

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 5, 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 JULY 5, 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.

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 4-11)

A. REGULAR BOARD MEETING – JUNE 21, 2017

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JULY 5, 2017 – \$3,228,975.09 (pp. 12-14)

Recommendation: Approve Warrant List

- 1.3 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SAN ELIJO HILLS PHASE III, P.A. "T", UNIT 8B, APN'S 679-340-21, 22, 23, 24, 25, 26, 27, 28, 29, 30 AND 31 (SAN ELIJO HILLS DEVELOPMENT COMPANY, LLC) (pp. 15-17)

Installation of water and sewer facilities has been completed.

Recommendation: 1) Accept Project Improvements; 2) Approve Filing of a Notice of Completion

- 1.4 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR CORNER AT 2 OAKS, APN'S 220-190-54, 55, 56, 57, 58, 59 AND 60 (UNIVERSITY DISTRICT HOLDINGS II) (pp. 18-20)

Installation of water and sewer facilities has been completed.

Recommendation: 1) Accept Project Improvements; 2) Approve Filing of a Notice of Completion

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

ACTION ITEMS

- 2.1 RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES (pp. 21-22)

Inducement resolution allowing reimbursement for project costs from proceeds of a future bond issuance.

Recommendation: Adopt Resolution

- 2.2 RESOLUTION SUPPORTING THE SAN DIEGO COUNTY WATER AUTHORITY'S LONG TERM WATER SUPPLY PLAN AND LITIGATION AGAINST THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (pp. 23-25)

The San Diego County Water Authority has requested the District's support of their efforts to litigate for fair and equitable rates, and support their long-term water supply plan.

Recommendation: Adopt Resolution

*****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. 26)

WEF Headwaters Tour

September 13 – 14, 2017 – Begins and ends in Sacramento, CA

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

- 5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

- 6.1 ADJOURNMENT

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

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

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

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 4:00 p.m., Thursday, June 29, 2017.

Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 21, 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 Sannella led the pledge of allegiance.

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

Staff Present: General Manager Pruum
Assistant General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Accounting Supervisor Owen
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 21, 2017

17-06-08 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of June 21, 2017.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board regarding the District's Water Quality Report, inquiring about allowable limits of perchlorate, why it wasn't included in the report, and if the protocol for testing and timing of tests is specified in the report. He thanked the Board.

President Elitharp encouraged Mr. Hunsaker to meet with staff to address his questions.

PRESENTATIONS

Meena Westford, Special Projects Manager for Metropolitan Water District (MWD), facilitated a presentation providing background on MWD and its perspective on litigation the San Diego County Water Authority (SDCWA) has brought against MWD regarding cost allocations in MWD's transportation charges for delivery of water from the State Water Project to member agencies.

Maureen Stapleton, General Manager for the San Diego County Water Authority (SDCWA), facilitated a presentation regarding the SDCWA's view on the key issues in its current litigation with MWD.

Ms. Westford and Ms. Stapleton were given time for rebuttal of each other's comments during which question and answer took place.

CONSENT CALENDAR

17-06-09 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Engineering/Equipment Committee Meeting – June 1, 2017
- B. Regular Board Meeting – June 7, 2017
- C. Finance/Investment Committee Meeting – June 14, 2017

1.2 Warrant List through June 21, 2017 - \$961,919.40

1.3 Financial Reports

- 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

1.5 Surplus Personal Property Listing

ACTION ITEMS

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

General Manager Pruim stated 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.

Staff recommended the Board adopt the resolution which sets the Public Hearing for the Regular Board meeting on July 19, 2017.

Mike Hunsaker, member of the public, addressed the Board questioning why the District does not annex these areas into their sewer system, and in not doing so, is the District providing a service without collecting a capacity fee? He thanked the Board. General Manager Pruim responded that these areas are in the District's sewer service area, but do not receive water service.

17-06-10 MOTION WAS MADE by Director Sannella, seconded by Director Evans, and carried unanimously, to adopt the resolution.

Resolution No. 1519 - the roll call vote was as follows:

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

ORDINANCE ESTABLISHING ADMINISTRATIVE CHARGES TO RECOVER
INDIRECT COSTS FOR FISCAL YEAR 2017/18

General Manager Pruim stated the District establishes administrative charges annually to recover the indirect cost for the services it provides. Using the methodology provided in a 2013 Cost of Service Study, the recommended overhead rate of 221% for the coming fiscal year was derived by dividing budgeted indirect costs by direct labor costs. The fiscal year 2016/17 overhead rate was 205%.

Staff recommended the Board consider the recommended overhead rate of 221% and adopt the ordinance repealing Ordinance No. 199 and adjusting the overhead rate.

General discussion took place during which Director Martin asked if the recommended overhead rate increase had been previously presented to the Board. Director Evans stated that in 2013 the Board accepted the calculation formula recommended in the Cost of Service Study, agreeing to use the set formula each year to determine the overhead rate. General Manager Pruim clarified that this item is not intended for discussion to revisit the formula, but to apply the formula the Board had previously approved using numbers in the budget. Director Sannella further clarified the overhead rate increase is not an increase to be passed on to all customers; it is the cost that is charged, for example, to a contractor when District staff must make a repair for the contractor.

During further discussion, Director Hernandez suggested reviewing the calculation formula next year to ensure that it accurately reflects current costs of labor and materials. General Manager Pruim explained the formula and suggested in the future

that the Finance/Investment Committee review it before it is presented to the Board. Director Elitharp suggested reviewing the formula during the annual budget process.

The consensus of the Board was to table this item to a future meeting. Staff was directed to provide more information to the Board for further clarification on what types of activities would or would not be affected by the proposed overhead rate increase.

CONSUMER CONFIDENCE REPORT

General Manager Pruim stated the District is required to prepare an annual report which provides results of water quality testing of the drinking water provided to the District's customers. Postcards were mailed to customers informing them that the Consumer Confidence Report (CCR) would be available by June 30, 2017.

Operations & Maintenance Manager Pedrazzi briefly discussed the CCR stating that in 1998 the United States Environmental Protection Agency established a rule which requires all community water systems to prepare the CCR and mail it to the public before June 30 of every year. He responded to the public speaker's earlier question about perchlorate. Perchlorate is not listed in the CCR because it has never been detected at any of the District's treatment plants. It is sometimes found in water from the Colorado River, but is predominately a groundwater issue as its origin is ammonium perchlorate which is a component of rocket fuel.

Operations & Maintenance Manager Pedrazzi stated the wording and most of the formatting of the CCR are dictated by the State and Federal government. The CCR must be approved by the State Water Resources Control Board before it can be presented to the Board.

General discussion took place during which Director Martin commented that the postcard that was mailed to the public regarding the CCR could have had a friendlier tone. Staff will research the regulations to see if there are any restrictions on public noticing of the CCR.

17-06-11 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve the 2016 Consumer Confidence Report.

2017 PUBLIC RATE HEARING NOTICE

General Manager Pruim stated a slight revision was made to the 2017 Public Rate Hearing Notice to change the date of the public hearing from September 6 to September 20. The Board was agreeable with the new date.

Mike Hunsaker, member of the public, addressed the Board stating his concerns about the new rate structure and how rates will be assessed. He finds the previous historical

use factor method much easier to follow and justify, and much less challengeable than going by meter size. He is also concerned about the large changes in the reserve policies and how money flows through VWD. He thanked the Board.

General Manager Pruim clarified that the only change made to the public notice was the date of the public hearing; no other changes were made.

17-06-12 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, to approve the 2017 Public Rate Hearing Notice as presented.

CSDA SPECIAL DISTRICT 2017 BOARD ELECTIONS

General Manager Pruim stated the CSDA is holding its election to fill the CSDA Board of Directors in the District's Southern Network, Seat C position, for the term ending in 2020. The District is entitled to vote for one candidate to represent the Network in Seat C.

General discussion took place regarding the candidates seeking the position.

17-06-13 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, to vote for candidate Michael Mack.

ACWA NOMINATING COMMITTEE CALL FOR NOMINATIONS FOR STATEWIDE POSITIONS OF PRESIDENT AND VICE PRESIDENT

General Manager Pruim stated the ACWA Nominating Committee is accepting nominations for the positions of President and Vice President to the general membership. Nominations must be received in the ACWA office no later than September 1, 2017, and require a resolution of support from the member agency on whose Board the nominee serves.

This item was presented for information only. No action was taken.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- A video containing historical information about the District was recently posted to the District's website. Several thousand views have been logged via the website and social media, and is receiving a lot of good feedback on the video.
- Students from San Marcos Elementary School recently attended two District events, one at Jack's Pond and the other, the Splashpad. Encouraged by the

teachers and school administration, the students wrote a letter of appreciation to the District. General Manager Pruim acknowledged the good manners the students exhibited.

- The District's annual Water Academy is tentatively scheduled for Thursday, October 19.
- The Appellate Court made its final ruling in the Metropolitan rate case. General Manager Pruim has requested information from the SDCWA as to what the numbers would mean if the Appellate Court's ruling stands.
- A Finance/Investment Committee meeting will be scheduled in July.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott stated that in 2000 a group of North County agencies, including Vallecitos, filed a lawsuit over the SDCWA's transportation charges. That group raised many of the same arguments that are being raised in the Metropolitan case. He will provide General Manager Pruim with information from the earlier case.

He discussed a recent class action suit that was filed against the Ramona Municipal Water District involving wastewater service charges. CASA, CSDA, the Association of County Governments and the League of Cities were all amicus curiae participants in the Appeals Court case. He will report back to the Board as information becomes available.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans reported the following:

- The SDCWA is being sued for holding meetings with MWD delegates for which a Public Records Request has been submitted for 27 areas of importance, including all correspondence, phone and text messages, etc. from January 1, 2016 to June 17, 2017.
- On June 20, the State Administration released its proposed budget trailer bills relating to the long-term water use efficiency plan.
- On June 22, the SDCWA Board will be considering two bills relating to water use efficiency standards and water shortages, and will be considering the SDCWA's budget for approval. Director Evans provided copies of the SDCWA's budget for the Board's information.
- The San Vicente Energy Storage project is moving forward. A survey revealed that 18 businesses and partners were interested in partnering with the SDCWA on this project.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported the Capital Improvement Committee met this morning and approved a survey for Resources and Management to take in additional sewage from both septic and construction sites, what it would take to implement, and how it could benefit EWA.

President Elitharp reported he was unable to attend the Policy and Finance Committee meeting on June 13. Topics to be discussed were the investment policy annual review and amendment of EWA's financial reserve policy.

STANDING COMMITTEES

Director Martin reported that the Finance/Investment Committee had a satisfactory entrance meeting with the firm conducting the District's annual financial audit. He noted that two exceptions were found concerning employee time cards. The auditors suggested a change to the process in which employee pay rate changes are made; however, the current system is working well, therefore there is no need to change it. The auditors will be back to do their final work later in the year.

Director Martin commented that after having read the minutes of the June 1, 2017 Engineering/Equipment Committee meeting, he would prefer the District not spend approximately \$15,000 on a study to determine the financial efficiency of the District's Meadowlark Reclamation Facility as compared to Encina Wastewater Authority in treating wastewater.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Martin and Hernandez reported on their attendance to the San Diego North Economic Development Council Public Policy meeting on June 13 and the Council of Water Utilities meeting on June 20.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Sannella stated he would be in favor of a resolution or letter supporting the SDCWA's position regarding their lawsuit with MWD. The consensus of the Board was to direct staff to present such a resolution or letter to the Board for their consideration.

Director Martin asked about the status of the Board's request two weeks ago for information regarding the Diamond Environmental Federal investigation as to who knew what, when, and why the Board hadn't been informed of the investigation.

General Manager Pruim stated he would send what information is available to the Board. He further stated that staff were directed by Federal agents not to discuss the case because it is a Federal investigation. He would not expect staff to put themselves at risk for a Federal investigation or sanctions because they shared information they weren't supposed to.

President Elitharp suggested keeping this topic agendaized for future discussion at a Regular Board meeting or a Closed Session meeting if necessary.

Director Hernandez requested a Closed Session meeting be scheduled to discuss the District's adjacent Knoll Road property.

Director Hernandez stated the City of San Marcos is working on a plan for South Lake.

Director Evans expressed her appreciation to staff for all of the information they have been asked to provide to the Board.

Director Martin thanked staff for making major changes in the last few years in an effort to provide more transparency to the public than in the past.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 8:18 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, July 5, 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

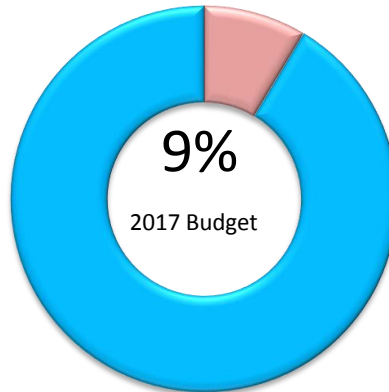
**VALLECITOS WATER DISTRICT
WARRANTS LIST SUMMARY
July 5, 2017**

Summary

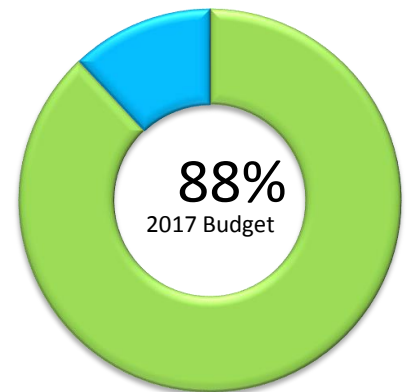
June Warrants	\$	5,404,735 *
YTD Warrants	\$	55,277,178 *
FY2017 Budget	\$	62,827,000

* Excludes Debt Service

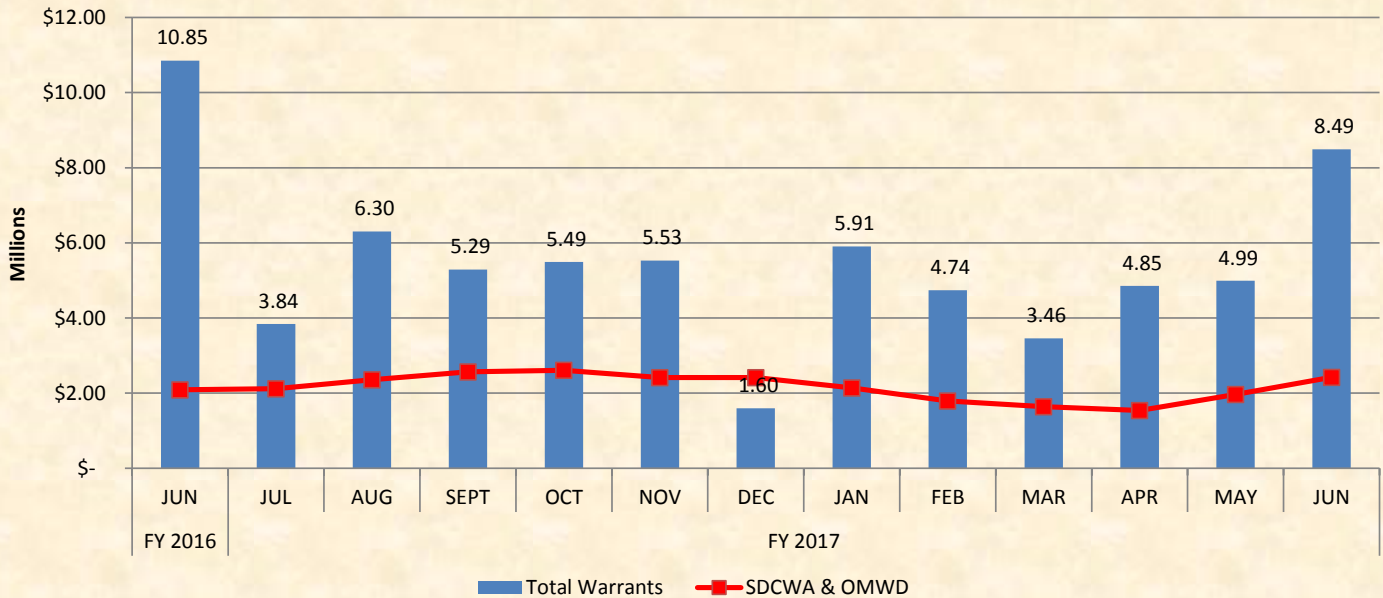
June



FYTD

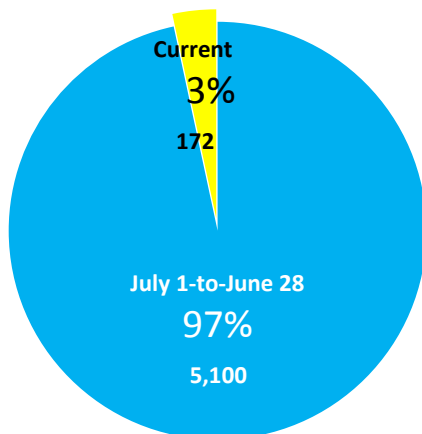


Historical Warrants by Month**



** 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	\$2.5M
SAN DIEGO GAS & ELECTRIC	\$1.3M
OLIVENHAIN MWD	\$781K
CARBON ACTIVATED CORP.	\$385K
SAN ELIJO HILLS DEVELOPMENT CO...	\$297K
BENS ASPHALT & MAINTENANCE CO...	\$291K
BLACK & VEATCH CORPORATION	\$263K

VALLECITOS WATER DISTRICT
WARRANTS LIST
July 5, 2017

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	111072 through 111075	-
APGN Inc.	Aeration Blower Filters	111176	1,562.46
AT&T	Phone Svc June	111177	39.44
AT&T	Phone Svc SCADA June	111178	248.54
Jason Bakken	CWEA Collection Cert	111179	190.00
Baltic Networks	Switches & Hardware Supplies - Camera Installation at Twin Oaks Reservoir	111180	916.47
Amy Bartolotta	Closed Account Refund	111181	140.58
Biotechnical Services Inc	Annual Scale Calibration - MRF Lab Equipment	111182	190.00
Boot World Inc	Safety Boots	111183	300.00
Brady Sand & Material Inc	Rock & Cold Mix	111184	3,049.69
CA Dept of Forestry/Fire Protection	Crew Work May	111185	1,371.72
CalDesal	Membership Dues FY 17-18	111186	1,000.00
California Special Dist Assn.	Membership Dues FY 17-18	111187	150.00
California Urban Water Conservation Council	Membership Dues FY 17-18	111188	1,773.36
Capital One Commercial DBA Costco	Office Supplies May	111189	1,591.65
CDW Government Inc	Fax Maker Annual Renewal Software FY 17-18	111190	538.00
CMTA	Membership Dues FY 17-18	111191	155.00
Core Logic Information Solutions Inc	Engineering Map Svcs May	111192	300.00
Corodata Media Storage Inc	Backup Storage Tape May	111193	171.80
County of San Diego	Recording Fees May	111194	36.96
County of San Diego	Inspection Svcs	111195	332.00
CWC Rancho Coronado 71, LLC	Closed Account Refund	111196	782.90
CWEA	Memb Renewal R Rodarte & J Bakken, Memb & Cert Renewal D Joiner	111197	604.00
Davidson Builders Inc.	Closed Account Refund	111198	627.78
Adrienne De Sousa Santos	Closed Account Refund	111199	76.30
Deans Certified Welding Inc	Welding Svcs - Emergency Main Break	111200	720.00
DirecTV Inc	Satellite Svcs June	111201	161.23
Bryon Edwards	Closed Account Refund	111202	67.05
Employment Screening Services Inc	Employment Screening	111203	127.00
Ewing Irrigation Products	PVC Supplies	111204	292.90
Fisher Scientific LLC	Coliform Incubator - MRF	111205	2,397.61
Gallade Chemical Inc.	Muriatic Acid, Sodium Hypochlorite, Phosphoric Acid	111206	1,261.68
Christopher Gervais	Closed Account Refund	111207	102.29
Yasmine Ghougasin	Closed Account Refund	111208	95.98
Golden State Graphics Printing Inc.	Consumer Confidence Postcards Prj 20171-27	111209	1,841.45
Dee & Frank Griffin	Closed Account Refund	111210	8.43
James R Hernandez	SDNEDC Meeting 6-13-17	111211	14.81
Carol Hiestand	Closed Account Refund	111212	26.65
Karly & Ryan Inchaurregui	Closed Account Refund	111213	96.17
Irish Setters Inc.	Closed Account Refund	111214	10.52
JCI Jones Chemicals Inc	Chlorine	111215	5,833.05
Naomi & Michael Katz	Closed Account Refund	111216	7.85
Andrew Keller	Closed Account Refund	111217	25.12
Knight Security & Fire Systems	Svc Call - Bldg C, Annual Patrol Response Main Office 6-1-17 to 5-31-18	111218	596.00
Land Surveying Consultants Inc	Richland Tanks Easement Survey	111219	5,864.00
Law Offices of Jeffrey G Scott	Legal Svcs May	111220	17,305.29
Lawyers Title Company	Preliminary Reports 2, Peroxide Station Enclosure & VWD Property Research	111221	700.00
Liebert Cassidy Whitmore	Membership FY 17-18	111222	4,045.50
Lloyd Pest Control	Pest Control May	111223	719.00
Major League Pest Control	Bee Removal	111224	120.00
Manpower Temp Services	Customer Service Rep Week Ending 4-23-17 & 6-11-17	111225	613.41
Matheson Tri-Gas Inc	Cylinder Rental	111226	50.54
Mike Arthur	Member Agency Finance Officers Meeting 5-17-17	111227	17.90
Juan M. & Shawn Navarro	Closed Account Refund	111228	107.30
Dessa Nockels	Closed Account Refund	111229	85.32
Olivenhain MWD	Treated Water May	111230	61,490.60
Ostari Inc	Cisco Smart Net Support Renewal 6-17 to 6-18	111231	2,580.00
Pacific Pipeline Supply	Couplings 12, Hardware Supplies	111232	782.49
Elyssa Palacios	Closed Account Refund	111233	111.46
PC Specialists Inc	Dell Notebooks 2 - Meter Dept	111234	3,391.04
Iman Pegus	Closed Account Refund	111235	76.71
Pell Mell Supply Inc	Brass Supplies - Meter Installation	111236	1,731.24

VALLECITOS WATER DISTRICT
WARRANTS LIST
July 5, 2017

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Pencco, Inc.	Sulfend RT	111237	8,409.89
Joseph G. Pollard Co Inc	Dechlorinator - Water Quality Dept	111238	2,484.13
Rick Post Welding	Welding Svcs - Emergency Transmission Main Repair	111239	875.00
R & B Automation Inc	Air Valve Actuator Repair MRF	111240	315.00
Chris Rine	Closed Account Refund	111241	48.29
Rusty Wallis Inc	Soft Water Svc June	111242	225.00
John Samander	Closed Account Refund	111243	45.26
SDG&E	Power May	111244	105,722.21
San Elijo Hills Development Co LLC	Closed Account Refund	111245	530.85
Scada Integrations	SCADA Programming MRF	111246	8,312.50
SCAP	Membership Dues FY 17-18	111247	538.00
Schmidt Fire Protection Co Inc	Quarterly Sprinkler Maintenance	111248	573.00
Nelson Sharp	Closed Account Refund	111249	89.86
Southern Counties Lubricants, LLC	Oil for Pump Repairs MRF Basin	111250	94.28
Staples Advantage	Office Supplies June	111251	252.10
Steven Enterprises Inc	OCE Toner Bottles, Matte Film, Photo Paper	111252	772.71
T.S. Industrial Supply	Hose Reel, Hardware Supplies	111253	857.54
The Howard E. Nyhart Co. Inc.	OPEB Actuarial Valuation Progress Billing 1-1-17 to 5-21-17	111254	5,000.00
TJRF Associates LLC	Closed Account Refund	111255	112.30
Total Resource Mgt Inc	Maximo Support May	111256	407.50
Trussell Technologies Inc	Media Study MRF Prj 20121-04	111257	3,348.00
Univar USA Inc	Sodium Hypochlorite, Sodium Bisulfite	111258	4,413.72
VAP Enterprises Inc	Right of Way Easements 3 Prj 20161-26 & Prj 90003	111259	3,185.37
Vector Resources, Inc.	Video Surveillance System For VWD Headquarters Prj 71126	111260	23,312.70
VWR International	Lab Supplies MRF	111261	463.67
Robert & Debbie Wolf	Closed Account Refund	111262	85.81
Tri-City Emergency Medical Group	Medical Svcs	111263	255.00
Action Mail	Splash Postcards Prj 2017-27	111264	1,180.80
Barrett Engineered Pumps	Pump Casing Rings 2 P1 Meadowlark Pump Station	111265	655.12
Doane & Hartwig Water Systems Inc	Supplies For Chlorinator Upgrade MRF	111266	1,775.56
Doug's Filter Service Inc	Wiping Rags	111267	193.95
Electrical Sales Inc	Pump Replacement - Twin Oaks Reservoir	111268	1,744.42
Ferguson Enterprises, Inc	Couplings, Pipe Restraints, Copper Tubing, Valve Restraints, PVC Pipes	111269	6,390.23
Grainger Inc	Hardware Supplies Prj 20171-12	111270	395.43
Haaker Equipment Co.	Fleet Supplies Veh 240	111271	88.67
Interstate Batteries	Vehicle Batteries 3	111272	387.51
Laser Cut Concrete Cutting Inc	Core Drilling	111273	170.00
Mallory Safety & Supply, LLC	Gloves, Safety Glasses, Alcohol Wipes, Safety Supplies	111274	1,085.41
Marcon Products Inc	Sewer Frame & Covers For Road Work - Borden Rd	111275	1,104.44
Quantum Group	Employee Appreciation Gifts	111276	2,655.51
Rely Environmental	Underground Storage Tank Maintenance	111277	175.00
Shamrock Group, Inc.	Paving - Peroxide Station & Surrounding Area Prj 20161-12	111278	27,350.00
Unifirst Corporation	Uniform Delivery	111279	1,540.24
UPS	Shipping Svc June	111280	230.65
Valley Chain & Gear Inc	Hardware Supplies	111281	37.59
Total Disbursements (106 Checks)			<u>347,516.46</u>
WIRES			
San Diego County Water Authority	May Water Bill	Wire	2,450,263.61
Public Employees Retirement System	Retirement Contribution - June 21, 2017 Payroll	Wire	<u>68,982.71</u>
Total Wires			<u>2,519,246.32</u>
PAYROLL			
Total direct deposits		Wire	223,799.48
VWD Employee Association		111041	516.00
Garnishments		111044	2,231.06
IRS	Federal payroll tax deposit	Wire	98,100.45
Employment Development Department	California payroll tax deposit	Wire	17,625.82
CalPERS	Deferred compensation withheld	Wire	13,703.77
VOYA	Deferred compensation withheld	Wire	<u>6,235.73</u>
Total June 21, 2017 Payroll Disbursements			<u>362,212.31</u>
TOTAL DISBURSEMENTS			<u><u>3,228,975.09</u></u>

DATE: JULY 5, 2017
TO: BOARD OF DIRECTORS
SUBJECT: FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SAN ELIJO HILLS PHASE III, P.A. "T" UNIT 8B APN'S 679-340-21, 22, 23, 24, 25, 26, 27, 28, 29, 30 & 31 (SAN ELIJO HILLS DEVELOPMENT COMPANY, LLC)

BACKGROUND:

The San Elijo Hills Development Company, LLC, sold the project to Lennar Homes. As the current owner of the project, Lennar Homes has completed the installation of the water and sewer facilities for 11 single family homes. The 9.226-acre site is located on Pearl Drive South and Ruby Court.

DISCUSSION:

The project constructed approximately 777 feet of 8-inch diameter PVC water main and 785 feet of 8-inch diameter PVC sewer main along Pearl Drive South. Upon final acceptance of the project, water and sewer service will be available to 11 single family homes for Area T Unit 8B.

The owner has provided the District with the required security to guarantee repairs due to failure of materials or workmanship for a period of one year. All current fees and charges have been paid to date.

Along with the water and sewer mains, assorted appurtenances were installed such as water meters, fire hydrants, gate valves, and sewer laterals and manholes.

The owner will pay Water & Wastewater Capital Facility fees prior to final building inspection or utility release by phase per Resolution No. 1441. Based on the current fees, the owner would be required to pay \$140,591.00 in Water Capital Facility fees and \$105,413.00 in Sewer Capital Facility fees.

FISCAL IMPACT:

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

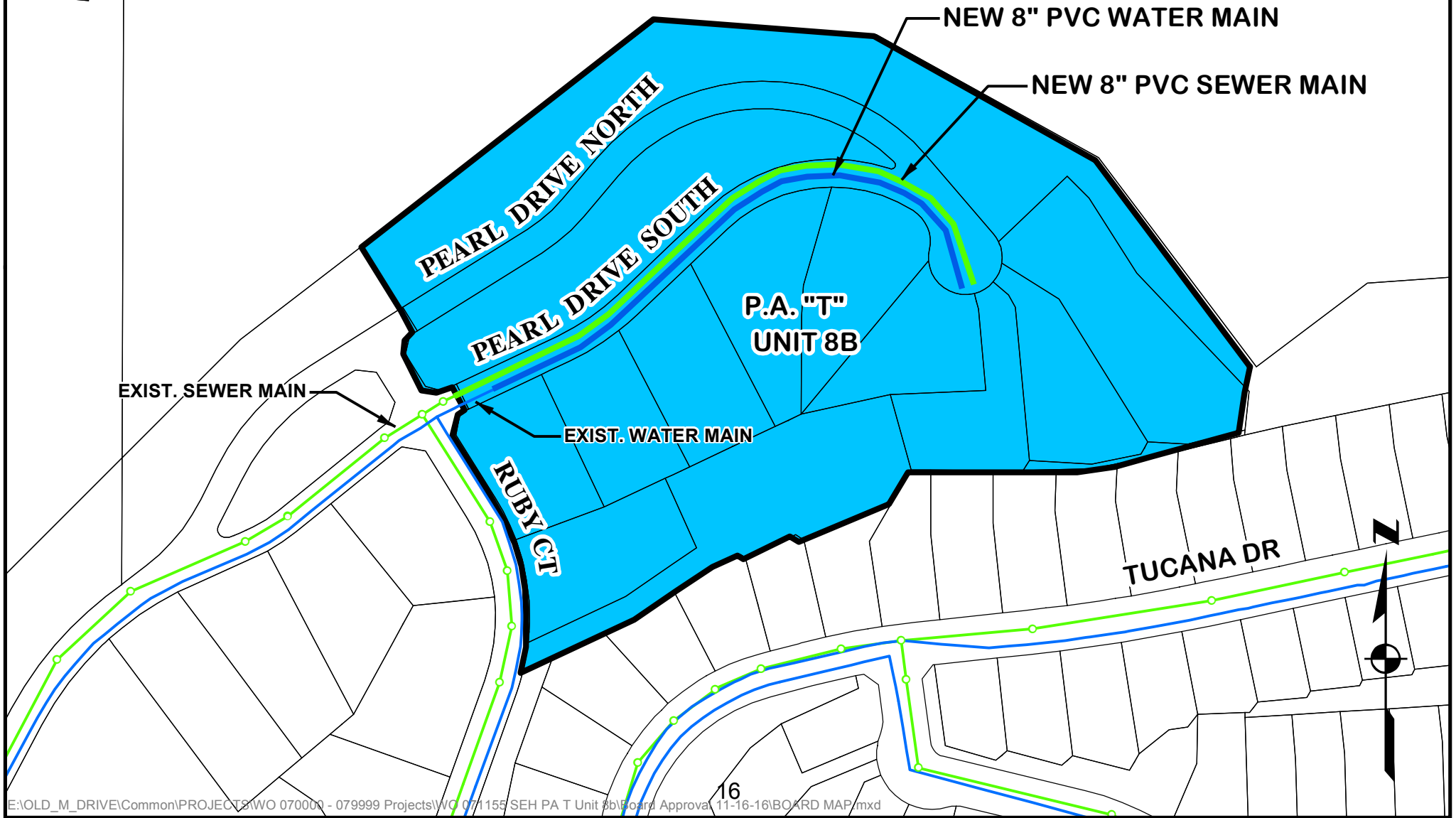
RECOMMENDATION:

Accept the project improvements and approve filing a Notice of Completion for San Elijo Hills Area T Unit 8B.

ATTACHMENTS:

2 Map Exhibits - 1 Plat & 1 Aerial

**FINAL ACCEPTANCE OF WATER & SEWER IMPROVEMENTS FOR
SAN ELIJO HILLS PHASE III, P.A. "T", UNIT 8B APN 679-340-21,
22, 23, 24, 25, 26, 27, 28, 29, 30 AND 31
(SAN ELIJO HILLS DEVELOPMENT CO, LLC)**



**FINAL ACCEPTANCE OF WATER & SEWER IMPROVEMENTS FOR
SAN ELIJO HILLS PHASE III, P.A. "T", UNIT 8B APN 679-340-21,
22, 23, 24, 25, 26, 27, 28, 29, 30 AND 31
(SAN ELIJO HILLS DEVELOPMENT CO, LLC)**



DATE: JULY 5, 2017
TO: BOARD OF DIRECTORS
SUBJECT: FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR CORNER AT 2 OAKS APN'S 220-190-54, 55, 56, 57, 58, 59 & 60 (UNIVERSITY DISTRICT HOLDINGS II)

BACKGROUND:

The University District Holdings II, owner of the property, has completed the installation of the water and sewer facilities for a 116-room hotel, future retail/office space and future 129 multi-family townhomes. The 19.29-acre site is located on San Marcos Boulevard and Twin Oaks Valley Road.

DISCUSSION:

The project constructed approximately 795 feet of 8-inch diameter PVC water main, 592 feet of 10-inch diameter PVC water main, 260 feet of 8-inch diameter PVC sewer main, 453 feet of 12-inch diameter PVC sewer main, 18 feet of 21-inch coated fiber glass sewer main, 56 feet of 27-inch coated fiber glass sewer main and 1,037 feet of 36-inch coated fiber glass sewer main.

The project has replaced and re-routed a part of the existing 36-inch sewer interceptor that ties into Twin Oaks Valley Road.

The owner has provided the District with the required security to guarantee repairs due to failure of materials or workmanship for a period of one year. All engineering and inspection fees have been paid to date.

Along with the water and sewer mains, assorted appurtenances were installed such as water meters, fire hydrants, gate valves, sewer laterals and manholes.

The owner has paid all Water and Wastewater Capital Facility fees for the hotel. Future water and sewer capacity fees will be due for the Phase 2 build out of the retail/office space and multi-family townhomes.

FISCAL IMPACT:

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

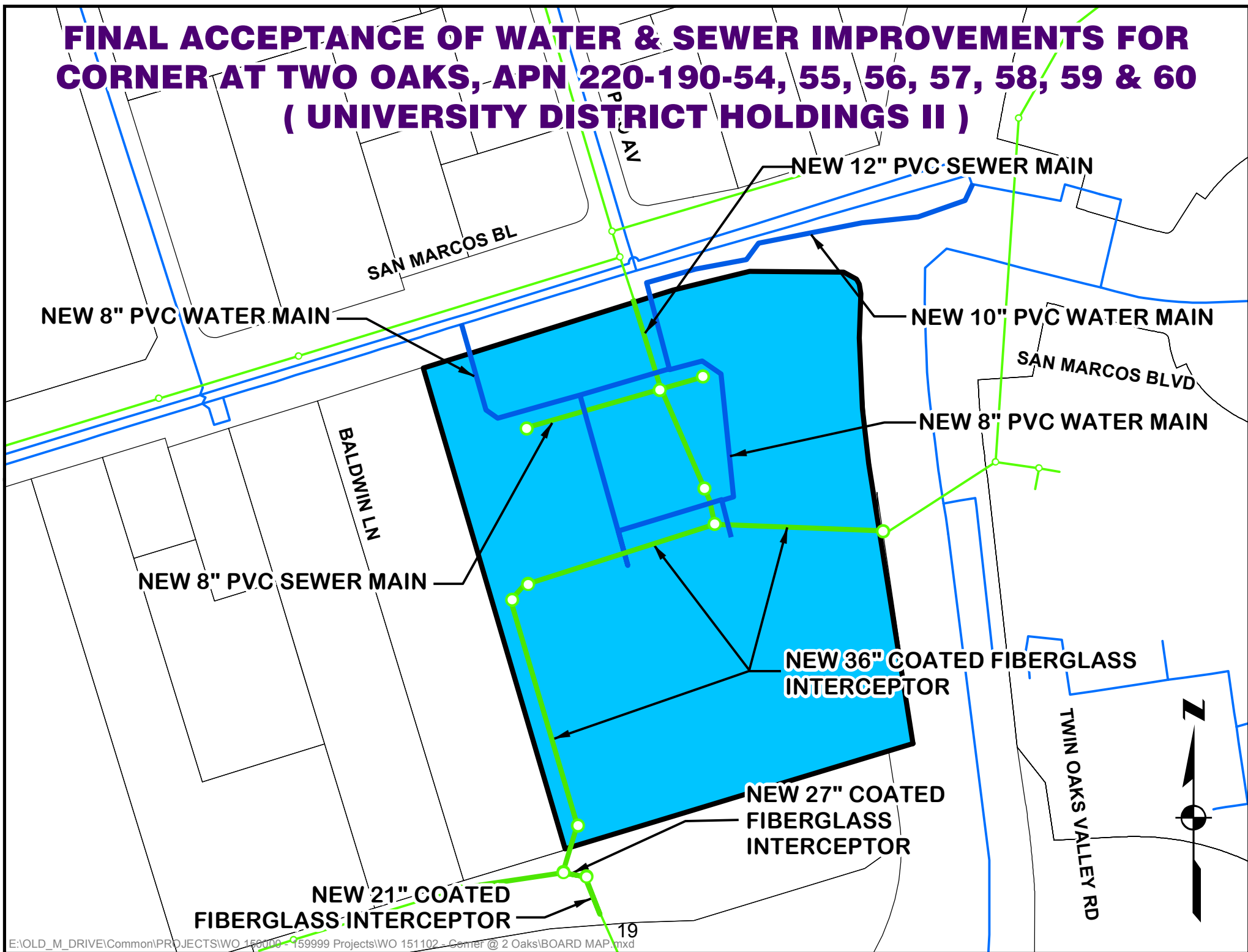
RECOMMENDATION:

Accept the project improvements and approve the filing of a Notice of Completion for Corner at 2 Oaks.

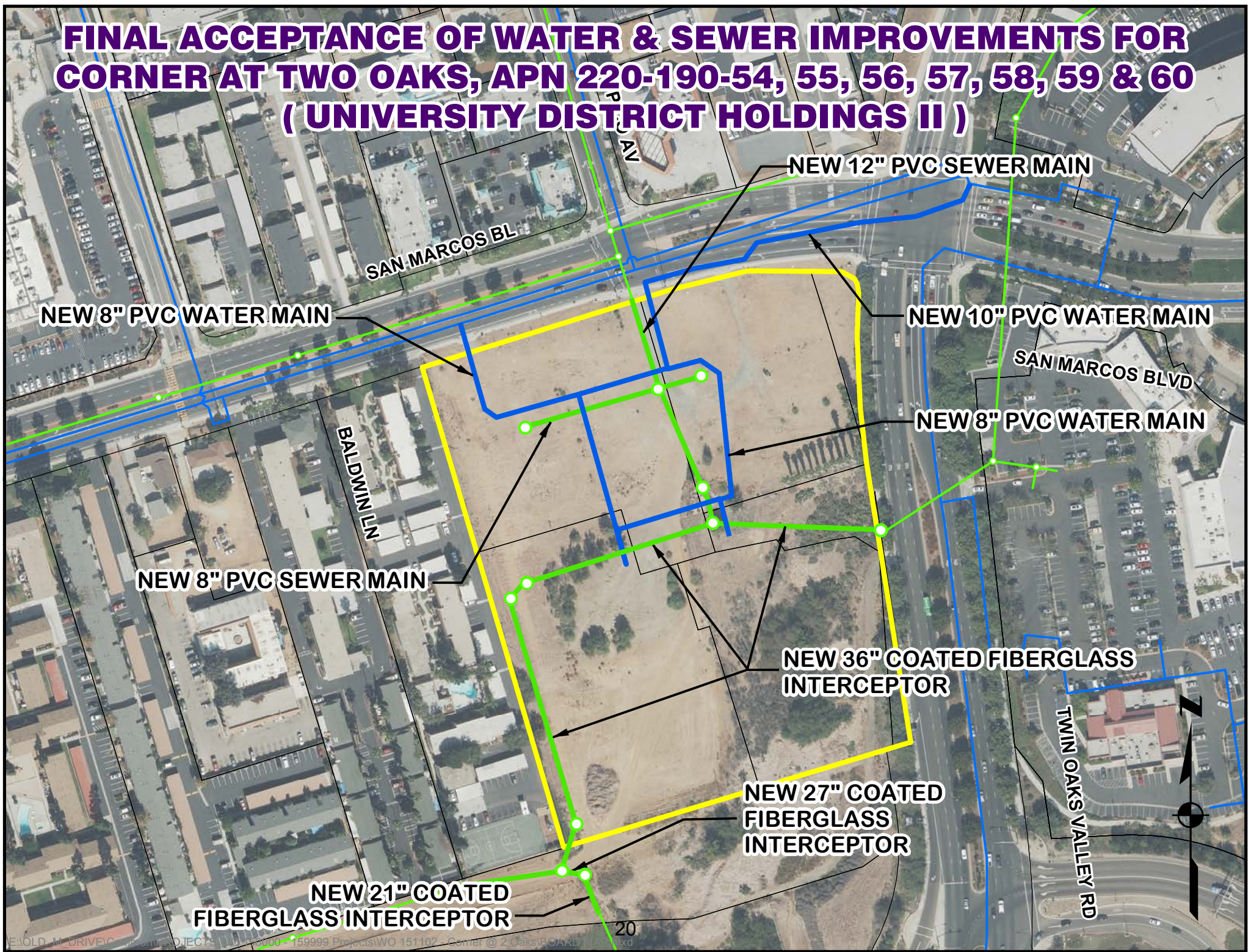
ATTACHMENTS:

2 Map Exhibits - 1 Plat & 1 Aerial

FINAL ACCEPTANCE OF WATER & SEWER IMPROVEMENTS FOR CORNER AT TWO OAKS, APN 220-190-54, 55, 56, 57, 58, 59 & 60 (UNIVERSITY DISTRICT HOLDINGS II)



FINAL ACCEPTANCE OF WATER & SEWER IMPROVEMENTS FOR CORNER AT TWO OAKS, APN 220-190-54, 55, 56, 57, 58, 59 & 60 (UNIVERSITY DISTRICT HOLDINGS II)



DATE: JULY 5, 2017
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES

BACKGROUND:

An inducement resolution allows for reimbursement from the date the resolution is adopted for project costs from proceeds of a future bond issuance. An inducement resolution does not commit the District to incur indebtedness. Without an inducement resolution only expenditures incurred prospective of the date of a debt issuance are allowed to be funded from debt proceeds.

DISCUSSION:

Staff identified the following capital projects in the adopted 2017/18 budget to be funded, at least in part, through restricted capacity reserves which currently have deficit balances.

- District's share of capital improvement projects of the Encina Wastewater Authority,
- San Marcos Sewer Interceptor,
- Rock Springs Sewer Replacement,
- Montiel Gravity Outfall,
- Meadowlark Tank #3, and
- High Point Pipeline

Staff is recommending an inducement resolution be adopted so that cash funded expenditures can later be reimbursed from debt proceeds in the event the District incurs indebtedness in the future. The resolution does not create a commitment to incur debt or impact the District in any way. The resolution allows the District to recover capital expenditures from debt proceeds that the District otherwise could not.

RECOMMENDATION:

Adopt Resolution.

RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES
FOR ENCINA WASTEWATER AUTHORITY CAPITAL PROJECTS, SAN MARCOS SEWER
INTERCEPTOR, ROCK SPRINGS SEWER REPLACEMENT, MONTIEL GRAVITY OUTFALL,
MEADOWLARK TANK #3, HIGH POINT PIPELINE
FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, the Vallecitos Water District (the "District") intends to incur costs for the District's share of capital improvement projects of the Encina Wastewater Authority, and in the planning, design, and construction of the San Marcos Sewer Interceptor, Rock Springs Sewer Replacement, Montiel Gravity Outfall, Meadowlark Tank #3, and the High Point Pipeline (the "Projects");

WHEREAS, the District expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis;

WHEREAS, the District reasonably expects that debt obligations in an amount not expected to exceed \$25,000,000 will be issued and that certain amounts of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the District to declare its reasonable official intent to reimburse prior expenditures for the projects with proceeds of a subsequent borrowing;

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

Section 1. The Board of Directors of the Vallecitos Water District finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the District to make any expenditure, incur any indebtedness, or proceed with the projects.

Section 3. The District hereby declares its official intent to use proceeds of indebtedness to reimburse itself for reimbursement expenditures as allowed by law.

Section 4. This resolution shall take effect from and after its adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 5th day of July 2017, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Craig Elitharp, President
Board of Directors
Vallecitos Water District

Tom Scaglione, Treasurer
Board of Directors
Vallecitos Water District

DATE: JULY 5, 2017
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION SUPPORTING THE SAN DIEGO COUNTY WATER AUTHORITY'S LONG TERM WATER SUPPLY PLAN AND LITIGATION AGAINST THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

BACKGROUND:

The San Diego County Water Authority (SDCWA) is a member agency of the Metropolitan Water District of Southern California (MWD), which has historically supplied the SDCWA with water imported from the Colorado River and through the State Water Project.

DISCUSSION:

The SDCWA has filed four separate lawsuits challenging MWD's rates. The SDCWA has requested the District's support of their efforts to litigate for fair and equitable rates, and support for their long-term water supply plan. A resolution of such support is included for Board consideration.

RECOMMENDATION:

Adopt Resolution.

RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
SUPPORTING THE SAN DIEGO COUNTY WATER
AUTHORITY'S LONG TERM WATER SUPPLY PLAN AND
LITIGATION AGAINST THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA

WHEREAS, San Diego County's \$222 billion economy and 3.3 million people depend on the San Diego County Water Authority ("Water Authority") and its member agencies to provide a reliable water supply at a reasonable cost; and

WHEREAS, the Water Authority is a member agency of the Los Angeles-based Metropolitan Water District of Southern California ("MWD"), which has historically supplied the Water Authority with water imported from the Colorado River and through the State Water Project; and

WHEREAS, following a severe drought in which San Diego County experienced 31% cutbacks in 1991, and was threatened with 50% water supply cutbacks by MWD, a Declaration of Water Independence and Reliability was declared on July 3, 1996, by San Diego civic and business leaders; and

WHEREAS, over the past 20 years, the Water Authority and its member agencies have successfully transformed the San Diego region from being 95% dependent on MWD in 1990, to approximately 20% by 2020; and

WHEREAS, MWD has allocated costs not associated with wheeling water to the wheeling rate creating a disproportionate burden on the Water Authority for diverse supplies wheeled through MWD's system; and

WHEREAS, these overcharges could cumulatively total more than \$7 billion by 2040;

WHEREAS, the Water Authority has filed four separate lawsuits against MWD, challenging these rates; and

WHEREAS, a San Francisco Superior Court judge has already ruled in the first two cases that MWD's rates are illegal, awarded the Water Authority more than \$243 million in damages, costs, pre-judgment interest and attorneys' fees, and directed MWD by writ of mandate to set lawful rates; and

WHEREAS, MWD appealed the lower court ruling, and on June 21, 2017 the 1st District Court of Appeal issued its decision, ruling in the Water Authority's favor on nine of 10 key issues in the litigation, including among them that MWD breached its contract with the Water Authority, overcharged the Water Authority by tens of millions of dollars,

under-calculated the Water Authority’s statutory right to MWD water supply by approximately 100,000 acre-feet annually, and unlawfully denied the Water Authority’s right to participate in MWD water supply programs funded by its rates in violation of California’s Constitution, among other favorable rulings; and

WHEREAS, the Water Authority plans to appeal to the California Supreme Court the one adverse appellate court ruling that said MWD may include certain State Water Project costs in the calculation of its wheeling rate; and

WHEREAS, a reliable, cost-certain and diverse water supply is vital to the sustained prosperity of all San Diego County citizens and business enterprises.

NOW, THEREFORE, BE IT RESOLVED, by the Vallecitos Water District, that the District supports fully the Water Authority's rate litigation against MWD that is necessary to recover illegal rates and charges that may be assessed by MWD, now and in the future; and

BE IT FURTHER RESOLVED, that the Vallecitos Water District, supports fully the programs of the San Diego County Water Authority and its member agencies, on behalf of San Diego County, as a free and independent community, to continue to diversify San Diego County's water supply, free of any program or influence by, or subordination to MWD.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 5th day of July, 2017, by the following roll call vote:

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

Craig Elitharp, President
 Board of Directors
 Vallecitos Water District

ATTEST:

Tom Scaglione, Treasurer
 Board of Directors
 Vallecitos Water District



September 13, 2017 - September 14, 2017

HEADWATERS TOUR 2017



Restored Cookhouse Meadow in California's El Dorado National Forest

Sixty percent of California's developed water supply originates high in the Sierra Nevada mountains. Our water supply is largely dependent on the health of our Sierra forests, which are suffering from ecosystem degradation, drought, wildfires and widespread tree mortality. Join us as we head into the foothills and the mountains to examine water issues that happen upstream but have dramatic impacts downstream and throughout the state.

This 2-day, 1-night tour travels through the Sierra Nevada foothills, into the mountains and around the Lake Tahoe Basin to learn about upper watersheds and what role they play in water supply and quality. We will discuss meadow restoration, forest management and tree mortality, climate change, wildfire impacts and water quality. We will visit a meadow restoration site, Lake Tahoe, El Dorado National Forest, and the Yuba and American rivers.