Director Hernandez reported on the following topics that were discussed:

- Groundwater – Representatives from Geoscience attended the meeting to discuss groundwater opportunities. The Committee directed staff to put together a Scope of Services to look at the District's groundwater basin.
- Meadowlark Reclamation Facility (MRF) – Staff provided a brief presentation on RMC Engineers' \$50,000 proposal for a study of what it would take to close MRF and if that would result in any savings for the District. The Committee directed staff to conduct an engineering study on this subject which would be far less expensive.
- Solar Energy – The Public Utilities Commission is reviewing a request from San Diego Gas & Electric to minimize the time-period in which the tariff does not apply. The Committee directed staff to obtain proposals from other consultants to place solar on the District's Twin Oaks facility and any other appropriate District facilities.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin expressed his concern about the Federal indictments of Diamond Environmental Services officials in San Marcos regarding illegal dumping of waste into the sewer system. He asked the Board to consider how long Diamond Environmental Services was dumping waste, including biohazards, into the District's sewer system, who knew what, and why the Board wasn't informed of this situation. He believes an investigation is necessary to get to the bottom of this and to hopefully clear the District's name in having anything to do with it.

Director Sannella concurred with Director Martin's concerns about the Diamond Environmental Services issue. He would like to consider and pursue any and every course of action to try and get restitution and recover some of the losses the District's customers may have experienced. He is also deeply concerned about the lack of communication to the Board on this matter, including the District's representatives to EWA's Board. Did they know of it, and if so, why didn't they inform the rest of the Board?

General discussion took place during which President Elitharp and Director Hernandez stated they had not been informed of any details of the Federal investigation and only learned about it a few weeks ago. General Manager Pruim stated he first became aware of the investigation on May 25, the day before he emailed the information to the Board. He received an update on June 5 of which he forwarded to the Board. Further, he does not believe staff withheld information from the Board.

Director Hernandez asked to bring back Ordinance No. 203, "Establishing the General Provisions for Conducting the Business of the Board..." for a discussion on who's on first.

Director Hernandez requested a report at an August Board meeting on the grant that the City lost relative to South Lake. General Manager Pruim stated he will be meeting with City of San Marcos staff on June 12 to discuss the status of the recreational amenities around South Lake and will bring up the subject of the grant as well.

Director Martin reiterated that the Board is requesting staff to provide information about the illegal dumping as soon as possible.

Director Sannella requested the timing of updates for the development project behind the District office. General Manager Pruim stated a meeting with the appraiser and the District's legal counsel is scheduled for June 8 to review the draft appraisal.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:29 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 21, 2017, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 14, 2017 AT 3:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 3:00 p.m.

Present: Director Martin
 Director Sannella
 General Manager Pruim
 Assistant General Manager Scaglione
 Finance Manager Fusco
 Accounting Supervisor Owen
 Administrative Secretary Johnson

Others Present: Brianna Schultz, Rogers, Anderson, Malody & Scott, LLP

ITEM FOR DISCUSSION

CERTIFIED PUBLIC ACCOUNTING FIRM AUDIT ENTRANCE MEETING

Brianna Shultz of Rogers, Anderson, Malody & Scott, LLP briefly discussed the auditors' process before control testing begins which includes providing background information to the audit staff, updating any processes that may have changed since the last audit, and identifying any areas of risk.

The audit staff completed their interim audit on June 5 and 6 during which they tested internal controls and processes in place. Of all areas tested, only two control exceptions were noted in payroll. Two employee timesheets were not signed by the supervisor.

General discussion took place regarding cash handling during which Director Martin suggested the District look at ways to encourage non-cash payments which could result in the reduction of staff needed in that area. Finance Manager Fusco stated there is currently only one staff member at the front counter to take cash payments and checks, and that there are many customers in San Marcos that don't necessarily have bank accounts and pay cash only. There are several other ways in which a customer may pay their bill: direct debit, online, and with a credit card.

Ms. Schultz stated everything looks great; however, she suggested considering possible changes in the ability to change pay rates in the payroll system. Currently the District's Payroll Technician does this after being notified by Human Resources to do so.

Typically, Human Resources does this function. Finance Manager Fusco explained the current process which is acceptable with the controls that are in place.

Director Martin inquired about the District using a credit card with rewards. Finance Manager Fusco stated staff had considered that last year and found that credit card companies do not afford the same benefits to government agencies such as the District as they do with other companies. The cost of administering such a program would outweigh the benefits.

General discussion took place.

Ms. Shultz stated their staff will return the week of September 25 to conduct the final fieldwork of the audit. The year-end phase will evaluate the District's financial statements and then an opinion will be rendered in early December.

The Committee will report to the Board that the audit entrance meeting has taken place satisfactorily.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 3:31 p.m.

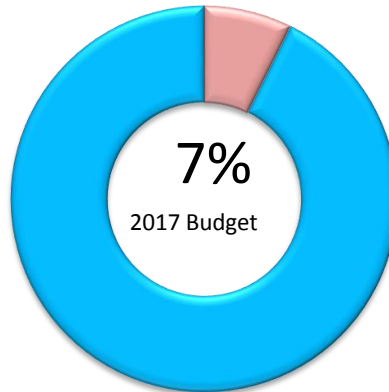
**VALLECITOS WATER DISTRICT
WARRANTS LIST SUMMARY
June 21, 2017**

Summary

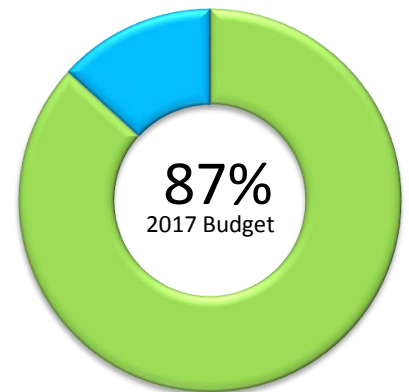
June Warrants	\$	4,626,023 *
YTD Warrants	\$	54,498,466 *
FY2017 Budget	\$	62,827,000

* Excludes Debt Service

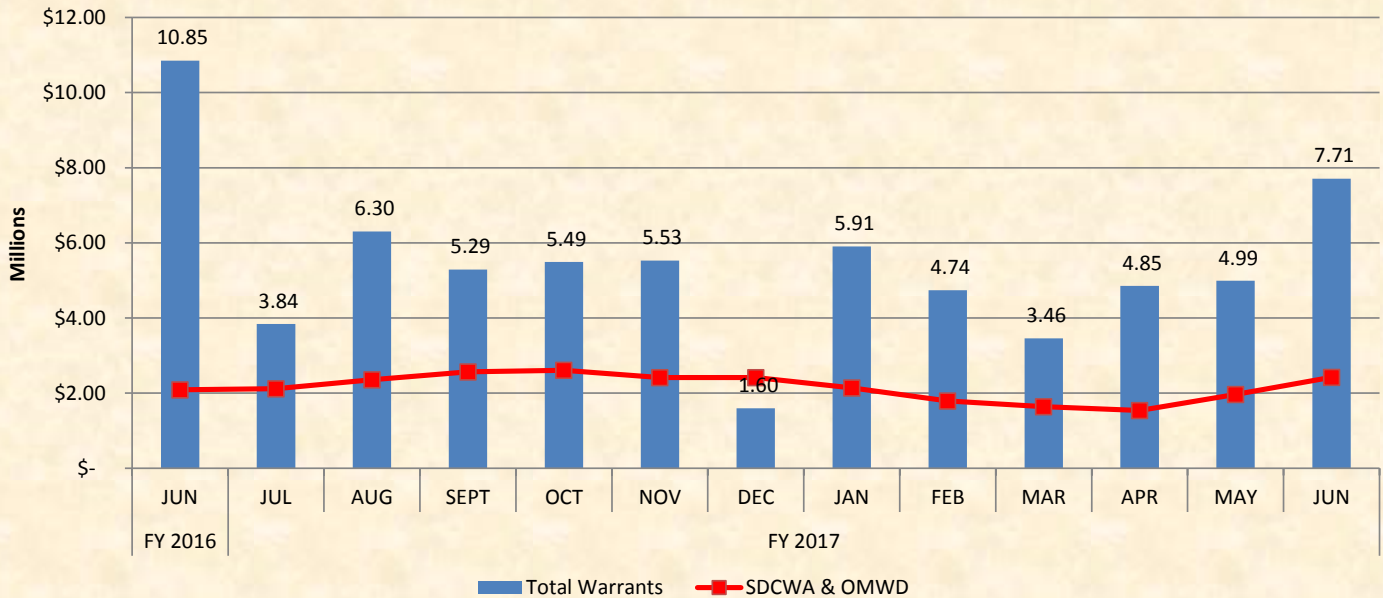
June



FYTD

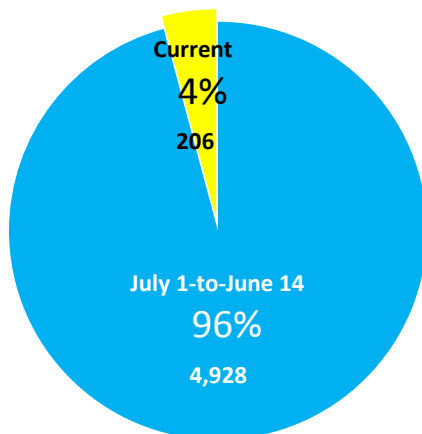


Historical Warrants by Month**



** Historical Warrants by Month chart summarizes amounts in the Warrants List for the given month not amounts paid during the month with the exception of SDCWA & OMWD payments.

Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$24.5M
ENCINA WASTEWATER AUTHORITY	\$4.8M
ACWA/JOINT POWERS INSURANCE	\$2.7M
PUBLIC EMPLOYEES RETIRE SYSTEM	\$2.3M
SAN DIEGO GAS & ELECTRIC	\$1.2M
OLIVENHAIN MWD	\$719K
CARBON ACTIVATED CORP.	\$385K
SAN ELIJO HILLS DEVELOPMENT CO...	\$296K
BENS ASPHALT & MAINTENANCE CO...	\$291K
BLACK & VEATCH CORPORATION	\$263K

VALLECITOS WATER DISTRICT
WARRANTS LIST
June 21, 2017

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	111041 through	111044 -
ACWA/Joint Powers Insurance	Group Insurance July	111045	189,906.17
American Hydro-Vac Equipment Co, Inc.	Repair of Portable Collections System Cleaner	111046	925.58
All Tubes Inc.	Hardware Supplies	111047	490.00
AT&T	Phone Svc May	111048	2,865.60
Mark Atkins	Self Improvement Program	111049	200.00
Autum Pelote	Closed Account Refund	111050	83.05
Barbara King	Closed Account Refund	111051	117.13
Bentley Systems Inc	Water Cad Subscription April - June	111052	3,379.50
Black & Veatch Corporation	Recycled Water Business Plan Prj 20141-712	111053	11,417.07
Boncor Water Systems	Soft Water Svc, Osmosis Filter Rental June	111054	1,645.00
Boot World Inc	Safety Boots	111055	300.00
Dennis Bowman	Books - Water Academy	111056	34.73
Chris Deering	Self Improvement Program	111057	114.55
Jeffrey Colwell	Video Production Prj 20171-28	111058	490.00
Computer Protection Technology Inc	Power Supply MRF Prj 20171-17	111059	735.38
Cook Industrial Supply	High Pressure Washer, Pressure Washer Supplies, Steel Tubing Prj 20171-12	111060	11,335.39
Core Logic Information Solutions Inc	Engineering Maps May	111061	300.00
Council of Water Utilities	Meeting 6-20-17, Evans, Elitharp, Hernandez, Martin, Sannella, Pruim, Scaglione, Guest	111062	200.00
Crusader Mfg Inc	Vacuum For Saw Trailer, Hardware Supplies	111063	1,908.39
CWEA	Cert Renewal D Richardson	111064	88.00
CWEA	Cert Renewal J Woodard	111065	93.00
Diamond Environmental Services	Portable Restrooms MRF	111066	300.89
Dion International Trucks LLC	Fleet Supplies	111067	190.24
DirecTV Inc	Satellite Svcs June	111068	69.54
EDCO Waste & Recycling Serv	Trash Svc May	111069	882.35
El Camino Rental	Tractor Rental Twin Oaks Reservoir	111070	424.50
El Dorado II LP	Refund Balance Prj 20131-557	111071	288.88
Fabiola Real	Self Improvement Program	111072	647.88
Ferguson Enterprises, Inc	PVC Supplies, Coupling	111073	4,663.43
Freedom Automation Inc	Svc Calls 2 MRF, PLC Programming MRF	111074	4,575.00
Ken Grody Ford	Fleet Supplies Veh 254	111075	98.74
Harrington Industrial	Pump MRF	111076	1,095.66
James R Hernandez	ACWA Conference 5-8-17	111077	322.47
Home Depot Credit Services	Hardware Supplies May	111078	506.71
Infrastructure Engr Corp	Crestwind Dr Easement Survey	111079	789.50
Intrntl Public Mgmt Assoc for HR	Membership Renewal B Anderson	111080	109.00
Intrntl Public Mgmt Assoc for HR SD Chptr	Memb Renewal R Emmanuel & B Anderson	111081	130.00
Iraj Karimi	Closed Account Refund	111082	42.67
Jason Hubbard	Books - Water Academy	111083	15.12
JCI Jones Chemicals Inc	Chlorine	111084	1,944.35
Kathy Tempzo	Closed Account Refund	111085	35.93
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004	111086	2,275.00
Kenneth Ruling & Beverly Wilbu	Closed Account Refund	111087	80.28
Lawnmowers Plus Inc	Hardware Supplies	111088	60.19
Lorena Paradela	Closed Account Refund	111089	28.89
Mallory Safety & Supply, LLC	Hard Hats, Head Lights, Vest, Safety Supplies	111090	5,164.99
Manpower Temp Services	Customer Svc Rep Week Ending 6-4-17	111091	1,051.56
Mark Cervenka	Closed Account Refund	111092	80.00
Hal Martin	ACWA Conference 5-7-17	111093	309.25
MCR Technologies Inc	Sample Tube Coupler	111094	85.12
Mike Sannella	CSDA Special Districts Legislative Days Conference 5-16-17, CSDA Meeting 5-18-17	111095	493.75
Nolte Associates Inc	Public Outreach Prj 20171-27	111096	2,650.75
North County Auto Parts	Fleet Supplies May	111097	2,569.79
Olympic Coatings California	Powder Coat MRF Scrubber Fan	111098	113.14
One Source Distributors LLC	Processor For Controller MRF, Full Face Respirators, Hardware Supplies	111099	5,080.74
Pam Richardson	Closed Account Refund	111100	73.49
Pencco, Inc.	Trioxyn	111101	11,917.45
Petty Cash Custodian	Petty Cash	111102	649.30
Pitney Bowes	Postage Meter Refill	111103	2,000.00
Plumbers Depot Inc	CCTV Parts	111104	697.11

VALLECITOS WATER DISTRICT
WARRANTS LIST
June 21, 2017

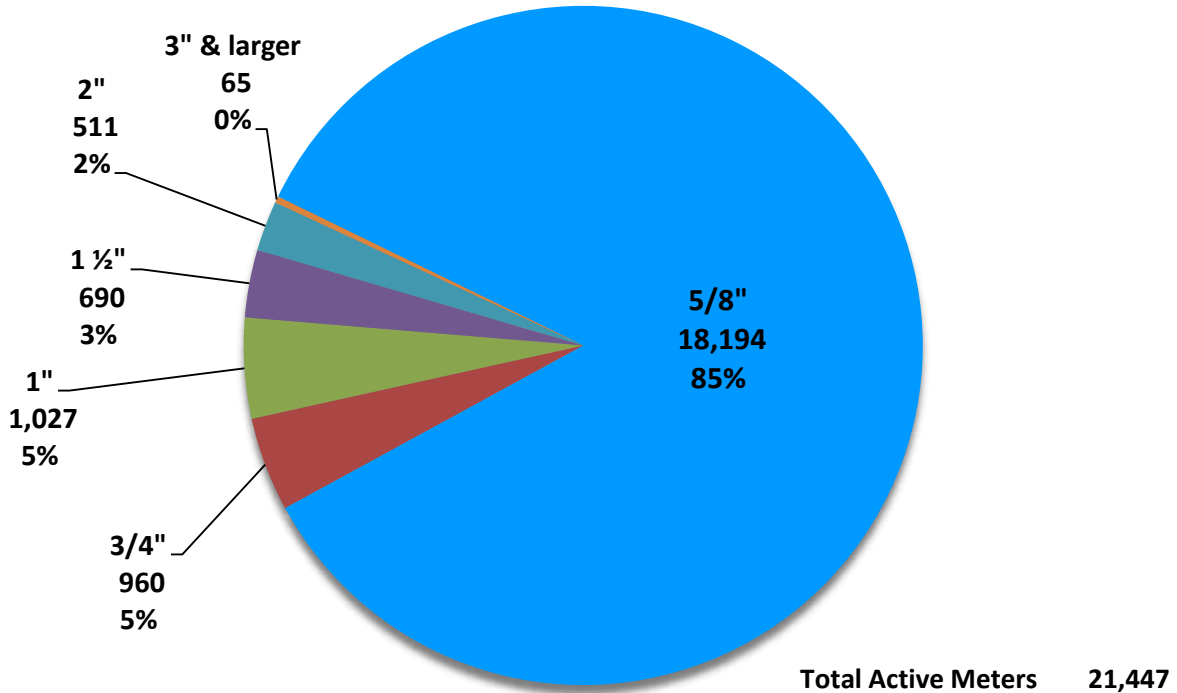
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Polydyne Inc	Clarifloc	111105	16,586.93
Rick Post Welding	Welding Svcs Prj 20161-4	111106	500.00
Public Relations Society of America	Membership Renewal 17-18, Prj 20171-32	111107	315.00
R & B Automation Inc	Valve Actuator Install MRF	111108	4,995.03
Recycled Aggregate Materials Co Inc	Concrete Recycling	111109	225.00
RK Fence	Southlake Fence Repairs	111110	655.00
Rupe's Hydraulics	Hardware Supplies Prj 20171-20	111111	52.79
Steven Saavedra	Self Improvement Program	111112	366.97
SDG&E	Power May	111113	36,181.00
San Diego Regional Water Quality	Land Outfall Clearing & Access Rd Prj 71177	111114	10,243.00
San Elijo Hills Development Co LLC	Closed Account Refund	111115	431.28
Mike Simmons	Safety Eye Wear	111116	275.00
Smart & Final	Office Supplies	111117	36.35
Marc Smith	Computer Purchase Program	111118	1,974.03
Southern Counties Lubricants, LLC	Diesel Fuel	111119	922.68
Standard Insurance Company	LIFE, LTD, ADD June	111120	5,653.78
Staples Advantage	Office Supplies	111121	817.62
State Water Resources Control	Water Distribution Cert M Atkins	111122	140.00
Target1 Instruments LLC	Maintenance Contract Flow Meters 5-17 To 11-17, Flow Meters 2	111123	22,459.72
Total Resource Mgt Inc	Maximo Support Apr.	111124	1,615.00
Union Bank FKA 1st Bank Card	Meetings & Travel May	111125	3,177.58
Union Bank FKA 1st Bank Card	Meetings & Travel May	111126	738.59
Union Bank FKA 1st Bank Card	Meetings & Travel May	111127	1,559.04
Union Bank FKA 1st Bank Card	Meetings & Travel May	111128	4,030.97
Union-Tribune Publishing Co.	Advertising Svcs	111129	119.06
Univar USA Inc	Sodium Bisulfite, Caustic Soda	111130	8,757.96
UPS	Shipping Svcs May	111131	33.83
Verizon Wireless	Cell Phone & Ipad Svc May	111132	3,018.88
VWR International	PH Meter, Lab Supplies	111133	2,008.74
Waxie Sanitary Supply	Cleaning Supplies	111134	276.85
Westley Owen	GFOA Conference 5-20-17	111135	180.35
ADI	Shipping Svcs	111136	22.34
Adobe Lock & Safe	Lock Rekeying	111137	425.00
Air Pollution Control District	Emission Fee Renewal	111138	745.00
Airgas USA LLC	Cylinder Rental	111139	97.28
Ambius	Plant Maintenance June	111140	263.00
Ando Pilve	SCADA Network Consulting	111141	750.00
Aqua-Metric Sales Co	Meters 6	111142	16,140.26
Automated Water Treatment	Hypochlorite Tablets	111143	3,478.88
CDW Government Inc	Server For District Security Cameras	111144	9,145.06
Doane & Hartwig Water Systems Inc	Replacement of Dosing Pump #4 MRF	111145	6,206.78
Electrical Sales Inc	Cooling Fans 2 For MRF Variable Frequency Drive Motor	111146	453.11
Emcor Service	Water Pump Motor Replacement, HVAC Preventative Maintenance	111147	1,212.00
Engineer Supply LLC	Rotary Trimmer With Stand	111148	1,179.99
Farwest Corrosion Control Company	Welder & Welding Materials	111149	2,554.41
Fisher Scientific LLC	Lab Supplies MRF	111150	260.91
Grainger Inc	Air Compressor, Battery Veh 225, Hardware Supplies	111151	2,269.28
Hach Company	Hardware Supplies	111152	101.50
Jack Henry & Assoc Inc	Annual Software Maintenance Remit Plus 17-18	111153	3,107.90
Infosend Inc	Postage & Printing, Support Fee May	111154	5,550.15
Knight Security & Fire Systems	Answering, Monitoring, & Patrol Svc May	111155	663.61
Major League Pest	Bee Removal	111156	240.00
NCB Reprographics	Bond & Color Copies Prj 20161-5	111157	1,529.88
Mission Resource Conservation District	Water Use Evaluations Prj 20171-30	111158	524.75
Morton Salt, Inc.	Industrial Salt	111159	3,537.94
Olivenhain MWD	North San Diego County Regional Recycled Water Project Costs	111160	431.53
Ostari Inc	IT Support May	111161	1,050.00
Pacific Pipeline Supply	Hardware Supplies	111162	382.61
Reed Electric Co	Backwash Meters 2 Prj 20161-20	111163	31,546.81
S & J Supply Company, Inc.	Brass Inventory	111164	1,937.31
Sea Breeze Janitorial	Janitorial Services June	111165	553.13
Specialty Seals & Accessories	Mechincal Seal Refurbish Lake San Marcos Lift Station	111166	1,155.08

VALLECITOS WATER DISTRICT
WARRANTS LIST
June 21, 2017

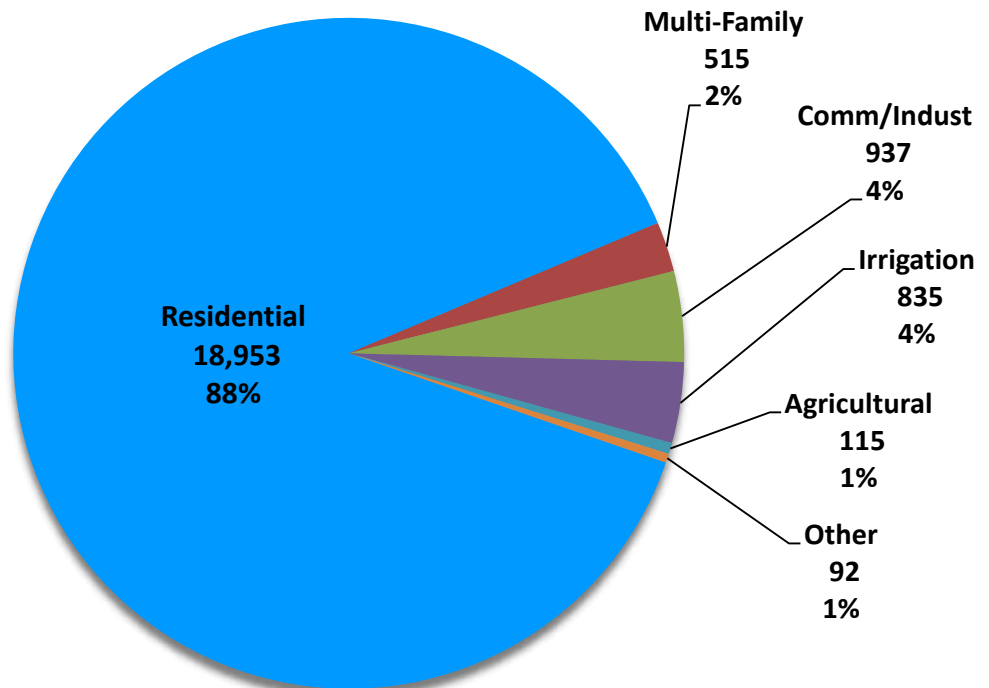
PAYEE	DESCRIPTION	CHECK#	AMOUNT
T.S. Industrial Supply	Hardware Supplies	111167	374.63
Underground Service Alert	Dig Alert Svc	111168	336.00
Unifirst Corporation	Uniform Delivery	111169	1,373.17
Valley Chain & Gear Inc	Couplings 2 Lake San Marcos Lift Station	111170	502.03
Xerox Corporation	Copier Lease May	111171	5,614.78
Total Disbursements (127 Checks)			<u>513,206.34</u>
WIRES			
Public Employees Retirement System	Retirement Contribution - June 7, 2017 Payroll	Wire	69,132.72
PAYROLL			
Total direct deposits		Wire	230,172.19
VWD Employee Association		111041	516.00
Garnishments		111042 through 111044	2,231.06
IRS	Federal payroll tax deposit	Wire	100,738.79
Employment Development Department	California payroll tax deposit	Wire	17,919.28
CalPERS	Deferred compensation withheld	Wire	14,447.04
VOYA	Deferred compensation withheld	Wire	10,006.11
Total June 7, 2017 Payroll Disbursements			<u>376,030.47</u>
Total direct deposits		Wire	1,905.21
IRS	Federal payroll tax deposits	Wire	1,303.94
Employment Development Department	California payroll tax deposit	Wire	240.72
CalPERS	Deferred compensation withheld	Wire	100.00
Special Payroll Disbursements (i.e., final checks, accrual payouts, etc.)			<u>3,549.87</u>
Total Payroll Disbursements			<u>379,580.34</u>
TOTAL DISBURSEMENTS			<u><u>961,919.40</u></u>

Vallecitos Water District
 Active Water Meters
 May 31, 2017

Active Meters by Size as of May 31, 2017

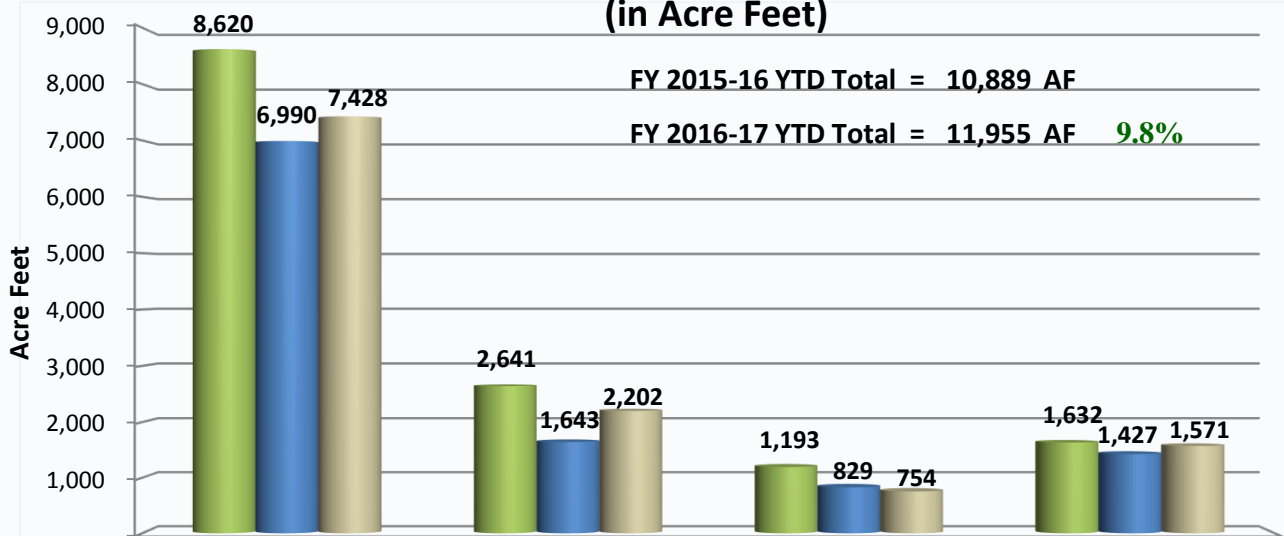


Active Meters by Type as of May 31, 2017



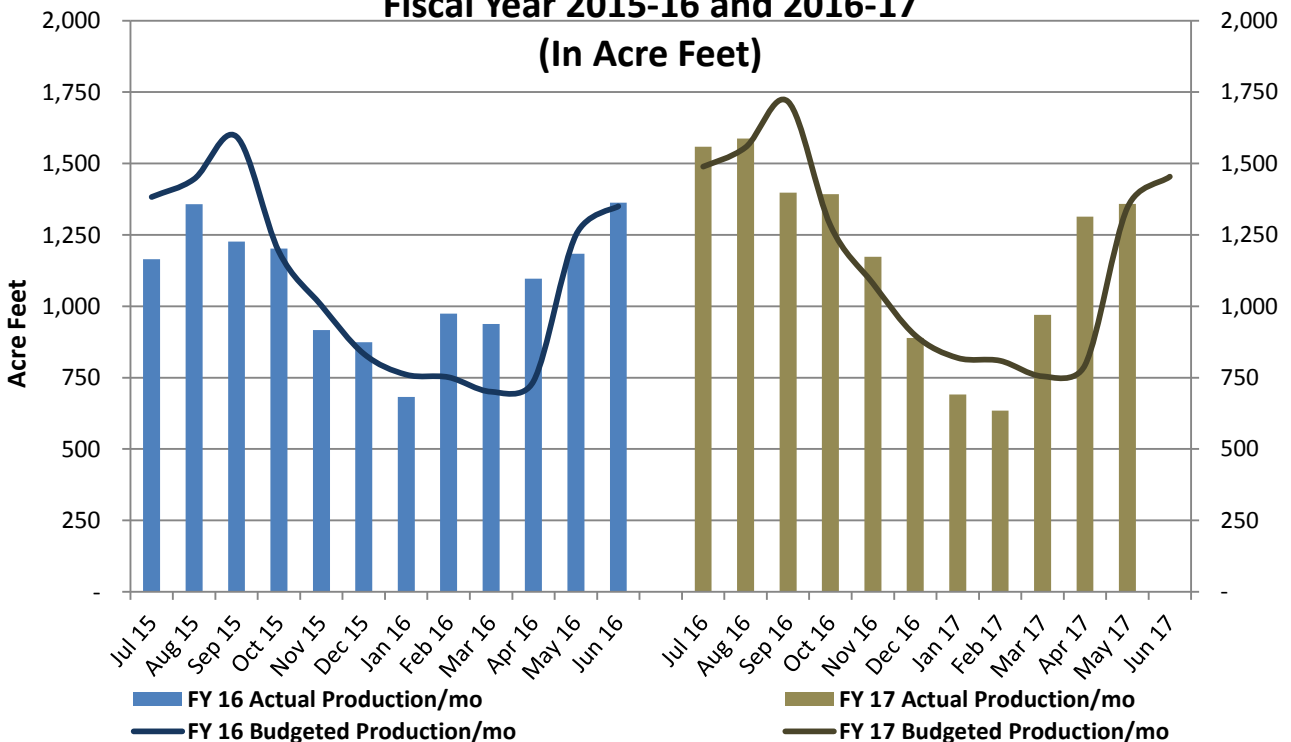
Vallecitos Water District
Water Production/Sales
May 31, 2017

Water Sales FY 14-15, FY 15-16 and FY 16-17 (FYTD)
(in Acre Feet)



	Residential	Irrigation	Agricultural	Commer/ Indust/ Construct/ Other
FY 2014-15	8,620	2,641	1,193	1,632
FY 2015-16	6,990	1,643	829	1,427
FY 2016-17	7,428	2,202	754	1,571

Water Production Budget vs. Actual
Fiscal Year 2015-16 and 2016-17
(In Acre Feet)



Vallecitos Water District
Water Revenue and Expense Report
For the Eleven Months Ended May 31, 2017

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$ 19,989,808	\$ 16,730,999	\$ 3,258,809	19.5%	\$ 21,261,000	\$ (1,271,192)	-6.0%
Ready-to-serve	12,652,516	12,509,886	142,630	1.1%	11,224,000	1,428,516	12.7%
Pumping charges	142,279	123,255	19,024	15.4%	255,000	(112,721)	-44.2%
Late & lock charges	390,246	400,124	(9,878)	-2.5%	373,000	17,246	4.6%
Backflow fees	81,360	75,984	5,376	7.1%	73,000	8,360	11.5%
Other revenue	201,900	324,396	(122,496)	-37.8%	89,600	112,300	125.3%
Total Revenue	<u>33,458,109</u>	<u>30,164,644</u>	3,293,465	10.9%	<u>33,275,600</u>	182,509	0.5%
Expenses							
Water costs	24,552,868	19,664,295	4,888,573	24.9%	24,355,000	197,868	0.8%
Pumping costs	544,942	465,709	79,233	17.0%	455,000	89,942	19.8%
Water quality	94,998	105,773	(10,775)	-10.2%	152,000	(57,002)	-37.5%
Water treatment	415,625	346,367	69,258	20.0%	342,000	73,625	21.5%
Tanks & reservoirs	283,435	320,988	(37,553)	-11.7%	315,000	(31,565)	-10.0%
Trans & distribution	1,529,709	1,043,421	486,288	46.6%	1,293,000	236,709	18.3%
Services	120,818	205,453	(84,635)	-41.2%	174,000	(53,182)	-30.6%
Meters	547,918	602,072	(54,154)	-9.0%	598,000	(50,082)	-8.4%
Backflow prevention	69,738	54,787	14,951	27.3%	67,000	2,738	4.1%
Customer accounts	489,713	476,698	13,015	2.7%	628,000	(138,287)	-22.0%
Building & grounds	350,116	311,168	38,948	12.5%	292,000	58,116	19.9%
Equipment & vehicles	264,035	234,714	29,321	12.5%	291,000	(26,965)	-9.3%
Engineering	1,234,289	1,139,773	94,516	8.3%	1,412,000	(177,711)	-12.6%
Safety & compliance	197,324	195,000	2,324	1.2%	249,000	(51,676)	-20.8%
Information Technology	693,225	658,680	34,545	5.2%	862,000	(168,775)	-19.6%
General & administrative	2,626,471	2,687,548	(61,077)	-2.3%	2,542,000	84,471	3.3%
Total Expenses	<u>34,015,224</u>	<u>28,512,446</u>	5,502,778	19.3%	<u>34,027,000</u>	(11,776)	0.0%
Net Operating Income	<u>\$ (557,115)</u>	<u>\$ 1,652,198</u>	(2,209,313)	-133.7%	<u>\$ (751,400)</u>	194,285	-25.9%

Explanation of Significant Variances

Pumping charges has an unfavorable budget variance as a result of budgeted rate increases not implemented in Fiscal Year 2017.

The District received a settlement from the meter distributor in Fiscal Year 2016 resulting in an unfavorable prior year variance in **Other revenue**. The favorable budget variance in **Other revenue** resulted from an ACWA/JPIA settlement and reimbursement of costs for Solar Panel repairs.

Water costs have increased in correlation with increased water sales due to drought recovery resulting in an unfavorable variance to prior year.

Transmission and distribution has an unfavorable prior year variance as a result of unplanned repair costs due to multiple main breaks.

The **Customer Accounts** favorable budget variance is due to staffing within the department.

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

Vallecitos Water District
Sewer Revenue and Expense Report
For the Eleven Months Ended May 31, 2017

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Sewer service charges	\$ 15,984,480	\$ 15,900,827	\$ 83,653	0.5%	\$ 16,333,000	\$ (348,520)	-2.1%
Reclaimed water sales	1,774,889	1,454,275	320,614	22.0%	1,776,000	(1,111)	-0.1%
Other revenue	<u>95,324</u>	<u>82,672</u>	12,652	15.3%	<u>71,000</u>	24,324	34.3%
Total Revenue	<u>17,854,693</u>	<u>17,437,774</u>	416,919	2.4%	<u>18,180,000</u>	(325,307)	-1.8%
Expenses							
Collection & conveyance	1,717,035	1,585,461	131,574	8.3%	2,073,000	(355,965)	-17.2%
Lift stations	262,536	235,473	27,063	11.5%	297,000	(34,464)	-11.6%
Source Control	130,936	118,658	12,278	10.3%	176,000	(45,064)	-25.6%
Effluent disposal	2,449,926	2,194,701	255,225	11.6%	2,466,000	(16,074)	-0.7%
Meadowlark	2,726,236	2,359,522	366,714	15.5%	3,193,000	(466,764)	-14.6%
Customer Accounts	348,297	332,105	16,192	4.9%	421,000	(72,703)	-17.3%
Building & grounds	197,226	169,794	27,432	16.2%	211,000	(13,774)	-6.5%
Equipment & vehicles	172,345	188,243	(15,898)	-8.4%	240,000	(67,655)	-28.2%
Engineering	499,096	511,587	(12,491)	-2.4%	602,000	(102,904)	-17.1%
Safety & compliance	138,787	119,877	18,910	15.8%	151,000	(12,213)	-8.1%
Information technology	582,474	556,334	26,140	4.7%	673,000	(90,526)	-13.5%
General & administrative	<u>1,094,610</u>	<u>1,104,451</u>	(9,841)	-0.9%	<u>1,154,000</u>	(59,390)	-5.1%
Total Expenses	<u>10,319,504</u>	<u>9,476,206</u>	843,298	8.9%	<u>11,657,000</u>	(1,337,496)	-11.5%
Net Operating Income	<u>\$ 7,535,189</u>	<u>\$ 7,961,568</u>	(426,379)	-5.4%	<u>\$ 6,523,000</u>	1,012,189	15.5%

Explanation of Significant Variances

Prior year **Reclaimed water sales** reflect budget vs actual reconciliations and adjustments resulting in an unfavorable prior year variance.

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

VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE ELEVEN MONTHS ENDED MAY 31, 2017

	110 Water	120	210 Wastewater	220	
	Replacement	Capacity	Replacement	Capacity	Total
BEGINNING BALANCE	\$ 28,693,077	\$ (10,315,457)	\$ 38,840,390	\$ (6,245,765)	\$ 50,972,157
REVENUES					
FY 16/17 Operating Transfers	(557,115)		7,535,189		6,978,074
Capital Facility Fees	-	2,734,035	-	3,404,636	6,138,671
Property Tax	1,128,584	-	896,779	-	2,025,363
RDA pass-through	379,589	-	379,589	-	759,178
Investment Earnings	228,806	-	218,176	-	446,983
Payment on Land Sale to City	56,968	-	56,968	-	113,935
Annexation Fees	34,190	-	5,780	-	39,969
TOTAL REVENUES	1,271,022	2,734,035	9,092,480	3,404,636	16,502,174
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Auth 5 Year Cap Plan	-	-	1,921,539	-	1,921,539
Tertiary Filter Media	-	-	546,800	-	546,800
San Elijo Road Facility	-	177,437	-	118,291	295,728
San Marcos interceptor sewer	-	-	90,570	201,589	292,159
Water & Sewer Master Plan	-	117,248	-	117,241	234,489
Mrf - Aeration System Blower Replacement	-	-	190,312	-	190,312
Fy 15/16 District Wide Valve Replacement	179,845	-	-	-	179,845
Chlorine Contact Tank Expansion	-	-	135,582	-	135,582
Expansion of the Men's Locker Room in Building B	60,628	-	58,250	-	118,878
Rock Springs Sewer Replacement	-	-	53,040	64,827	117,867
MRF Chlorine Contact Tank Safety Railing Replacement	-	-	110,588	-	110,588
Montiel Gravity Outfall	-	-	46,227	56,499	102,726
Linda Vista Sewer Upgrade	-	-	42,474	51,913	94,387
Audiovisual Upgrade	45,554	-	43,768	-	89,322
Vactron Pit - District Yard	-	-	83,335	-	83,335
Lift Station No 1 Pump Improvements	-	-	15,382	48,708	64,090
Deer Springs Pump Station - Refurb Pumps & Motors	59,149	-	-	-	59,149
Mahr Reservoir Chlorine Injection System	-	-	56,903	-	56,903
Lift Station 1 Wet Well Room Repairs	-	-	52,276	-	52,276
Knoll Road Sewer Replacement	-	-	51,540	-	51,540
Mrf - Failsafe Line De-Chlorination System	-	-	43,636	-	43,636
Meter Services Area Remodel	19,733	-	18,960	-	38,693
Aerosol System For Servers	15,499	-	14,891	-	30,390
Mrf - Maintenance Building Roof Replacement	-	-	28,753	-	28,753
Main Facility Roof Replacement	13,952	-	13,405	-	27,357
Mahr Reservoir - Potable Water Connection	13,580	-	13,048	-	26,628
Palos Vista Pump Station Motor Replacement	25,915	-	-	-	25,915
Twin Oaks Resv: On-Site Sodium Hypo Generation	24,184	-	-	-	24,184
MRF Potable Water Pump Station	-	-	23,749	-	23,749
Mrf Refurbish Backwash Pumps And Motors	-	-	20,781	-	20,781
City of San Marcos Joint Projects	11,455	-	7,324	-	18,779
Palos Vista Pump Station Flow Meter Replacement	18,428	-	-	-	18,428
North Vista Pressure Reducing Station Upgrade	18,063	-	-	-	18,063
Master Plc Replacement & Programming Updates	8,739	-	8,737	-	17,476
Land Outfall Clearing & Access Road	-	-	15,451	-	15,451
Constant Speed Aeration Blower	-	-	14,142	-	14,142
Fulton Road And Nctd Sewer Line Rehabilitation	-	-	13,693	-	13,693
South Lake dam sluice gate	13,529	-	-	-	13,529
South Vista Pressure Reducing Station Upgrade	13,359	-	-	-	13,359
Desalinated Water Connection	-	12,689	-	-	12,689
Palos Vista Pump Station	12,362	-	-	-	12,362
Peroxide Station Enclosure And Site Renovation	-	-	12,148	-	12,148
Lake San Marcos Lift Station - Motor Replacement	-	-	12,058	-	12,058
Lift Station 1 - Waterman Valves Replacement	-	-	10,740	-	10,740
All other capital projects	2,811	155	16,981	1,044	20,991
Capital Budget - Vehicles/Mobile Equipmnt	154,086	-	211,594	-	365,680
Debt Service	-	598,399	-	1,808,750	2,407,149
Interest Expense	-	67,891	-	41,724	109,615
TOTAL DISTRIBUTIONS	710,872	973,819	3,998,676	2,510,586	8,193,953
ENDING BALANCE	\$ 29,253,227	\$ (8,555,241)	\$ 43,934,195	\$ (5,351,715)	\$ 59,280,378
Less: Operating Reserves	5,220,500	-	6,272,900	-	11,493,400
Replacement Reserves/Restricted Funds	\$ 24,032,727	\$ (8,555,241)	\$ 37,661,295	\$ (5,351,715)	\$ 47,786,978
Replacement reserve floor	\$ 6,542,500		\$ 11,789,400		
Replacement reserve ceiling	\$ 26,940,300		\$ 41,946,600		

**VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR MAY 2017**

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.

When investments are being made, two or three institutions are contacted to obtain prevailing rates. Consideration is given to Safety, Liquidity, and Yield, in that order. Necessary approvals and reviews are obtained. This process and the presentation of the information to the Board are in compliance with requirements outlined in the District Investment Policy adopted on an annual basis. In addition to the investment portfolio, there are sufficient funds in the Operating Account to meet District obligations for the next 30 days. Maturity dates on investments are structured to meet the future financial obligations of the District (i.e., bond payments and construction projections). In that regard, the District will be able to meet expenditure requirements for the next six months without a need to liquidate an investment earlier than scheduled maturity dates.

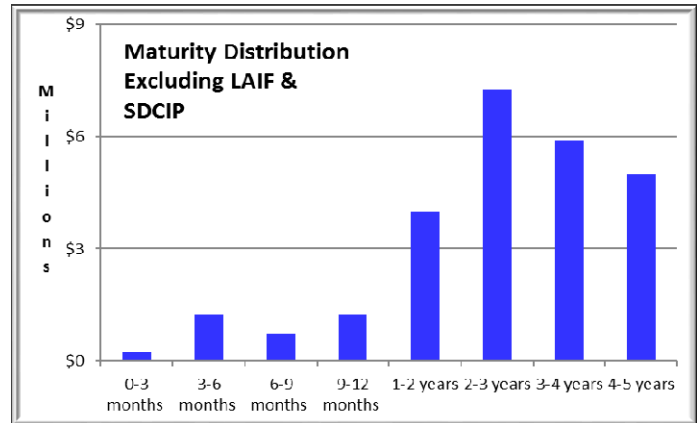
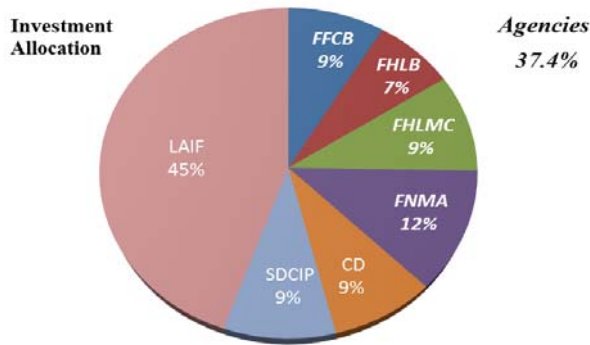
Investment activity for the month of May follows:

<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
05/01/17	Withdrawal	LAIF	(1,200,000)	Open	0.93%
05/03/17	Settle	FFCB	750,000	05/03/21	1.99%
05/05/17	Deposit	LAIF	500,000	Open	0.93%
05/11/17	Deposit	LAIF	600,000	Open	0.93%
05/15/17	Withdrawal	LAIF	(1,350,000)	Open	0.93%
05/19/17	Deposit	LAIF	750,000	Open	0.93%
05/26/17	Settle	FFCB	497,500	06/13/19	1.18%
05/31/17	Deposit	LAIF	700,000	Open	0.93%
Change in investments during the month			<u>\$ 1,247,500</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	1.144%
Weighted average days to maturity	454

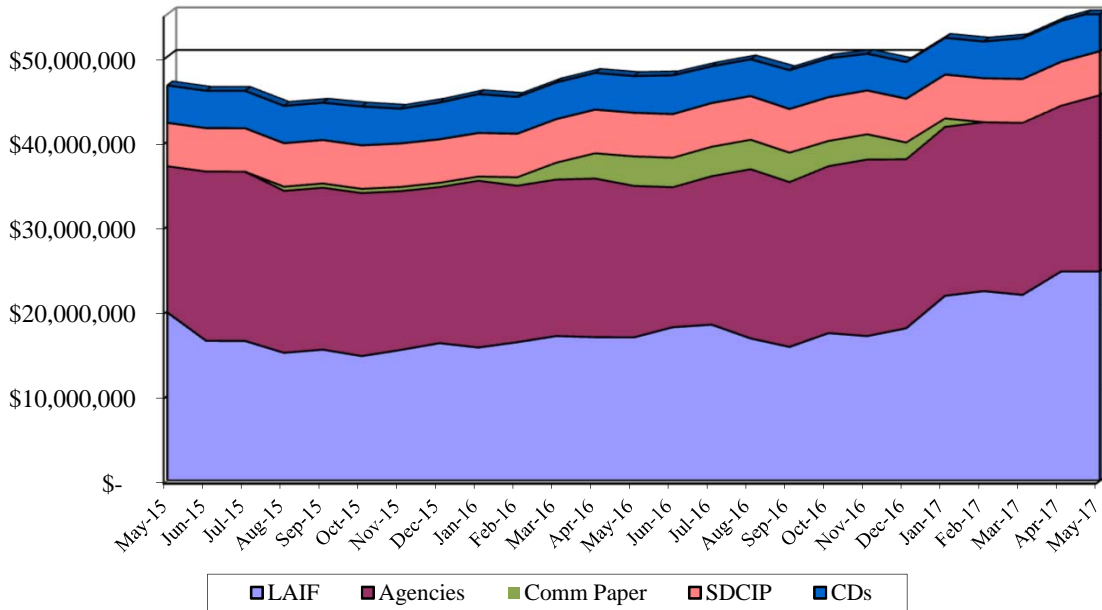
The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of March 31, 2017. The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for February 28, 2017. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

Portfolio Snapshot:



Safety

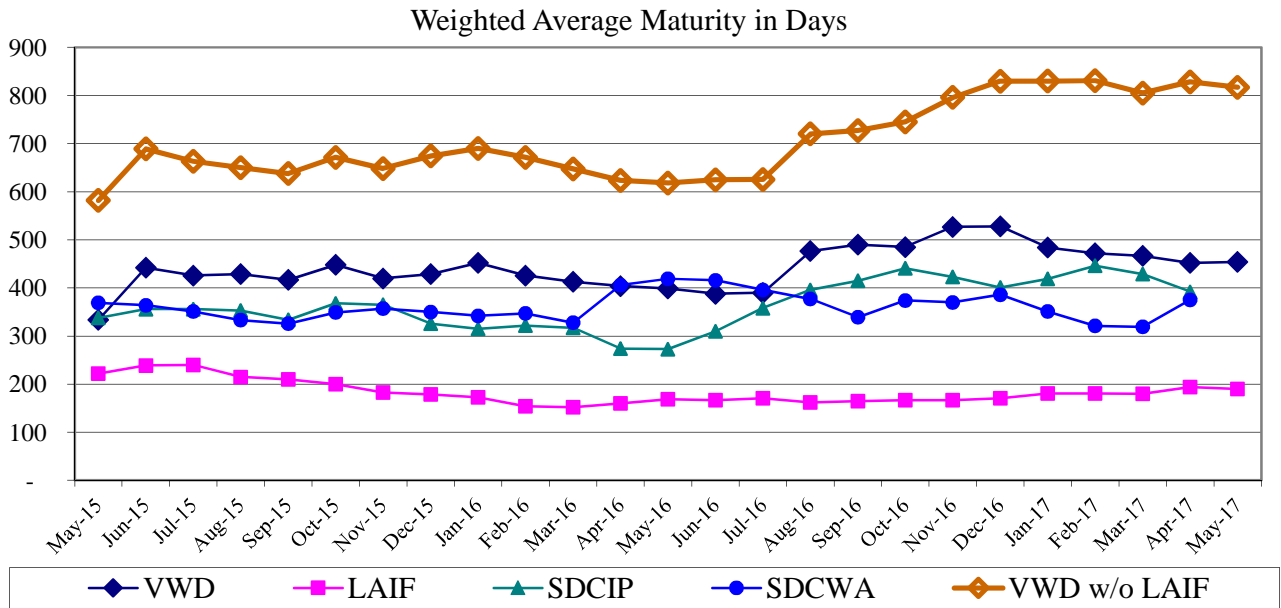
Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by adopted Board policy and with in limits established in the policy. Credit risk is the 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 instruments to insure diversification as indicated in the graph below.



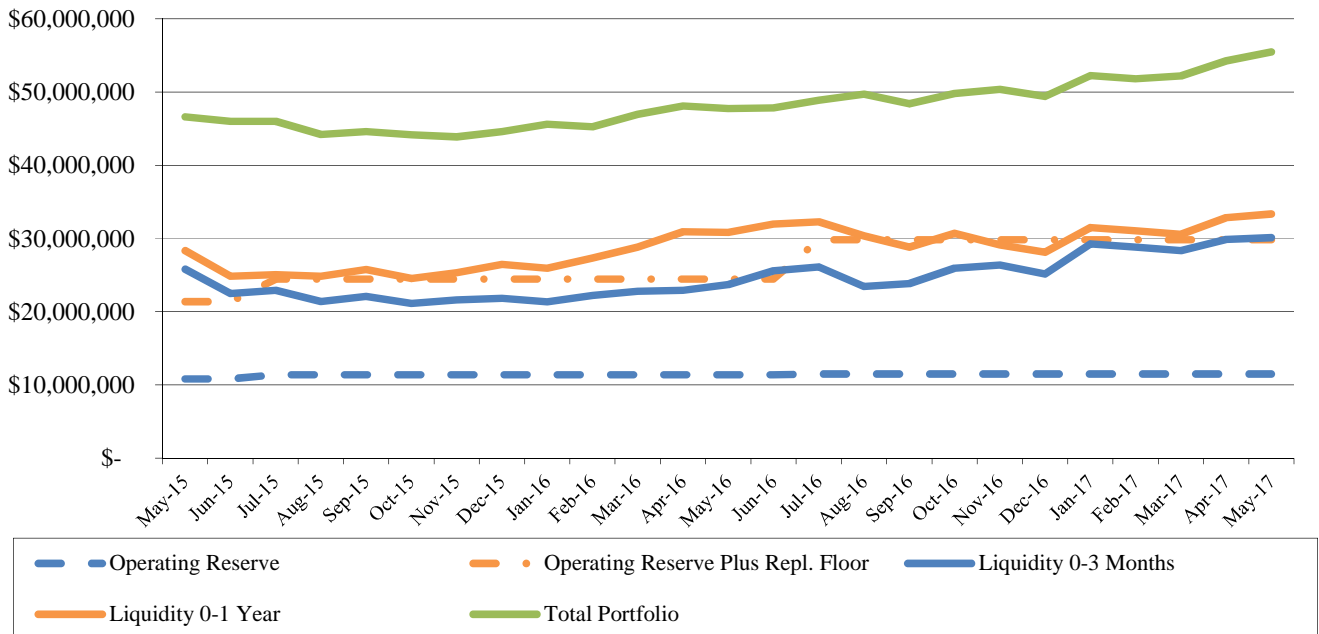
The graph above represents investment levels in the State of California’s Local Agency Investment Fund (LAIF), federal agency obligations, commercial paper, FDIC backed corporate notes, the San Diego County Investment Pool (SDCIP), and certificates of deposit.

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 \$24.8 million available the same day. But for comparative purposes LAIF is eliminated from the District's portfolio and shown separately.

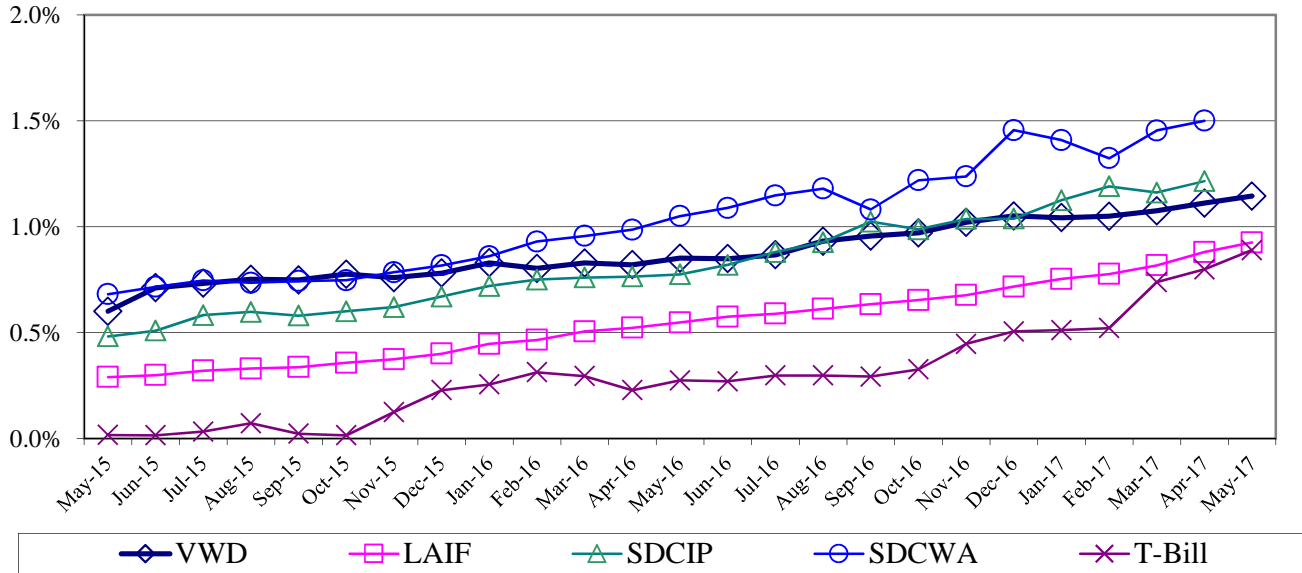


The graph below trends the *relationship of liquidity to adopted reserve levels*. District staff is sensitive to this relationship, but also recognizes the risk of being too liquid if rates fall further.



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 July 9, 2015, the District refunded most of its 2007 Certificates of Participation with Revenue Bonds containing interest rates ranging between 4% and 5%. The District is obligated to transfer semi-annual debt service payments each June 25th (maximum of \$3.9 million in year 2030) and each December 26th (maximum of \$980 thousand in year 2021) to the trustee for payment to bondholders for both the remaining 2007 COPs and 2015 Revenue Bonds. Staff targets these dates for maturities and proposes user rates that, given all other budget assumptions, satisfy debt service coverage requirements. On November 12, 2008, the District secured a private placement, variable rate loan (currently at 1.70895%) from Union Bank for \$8 million to fund remaining and prior construction costs of the Encina Wastewater Authority Phase V expansion. The District is debt financing certain sewer projects with a \$7.1 million 10-year loan received from Bank of America in December of 2012, at a 1.98% fixed rate.

Investment Strategy

Staff is sensitive to the need to maintain minimum liquidity and invests to insure that a portion of the portfolio equal to the operating reserves matures within three months, and a portion of the portfolio equal to the operating reserves plus the replacement reserve floors matures within one year. Staff also recognizes that too much liquidity presents interest rate risk and, therefore, maintains investment maturities close to the liquidity targets. When total investment maturities are projected to remain above liquidity targets, investment are made further out on the curve to ladder maturities, maintain diversity among investment types and issuers, and maximize yield.

The District continues to diversify various aspects of the portfolio and avoid speculating since the portfolio is passively managed (no staff dedicated solely to investing and monitoring credits). Staff diversifies the portfolio by investment type, maturity and settlement dates (time averaging), and call provisions. The District continues to maintain investments of varying types within limits allowed by investment policy (60% in federal agency obligations, 60% in LAIF, 40% in other local government investment pools, 20% in FDIC-backed corporate notes, 20% in commercial paper, 20% in certificates of deposit).

01/17/2017 AMT

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By Fund							Replacement		Capacity		Total
Reference	S&P	Coupon	Yield	Settled	Callable	Matures	Water 110	Sewer 210	Water 120	Sewer 220	
Cardnl Bk CD		1.000	1.000	01/30/15	na	07/31/17	-	245,000	-	-	245,000
Mbank CD		1.500	1.500	09/20/13	na	09/20/17	245,000	-	-	-	245,000
FNMA	AA+	0.875	0.917	02/24/15	na	10/26/17	-	499,465	-	-	499,465
FNMA	AA+	0.875	0.917	12/02/15	na	10/26/17	-	499,625	-	-	499,625
Compass CD		1.300	1.300	12/09/15	na	12/11/17	-	245,000	-	-	245,000
FFCB	AA+	0.840	0.840	10/22/15	06/28/17	01/22/18	-	500,000	-	-	500,000
FFCB	AA+	0.930	0.930	10/21/15	10/13/17	04/13/18	499,705	-	-	-	499,705
Am Exp CD		1.100	1.100	04/29/15	na	04/30/18	245,000	-	-	-	245,000
FNMA	AA+	0.875	1.090	11/12/15	na	05/21/18	-	497,325	-	-	497,325
Synchrony CD		1.600	1.600	06/13/14	na	06/13/18	245,000	-	-	-	245,000
Goldman CD		1.700	1.700	08/19/15	na	08/20/18	-	245,000	-	-	245,000
GE Cap CD		1.800	1.800	09/05/14	na	09/05/18	-	245,000	-	-	245,000
FHLB	AA+	1.200	1.260	06/29/15	na	09/26/18	499,050	-	-	-	499,050
Capital 1 CD		1.650	1.650	10/13/15	na	10/09/18	179,000	-	-	-	179,000
Ally Bank CD		1.600	1.600	10/29/15	na	10/29/18	245,000	-	-	-	245,000
Sallie Mae CD		1.600	1.600	12/09/15	na	12/10/18	-	245,000	-	-	245,000
FHLB	AA+	1.240	1.240	02/08/17	01/23/18	01/23/19	-	500,000	-	-	500,000
FNMA	AA+	1.000	1.000	07/25/16	10/25/17	01/25/19	499,900	-	-	-	499,900
FFCB	AA+	1.150	1.396	03/07/17	06/07/17	02/22/19	-	365,260	-	-	365,260
BMW Bk CD		1.350	1.350	03/10/17	na	03/11/19	-	245,000	-	-	245,000
hitney Bank CD		1.650	1.650	04/20/17	na	04/22/19	-	245,000	-	-	245,000
Enerbank CD		1.500	1.579	06/18/15	na	05/15/19	232,301	-	-	-	232,301
FFCB	AA+	1.180	1.180	05/26/17	06/13/17	06/13/19	497,500	-	-	-	497,500
FHLMC	AA+	1.000	1.000	06/28/16	06/28/17	06/28/19	-	750,000	-	-	750,000
FFCB	AA+	1.080	1.080	07/12/16	06/12/17	07/12/19	499,675	-	-	-	499,675
FHLMC	AA+	1.000	1.000	08/30/16	08/28/17	08/28/19	750,000	-	-	-	750,000
Barclays CD		1.900	1.900	09/16/15	na	09/16/19	-	245,000	-	-	245,000
FHLMC	AA+	1.250	1.317	09/25/15	na	10/02/19	498,665	-	-	-	498,665
FHLB	AA+	1.190	1.190	10/28/16	04/28/17	10/28/19	500,000	-	-	-	500,000
FHLMC	AA+	1.000	1.000	08/22/16	08/22/17	11/22/19	-	750,000	-	-	750,000
FNMA	AA+	1.350	1.350	06/30/16	06/30/17	12/30/19	-	500,000	-	-	500,000
Key Bank CD		1.700	1.700	03/08/17	na	03/09/20	-	245,000	-	-	245,000
FNMA	AA+	1.300	1.300	10/19/16	06/30/17	03/30/20	500,000	-	-	-	500,000
FHLB	AAA	1.670	1.370	04/28/17	07/28/17	04/28/20	-	750,000	-	-	750,000
FNMA	AA+	1.500	1.500	05/27/16	08/28/17	05/29/20	750,000	-	-	-	750,000
HSBC Bank CD		1.400	1.400	09/16/16	07/08/18	07/08/20	-	244,510	-	-	244,510
FHLB	AA+	1.200	1.200	11/22/16	07/13/17	07/13/20	492,970	-	-	-	492,970
FNMA	AA+	1.400	1.400	08/24/16	08/24/17	08/24/20	-	1,000,000	-	-	1,000,000
Discover CD		1.500	1.500	10/26/16	na	10/26/20	245,000	-	-	-	245,000
FFCB	AA+	1.380	1.380	11/04/16	na	11/02/20	-	499,600	-	-	499,600
FFCB	AA+	1.770	1.770	12/07/16	12/07/17	12/07/20	-	249,438	-	-	249,438
FNMA	AA+	1.400	1.400	10/28/16	07/28/17	01/28/21	500,000	-	-	-	500,000
FFCB	AA+	1.620	1.620	11/18/16	06/17/17	02/17/21	-	149,667	-	-	149,667
FHLMC	AA+	1.250	1.250	02/26/16	08/26/17	02/26/21	-	514,000	-	-	514,000
Wells Fargo CD		1.150	1.150	03/04/16	09/04/18	03/04/21	-	243,000	-	-	243,000
FHLB	AA+	1.500	1.500	04/06/17	09/22/17	03/22/21	-	274,381	-	-	274,381
FFCB	AA+	1.620	1.620	04/12/16	06/12/17	04/12/21	749,925	-	-	-	749,925
FFCB	AA+	1.990	1.990	05/03/17	08/03/17	05/03/21	-	750,000	-	-	750,000
Comenty Bk CD		1.650	1.650	06/30/16	na	06/30/21	-	245,000	-	-	245,000
FNMA	AA+	1.500	1.500	07/27/16	07/27/17	07/27/21	-	500,000	-	-	500,000
JPM Chase CD		1.650	1.650	08/16/16	08/16/17	08/16/21	-	245,000	-	-	245,000
FHLMC	AA+	1.600	1.600	08/25/16	08/25/17	08/25/21	1,000,000	-	-	-	1,000,000
FHLB	AA+	1.625	1.625	09/30/16	06/30/17	09/30/21	-	1,000,000	-	-	1,000,000
FNMA	AA+	1.550	1.550	10/31/16	07/28/17	10/28/21	1,000,000	-	-	-	1,000,000
FHLMC	AA+	1.875	1.875	11/30/16	08/26/17	11/26/21	-	1,000,000	-	-	1,000,000
SDCIP	AAA	na	1.038	Various	na	Open	-	5,178,961	-	-	5,178,961
LAIF		na	0.926	Various	na	Open	12,343,880	12,343,881	-	-	24,687,761
Total Cost							23,217,571	32,254,113	-	-	55,471,684
Unrealized Gain/(Loss)							(112,906)	(113,819)	-	-	(226,725)
Market Value							\$ 23,104,665	\$ 32,140,294	\$ -	\$ -	\$ 55,244,959

By Investment Type					Total					
Reference	Settled	Coupon	Yield	Matures	CDs	Agencies	LGIPs	LAIF	Cost	Market
Cardnl Bk CD	01/30/15	1.000	1.000	07/31/17	245,000	-	-	-	245,000	245,174
Mbank CD	09/20/13	1.500	1.500	09/20/17	245,000	-	-	-	245,000	245,502
FNMA	02/24/15	0.875	0.917	10/26/17	-	499,465	-	-	499,465	499,545
FNMA	12/02/15	0.875	0.917	10/26/17	-	499,625	-	-	499,625	499,545
Compass CD	12/09/15	1.300	1.300	12/11/17	245,000	-	-	-	245,000	245,341
FFCB	10/22/15	0.840	0.840	01/22/18	-	500,000	-	-	500,000	499,015
FFCB	10/21/15	0.930	0.930	04/13/18	-	499,705	-	-	499,705	499,090
Am Exp CD	04/29/15	1.100	1.100	04/30/18	245,000	-	-	-	245,000	245,225
FNMA	11/12/15	0.875	1.090	05/21/18	-	497,325	-	-	497,325	498,240
Synchrony CD	06/13/14	1.600	1.600	06/13/18	245,000	-	-	-	245,000	245,772
Goldman CD	08/19/15	1.700	1.700	08/20/18	245,000	-	-	-	245,000	246,215
GE Cap CD	09/05/14	1.800	1.800	09/05/18	245,000	-	-	-	245,000	246,524
FHLB	06/29/15	1.200	1.260	09/26/18	-	499,050	-	-	499,050	499,985
Capital 1 CD	10/13/15	1.650	1.650	10/09/18	179,000	-	-	-	179,000	179,861
Ally Bank CD	10/29/15	1.600	1.600	10/29/18	245,000	-	-	-	245,000	246,169
Sallie Mae CD	12/09/15	1.600	1.600	12/10/18	245,000	-	-	-	245,000	245,941
FHLB	02/08/17	1.240	1.240	01/23/19	-	500,000	-	-	500,000	499,105
FNMA	07/25/16	1.000	1.000	01/25/19	-	499,900	-	-	499,900	496,125
FFCB	03/07/17	1.150	1.396	02/22/19	-	365,260	-	-	365,260	365,077
BMW Bk CD	03/10/17	1.350	1.350	03/11/19	245,000	-	-	-	245,000	244,517
Whitney Bank CD	04/20/17	1.650	1.650	04/22/19	245,000	-	-	-	245,000	245,698
Enerbank CD	06/18/15	1.500	1.579	05/15/19	232,301	-	-	-	232,301	232,925
FFCB	05/26/17	1.180	1.180	06/13/19	-	497,500	-	-	497,500	497,220
FHLMC	06/28/16	1.000	1.000	06/28/19	-	750,000	-	-	750,000	747,608
FFCB	07/12/16	1.080	1.080	07/12/19	-	499,675	-	-	499,675	495,640
FHLMC	08/30/16	1.000	1.000	08/28/19	-	750,000	-	-	750,000	747,218
Barclays CD	09/16/15	1.900	1.900	09/16/19	245,000	-	-	-	245,000	247,249
FHLMC	09/25/15	1.250	1.317	10/02/19	-	498,665	-	-	498,665	497,995
FHLB	10/28/16	1.190	1.190	10/28/19	-	500,000	-	-	500,000	495,780
FHLMC	08/22/16	1.000	1.000	11/22/19	-	750,000	-	-	750,000	747,488
FNMA	06/30/16	1.350	1.350	12/30/19	-	500,000	-	-	500,000	496,425
Key Bank CD	03/08/17	1.700	1.700	03/09/20	245,000	-	-	-	245,000	244,527
FNMA	10/19/16	1.300	1.300	03/30/20	-	500,000	-	-	500,000	495,210
FHLB	04/28/17	1.670	1.370	04/28/20	-	750,000	-	-	750,000	750,015
FNMA	05/27/16	1.500	1.500	05/29/20	-	750,000	-	-	750,000	739,358
HSBC Bank CD	09/16/16	1.400	1.400	07/08/20	244,510	-	-	-	244,510	241,416
FHLB	11/22/16	1.200	1.200	07/13/20	-	492,970	-	-	492,970	493,210
FNMA	08/24/16	1.400	1.400	08/24/20	-	1,000,000	-	-	1,000,000	990,040
Discover CD	10/26/16	1.500	1.500	10/26/20	245,000	-	-	-	245,000	239,845
FFCB	11/04/16	1.380	1.380	11/02/20	-	499,600	-	-	499,600	489,795
FFCB	12/07/16	1.770	1.770	12/07/20	-	249,438	-	-	249,438	249,160
FNMA	10/28/16	1.400	1.400	01/28/21	-	500,000	-	-	500,000	492,215
FFCB	11/18/16	1.620	1.620	02/17/21	-	149,667	-	-	149,667	148,896
FHLMC	02/26/16	1.250	1.250	02/26/21	-	514,000	-	-	514,000	510,880
Wells Fargo CD	03/04/16	1.150	1.150	03/04/21	243,000	-	-	-	243,000	243,666
FHLB	04/06/17	1.500	1.500	03/22/21	-	274,381	-	-	274,381	274,527
FFCB	04/12/16	1.620	1.620	04/12/21	-	749,925	-	-	749,925	732,713
FFCB	05/03/17	1.990	1.990	05/03/21	-	750,000	-	-	750,000	750,015
Comenty Bk CD	06/30/16	1.650	1.650	06/30/21	245,000	-	-	-	245,000	240,923
FNMA	07/27/16	1.500	1.500	07/27/21	-	500,000	-	-	500,000	492,150
JPM Chase CD	08/16/16	1.650	1.650	08/16/21	245,000	-	-	-	245,000	238,949
FHLMC	08/25/16	1.600	1.600	08/25/21	-	1,000,000	-	-	1,000,000	975,700
FHLB	09/30/16	1.625	1.625	09/30/21	-	1,000,000	-	-	1,000,000	987,820
FNMA	10/31/16	1.550	1.550	10/28/21	-	1,000,000	-	-	1,000,000	978,200
FHLMC	11/30/16	1.875	1.875	11/26/21	-	1,000,000	-	-	1,000,000	996,100
SDCIP	Various		1.038	Open	-	-	5,178,961	-	5,178,961	5,139,000
LAIF	Various		0.926	Open	-	-	-	24,687,761	24,687,761	24,667,417
Total Cost					4,818,811	20,786,151	5,178,961	24,687,761	55,471,684	
Unrealized Gain/(Loss)					(7,372)	(159,048)	(39,961)	(20,344)	(226,725)	
Market Value					\$ 4,811,439	\$ 20,627,103	\$ 5,139,000	\$ 24,667,417	\$ 55,244,959	\$ 55,244,959
Percentage of Portfolio					8.7%	37.5%	9.3%	44.5%		
Investment Policy Limits					20.0%	60.0%	40.0%	60.0%		

DATE: JUNE 21, 2017
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2017/18

BACKGROUND:

Article XIII B of the California constitution (Proposition 4) requires the District establish an appropriations limit each fiscal year, whether or not the amount is assessed. The limit may increase annually by a factor comprised of the change in population and a change in the U.S. Consumer Price Index (March to March). The proposed 2017/18 limit in the amount of \$787,469 was calculated by using these factors.

DISCUSSION:

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

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

RECOMMENDATION:

Staff recommends adoption of the resolution.

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT ESTABLISHING
APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2017-18**

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

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

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

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

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

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

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

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

SECTION 1: The foregoing facts are true and correct.

SECTION 2: Pursuant to Article XIII B and Section 7910 of the Government Code, the appropriations limit for Vallecitos Water District for the 2017-18 Fiscal Year is established as \$787,469.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 21st day of June, 2017, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District

DATE: JUNE 21, 2017
TO: BOARD OF DIRECTORS
SUBJECT: SURPLUS PERSONAL PROPERTY LISTING

BACKGROUND:

On October 8, 2008, the Board of Directors adopted Resolution No. 1312, "...A Surplus Personal Property Policy." The policy authorizes staff to accumulate and dispose of surplus property items through a publicly noticed sale, with the highest bid taking title and possession of the property. Section 2 of the policy states that, "Items with an estimated value of greater than \$1,000 will be approved by the Board."

DISCUSSION:

Staff has identified an item with an estimated value greater than \$1,000. The item is:

Description:

Goulds Pump with Cummins QSB 6.7-C189 Diesel Unit on Tandem Trailer

<u>TRAILER VIN:</u>	<u>ENGINE SERIAL NO.</u>	<u>Est. Value:</u>
CA1019438	46639717	\$9,000

FISCAL IMPACT:

Minimal fiscal impact to the District.

RECOMMENDATION:

Approve item to be made available for disposal through a public auction.

DATE: JUNE 21, 2017
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR FISCAL YEAR JULY 1, 2017, TO JUNE 30, 2018, COLLECTED ON THE TAX ROLL

BACKGROUND:

Sewer Improvement District "A" is a special service area where Vallecitos provides sewer collection services and another water agency provides domestic service and fire protection. For these areas, as prescribed by Ordinance No. 184, the District elects to have its sewer service fees collected on the County tax roll in the same manner and at the same time together with general property taxes.

DISCUSSION:

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

RECOMMENDATION:

Staff recommends approval of the Resolution which sets the Public Hearing for the Regular Board Meeting on July 19, 2017.

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER
SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR
FISCAL YEAR JULY 1, 2017, TO JUNE 30, 2018,
COLLECTED ON THE TAX ROLL**

WHEREAS, Vallecitos Water District hereby elects to have its sewer service fees for Improvement District "A", as prescribed by Ordinance No.184, or as amended, for fiscal year July 1, 2017, to June 30, 2018, collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separate from, general taxes;

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

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

SECTION 2: July 19, 2017, at the hour of 5:00 p.m., at the office of the District, 201 Vallecitos de Oro, San Marcos, California, is fixed as the time and place for the hearing on the report required by law.

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

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

SECTION 5: Sewer service fees for fiscal year July 1, 2017, to June 30, 2018, may be paid directly to Vallecitos Water District in advance on or before August 1, 2017, and each calendar year thereafter.

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

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 21st day of June, 2017, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District

DATE: JUNE 21, 2017
TO: BOARD OF DIRECTORS
SUBJECT: ORDINANCE ESTABLISHING ADMINISTRATIVE CHARGES TO RECOVER INDIRECT COSTS FOR FISCAL YEAR 2017-18

BACKGROUND:

On August 21, 2013, the District accepted a Cost of Service Study titled, "Water Validation, Cost of Service & Rate Design Analysis; Wastewater Validation & Rate Analysis; Miscellaneous Fees & Overhead Rate Analysis (Report)", which included a recommended method to calculate an annual overhead rate to recover indirect costs.

DISCUSSION:

The Report recommended a single overhead rate applied to direct labor costs and the rate be adjusted annually using the approved District budget in accordance with the methodology established in the Report.

The proposed Ordinance maintains the District's desire to recover all the administrative expenses incurred in connection with providing direct services. The recommended overhead rate of 221% was derived by dividing budgeted indirect costs by direct labor costs as per the recommended methodology in the Report. The fiscal year 2016/17 overhead rate was 205%.

RECOMMENDATION:

Staff recommends the Board consider and adopt the proposed ordinance repealing Ordinance No. 199 and adjusting the overhead rate.

ORDINANCE NO.

**ORDINANCE OF THE VALLECITOS WATER DISTRICT
ESTABLISHING A COST RECOVERY OVERHEAD RATE
FOR FISCAL YEAR 2017-18,
AND REPEALING ORDINANCE NO. 199**

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

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

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

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

SECTION 2, ADMINISTRATIVE OVERHEAD CHARGE: All direct labor costs and services provided on a time and material basis, by the District, are subject to the Administrative Overhead Charge. The charge for Fiscal Year 2017/18 is hereby established as 221% of the total direct labor costs. This charge will not apply to services provided on a fixed fee basis.

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

$$\frac{\text{Budgeted indirect costs and employee benefits}}{\text{Direct labor costs}}$$

SECTION 4, EQUIPMENT USAGE CHARGE: All services provided by the District which District owned equipment is used and are charged on a time and material basis will be subject to an Equipment Usage Charge. The charge is hereby established as a per hour rate in accordance with the current State of California, Department of Transportation, Division of Construction Equipment Rental Rates and shall be included in the final actual cost determination. Direct rental costs for other equipment shall be recovered based upon actual expenses. This charge will not apply to services provided on a fixed fee basis.

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

This ordinance shall be effective upon adoption.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held this 21st day of June, 2017, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District



Water Quality Report 2016



2016 Water Quality Report

For more than 60 years, the Vallecitos Water District (Vallecitos) has taken pride in the water it delivers to its now more than 97,000 residents. As a result of its commitment to excellence, Vallecitos is proud to provide the 2016 water quality test results for drinking water delivered to its customers.

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

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

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

Origins of Your Drinking Water

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

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

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



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



Colorado River via the 242-mile Colorado River Aqueduct



Claude “Bud” Lewis Desalination Plant in Carlsbad

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

The Water We Drink

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

The Reason for Contaminants

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



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

public water systems. Department regulations also establish limits for contaminants in bottled water that must provide the same protection for public health. Vallecitos and its water wholesalers treat the water according to these regulations.

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

Contaminants possibly present in source water before treatment include:

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



Health Advisories Regarding Your Water

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

The tables below list all the drinking water contaminants tested for during the 2016 calendar year. Thousands of water quality tests were performed on your drinking water last year. Many more parameters were tested for and not found. The results in this report show that your water met, and in most cases exceeded, all of the stringent state (State Water Resources Control Board) and federal (U.S. Environmental Protection Agency) water quality standards relating to public health and aesthetics, such as taste, odor and color. Unless otherwise noted, the data in the following tables reflect testing from January 1, 2016, through December 31, 2016. The monitoring of certain contaminants is not required annually since they are not expected to vary significantly from year to year. Therefore, though representative of the water quality, some of the data may be more than one year old.

Summary of Vallecitos Water District's 2016 Water Quality Analysis

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	Range Average	Treatment Plant Effluents					Major Sources in Drinking Water
					Twin Oaks Treatment Plant	Skinner Treatment Plant	Weese Treatment Plant	Carlsbad Desalination Plant	Olivenhain Treatment Plant	
Percent State Project Water	%	NA	NA	Range	NR	0 - 31	NR	NA	0-36	NA
				Average	NR	8	NR	NA	9	
PRIMARY STANDARDS - Mandatory Health-Related Standards - Data provided by the San Diego County Water Authority (Twin Oaks Treatment Plant), the Metropolitan Water District (Skinner Treatment Plant), the City of Oceanside (Weese Treatment Plant), San Diego County Water Authority (Claude "Bud" Lewis Carlsbad Desalination Plant), and the Olivenhain Municipal Water District (David C. McCollom Water Treatment Plant).										
CLARITY										
Combined Filter Effluent Turbidity	NTU	0.3	NA	Average	0.01 -0.02	0.09	0.25	0.65	0.08	Soil runoff
	%	95 (a)		% ≤ 0.1	100%	100%	100%	100%	100%	
MICROBIOLOGICAL										
Total Coliform Bacteria (b)	%	5.0	(0)	Range	ND	ND - 0.3	ND	ND	ND	Naturally present in the environment
				Average	ND	ND	ND	ND	ND	
E. coli (c)	(c)	(c)	(0)	Range	ND	ND	NR	ND		Human and animal fecal waste
				Average	ND	ND	NR	ND	ND	
Heterotrophic Plate	CFU/mL	TT	NA	Range	ND	TT	NR	ND - 48	ND - 65	Naturally present in the environment
				Average	ND	TT	NR	1.3	0.92	
INORGANIC CHEMICALS										
Arsenic	ppb	10	0.004	Range	Single Sample	ND	NA	ND	NR	Natural deposits erosion; runoff from orchards; glass and electronics production wastes
				Average	2.4	ND	ND	ND	NR	
Barium	ppb	1,000	2,000	Range	Single Sample	129	NA	ND - 1.6	132	Oil and metal refineries discharges; natural deposits erosion
				Average	100	129	100	0.8	132	
Fluoride Treatment-Related	ppm	Optimal Fluoride Control Range			0.7	0.6 - 1.2	NA	NA	NA	Erosion of natural deposits; water additive for dental health; discharge from fertilizer and aluminum factories
		2.0	1	Range	0.5 - 0.9	0.6 - 0.9	Not Added	0 - 1.45	0.42 - 0.89	
				Average	0.7	0.7	Not Added	0.7	0.69	
Nitrate (as N) (f)	ppm	10	10	Range	ND - 0.6	ND	ND - 0.3	ND	NR	Runoff and leaching from fertilizer use; sewage; natural deposits erosion
				Average	ND	ND	0.18	ND	NR	
RADIOLOGICALS										
Gross Alpha Particle Activity	pCi/L	15	(0)	Range	4 - 7	ND - 5	NA	-0.507 - 0.742	ND - 6	Erosion of natural deposits
				Average	5	ND	2.3	0.118	ND	
Gross Beta Particle Activity (g)	pCi/L	50	(0)	Range	4 - 6	5	NA	0.0 - 28.61	ND - 5	Decay of natural and man-made deposits
				Average	5	5	NA	10.19	ND	
Uranium	pCi/L	20	0.43	Range	2.7 - 3.1	1 - 2	NA	2.189	2 - 3	Erosion of natural deposits
				Average	2.9	2	3.6	2.189	2	
DISINFECTION BY-PRODUCTS PRECURSORS										
Bromate (h)	ppb	10	0.1	Range	3.0 - 8.2	ND - 9.1	NR	NA	NR	By-product of drinking water ozonation
				Highest RAA	5.9	4.2	NR	NA	NR	
DBP Precursors Control (TOC)	ppm	TT	NA	Range	TT	TT	NR	ND	3.2 - 3.4	Various natural and man-made sources
				Average	TT	TT	NR	ND	3.3	

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

Summary of Vallecitos Water District's 2016 Water Quality Analysis - Continued

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	Range Average	Treatment Plant Effluents					Major Sources in Drinking Water
					Twin Oaks Treatment Plant	Skinner Treatment Plant	Weese Treatment Plant	Carlsbad Desalination Plant	Olivenhain Treatment Plant	
SECONDARY STANDARDS - Aesthetic Standards - Data provided by the San Diego County Water Authority, Metropolitan Water District, Olivenhain Municipal Water District, and the City of Oceanside.										
Aluminum (k)	ppb	200	NA	Range	ND	52	78 - 370	ND	93	Residue from water treatment process; natural deposits erosion
				Highest RAA	ND	52	139	ND	93	
Chloride	ppm	500	NA	Range	Single Sample	102 - 104	85 - 96	35.8 - 105	93	Runoff/leaching from natural deposits; seawater influence
				Average	110	103	92	63.83	93	
Color	Units	15	NA	Range	ND	1 - 2	ND	ND	ND - 2	Naturally occurring organic materials
				Average	ND	2	ND	ND	0.182	
Manganese	ppb	50	NL = 500	Range	ND	ND	NR	ND - 0.00127	NR	Leaching from natural deposits
				Average	ND	ND	NR	0.00003	NR	
Odor Threshold (l)	TON	3	NA	Range	Single Sample	3	ND	ND	ND	Naturally occurring organic materials
				Average	2	3	ND	ND	ND	
Silver	ppb	100	NA	Range	Single Sample	ND	NR	ND	NR	Industrial discharges
				Average	ND	ND	NR	ND	NR	
Specific Conductance	µS/cm	1,600	NA	Range	Single Sample	965 - 1030	NR	195.3 - 481	934 - 993	Substances that form ions in water; seawater influence
				Average	1000	998	NR	347.19	964	
Sulfate	ppm	500	NA	Range	Single Sample	229 - 238	203 - 268	10.7 - 27.4	217 - 231	Runoff/leaching from natural deposits; industrial wastes
				Average	240	234	240	17.3	224	
Total Dissolved Solids (TDS)	ppm	1,000	NA	Range	Single Sample	615 - 632	517 - 642	0 - 482	578 - 603	Runoff/leaching from natural deposits
				Average	650	624	596	182	591	
Turbidity (a)	NTU	5	NA	Range	ND	ND	0.05 - 0.80	0.02 - 0.79	ND - 0.58	Soil runoff
				Average	ND	ND	0.15	0.06	0.06	

ABBREVIATIONS AND DEFINITIONS

A - Absent	NRA - No Running Average - Single Sample Collected
CFU/mL - Colony-Forming Units per milliliter	NR - Not Reported
DBP - Disinfection By-Products	ND - Not Detected
LRAA - Locational Running Annual Average; highest LRAA is the highest of all Locational Running Annual Averages calculated as average of all samples collected within a 12-month period	NTU - Nephelometric Turbidity Units
MCL - Maximum Contaminant Level - The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste and appearance of drinking water.	NL - Notification Level - The level at which notification of the public water system's governing body is required.
MCLG - Maximum Contaminant Level Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.	pCi/L - picoCuries per liter
MPN - Most Probable Number	PHG - Public Health Goal - The level of a contaminant in drinking water below which there is no known or drinking water below which expected risk to health. PHGs are set by the California Environmental Protection Agency.
MRDL - Maximum Residual Disinfectant Level - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.	ppb - parts per billion or micrograms per liter (µg/L)
MRDLG - Maximum Residual Disinfectant Level Goal - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.	ppm - parts per million or milligrams per liter (mg/L)
N - Nitrogen	RAA - Running Annual Average
NA - Not Applicable	SI - Saturation Index (Langelier)
	TOC - Total Organic Carbon
	TT - Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water.
	µS/cm - microSiemen per centimeter; also equivalent to µmho/cm (micromho per centimeter)
	Primary Standards - (Primary Drinking Water Standards) - MCLs and MRDLs are set to provide the maximum feasible protection to public health. They regulate contaminant levels based on toxicity and adverse health affects.
	Secondary Standards - (Secondary Drinking Water Standards) - Requirements that ensure appearance, taste and smell of drinking water are acceptable.

FOOTNOTES

- (a) - The turbidity level of the filtered water shall be less than or equal to 0.3 NTU (0.1 NTU at Twin Oaks Treatment Plant) in 95% of the measurements taken each month and shall not exceed 1 NTU at anytime. Turbidity is a measure of the cloudiness of the water and is an indicator of treatment performance. The monthly averages and ranges of turbidity shown in the Secondary Standards section were based on the treatment plant effluents.
- (b) - Total coliform MCLs: No more than 5.0% of the monthly samples may be total coliform-positive. Compliance is based on the combined distribution system sampling from all the treatment plants. The MCL was not violated.
- (c) - *E. coli* MCLs: The occurrence of 2 consecutive total coliform-positive samples, one of which contains fecal coliform/*E. coli*, constitutes an acute MCL violation. The MCL was not violated.
- (d) - All distribution samples collected had detectable total chlorine residuals and no HPC was required. HPC reporting level is 1 CFU/mL.
- (e) - MWD and SDCWA were in compliance with all provisions of the State's Fluoridation System Requirements.
- (f) - State MCL is 45 mg/L as nitrate, which equals 10 mg/L as N.
- (g) - SWRCB considers 50 pCi/L to be the level of concern for beta particles; the gross beta particle activity MCL is 4 millirem/year annual dose equivalent to the total body or any internal organ.
- (h) - Reporting level is 0.5 ppb for each of the following: bromodichloromethane, bromoform, chloroform, and dibromochloromethane.
- (i) - Reporting level is 1.0 ppb for each of the following: dichloroacetic acid, trichloroacetic acid, monobromoacetic acid, and dibromoacetic acid; and 2.0 ppb for monochloroacetic acid.
- (j) - Reporting level is 3.0 ppb for Bromate.
- (k) - Aluminum, copper, MTBE and thiobencarb have both primary and secondary standards.
- (l) - Metropolitan utilizes a flavor-profile analysis method that can detect odor occurrences more accurately. Call MWD at (213) 217-6850 for more information.

Summary of Vallecitos Water District's 2016 Water Quality Analysis - Continued

Other Detected Constituents That May be of Interest to Consumers

Parameter	Units	State or Federal MCL	PHG (MCLG) [MRDLG]	Range Average	Treatment Plant Effluents					Major Sources in Drinking Water
					Twin Oaks Treatment Plant	Skinner Treatment Plant	Weese Treatment Plant	Carlsbad Treatment Plant	Olivenhain Treatment Plant	
Alkalinity	ppm	NA	NA	Range	Single Sample	118 - 125	84 - 130	0 - 110	119 - 129	
				Average	120	122	113	56.22	124	
Boron	ppb	NL = 1,000	NA	Range	Single Sample	140	NA	0.29 - 0.78	140	Runoff/leaching from natural deposits; industrial wastes
				Average	130	140	NA	0.49	140	
Calcium	ppm	NA	NA	Range	Single Sample	70 - 74	56 - 82	13.5 - 40.5	66 - 72	
				Average	67	72	69	24.1	69	
Chlorate	ppb	NL = 800	NA	Range	Single Sample	170 - 450	51	NR	NA	By-product of drinking water chlorination; industrial processes
				Average	283	26 - 60	NR	NA	NR	
Chromium VI (a)	ppb	10	0.02	Range	Single Sample	ND - 0.09	ND	NR	NA	Industrial waste discharge; could be naturally present as well
				Average	0.06	ND	NR	NA	NR	
Corrosivity (b) (Aggressiveness Index)	AI	NA	NA	Range	Single Sample	12.4 - 12.5	NR	11.36 - 11.9	NR	Elemental balance in water; affected by temperature, other factors
				Average	13	12.5	NR	11.62	NR	
Corrosivity (c) (Saturation Index)	SI	NA	NA	Range	Single Sample	0.62 - 0.66	NR	0.04 - 0.53	NR	Elemental balance in water; affected by temperature, other factors
				Average	0.67	0.64	NR	0.28	NR	
Hardness	ppm	NA	NA	Range	Single Sample	274 - 294	230 - 320	43.5 - 104	257 - 278	The sum of naturally occurring poly-valent cations present in the water
				Average	270	284	279	59.8	268	
Magnesium	ppm	NA	NA	Range	Single Sample	24 - 25	22 - 29	0.33 - 4.810	23 - 24	
				Average	25	25	26	0.592	24	
N-Nitrosodimethylamine (NDMA)	ppt	NL = 10	3	Range	Single Sample	ND - 2.3	NR	NA	NR	By-product of drinking water chloramination; industrial processes
				Average	ND	ND - 5.1	NR	NA	NR	
pH	pH Units	NA	NA	Range	Single Sample	7.4 - 8.6	8.1 - 8.2	7.5 - 8.3	6.68 - 8.69	8.0 - 8.2
				Average	8.1	8.1	7.9	8.49	8.1	
Potassium	ppm	NA	NA	Range	Single Sample	4.8 - 4.9	NR	0.84 - 2.94	4.7	
				Average	4.6	4.9	NR	1.93	4.7	
Sodium	ppm	NA	NA	Range	Single Sample	101 - 104	NA	25.8 - 74.5	92 - 93	The salt present in the water, generally naturally occurring
				Average	99	102	95	47.14	92	

ABBREVIATIONS, DEFINITIONS AND FOOTNOTES

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

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

Footnotes:

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

Summary of Vallecitos Water District's 2016 Water Quality Analysis - Continued

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	Range Average	Within VWD's System	Major Sources in Drinking Water
Summary of Water Quality Tests Within VWD's Distribution System - Data Provided by Vallecitos Water District						
Total Coliform Bacteria (a)	%	5.0 (a)	(0)	Range Average	ND ND	Naturally present in the environment
Fecal Coliform & E. coli (b)	(b)	(b)	(0)	Range Average	ND ND	Human and animal fecal waste
Total Trihalomethanes (TTHM) (c)	ppb	80	NA	Range Highest RAA	0.0 - 42 33	By-product of drinking water chlorination
Haloacetic Acids (five) (HAA5) (d)	ppb	60	NA	Range Highest RAA	0.0 - 26 15	By-product of drinking water chlorination
Total Chlorine Residual (e)	ppm	[4.0]	[4.0]	Range Highest RAA	0.2 - 4.0 2.04	Drinking water disinfectant added for treatment
General Physical Sampling (f)	(f)	(f)	(f)	Secondary Standards (aesthetics) testing required by SWRCB within VWD's Distribution System		
Unregulated Contaminants (UCMR3) (i)						
Molybdenum	ppb	NA	NA	Range Average	3.8 - 4.6 4.18	Naturally present in the environment
Strontium	ppb	NA	NA	Range Average	910 - 1100 1027.5	Naturally present in the environment
Vanadium	ppb	NA	NL = 50	Range Average	<0.2 <0.2	Naturally present in the environment
Chromium, Hexavalent	ppb	NA	0.02	Range Average	0.05 - 0.06 0.053	By-product of industrial process
Chlorate	ppb	NA	NL = 800	Range Average	46 - 88 72.3	By-product of drinking water chlorination
MONITORED AT CUSTOMERS' TAP						
Copper (g)	ppb	AL = 1,300	300	90th Percentile	410	House pipes internal corrosion; erosion of natural deposits; leaching from wood preservatives
Lead* (g)	ppb	AL = 15	0.2	90th Percentile	ND	House pipes internal corrosion; erosion of natural deposits; discharges from industrial manufacturers
Special Lead and Copper Monitoring due to new source as required by SWRCB						
Special Copper (h)	ppb	AL = 1,300	300	90th Percentile	May = 160 Aug = 280	House pipes internal corrosion; erosion of natural deposits; leaching from wood preservatives
Special Lead* (h)	ppb	AL = 15	0.2	90th Percentile	May = ND Aug = ND	House pipes internal corrosion; erosion of natural deposits; discharges from industrial manufacturers

ABBREVIATIONS AND DEFINITIONS

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

FOOTNOTES

- (a) - The District tested more samples than required by the SWRCB. 1,352 samples were analyzed in 2016 and all samples tested negative for Total Coliform bacteria. The District was in compliance with the Total Coliform MCL for 2016.
- (b) - The District tested more samples than required by the SWRCB. 1,352 samples were analyzed in 2016 and all samples tested negative for Fecal/E. coli bacteria. The District was in compliance with the Fecal/E. coli MCL for 2016.
- (c) - The MCL for Total Trihalomethanes (TTHM) is determined by using a running annual average of the last four quarterly tests. The District was in compliance with the regulations concerning Total Trihalomethanes (TTHM) for 2016.
- (d) - The MCL for Haloacetic Acids (HAA5) is determined by using a running annual average of the last four quarterly tests. The District was in compliance with the regulations concerning Haloacetic Acids (HAA5) for 2016.
- (e) - Total chlorine is the sum of free and combined chlorine. Free chlorine is defined as the concentration of residual chlorine in water present as dissolved gas (Cl₂), hypochlorous acid (HOCl), and/or hypochlorite ion (OCl⁻). Combined chlorine is defined as the residual chlorine existing in water in chemical combination with ammonia or organic amines which can be found in natural or polluted waters. Ammonia is sometimes deliberately added to chlorinated public water supplies to provide inorganic chloramines. This process is generally referred to as "chloramination". The water provided to you has had inorganic chloramines added as a disinfectant.
- (f) - These samples were tested for turbidity, odor, and color. The District was in compliance with the Secondary Standards for these tests in 2016.
- (g) - The federal and state standards for Lead and Copper are treatment techniques requiring agencies to optimize corrosion control treatment. The District is required to take 30 samples every three years. The data shown is from 31 samples taken during the 2015 period. Our next sample period is scheduled for June, 2018. The District was in compliance with the "Lead and Copper Rule" in 2015.
- (h) - The federal and state standards for Lead and Copper are treatment techniques requiring agencies to optimize corrosion control treatment. The District received water from a new source the Carlsbad Desalination Plant and was required to collect 30 samples in 2016.
- (i) - UCMR3 = Unregulated Contaminants Monitoring Rule 3. The EPA requires monitoring in order to determine if there is a need to regulate these compounds. This monitoring occurred in 2015.

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



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

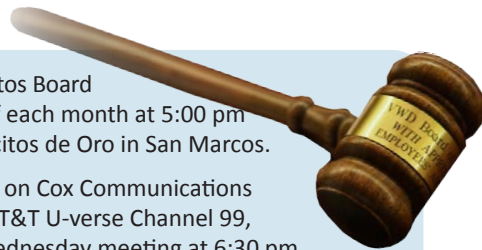
- Special Edition - 2016 Water Quality Report

Board of Directors

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

Management Staff

Glenn Pruiam, General Manager
Tom Scaglione, Assistant General Manager
Rhondi Emmanuel, Administrative Services Manager
John Fusco, Finance Manager
James Gumpel, District Engineer
Ed Pedrazzi, Operations and Maintenance Manager



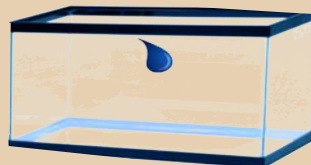
The public is welcome to attend the Vallecitos Board Meetings the first and third Wednesday of each month at 5:00 pm in the Administration building—201 Vallecitos de Oro in San Marcos.

Meetings are also aired on San Marcos TV on Cox Communications Channel 19, Time Warner Channel 24 or AT&T U-verse Channel 99, which air on the Monday following the Wednesday meeting at 6:30 pm. Visit www.san-marcos.net/smtv for programming schedule.



“Like us” on Facebook or follow us on Twitter @vallecitoswater

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



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

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

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

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

**NOTICE OF PUBLIC HEARING ON PROPOSED CHANGES IN
WATER AND SEWER SERVICE RATES AND WATER RATE STRUCTURE**

Date: Wednesday, September 20, 2017
Time: 5:00 p.m.
Location: 201 Vallecitos de Oro, San Marcos, CA 92069

You are receiving this notice because you are a Vallecitos Water District customer. This notice is being furnished to you pursuant to the California Constitution Article XIID, also known as Proposition 218. The September 20, 2017, public hearing will cover the proposed adjustments for water and sewer rates, and water rate structure to become effective from January 1, 2018, through December 31, 2019. This notice addresses why rate changes are necessary, what the water and sewer rates fund, and the basis for the proposed rates.

What is the impact to the average single family residence?

EXAMPLE

The proposed rates will result in the following increases to the average single family residential bill. Your resulting increase will vary depending on your water usage and meter size. Visit www.vwd.org/ratecalculator to learn how rates will impact you.

Average Single Family Residential Customer Bill*			
	Current	Jan 2018	Jan 2019
Total Water Bill	\$ 79.78	\$ 84.54	\$ 89.48
Increase over Prior Year		\$ 4.76	\$ 4.94
		6.0%	5.8%
Sewer Bill	\$ 38.99	\$ 38.99	\$ 38.99
Increase over Prior Year		\$ -	\$ -
		0.0%	0.0%
Total Water and Sewer Bill	\$ 118.77	\$ 123.53	\$ 128.47
Increase over Prior Year		\$ 4.76	\$ 4.94
		4.0%	4.0%

*The average Single Family Residential Bill assumes a 5/8" meter using 13 units (9,724 gallons) of water per month and receives sewer service.

Why are rate increases necessary?

Rate increases are necessary to continue to provide safe, reliable and sustainable water and sewer service to our customers and are required to cover the increased cost of wholesale water, electricity cost increases, inflationary cost increases, escalating costs to comply with increasingly stringent environmental regulations, replace aging infrastructure, fund an asset replacement program and meet debt service requirements.

Even with the proposed rate increases, Vallecitos is a public agency that does not operate for profit, so only those charges sufficient to support your service are billed to you. Each end user pays a fair share of the cost of water acquisition and delivery, as well as the rehabilitation, operation and maintenance of the public water and sewer facilities. As always, we will continue to honor our commitment to provide the most reliable service at the lowest possible cost.



What do water and sewer rates fund?

The proposed rates are being considered solely for the purpose of covering costs incurred by the water and sewer system, which include treated water purchases, collection and treatment of wastewater and disposal of treated effluent, water and sewer system operation and maintenance, facility and equipment maintenance, water and sewer system rehabilitation, regulatory compliance, metering, billing, and account management. The new rate structure will also be tiered to encourage conservation, fund conservation programs, comply with drought alerts and cover the costs of public awareness, education and outreach, and water reliability and diversification.

The proposed rate increases include wholesale water cost increases from our wholesaler, the San Diego County Water Authority (CWA). CWA has adopted rates for calendar year 2017 and proposed rates for 2018 but not for subsequent years and these wholesale rates are passed through to our customers. Wholesale rate increases from CWA to Vallecitos, without the impact of direct desalinated water purchases, were 5.5% in 2014, 3.8% in 2015, 5.1% in 2016, 3.8% in 2017, and proposed at 3.4% for 2018.

What is Vallecitos doing to control costs?

Vallecitos' priority to ensure financial stability is to control costs. In recent years, Vallecitos has restructured its organization, eliminating positions, and redistributing workload to maximize productivity and efficiency. The last two labor negotiations have resulted in cuts to employee benefits. Vallecitos contracted with the Olivenhain Municipal Water District for water treatment services at a cost of 20% less than the San Diego County Water Authority's treatment charge. Vallecitos has engaged consultants to perform energy and operational efficiency studies and has implemented recommendations from the studies. Vallecitos has also obtained input from staff, including changing and upgrading the sewer treatment process, which reduced chemical usage and power consumption, installing energy efficient lighting and pumping equipment, in-house mechanical and fleet maintenance, critical asset condition assessments, predictive asset maintenance and replacement, and strategic use of technology throughout field operations and customer billing. Staff evaluates the effectiveness of changes implemented and continuously improves efficiency of operations.

How are water and sewer rates determined?

A comprehensive Cost of Service Study was performed. One of the major goals of the study was to ensure equitable water and sewer rates that produce adequate revenues to meet the District's financial needs, recognize customer costs of service and encourage water conservation in a resource-constricted environment. No increase to sewer rates are being proposed. For more information, the report is posted to www.vwd.org/rates.

How to provide comments or protest the rate adjustment.

You may comment or ask questions at any time by contacting Vallecitos Water District at (760) 744-0460 or vwd@vwd.org, or participating in the September 20, 2017, Public Hearing at 5:00 p.m.

You have the right to protest the rate change if you are:

- i. The record owner of an affected parcel,
- ii. A person with a legal interest in an affected parcel, or
- iii. A person who is legally responsible to pay the rates for an affected parcel.

User rates are subject to majority protest, which means if a majority of impacted owners submit written protest against the increase, Vallecitos Water District cannot institute the new rates.

Protests must be in writing and mailed or hand-delivered to Vallecitos Water District. In accordance with State law, faxed or e-mailed protests cannot be accepted.

In compliance with Proposition 218, only one protest per property will be counted. All written protests must be received by Vallecitos Water District before the end of the Public Hearing on September 20, 2017. Please direct written protests to Vallecitos Water District, General Manager, 201 Vallecitos de Oro, San Marcos, CA 92069.

Water Monthly Ready-to-Serve Charges			
Meter Size	Current	Effective January:	
		2018	2019
5/8"	\$ 31.42	\$ 33.25	\$ 35.32
3/4"	36.52	36.52	36.52
1"	55.29	55.29	55.29
1.5"	110.59	120.63	130.67
2"	178.11	194.35	214.68
3"	356.22	356.22	356.22
4"	552.94	552.94	552.94
6"	1,105.88	1,105.88	1,105.88
10"	2,549.36	2,549.36	2,549.36
Multiple Dwelling Unit	18.26	11.18	11.18
Temporary Meters	204.48	230.91	257.33
Fire Line per diameter inch	5.87	5.87	5.87

The monthly **Ready-to-Serve Charge** is assessed to recover fixed charges paid by the District to the District's wholesaler, the San Diego County Water Authority, expenses associated with meters and service lines, operating expenses not directly related to the flow of water (general and administrative, engineering, information technology, etc.), and capital asset replacement costs of service lines, meters, and general facilities. These expenses are incurred by the District even if no water is delivered to our customers.

Water Commodity Tier Structure in Units (748 gallons)							
Meter Size	Current				Effective January 2018		
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3
5/8" & 3/4"	1 - 5	6 - 17	18 - 36	37 +	1 - 6	7 - 21	22 +
1"	1 - 5	6 - 60	61 - 214	215 +	1 - 16	17 - 78	79 +
1.5"	1 - 5	6 - 157	158 - 627	628 +	1 - 43	44 - 196	197 +
2"	1 - 5	6 - 242	243 - 806	807 +	1 - 85	86 - 335	336 +
>2"	1 - 5	6 - 1133	1134-3970	3,971 +	1 - 430	431-1,190	1,191 +
Agricultural	1 - 5	6 +				1 +	
Temporary Construction				1 +			1 +

Water Commodity Rates per Unit			
	Current	Effective January:	
		2018	2019
Tier 1	\$ 3.08	\$ 3.38	\$ 3.66
Tier 2	4.12	4.43	4.60
Tier 3	5.33	8.47	8.87
Tier 4	7.41		

Water Commodity Rates recover the cost of water supply, expenses directly associated with water flow (transmission and distribution, water treatment, tanks and reservoirs, etc.), conservation costs, and capital replacement costs of assets directly associated with water flow (tanks and reservoirs, transmission and distribution, pumping, etc.).

Sewer Monthly Service Charges			
Customer Type	Current	Effective January:	
		2018	2019
Single Family Residential	\$ 38.99	\$ 38.99	\$ 38.99
Residential - Multiple Unit	35.09	35.09	35.09
Mobile Home	31.19	31.19	31.19
Nonresidential (<i>per 100 cubic feet of flow</i>)	4.96	4.96	4.96

Sewer Service Charges recover costs of capital replacement of sewer system assets and general facilities, disposal, collection and conveyance, sewer treatment, and operations (general and administrative, information technology, engineering, etc.).

This legal notice contains important information regarding rates associated with providing 21,000 plus customers in San Marcos, portions of Carlsbad, Escondido, Vista and unincorporated areas in San Diego County with safe, reliable water and wastewater services. (Para información en Español, visítenos en www.vwd.org o llámenos a (760)744-0460.)



Notice of Public Rate Hearing

Conservation Assistance

To assist customers to conserve water and reduce their water bill, Vallecitos offers free landscape irrigation audits to determine the efficiency of your irrigation system. For more information on water conservation programs, please visit our website at www.vwd.org/conservation or go to SustainableLandscapesSD.org.



SUSTAINABLE LANDSCAPES PROGRAM

- Guidelines
- Education & Training
- Technical Assistance
- Landscape Materials
- Incentives
- Resources

DATE: JUNE 21, 2017
TO: BOARD OF DIRECTORS
SUBJECT: CALIFORNIA SPECIAL DISTRICTS ASSOCIATION 2017
BOARD ELECTIONS – SOUTHERN NETWORK, SEAT C

BACKGROUND:

The CDSA is conducting its election to fill the CSDA Board of Directors in the District's Network, Seat C position, for the term ending 2020.

DISCUSSION:

Each regular member is entitled to vote for one Candidate to represent the Network for Seat C. Candidate statements for those who submitted one have been provided. The following candidates are seeking the position:

Arlene Schafer – Costa Mesa Sanitary District
Kristin Bloomer – Desert Water Agency Board
John DeMonaco – Chino Valley Independent Fire District
Richard Hall – Director, Mojave Water Agency
President, Assn. of the San Bernardino County Special Districts
Michael Mack – Rainbow Municipal Water District

FISCAL IMPACT:

None.

RECOMMENDATION:

Select one candidate to represent the Network in Seat C.

RE-ELECT ARLENE SCHAFER CALIFORNIA SPECIAL DISTRICTS ASSOCIATION SOUTHERN NETWORK

Arlene Schafer—Secretary
Costa Mesa Sanitary District



As the former Mayor of the City of Costa Mesa, it has been an honor to serve as your representative on the California Special Districts Association (CSDA) for the past two years and now I humbly ask for your support to re-elect me to the Southern Network for another term. I believe my 28 years of experience as a local government leader that includes 20 years serving special districts in a variety of different capacities makes me the best candidate. In March, the Little Hoover Commission will release its report on special districts and its very likely the report will focus on the role Local Agency Formation Commissions play in special district formation and reorganization. CSDA was an active participant in the public hearings where commissioners learned how special districts provide vital services in our communities and are directly accountable to our voters and ratepayers. During my term as a member of the Board of Directors, CSDA successfully advocated for special districts by using the latest technology for outreaching such as CSDA's campaign website, "Districts Make the Difference" and the new online video, "Districts Empower our Communities." I believe it is extremely important for CSDA to keep its foot on the pedal on advocacy by letting legislators, media, business leaders, schools and the general public know how important we are in our communities.

PREVIOUS CSDA EXPERIENCE

- ◆ Board President
- ◆ Board Vice President
- ◆ Board Secretary
- ◆ Finance Corporation
- ◆ Legislation Committee
- ◆ Fiscal Committee
- ◆ CSDA Membership Committee
- ◆ Recruitment & Planning Committee

Currently, I am serving on the Board of Directors for the Costa Mesa Sanitary District (CMSD) where I have been a Board member for 20 years. I am proud to be part of an organization that has been a District of Distinction since 2009, earned the Transparency Certificate of Excellence for four consecutive years and CMSD is one of few special districts in California that received Gold Recognition in Special District Governance.

If re-elected, I will continue to support CSDA's public outreach campaign about the essential services we provide and I will work collaboratively with CSDA Board of Directors and staff on providing essential training and professional development to help your agency succeed. Please vote for Arlene Schafer by August 4, 2017.



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Arlene Schafer

District/Company: Costa Mesa Sanitary District

Title: Secretary

Elected/Appointed/Staff: Elected

Length of Service with District: 20 Years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Current member of the CSDA Board of Directors, Legislative Committee, Membership Commission Chair, Fiscal Committee and attendee of Legislative Days, Annual Conference, SDLA certificate holder.

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

Member of CSAC and was a member of the League when serving on the City Council.

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

LAFCO member representing special districts, former Chair and Vice Chair of the ISDOC and currently serving as an Executive Committee member, OCCOG Board member.

4. List civic organization involvement:

President of Harbor-Mesa Lions (2 terms), Costa Mesa Republican Federation of Women, OC Federation of Women, 3rd Vice President Ways & Means, Costa Mesa for Responsible Government member.

Kristin Bloomer's Candidate Statement

I was first elected to the Desert Water Agency Board in 2015 and currently serve as Secretary-Treasurer on the Board of Desert Water Agency. However, service to my community has always played an important role in my life. I am dedicated to improving the quality of life for my community. Throughout my life, influence in community affairs and local government has grown. I have focused on the priority of shaping local government to strengthen the local and regional economies and create solutions to local and regional challenges. Southern California is faced with many challenges and I believe that challenges present opportunities, and that the Southern Network cannot afford to miss capitalizing upon those opportunities.

I am a longtime Palm Springs resident. My community service started early, when as a teenager, I volunteered with The Braille Institute and the National Charity League of Palm Springs.

My dedication to community service includes:

- Palm Springs Measure J Oversight Commission Vice-Chair
- Palm Springs Sunup Rotary Club past-President and current Assistant District Governor
- Founding President of the Desert Valley Women's Club
- Member of the Palm Springs Woman's Club
- St Theresa School Parent Teacher Group Board President
- Volunteer Volleyball Coach at Palm Springs High School
- Finance and Legislative Committee of Desert Water Agency



**California Special
Districts Association**
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Kristin Bloomer

District/Company: Desert Water Agency

Title: Secretary-Treasurer

Elected/Appointed/Staff: Elected

Length of Service with District: 12/4/15 - Current

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

I recently attended the CSDA Legislative Days event.

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

I am a member of ACWA and attend their conferences.

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

City of Palm Springs Measure J Oversight Committee, Desert Water Agency Finance and Legislative Committees

4. List civic organization involvement:

Palm Springs SunUp Rotary Club, Palm Springs Woman's Club, St. Theresa School PTA President, Desert Roundtable

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

John DeMonaco
jdemonaco@chofire.org
(909) 816-8396

June 1, 2017

Dear CSDA Colleague,

My name is John DeMonaco and I am requesting your **VOTE** in the upcoming 2017 election for a seat on the Board of Directors of the California Special Districts Association, Southern Network. The CSDA Southern Network is very large and includes approximately 180 Special Districts within the Counties of San Diego, Imperial, Riverside, San Bernardino, Los Angeles and Orange.

I am a strong advocate of Special Districts. I believe that Special Districts are the strongest form of government that impacts our residents on a daily basis. Immediately after I was elected, I became involved with CSDA and volunteered to serve on numerous committees. I have previously served on the CSDA Education and Membership Committees and I now serve on the CSDA Legislative and the Fiscal Committees. I also serve on the CSDA Little Hoover Commission Working Group.

Serving on these main CSDA committees has given me the insight and understanding into the "workings" of the association. I understand CSDA'S budget and finances, the educational programs, and what CSDA needs to offer its member districts. With this experience, I will be an effective board member from the "get-go."

Serving on the Legislative Committee, I understand, and I am committed to legislative advocacy for special districts. I recognize the importance of working together to represent the common interest of all California Special Districts and the residents we serve. Special Districts provide one of the most effective, efficient, and accountable forms of local service. The California Special District Association monitors ALL legislation so that special districts can continue to deliver core services and can continue to be efficient. It is vital that the CSDA Legislative Staff with the direction of the Board of Directors continues to work to influence and monitor policy decisions affecting California special districts.

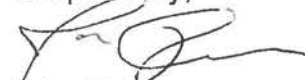
I am on the Board of Directors of the Chino Valley Independent Fire District since 2006, serving my community for 11 years. I will be up for re-election in 2020. I am very proud to state that our Fire District is the **first** fire district to receive the District of Distinction Accreditation from the Special Districts Leadership Foundation (SDLF). We have been a District of Distinction since 2008. We also have obtained a District of Transparency Certificate of Excellence. I have completed the Special District Leadership Academy and have earned the SDLF Recognition of Special District Governance. Our District Board is in process of receiving the SDLF Gold Recognition of Special District Governance.

I am a retired Fire Chief with 33 years of Fire Service experience. I have been involved in city, county, JPAs and special districts in various capacities. I am currently on the Board of Directors of the Fire Districts Association of California and also serve on the FDAC Conference Committee. I am a current board member and Past President of the Chino Rotary Club and past Chairman and member of the Chino Rotary Foundation.

I believe in Special Districts and the service that we provide. Special Districts provide one of the most effective, efficient, and accountable forms of local service. I am committed to legislative advocacy for special districts. It is vital that we continue to work together to influence and monitor policy decisions affecting California special districts.

My commitment and extensive experience, education in public service and as a special district board member & policy-maker, provides me with the ability to effectively serve as a CSDA Board Member representing all California Special Districts. If elected, I will work hard to support all Special Districts. Your District's **VOTE** will be greatly appreciated. I look forward to your support. If you would like to speak with me or I can be of any assistance, please contact me at (909) 816-8396 or email at jdemonaco@chofire.org. Thank you.

Respectfully,



John DeMonaco



**California Special
Districts Association**
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: John DeMonaco

District/Company: Chino Valley Independent Fire District

Title: Director

Elected/Appointed/Staff: Elected

Length of Service with District: 11 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

I am on the Legislative and Fiscal Committees

I have also served on the Education and Membership Committees

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

I am on the Board of Directors for the Fire Districts Association of California

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

N/A

4. List civic organization involvement:

I am a member and past Chairman of the Rotary Club of Chino. I am also a Board Member of the Chino Rotary Foundation.

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

I am seeking election to a seat on the Board of Directors of the California Special Districts Association.

I have served on the Board of Directors of the Chino Valley Independent Fire District for 11 years, elected in 2006. I am very proud to state that our Fire District is the **first** fire district to receive the District of Distinction Accreditation from the Special Districts Leadership Foundation (SDLF). We have been a District of Distinction since 2008. We also have obtained a District of Transparency Certificate of Excellence. I have completed the SDLF Recognition of Special District Governance.

I serve on the CSDA Legislative and the Fiscal Committees. I have previously served on the CSDA Education and Membership committees.

I am a retired Fire Chief with 33 years of Fire Service experience. I have been involved in city, county, JPAs and special districts in various capacities. I am currently on the Board of Directors of the Fire Districts Association of California and also serve on their Conference Committee. I am a Past President of the Chino Rotary Club and past Chairman of the Chino Rotary Foundation.

I understand, and I am committed to legislative advocacy for special districts. Special Districts provide one of the most effective, efficient, and accountable forms of local service. It is vital that we continue to work together to influence and monitor policy decisions affecting California special districts.

My commitment, extensive experience, and education in public service and as a special district board member and policy-maker, provides me with the ability to effectively serve as a CSDA Board Member representing all California Special Districts. I look forward to your support!

Please contact me at (909) 816-8396 or email at jdemonaco@chofire.org.

John DeMonaco

CANDIDATE STATEMENT

My name is Richard Hall and I am currently a Director for the Mojave Water Agency and President of the Association of the San Bernardino County Special Districts and have served as an elected official for more than 35 years in two Special District organizations. I am interested in the CSDA Board of Directors position for Southern District Seat C – here is a list of my qualifications:

- First-hand knowledge and experience to ensure that we have safe, quality drinking water.
- Knowledge and experience in Recreation and Parks through 20 years on the Hesperia Recreation and Parks Special District board and served as president four times.
- Knowledge and experience in Property Owners Association in Summit Valley, California where I helped to bring electricity and natural gas to the owners and served as president.
- Knowledge and experience in Engineering and Management at General Dynamics Program Office working with the Federal and State government.
- Reduced taxes through leadership as well as set policy to purchase quality water, build water discharge facilities, and given tax money back to residents who helped reduce water usage.
- Continue to fight to bring 21st century technology to our Agency to study in order to better ensure management of our water resources by advanced computer systems, deep monitor wells, and other state of the art methods.
- Worked closely with community leaders and residents for best policies and strategies including getting State and Federal funding for safe, drinkable water and other needed projects and programs..
- Support funding colleges and students for research and development for continued new resource solutions for present and future issues.

I know that more needs to be done and have plans to meet these challenges. Let us protect our future and provide leadership with someone who knows how.



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Richard Hall

District/Company: Mojave Water Agency

Title: Director, Division 3

Elected/Appointed/Staff: Elected

Length of Service with District: 17 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Currently serving on the Professional Development
Committee and Membership Committee

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

Mojave Water Agency is a member of ACWA

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

Currently President of the Association of San Bernardino
County Special Districts

4. List civic organization involvement:

Member of the Elks Association, Kiwanis, Summit Valley
Property Owners

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

ENDLESS POSSIBILITIES



My name is Michael Mack and I am honored to be seeking election to be on the Board of Directors of California Special Districts Association.

I was elected to the Rainbow Municipal Water District Board of Directors in December 2016 and appointed to serve as the District's representative at both ACWA and CSDA. My background includes a degree in horticulture and worked for the City of San Marcos for over thirty years. As the Parks Department Supervisor, I had many responsibilities including reviewing plans and inspection of new park and street median installations. I was both a Certified Playground Inspector and Irrigation Auditor. One of my main responsibilities was ensuring efficient usage of water resources. I calculated, determined, and programmed water requirements for the plant material for all parks and street medians within the City.

I have learned the importance of CSDA is we are the support system to help ensure efficient and productive services to both small and large communities throughout California at the local level of city governments. As your CSDA Board Member, I see endless possibilities and promise to tackle and meet the challenges our districts face. We all must work together for present and future needs for our special districts and by doing so we can and will achieve our goals. We must be proactive with our legislators and with this energy and commitment we can make the difference between success and failure.

I am very honored to have this chance to serve all of you and given this opportunity. I feel extensive service and experience in the public sector, I will work effortlessly to make those endless possibilities become reality.



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Michael Mack

District/Company: Rainbow Municipal Water District

Title: Director, Division 5

Elected/Appointed/Staff: Elected

Length of Service with District: 5 months

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

I am the officially appointed RMWD representative for CSDA.

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

I serve as the RMWD representative of both ACWA & CSDA.

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

I worked for the city of San Marcos, CA for over 30 years as Parks Superintendent.

4. List civic organization involvement:

Past President of P.T.A.

*** SEE ATTACHED STATEMENT ***

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

DATE: JUNE 21, 2017
TO: BOARD OF DIRECTORS
SUBJECT: ACWA NOMINATING COMMITTEE CALL FOR NOMINATIONS FOR STATEWIDE POSITIONS OF PRESIDENT AND VICE PRESIDENT

BACKGROUND:

Nominations are being solicited for the positions of President and Vice President to the general membership.

DISCUSSION:

The ACWA Nominating Committee is accepting nominations for the positions of President and Vice President. Nominations must be received in the ACWA office no later than Friday, September 1, 2017, to be considered by the Committee. The tentative date for candidate interviews is Monday, September 11, 2017. The election of President and Vice President will take place at the Fall Conference on Wednesday, November 29, 2017.

Only elected or appointed members of the governing body of a member agency shall be eligible for election to the officer positions. All nominations for the positions of President and Vice President must be accompanied by a nominating resolution of support from the member agency on whose Board the nominee serves. A resume of the candidate highlighting qualifications for the position is also required with the nomination. The term of office begins January 1 following the election and is a 2 year term.

The Nominating Committee will present a slate of candidates to the general membership meeting at ACWA's fall conference.

RECOMMENDATION:

Request Board direction.



MEMORANDUM

TO: ACWA Public Agency Members
General Managers and Board Presidents

CC: ACWA Board of Directors

FROM: ACWA Nominating Committee

DATE: June 7, 2017

SUBJECT: Call for Candidates Nominations for the 2018-2019 Term

ACWA's Nominating Committee is responsible for submitting a slate for the Association's statewide positions of President and Vice President to the general membership meeting at Fall Conference.

Nominations must be received in the ACWA office by **Friday, September 1, 2017** to be considered by the committee.

The following criteria must be met for names to be considered:

- At the time of their election, the President and Vice President will each be an elected or appointed member of the governing body or commission of a member agency of the Association.
- An official nominating resolution from the Association member agency on whose board the nominee serves will accompany all nominations for the position of President and Vice President. An authorized signatory of the member agency's Board of Directors will sign said resolution.
- Each nomination will include a statement of qualifications or resume highlighting the candidate's qualifications for the position.

Additional letters or resolutions of support from other agencies may be submitted but are not required.

ACWA's Bylaws and Board policies establish the criteria set forth above, which also govern nominations from the floor. ACWA Bylaws (Article 9, Section 9) and Board Policy 2.3.3 require that all nominations received for the positions of ACWA President and Vice President will be accompanied by a nominating resolution from the ACWA member agency on whose board the nominee serves, and signed by an authorized signatory of the member agency's Board of Directors. This policy applies to nominations received in the ACWA office prior to election, as well as to all nominations received from the floor at general session during the floor nomination process.



We appreciate your interest and participation in this process to find the best qualified individuals to serve in representing the statewide membership of ACWA.

Nominating Committee members include:

- Steve Cole, Region 8
- John Coleman, Region 5
- Shannon Cotulla, Region 3
- David Coxey, Region 2
- Rick Gilmore, Region 5
- Matthew Hurley, Region 6 & 7
- Joone Lopez, Region 10
- Bruce Rupp, Region 1
- Sue Stephenson, Region 5
- Nancy Wright, At-large representative

We ask that Nominating Committee members not be approached to solicit their support of any candidate.

Important Dates

- Deadline to receive candidate nominations: **Friday, September 1, 2017**
- Tentative date for candidate interviews: **Monday, September 11, 2017**
- Election of ACWA's President and Vice President: **Wednesday, November 29, 2017**, at Fall Conference

To nominate a candidate, send a copy of the agency resolution and the candidate's background by September 1 to:

John Coleman, Nominating Committee Chair
c/o Donna Pangborn, ACWA
910 K Street, Suite 100
Sacramento, CA 95814

Nominations also may be emailed to ACWA Clerk of the Board Donna Pangborn at donna@acwa.com.

Should you have any questions regarding this process, please contact Clerk of the Board Donna Pangborn at the ACWA office at 916-441-4545 or donna@acwa.com

Enclosures:

1. ACWA Officers' Nominee Information: Board Policy GO-2.3, Board Officers
2. Sample Resolution to Nominate Candidate for ACWA President or Vice President
3. Sample Resolution to Support Candidate for ACWA President or Vice President

GO-2.3 Board Officers

The President and Vice President are the elected officers of the Association.

2.3.1 President

The President is an elected officer of the Association and presides at all meetings of the Board, the Executive Committee, and the general membership. The President is responsible to the Board of Directors and the general membership for the duties established by the Bylaws.

2.3.1.1 Duties and Authority

Within the limits of Bylaws and the Duties and Authorities established for Board members, and in coordination with the Executive Director, the President:

- Serves on the ACWA Board and presides at all meetings.
- Serves as the chair of the Executive Committee and presides at all meetings.
- Schedules special Board and Executive Committee meetings.
- Presides over all general membership meetings.
- Serves as a non-voting *ex officio* member of each committee, but will not be an *ex officio* member of the Nominating Committee or the region boards.
- Appoints members of all committees upon recommendation from members and regions as communicated by the region chairs.
- Appoints the chair and vice chair of each committee, each of whom will be subject to ratification by the Board.
- Appoints Nominating Committee, whose purpose will be to nominate qualified individuals for the offices of President and Vice President of the Association for the succeeding term.
- Appoints special committees, work groups, and task forces from time to time as needed to accomplish a specific task or assignment, consistent with and supportive of the mission of the Association.
- Participates in the Association's spring and fall conferences.
- Represents and supports the Association's official policies and positions when acting in capacity of President.

- Represents and promotes the Association's purposes, policies, and goals at a variety of Association functions/events, including visits to member agencies for ceremonies, meetings, and retention efforts in coordination with the Executive Director.
- Represents and promotes the Association's purposes, policies, and goals at a variety of external functions/events, including speaking engagements, event participation, and news media and other contacts in coordination with the Executive Director.
- Performs other responsibilities assigned by the Board.
- Authorizes expenditures from the Executive Director's contingency fund in conjunction with the Vice President and Finance Committee Chair.
- Reviews and approves the Executive Director's monthly expense reports in conjunction with the Finance Committee Chair.

2.3.1.2 Qualification

The President will be an elected or appointed member of the governing body or commission of a member agency of the Association at the time of his/her election.

2.3.1.3 Term of Office

The members of the Association will elect the President at its fall conference in each odd-numbered year. The President will take office on January 1 of the calendar year following election and will hold office until December 31 of the following odd numbered year two years later or until his/her successor takes office or is appointed. An elected President is not permitted to succeed himself/herself to that office.

2.3.1.4 Vacancy

Should a vacancy occur in the President's office, the Vice President will assume the duties of that office and succeed the President for the unexpired term. Should the Vice President not be able to assume this role, the Board will appoint a person to fill the office for the unexpired term thereof.

2.3.1.5 Compensation

The President will serve without compensation by the Association. The Association will reimburse the President for necessary, actual, and reasonable expenses incurred in the performance of his/her duties while on Association business. The Association will reimburse the President for expenses incurred for attending conferences, meetings, seminars, and workshops or other events and which are mutually beneficial to the officer and the Association and have been authorized by either the Board or the Executive Director.

2.3.2 Vice President

The Vice President is an elected officer of the Association and is a voting member of the Board. The Vice President is responsible to the Board of Directors and the general membership for the duties established by Bylaws.

2.3.2.1 Duties and Authority

Within the limits of the Bylaws and the Duties and Authorities established for ACWA Board members, and in coordination with the Executive Director and President, the Vice President:

• Serves as a voting member of the Board.

- Serves as a voting member of the Executive Committee.
- Performs the duties of the President in the President's absence.
- Succeeds the President for an unexpired term if vacancy occurs.
- Serves on the ACWA/JPIA's Executive Committee.
- Participates in the Association's spring and fall conferences.
- Represents and supports the Association's official policies and positions when acting in capacity of Vice President.
- Represents and promotes the Association's purposes, policies, and goals at a variety of Association functions/events, including visits to member agencies for ceremonies, meetings, and retention efforts in coordination with the Executive Director.
- Represents and promotes the Association's purposes, policies, and goals at a variety of external functions/events, including speaking engagements, event participation, and news media and other contacts in coordination with the Executive Director.
- Authorizes expenditures from the Executive Director's contingency fund in conjunction with the President and Finance Committee Chair.
- Serves as a chair/vice chair or participant on committees or task forces as appointed by the President or Board.
- Performs other responsibilities assigned by the Board and President.

2.3.2.2 Qualification

The Vice President will be an elected or appointed member of the governing body or commission of a member agency of the Association at the time of his/her election.

2.3.2.3 Term of Office

The members of the Association will elect the Vice President at its fall conference in each odd-numbered year. The Vice President will take office on January 1 of the calendar year following election and will

hold office until December 31 of the following odd numbered year two years later or until his/her successor takes office or is appointed.

2.3.2.4 Vacancy

Should a vacancy occur in the Vice President's office, the Board will appoint a person to fill the office for the unexpired term thereof.

2.3.2.5 Compensation

The Vice President will serve without compensation by the Association. The Association will reimburse the Vice President for necessary, actual, and reasonable expenses incurred in the performance of his/her duties while on Association business. The Association will reimburse the Vice President for expenses incurred for attending conferences, meetings, seminars, and workshops or other events and which are mutually beneficial to the officer and the Association and have been authorized by either the Board or the Executive Director.



62nd ANNUAL CONFERENCE

August 22-24, 2017

Marriott Marquis • San Diego, CA

www.casaweb.org

**Turning Uncertainty
into Opportunity**

Tuesday, August 22, 2017

- 7:00 a.m. - 12:00 p.m. CSRMA Training Seminar & Breakfast
- 9:00 a.m. - 5:00 p.m. Registration
- 10:00 a.m. - 12:00 p.m. CASA Board of Directors Meeting
- 12:00 p.m. - 1:00 p.m. Communications Workgroup Meeting
- 1:00 p.m. - 4:00 p.m. Breakout Session: Track 1 Utility Rates, ADUs and Prop. 218
- 1:00 p.m. - 4:00 p.m. Breakout Session: Track 2 Operational Best Practices
- 1:00 p.m. - 4:00 p.m. Breakout Session: Track 3 Regulatory Hot Topics
- 4:15 p.m. - 5:30 p.m. Federal Legislative Committee Meeting
- 4:15 p.m. - 5:30 p.m. Associates Committee Meeting
- 5:00 p.m. - 6:30 p.m. CSRMA Executive Board Meeting

Wednesday, August 23, 2017

- 7:30 a.m. - 5:00 p.m. Registration
- 7:45 a.m. - 9:00 a.m. Breakfast
- 7:30 a.m. - 9:00 a.m. CSRMA Board of Directors Meeting
- 7:30 a.m. - 9:00 a.m. Utility Leadership Committee Meeting
- 9:00 a.m. - 12:00 p.m. Morning Session
- 9:00 a.m. - 9:30 a.m. Opening Address: Kevin Faulconer, Mayor, San Diego (invited)
- 9:30 a.m. - 10:00 a.m. Representative Duncan Hunter (invited)
- 10:00 a.m. - 11:15 a.m. Public Private Partnerships Panel
 - Hala Titus, CDM Smith, Overview/Moderator
 - Ben Munoz, Selma Kingsburg Fowler Sanitation District & Ashu Jain, Opterra
Energy, Energy Storage Project
 - Traci Minamide, City of LA Sanitation, *Digester Gas Utilization Project*
- 11:15 a.m. - 11:45 a.m. Presentation of the CASA Awards of Excellence
- 12:00 p.m. - 1:45 p.m. Conference Luncheon & Business Session

- 2:00 p.m. - 4:30 p.m. Afternoon Session
- 2:00 p.m. - 2:30 p.m. Research Update from the Water Environment and Reuse Foundation
Melissa Meeker, Executive Director
- 2:30 p.m. - 4:00 p.m. Watershed Solutions Panel
Pamela Creedon, Executive Officer, Central Valley Regional Water Board,
CV SALTS
Dave Williams, Bay Area Clean Water Agencies, *Bay Area Nutrients*
Ashli Desai, Larry Walker Associates, *Santa Margarita River*
- 4:30 p.m. - 5:30 p.m. Bay Area Biosolids Coalition Meeting
- 5:30 p.m. - 6:30 p.m. Reception

Thursday, August 24, 2017

- 7:30 a.m. - 11:00 a.m. Registration
- 7:30 a.m. - 9:30 a.m. Breakfast
- 8:00 a.m. - 9:00 a.m. State Legislative Committee Meeting
- 9:15 a.m. - 11:00 p.m. Closing Session
- 9:15 a.m. - 10:00 a.m. State Controller Betty Yee
- 10:00 a.m. - 10:45 a.m. Joaquin Esquivel, Member, State Water Board
- 10:45 a.m. - 11:00 a.m. Passing of the Gavel, announcement of election results
- 11:00 a.m. - 3:00 p.m. Attorneys Committee Meeting