

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 19, 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 19, 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.

INTRODUCTION

Human Resources Analyst Bridget Anderson will introduce new employee, **Deborah Vale**, Customer Service Representative I.

PRESENTATIONS

President Elitharp will present **Fernando Mata**, Wastewater Treatment Plant Operator I, with his Certificate for Wastewater Treatment Plant Operator Grade III from the State Water Resources Control Board.

2017 WaterSmart Landscape Contest Winners: Third Place: **Connie and Tom Nute**; Second Place: **Cheryl Newman**; First Place: **Cynthia Jones**

CONSENT CALENDAR

1.1 APPROVAL OF MINUTES (pp. 6-13)

- A. REGULAR BOARD MEETING – JULY 5, 2017
- B. ENGINEERING/EQUIPMENT COMMITTEE MEETING – JULY 10, 2017

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JULY 19, 2017 – \$1,420,146.83 (pp. 14-17)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 18-24)

- A. WATER METER COUNT – JUNE 30, 2017
- B. WATER PRODUCTION/SALES REPORT – 2016/2017
- C. QUARTERLY FINANCIAL REPORT – JUNE 30, 2017
- D. WATER REVENUE AND EXPENSE REPORT – JUNE 30, 2017
- E. SEWER REVENUE AND EXPENSE REPORT – JUNE 30, 2017
- F. RESERVE FUNDS ACTIVITY – JUNE 30, 2017

1.4 OPERATIONS & MAINTENANCE METRICS QUARTERLY REPORT – JUNE 30, 2017 (pp. 25-32)

1.5 SCHOOLHOUSE TANK INTERIOR REFURBISHMENT (pp. 33-35)

The existing interior lining of the Schoolhouse Tank requires refurbishment.

Recommendation: Approve Purchase Order

1.6 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS “NORDAHL ROAD SUBDIVISION” (APN: 226-290-01) INTO THE VALLECITOS WATER DISTRICT FOR WATER AND SEWER SERVICE (TRUSTEES OF THE TELLIER FAMILY TRUST AND WARING FAMILY TRUST) (pp. 36-39)

The property is located on the west side of Nordahl Road, north of Rock Springs Road and south of El Norte Parkway.

Recommendation: Approve Annexation with Conditions

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

PUBLIC HEARING

2.1 PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT “A” FOR THE FISCAL YEAR JULY 1, 2017 TO JUNE 30, 2018 (pp. 40-41)

The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees.

Recommendation: 1) **Hold Public Hearing**
 2) **Adopt Resolution**

ACTION ITEMS

- 3.1 RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES (pp. 42-43)

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

Recommendation: **Adopt Resolution**

- 3.2 SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS SUNDOWNER BUSINESS MIXER – PER DIEM/EXPENSE REIMBURSEMENT APPROVAL (pp. 44)

The San Marcos Chamber of Commerce is not on the list of organizations for which meetings are considered compensable under District Ordinance. Approval for per diem and expense reimbursement is required.

Recommendation: **Request Board Direction**

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

REPORTS

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

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

OTHER BUSINESS

5.1 MEETINGS (pp. 45)

WEF Northern California Tour
October 11-13, 2017

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

6.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

7.1 ADJOURNMENT

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

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

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

AFFIDAVIT OF POSTING

I, 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, July 14, 2017.

Diane Posvar

State of California
State Water Resources Control Board



Certificate of Competence

This is to certify that pursuant to the provisions of Chapter 9, Division 7 of the California Water Code

Fernando M. Mata

has fulfilled the requirements for certification as a

Grade III

Wastewater Treatment Plant Operator

Certificate Number 41679

Issued this June 13, 2017

Felicia Marcus
Chair

Original Issue Date: 06/13/2017

Expiration Date: 06/13/2020



MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 5, 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 Hernandez led the pledge of allegiance.

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

Staff Present: Assistant General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Fusco
Operations & Maintenance Manager Pedrazzi
Development Services Senior Engineer Scholl
Public Information/Conservation Supervisor Robbins
Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 5, 2017

17-07-01 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of July 5, 2017.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board on behalf of the Twin Oaks Valley Property Owners' Association, the Property Owners' Defense League and himself, stating one of the things they are looking at closely is Newland Sierra. He inquired about LAFCO's annexation policy which reviews annexations to ensure they are done for the best benefit to all parties. Newland Sierra's EIR stated VWD has its own annexation policies and will not need to go through LAFCO. He asked if this statement by Newland Sierra is true and if LAFCO can be evaded? He expressed his concern regarding the Diamond Environmental issue stating that spending one's effort primarily on single-family dwellings of negligible importance shouldn't be redirected towards commercial operations for waste treatment dumping to be the primary focus of those efforts. He thanked the Board.

CONSENT CALENDAR

President Elitharp stated he received a Request to Speak form for Item 1.4. This item was pulled from the Consent Calendar for discussion.

17-07-02 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to approve Items 1.1, 1.2, and 1.3 of the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – June 21, 2017

1.2 Warrant List through July 5, 2017 - \$3,228,975.09

1.3 Final Acceptance of Water and Sewer Improvements for San Elijo Hills, Phase III, P.A. "T", Unit 8B, APNs: 679-340-21, 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31 (San Elijo Hills Development Company, LLC)

Discussion of Consent Calendar Item 1.4 took place as follows:

1.4 Final Acceptance of Water and Sewer Improvements for Corner at 2 Oaks, APNs: 220-190-54, 55, 56, 57, 58, 59 and 60 (University District Holdings II)

Mike Hunsaker, member of the public, addressed the Board on behalf of the Twin Oaks Valley Property Owners' Association, the Property Owners' Defense League and himself, stating this is a large development compared to the previous item which was 11 single-family dwellings. He noticed the water and capacity fees were well noted, but for this larger project, they were not included. Who is paying for the PVC water and sewer mains for both items? He thanked the Board.

Assistant General Manager Scaglione responded that all of the assets listed are paid for by the developer, then turned over to the District.

17-07-03 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to approve Item 1.4 of the Consent Calendar as presented.

ACTION ITEMS

RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES

Assistant General Manager Scaglione stated the proposed inducement resolution will allow the District to reimburse itself from debt proceeds for expenditures that are incurred before any bond is issued for the capital projects listed in the resolution. The resolution does not create a commitment to incur debt or impact the District in any way; however, it allows the District to recover capital expenditures from debt proceeds that the District otherwise could not.

Staff recommended the Board adopt the inducement resolution.

General discussion took place, during which Director Martin expressed his discomfort with the language in the proposed resolution, particularly the word “intent.” It is his opinion that intent means it will happen. Assistant General Manager Scaglione clarified that the intent is in regard to expenditures that are incurred before any debt is issued between the adoption date of the resolution and the date debt is actually incurred. Director Hernandez further clarified that the capital projects listed in the resolution were included in the Capital Improvement Budget which the Board already approved and that the proposed resolution will ensure that in the event the District issues a bond, the District can be reimbursed for the funds to be put back into whatever fund the money was taken out of.

Mike Hunsaker, member of the public, addressed the Board on behalf of the Twin Oaks Valley Property Owners’ Association, the Property Owners’ Defense League and himself, expressing his concern if the proposed resolution is adopted. He learned at a recent San Marcos City Council meeting that there are 7,000 homes now in the pipeline and more than 2,100 coming possibly from Newland Sierra. He stated the District’s existing infrastructure isn’t adequate for the current population and the District has deficits from inadequate development fees. There is also the question of Encina with an unknown amount of capital improvements coming, one of which is consideration of going to a full recycling capability. He thanked the Board.

Director Hernandez responded to Mr. Hunsaker’s comments stating the District’s infrastructure is sufficient, the District has plans to increase it, and if it is increased, the developers will be paying for that. As the District’s representative to Encina, he confirmed they are only considering something. If Encina decides to do something, information will be provided to this Board for a decision for which costs will not be laid on any existing rate payer.

General discussion took place.

17-07-04 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to table this item to the next Regular Board meeting for further consideration.

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

Assistant General Manager Scaglione stated the San Diego County Water Authority has requested the District’s support of their long-term water supply plan and litigation against the Metropolitan Water District of Southern California. A resolution of such support was provided to the Board for their consideration.

Staff recommended the Board adopt the resolution.

17-07-05 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, to adopt the resolution.

Resolution No. 1520 – The roll call vote was as follows:

AYES: Evans, Hernandez, Martin, Sannella, Elitharp

NOES:

ABSTAIN:

ABSENT:

REPORTS

GENERAL MANAGER

Assistant General Manager Scaglione reported the following:

- The District will be conducting smoke testing in the residential area north of Palomar College on July 11.
- The District sent a letter of opposition to AB 1479, a bill that would increase the burden on requirements for Public Records Act requests and subject the District to potential liability and more administrative work.
- A Closed Session Board meeting to discuss the appraisal of the adjacent property is scheduled for Monday, July 17 at 4:00 p.m.
- Very positive feedback has been received about the video regarding the history of the District. He asked Public Information/Conservation Supervisor Robbins to discuss the making of the video.

Public Information/Conservation Supervisor Robbins stated the video is part of a “virtual” academy which would allow people unable to attend the District’s Water Academy to be able to view a series of videos containing the same information they would receive at the Water Academy. The video of the District’s history is the first in a series of videos which will feature topics such as the Twin Oaks Reservoirs, the District’s Conservation Garden, Meadowlark Reclamation Facility, water and wastewater operations, and collections. He commended the District’s Public Information Representative Alicia Yerman for being instrumental in creating the video.

He further stated the video has been connected 13,000 times on Facebook and viewed by 5,700 people. The video is available on the District’s You Tube page and website, and will be broadcast on San Marcos TV through the end of July on Wednesday and Saturday evenings at 10:30 p.m. and on Friday mornings at 10:00 a.m.

DISTRICT LEGAL COUNSEL

Legal Counsel Scott stated that last week the San Diego County Assessor announced the 2017 assessed value of all taxable property has topped \$500 billion and is approaching \$512 billion, an increase of about 6% over last year. Of that, 1% (approximately \$5 billion) goes to schools, law enforcement, parks and other public services.

He further stated the Little Hoover Commission has completed its most recent review of special districts and is recommending more frequent reviews of municipal services and requiring more information on both the LAFCO website and local agencies' websites regarding what they do.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the SDCWA Board directed their General Manager to enter into a cost-sharing agreement with the City of San Diego for the San Vicente storage project.

Director Evans reported on the results of a recent public survey the SDCWA conducted regarding several topics including statewide regulations to ensure future reliability, conservation issues, and the value of water.

Director Evans stated she attended three JPA Conservation Garden Governance Committee meetings, and attended the San Diego County and Imperial County Chamber Event at the zoo, representing the SDCWA.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee has not met since the last Board meeting.

President Elitharp stated the next Policy and Finance Committee meeting is scheduled on July 11.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Sannella and Hernandez reported on their attendance to the San Diego North Economic Development Council meeting on June 29.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 5:45 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, July 19, 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:

Tom Scaglione, Treasurer
Board of Directors
Vallecitos Water District

MINUTES OF A MEETING OF THE
ENGINEERING/EQUIPMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, JULY 10, 2017 AT 2:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Hernandez called the meeting to order at the hour of 2:07 p.m.

Present: Director Hernandez
 Director Elitharp
 Assistant General Manager Scaglione
 District Engineer Gumpel
 Capital Facilities Senior Engineer Hubbard
 Administrative Secretary Johnson

ITEM FOR DISCUSSION

LOCKER ROOM EXPANSION PROJECT

Capital Facilities Senior Engineer Hubbard provided background on the locker room expansion project. The goals of the project, as envisioned over a year ago, were to: 1) expand the space to accommodate current and future staffing; 2) create a space to architecturally match the existing facilities; and 3) utilize durable products to lower maintenance costs. On August 3, 2016, the Board awarded a professional services agreement with Jeff Katz Architecture (JKA) for the design of the project. On May 17, 2017, concerned with project costs, the Board directed staff to put the project out to bid in order to determine real costs and how best to move forward. After advertising the project for 4 1/2 weeks, only one bid was received for \$613,046 with \$72,069 for additive items which was significantly higher than JKA's estimate. Having received only one bid, analysis of the bid was inconclusive; however, staff determined the highest costs of the project were for flooring and exterior wall systems.

Staff proposed the following changes to the plans to reduce the construction cost and to re-bid the project:

- Do not install 260 SF of wall tile above lockers for the new expansion – only install in the existing locker room and shower area to match
- Add new concrete joints to minimize the removal and replacement of concrete sidewalk
- Remove the section of concrete sidewalk along the northeast side of the expansion and leave as existing planter space
- Leave the existing men's locker room tile flooring "as is" – do not remove and place epoxy
- Install new floor as bare concrete with sealer instead of epoxy
- Reduce the height of the building by 5'
- Change exterior wall system from concrete tilt-up to metal stud/plaster (troweled to match existing as best as possible)
- Leave the existing men's locker room counter/sink "as is" – do not replace to match the new counter/sink

- Staff to remove and refurbish interior swing door
- Staff to install new fire extinguisher
- District to pre-purchase lockers for contractor to install
- Reduce the size of the HVAC system and include into base bid to improve competitive pricing
- Include fire protection system into base bid to improve competitive pricing

Capital Facilities Senior Engineer Hubbard stated the proposed changes could conservatively save approximately \$105,000. The additive items that would have cost approximately \$55,100 such as upgrades to the women's locker room would be removed as well. Additional design cost is estimated at \$10,000. The current project budget is \$810,000 with \$135,000 having been spent to date for design, staff, staff overhead and miscellaneous.

Director Hernandez presented a preliminary design and construction cost estimate to the Committee that he created which would expand the men's locker room into the space where the women's locker room is currently, and build a smaller addition for a new women's locker room. His design does not have to include the tilt-up walls which would make this project a more standard type project and could possibly increase the number of contractors bidding on the project.

General discussion took place regarding what has already been spent on the project to date, the possible cost savings with Director Hernandez's design, staff and overhead costs, the design/build process, conducting a new Request for Proposal (RFP) with a well-defined scope of work, existing fixtures and lockers. District Engineer Gumpel estimated Director Hernandez's design could save approximately \$100,000, but would take more time which could decrease the savings, particularly the process involved with a new RFP. He suggested having JKA revise the current design which could save two months' time just on staff time.

The Committee directed staff to negotiate an amendment with JKA to re-design the project to construct a smaller women's locker room addition and convert the current women's locker room into the men's locker room. The Committee will report to the full Board the Committee's recommendation to move forward with the project as discussed.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

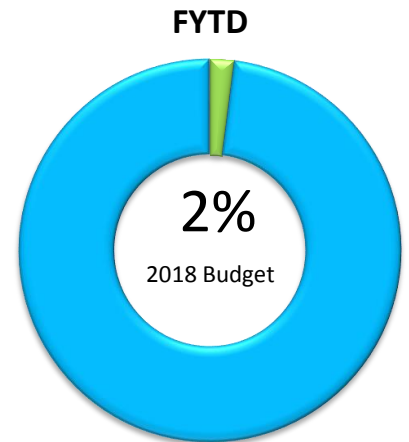
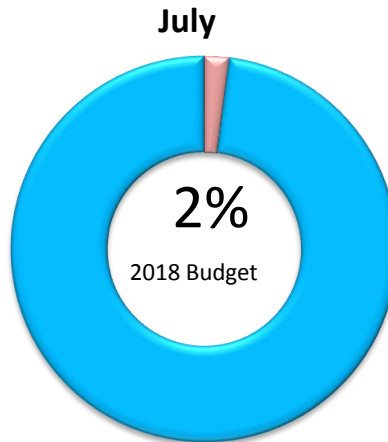
There being no further business to discuss, the meeting was adjourned at the hour of 3:12 p.m.

**VALLECITOS WATER DISTRICT
WARRANTS LIST SUMMARY
July 19, 2017**

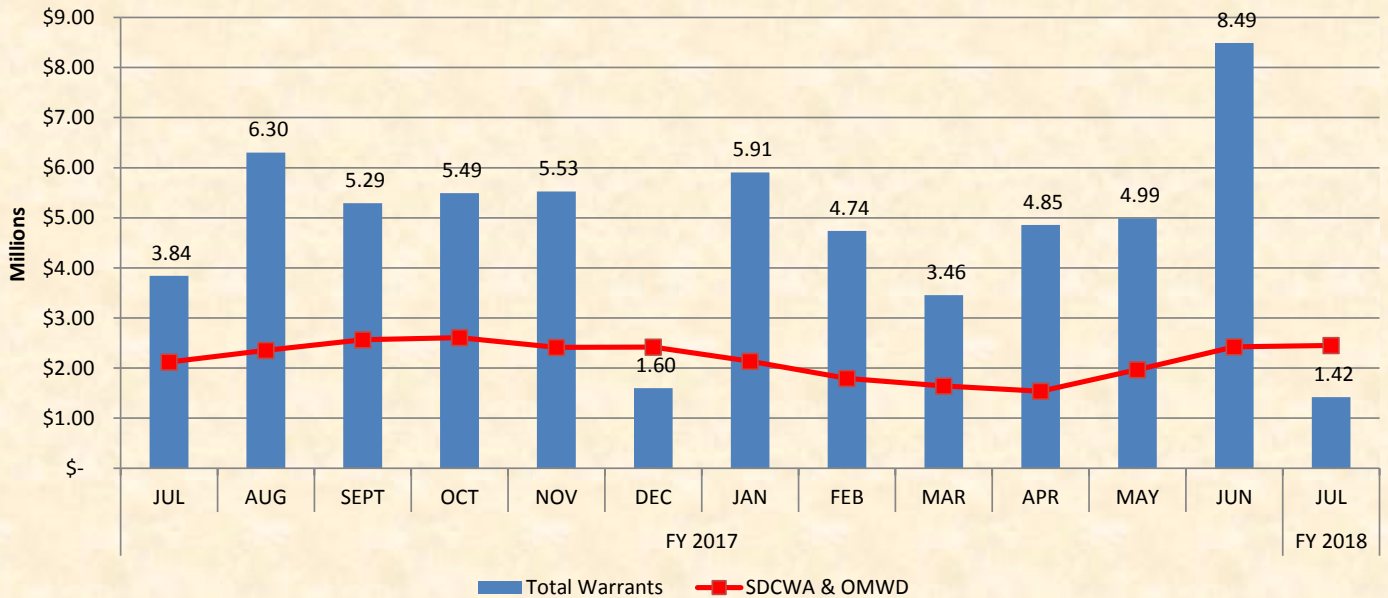
Summary

■ July Warrants	\$ 1,420,147 *
■ YTD Warrants	\$ 1,420,147 *
■ FY2018 Budget	\$ 69,615,000

* Excludes Debt Service

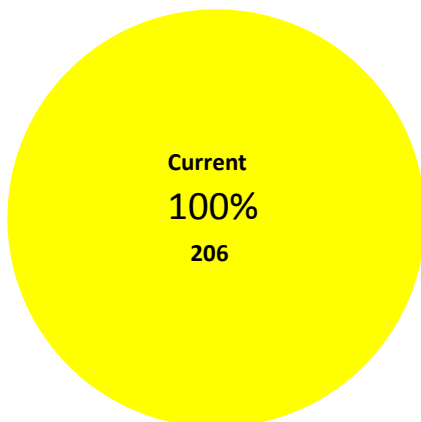


Historical Warrants by Month**

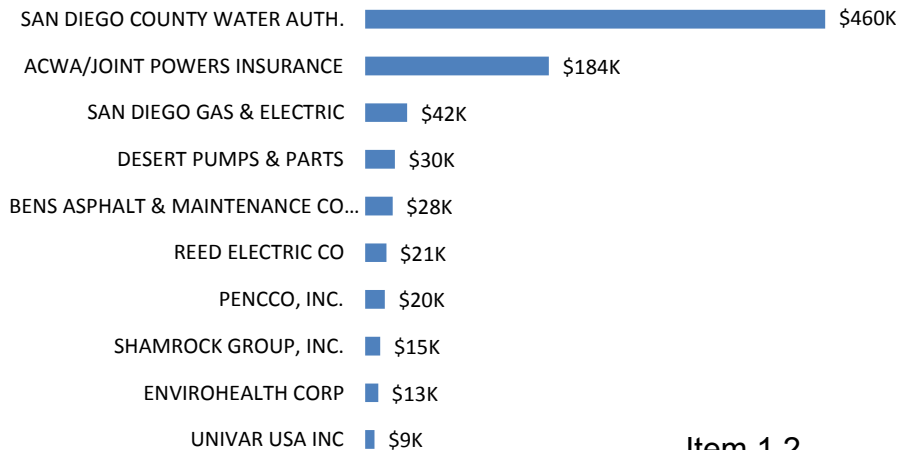


** Historical Warrants by Month chart summarizes amounts in the Warrants List for the given month not amounts paid during the month with the exception of SDCWA & OMWD payments.

Invoices Processed



Top 10 Vendors - FYTD



VALLECITOS WATER DISTRICT
WARRANTS LIST
July 19, 2017

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	111282 through	111285 -
Environmental Resource Associates	Potable Water Coliform Samples	111286	446.41
Ababa Bolt Inc	Hardware Supplies	111287	40.77
Action Mail	Postage Prop 218 Prj 20171-27	111288	5,400.00
ACWA/Joint Powers Insurance	Group Insurance Aug	111289	183,752.16
AH Water Inc	Carbon Scrubber Rental July	111290	1,573.15
Airgas USA LLC	Cylinder Rental	111291	131.38
Alex & Ariana Covarrubias	Refund Customer Overpayment	111292	3,497.25
APGN Inc.	Turbo Blower Prj 20171-6	111293	8,000.00
Aqua-Metric Sales Co	4" Meter	111294	3,048.68
ARB Inc	Closed Account Refund	111295	713.94
Jason Bakken	Safety Boots	111296	125.21
Best Best & Krieger	2015 General Rate Case	111297	247.75
Bethany Fox	Closed Account Refund	111298	13.03
Boncor Water Systems	Soft Water & Drinking Water Svc July	111299	1,645.00
Boot Barn	Safety Boots	111300	300.00
Boot World Inc	Safety Boots	111301	300.00
CCI	Water Treatment June	111302	220.00
CDW Government Inc	Server & Hard Drive For District Security Cameras Prj 71126	111303	9,235.06
Clark D. Brooks	Closed Account Refund	111304	64.77
Council of Water Utilities	Replacement Checks 4 COWU	111305	400.00
Craig Elitharp	COWU Meeting 6-20-17	111306	16.52
Cross Development	Deposit Refund Prj 20161-129	111307	530.74
Davidson Builders Inc.	Closed Account Refund	111308	40.55
Department of Consumer Affairs	Engineering License Renewal G Pruim 2018	111309	115.00
Desert Pumps & Parts	Rotor For Solids Pump MRF Prj 20171-236,Solids Pump Rebuild Parts MRF	111310	29,701.74
Diamond Environmental Services	Portable Restroom MRF	111311	300.89
DirecTVInc	Satellite Svc July	111312	69.54
Doane & Hartwig Water Systems Inc	Chlorine Analyzer MRF Prj 20171-17	111313	8,189.00
Patrick Drummond	Hard Drive For CCTV Camera Van	111314	128.22
EDCO Waste & Recycling Serv	Trash Svc June	111315	847.35
Ferguson Enterprises, Inc	Valve, Gaskets, & Plugs	111316	3,341.97
GMC Electrical, Inc.	Annual Cathodic Service Agreement 17-18 (Corrosion Mitigation)	111317	4,695.00
Gustavo Santos	Closed Account Refund	111318	30.08
Hach Company	Meter, Odor Scrubber #2 Parts & Calibration Solutions MRF, Lab Supplies	111319	6,457.91
Harrington Industrial	Hardware Supplies Prj 20171-17	111320	344.15
Dustin Harris	CWEA Cert Renewal	111321	88.00
Home Depot Credit Services	Hardware Supplies June	111322	1,961.13
Idexx Distribution Corp.	Lab Supplies	111323	122.96
Infosend Inc	Postage & Printing June	111324	3,074.90
Infrastructure Engr Corp	Fulton Road Sewer Repair Prj 20161-11	111325	889.00
Interstate Batteries	Generator Battery North Twin Oaks Pump Station	111326	391.95
JCI Jones Chemicals Inc	Chlorine	111327	3,888.70
Jorge Aceves	Safety Boots	111328	141.04
Judith Soule	Closed Account Refund	111329	64.77
Kendra & Randell Correia	Closed Account Refund	111330	7.06
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004	111331	3,041.98
Safety-Kleen Systems Inc	Parts Washer Rental	111332	323.07
Knight Security & Fire Systems	Monitoring & Patrol Svc July, Service Call Lake San Marcos Lift Station	111333	605.61
Lashelle & J. Allen Kirby	Closed Account Refund	111334	48.91
Lisa Mullen	Closed Account Refund	111335	86.49
Manpower Temp Services	Customer Service Rep Week Ending 6-25-17 & 7-2-17	111336	554.99
Hal Martin	SDNEDC Meeting 6-13-17 & 6-29-17, COWU Meeting 6-20-17	111337	37.22
Mary Johnson	Closed Account Refund	111338	57.73
Medina Construction	Paving Svcs 1 Location - Water Main Break	111339	27,500.00
NCB Reprographics Inc	Bond, Color, & Black & White Copies Prj 20141-8	111340	750.63
North County Tool & Abrasive	Misc Hardware Supplies	111341	258.00
NV5, Inc.	Public Outreach Prj 20171-27	111342	2,888.75
One Source Distributors LLC	Replacement Lamps, Analog Card For PLC	111343	1,912.04
Pacific Pipeline Supply	Plugs, Hardware Supplies	111344	1,051.13
Parkhouse Tire Inc	Tires 6, Veh 183,213,240	111345	2,225.47
Pavement Coatings Co	Closed Account Refund	111346	643.96

VALLECITOS WATER DISTRICT
WARRANTS LIST
July 19, 2017

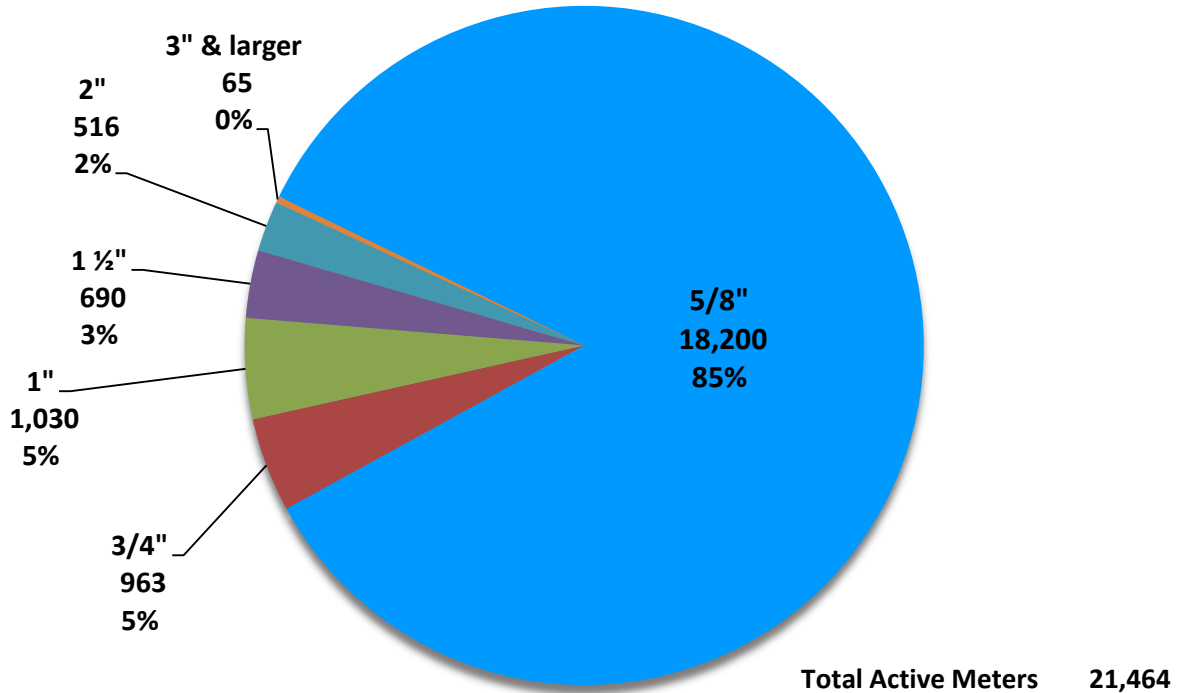
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Pencco, Inc.	Trioxyn, Sulfend RT	111347	19,661.00
Plumbers Depot Inc	Metal Wheels 4 CCTV Camera and Parts	111348	2,698.72
Recycled Aggregate Materials Co Inc	Concrete Recycling	111349	225.00
Ramzi & Janet Fasheh	Closed Account Refund	111350	151.24
Samuel Janssen	Closed Account Refund	111351	122.89
Void	VOID	111352	-
SDG&E	Power June	111353	41,968.89
San Elijo Hills Development Co LLC	Closed Account Refund	111354	593.57
San Marcos Trophy	Name Plate L Dodman	111355	10.00
San Marcos Unified School Dist	Transportation Svcs Prj 20171-29	111356	450.00
Schmidt Fire Protection Co Inc	Leak Repair MRF	111357	383.00
Shamrock Group, Inc.	Paving Svcs 11 Locations Prj 20161-4	111358	15,000.00
Shred-It US JV LLC	Shredding Svcs May-June	111359	153.24
Southern Counties Lubricants, LLC	Hydraulic Oil - Fleet Tank Refill, Diesel Fuel	111360	3,352.85
Standard Insurance Company	LIFE, ADD, LTD July	111361	5,580.60
State Water Resources Control	Water Distribution Cert L Kirby	111362	80.00
Steven Enterprises Inc	Color Bond Paper	111363	119.67
Stone Canyon HOA	Closed Account Refund	111364	147.22
Symphony Asset Pool XX LLC	Deposit Refund Prj 20161-115	111365	6,795.38
Tony's Custom Upholstery	Seat Repair Veh 231	111366	311.62
Union Bank FKA 1ST Bank Card	Meetings & Travel June	111367	2,890.39
Union Bank FKA 1ST Bank Card	Meetings & Travel June	111368	1,441.52
Union Bank FKA 1ST Bank Card	Meetings & Travel June	111369	496.16
Union Bank FKA 1ST Bank Card	Meetings & Travel June	111370	2,242.24
Univar USA Inc	Sodium Bisulfite, Caustic Soda	111371	9,422.79
UPS	Shipping Svcs June	111372	19.82
Lisa Urabe	Office Supplies Prj 20171-31	111373	251.19
Verizon Wireless	Cell Phone Svc June	111374	1,607.14
Vista Irrigation District	Distribution Workshops - 12 Employees	111375	2,275.00
Vista Irrigation District	Chlorine Plant Lease 17-18	111376	360.00
VWR International	Thermometer	111377	89.02
Xerox Corporation	Copier Lease June	111378	4,821.23
Bonsall Petroleum Constr Inc	Fuel Island Monitoring 16-17	111379	1,295.86
CA Dept of Forestry/Fire Protection	Crew Work June	111380	457.24
Jeffrey Colwell	Video Production Prj 20171-28	111381	323.75
Crump & Co. Inc.	Check Valves 2	111382	2,604.12
Hidden Valley Steel & Scrap, Inc.	Fleet Supplies	111383	64.00
Electrical Sales Inc	Antenna Mast Materials Twin Oaks Reservoir Prj 71126, Fans 2, Hardware Supplies	111384	1,055.04
Enviro Health Corp	Grease Control Bacteria	111385	12,961.26
Ewing Irrigation Products	PVC Supplies	111386	35.01
Ford of Escondido	Fleet Supplies Prj 20171-18	111387	399.60
GSG Printing Inc.	CCR Report Prj 20171-27	111388	490.26
Grainger Inc	Vehicle Wax, Sealant, Nozzles, Hardware Supplies	111389	2,123.79
Laser Cut Concrete Cutting Inc	Core Drilling Svc Prj 71126	111390	220.00
Major League Pest	Bee Removal	111391	620.00
Mallory Safety And Supply, LLC	Safety Supplies	111392	42.56
Marcon Products Inc	Sewer Frames & Covers, Iron Rings, Concrete	111393	3,820.12
MGM Plastics Inc	Hardware Supplies	111394	105.11
Rick Post Welding	Welding Svcs - Main Break Repair	111395	1,000.00
Reed Electric Co	Replacement of Motor #4 Palos Vista Pump Station Prj 20161-8	111396	21,152.82
San Diego County Water Auth.	Connection Fees Quarter Ending 6-30-17	111397	460,004.80
Scada Integrations	SCADA Programming MRF	111398	5,187.50
T.S. Industrial Supply	Fire Hoses 8, Hardware Supplies Prj 20171-17	111399	2,263.54
Total Resource Mgt Inc	Maximo Support May	111400	1,785.00
Traffic Supply Inc	Custom Signs 2, Decal	111401	224.21
Underground Service Alert	Dig Alert Svc	111402	336.00
Unifirst Corporation	Uniform Delivery	111403	1,523.52
Valley Center MWD	DOT Hazardous Materials Training, L Minitier, M Sten, J Janus	111404	168.00
Varidesk, LLC	Dual Monitor Stands & Arms 6	111405	1,389.98
Walters Wholesale Electric	Hardware Supplies	111406	399.46
Total Disbursements (120 Checks)			<u>972,352.65</u>

VALLECITOS WATER DISTRICT
WARRANTS LIST
July 19, 2017

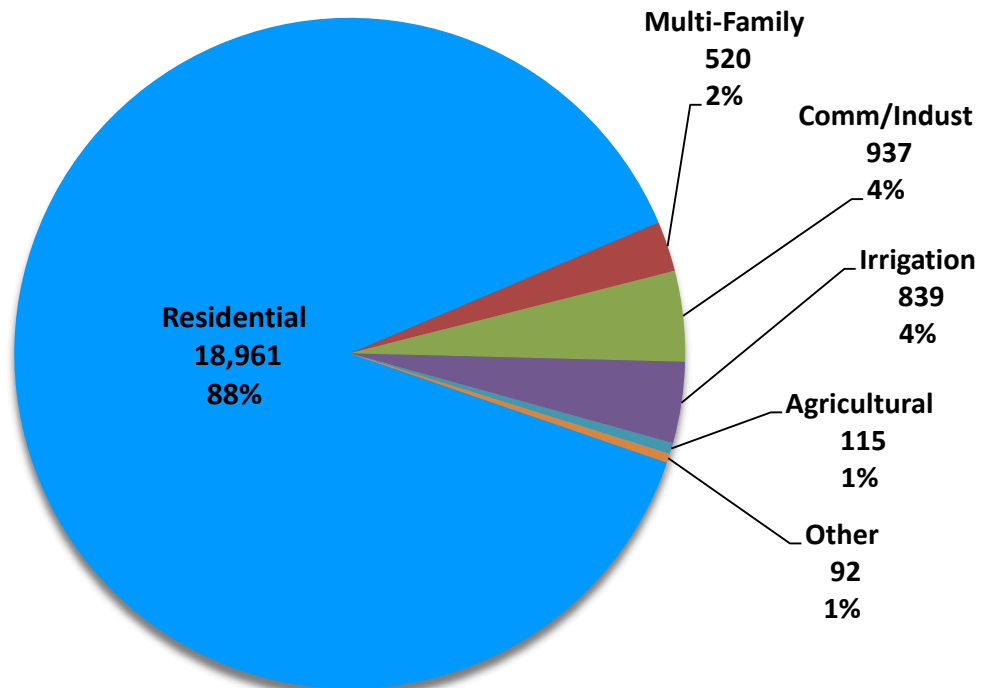
PAYEE	DESCRIPTION	CHECK#	AMOUNT
WIRES			
Public Employees Retirement System	Retirement Contribution - July 5, 2017 Payroll	Wire	68,705.61
PAYROLL			
Total direct deposits		Wire	230,761.43
VWD Employee Association		111282	516.00
Garnishments		111285	2,231.06
IRS	Federal payroll tax deposit	111283 through	100,457.68
Employment Development Department	California payroll tax deposit	Wire	17,881.41
CalPERS	Deferred compensation withheld	Wire	13,888.86
VOYA	Deferred compensation withheld	Wire	6,227.80
Total July 5, 2017 Payroll Disbursements			<u>371,964.24</u>
Total direct deposits		Wire	3,823.44
IRS	Federal payroll tax deposits	Wire	2,595.59
Employment Development Department	California payroll tax deposit	Wire	605.30
CalPERS	Deferred compensation withheld	Wire	100.00
Special Payroll Disbursements (i.e., final checks, accrual payouts, etc.)			<u>7,124.33</u>
Total Payroll Disbursements			<u>379,088.57</u>
TOTAL DISBURSEMENTS			<u><u>1,420,146.83</u></u>

Vallecitos Water District
 Active Water Meters
 June 30, 2017

Active Meters by Size as of June 30, 2017

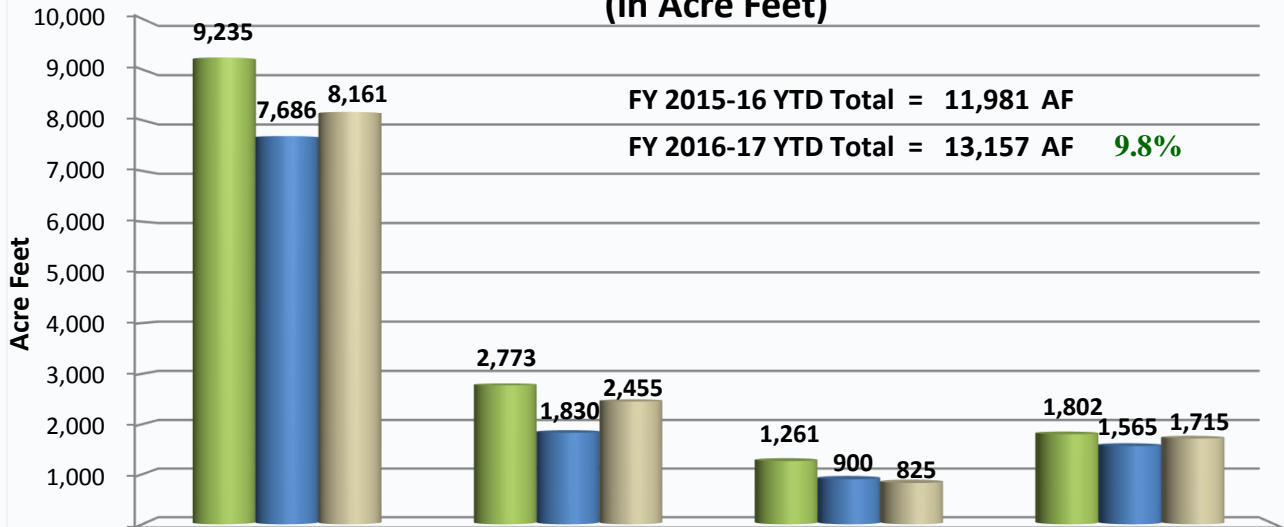


Active Meters by Type as of June 30, 2017



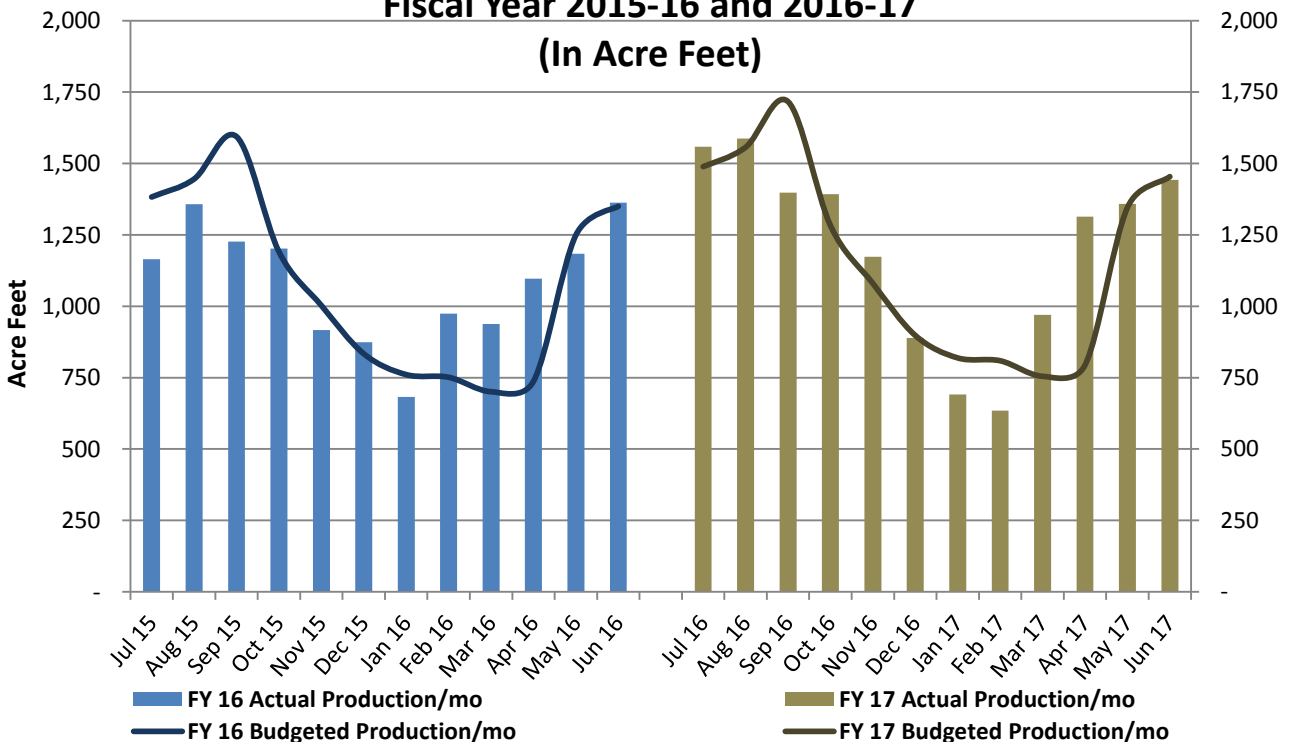
Vallecitos Water District
Water Production/Sales
June 30, 2017

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	9,235	2,773	1,261	1,802
FY 2015-16	7,686	1,830	900	1,565
FY 2016-17	8,161	2,455	825	1,715

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





**VALLECITOS WATER DISTRICT
QUARTERLY FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017 (Unaudited)**

OVERVIEW

With the fiscal year complete, the District's water fund has a net operating loss of \$553 thousand (before depreciation) while the sewer fund has a net operating income of \$8.3 million (before depreciation). The District is cash funding capital projects and current on all debt service payments. We anticipated increased water revenues this year when putting the budget together and continue to monitor expenses in all funds very closely.

WATER FUND

Overall, the Water Fund performed as expected during the Fiscal Year 2017.

Revenues: As demonstrated in the table below: water sales are 94% of total budget. Water sales and Ready to Serve (RTS) combined are in line with budgeted amounts at fiscal year-end. Pumping Charges were lower than budgeted as no adjustment to the charge was adopted. Other revenues are higher than budgeted due to a settlement from ACWA/JPIA, reimbursement for cost of solar panel repairs, and a refund of insurance premiums.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 23,727,000	\$ 22,185,408	94%
Ready to Serve	12,244,000	13,811,184	113%
Pumping Charges	300,000	156,195	52%
Other	585,000	727,475	124%
Total	\$ 36,856,000	\$ 36,880,262	100%

Expenses: Operating expenses are somewhat high as a result of multiple main breaks. Supporting expenses were slightly lower than budgeted primarily due to lower staffing levels, and overall efficient operation of the system.

Expense	Budget	YTD Actual	Percent
Water Purchases	\$ 26,270,000	\$ 27,165,778	103%
Operating	3,740,000	3,905,199	104%
Supporting	4,072,000	3,508,136	86%
General & Admin	2,773,000	2,853,785	103%
Total	\$ 36,855,000	\$ 37,432,898	102%

SEWER FUND

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

Revenues: Sewer service charges performed as planned and Reclaimed Water Sales are adjusted after the fiscal year audit is complete to recover actual costs. The Other category is higher than budget due to greater than anticipated delinquency charges.

SEWER FUND (continued)

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 17,846,000	\$ 17,459,312	98%
Reclaimed	1,938,000	1,936,389	100%
Other	77,000	101,173	131%
Total	\$ 19,861,000	\$ 19,496,874	98%

Expenses: Treatment expenses are low primarily due to budgeted chemicals not purchased. Operating expenses are lower than expected due to budgeted repairs that were not performed and lower than anticipated labor. Supporting expenses are low primarily as a result of lower staffing levels.

Expense	Budget	YTD Actual	Percent
Treatment	\$ 6,175,000	\$ 5,618,193	91%
Operating	2,777,000	2,279,023	82%
Supporting	2,507,000	2,086,084	83%
General & Admin	1,261,000	1,190,114	94%
Total	\$ 12,720,000	\$ 11,173,414	88%

RESERVES AND FUNDS:

The following is a summary of the replacement reserves and capacity funds as of June 30, 2017.

Water:		
Revenues	Replacement	Capacity
FY 16/17 Operating Transfers	\$ (552,636)	-
Capital Facility Fees	-	\$ 2,881,660
Property tax & Other	2,511,291	119,500
<i>Total Revenue</i>	<u>1,958,655</u>	<u>3,001,160</u>
Distributions		
Capital Projects	766,426	403,601
Debt Service	-	2,171,157
<i>Total Distributions</i>	<u>766,426</u>	<u>2,574,758</u>
Net Increase/(Decrease)	1,192,229	426,402
Beginning Balance	28,693,077	(10,315,457)
Less: Operating Reserves	5,220,500	-
Ending Balance	<u>\$ 24,664,806</u>	<u>\$ (9,889,055)</u>
Replacement Reserve Floor	\$ 6,542,500	
Replacement Reserve Ceiling	<u>\$ 26,940,300</u>	

Wastewater:		
Revenues	Replacement	Capacity
FY 16/17 Operating Transfers	\$ 8,323,460	-
Capital Facility Fees	-	\$ 3,597,405
Property tax & Other	2,251,204	-
<i>Total Revenue</i>	<u>10,574,664</u>	<u>3,597,405</u>
Distributions		
Capital Projects	4,030,317	533,720
Debt Service	-	3,319,831
<i>Total Distributions</i>	<u>4,030,317</u>	<u>3,853,551</u>
Net Increase/(Decrease)	6,544,347	(256,146)
Beginning Balance	38,840,390	(6,245,765)
Less: Operating Reserves	6,272,900	-
Ending Balance	<u>\$ 39,111,837</u>	<u>\$ (6,501,911)</u>
Replacement Reserve Floor	\$ 11,789,400	
Replacement Reserve Ceiling	<u>\$ 41,946,600</u>	

DATE: JULY 19, 2017
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the fiscal year ended June 30, 2017 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 12-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and reflected in the Reserve Report. Any excess of expenses above revenues are paid for out of reserves in the current fiscal year.

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

RECOMMENDATION:

For information only.

Vallecitos Water District
Water Revenue and Expense Report
For the Year Ended June 30, 2017

(Unaudited)

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$ 22,185,408	\$ 18,466,048	\$ 3,719,360	20.1%	\$ 23,727,000	\$ (1,541,592)	-6.5%
Ready-to-serve	13,811,184	13,659,090	152,094	1.1%	12,244,000	1,567,184	12.8%
Pumping charges	156,195	135,418	20,777	15.3%	300,000	(143,805)	-47.9%
Late & lock charges	423,597	426,682	(3,085)	-0.7%	407,000	16,597	4.1%
Backflow fees	88,695	83,488	5,207	6.2%	80,000	8,695	10.9%
Other revenue	215,183	343,603	(128,420)	-37.4%	98,000	117,183	119.6%
Total Revenue	<u>36,880,262</u>	<u>33,114,329</u>	3,765,933	11.4%	<u>36,856,000</u>	24,262	0.1%
Expenses							
Water costs	27,165,778	22,064,958	5,100,820	23.1%	26,270,000	895,778	3.4%
Pumping costs	609,047	517,848	91,199	17.6%	531,000	78,047	14.7%
Water quality	100,001	115,474	(15,473)	-13.4%	165,000	(64,999)	-39.4%
Water treatment	467,270	380,050	87,220	22.9%	375,000	92,270	24.6%
Tanks & reservoirs	298,712	348,533	(49,821)	-14.3%	344,000	(45,288)	-13.2%
Trans & distribution	1,642,070	1,151,655	490,415	42.6%	1,412,000	230,070	16.3%
Services	126,286	219,220	(92,934)	-42.4%	190,000	(63,714)	-33.5%
Meters	590,523	677,586	(87,063)	-12.8%	651,000	(60,477)	-9.3%
Backflow prevention	71,290	59,408	11,882	20.0%	72,000	(710)	-1.0%
Customer accounts	532,032	520,120	11,912	2.3%	686,000	(153,968)	-22.4%
Building & grounds	381,726	342,531	39,195	11.4%	318,000	63,726	20.0%
Equipment & vehicles	281,047	261,608	19,439	7.4%	317,000	(35,953)	-11.3%
Engineering	1,343,562	1,238,221	105,341	8.5%	1,539,000	(195,438)	-12.7%
Safety & compliance	216,763	212,801	3,962	1.9%	272,000	(55,237)	-20.3%
Information Technology	753,006	710,508	42,498	6.0%	941,000	(187,994)	-20.0%
General & administrative	2,853,785	3,073,218	(219,433)	-7.1%	2,773,000	80,785	2.9%
Total Expenses	<u>37,432,898</u>	<u>31,893,739</u>	5,539,159	17.4%	<u>36,856,000</u>	576,898	1.6%
Net Operating Income	<u>\$ (552,636)</u>	<u>\$ 1,220,590</u>	(1,773,226)	-145%	<u>\$ -</u>	(552,636)	

Explanation of Significant Variances

Drought recovery has resulted in a favorable variance in **Water Sales** to prior year. **Water costs** have increased in correlation with water sales resulting in an unfavorable variance to prior year

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.

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.

Information Technology has a favorable budget variance as a result of deferred software upgrades.

Variances are considered significant if they exceed \$100000 and 20%.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Year Ended June 30, 2017

(Unaudited)

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Sewer service charges	\$ 17,459,312	\$ 17,362,994	\$ 96,318	0.6%	\$ 17,846,000	\$ (386,688)	-2.2%
Reclaimed water sales	1,936,389	1,713,556	222,833	13.0%	1,938,000	(1,611)	-0.1%
Other revenue	<u>101,173</u>	<u>97,579</u>	3,594	3.7%	<u>77,000</u>	24,173	31.4%
Total Revenue	<u>19,496,874</u>	<u>19,174,129</u>	322,745	1.7%	<u>19,861,000</u>	(364,126)	-1.8%
Expenses							
Collection & conveyance	1,859,709	1,738,398	121,311	7.0%	2,262,000	(402,291)	-17.8%
Lift stations	278,081	256,400	21,681	8.5%	322,000	(43,919)	-13.6%
Source Control	141,233	129,669	11,564	8.9%	193,000	(51,767)	-26.8%
Effluent disposal	2,674,176	2,412,784	261,392	10.8%	2,691,000	(16,824)	-0.6%
Meadowlark	2,944,017	2,607,501	336,516	12.9%	3,484,000	(539,983)	-15.5%
Customer Accounts	372,667	358,228	14,439	4.0%	461,000	(88,333)	-19.2%
Building & grounds	216,586	188,665	27,921	14.8%	230,000	(13,414)	-5.8%
Equipment & vehicles	184,667	196,148	(11,481)	-5.9%	261,000	(76,333)	-29.2%
Engineering	540,232	554,124	(13,892)	-2.5%	656,000	(115,768)	-17.6%
Safety & compliance	149,033	132,864	16,169	12.2%	165,000	(15,967)	-9.7%
Information technology	622,899	595,918	26,981	4.5%	734,000	(111,101)	-15.1%
General & administrative	<u>1,190,114</u>	<u>1,189,123</u>	991	0.1%	<u>1,261,000</u>	(70,886)	-5.6%
Total Expenses	<u>11,173,414</u>	<u>10,359,822</u>	813,592	7.9%	<u>12,720,000</u>	(1,546,586)	-12.2%
Net Operating Income	<u>\$ 8,323,460</u>	<u>\$ 8,814,307</u>	(490,847)	-5.6%	<u>\$ 7,141,000</u>	1,182,460	16.6%

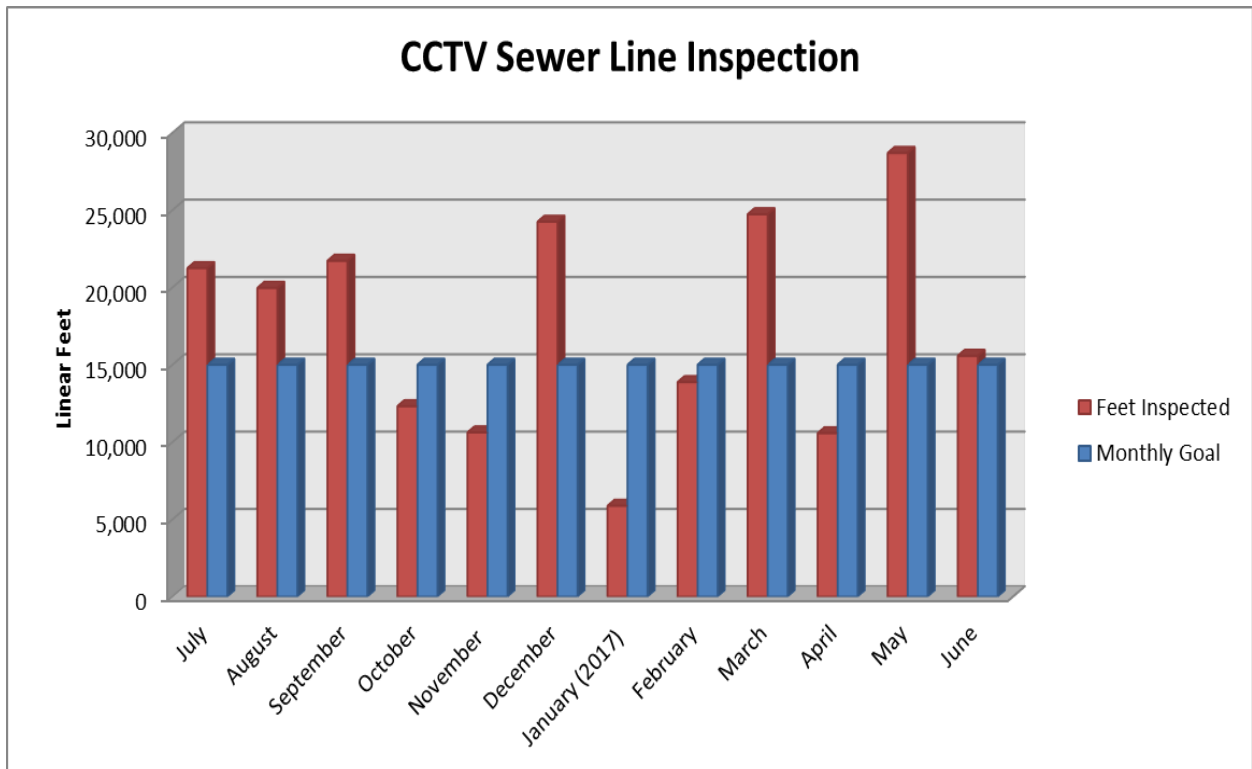
Variances are considered significant if they exceed \$100000 and 20%.

VALLECITOS WATER DISTRICT

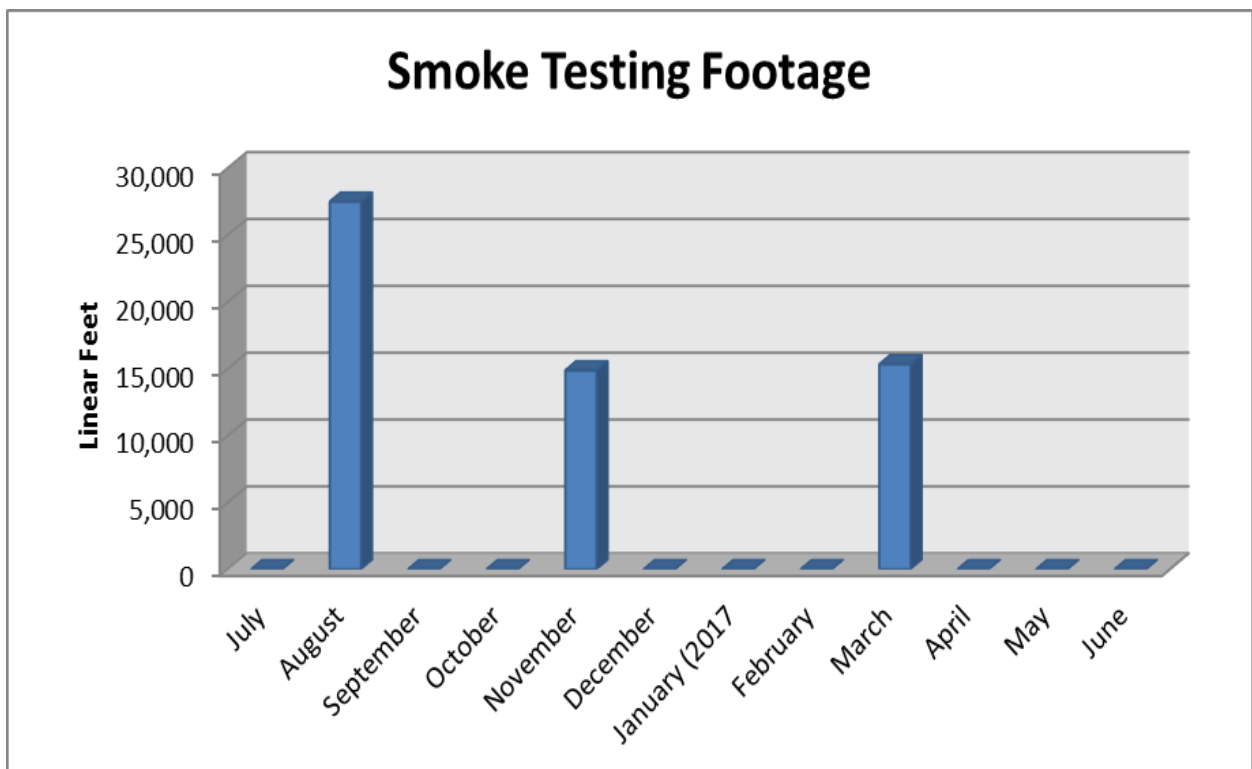
RESERVE ACTIVITY FOR THE TWELVE MONTHS ENDED JUNE 30, 2017

	110 Water 120		210 Wastewater 220		Total
	Replacement	Capacity	Replacement	Capacity	
BEGINNING BALANCE	\$ 28,693,077	\$ (10,315,457)	\$ 38,840,390	\$ (6,245,765)	\$ 50,972,157
REVENUES					
FY 16/17 Operating Transfers	(552,636)		8,323,460		7,770,824
Capital Facility Fees	-	2,881,660	-	3,597,405	6,479,065
RDA pass-through	1,047,780	-	1,047,780	-	2,095,559
Property Tax	1,134,680	-	901,745	-	2,036,424
Investment Earnings	237,674	-	238,932	-	476,606
Payment on Land Sale to City	56,968	-	56,968	-	113,935
OMWD Capital Recovery Credit	-	119,500	-	-	119,500
Annexation Fees	34,190	-	5,780	-	39,969
TOTAL REVENUES	1,958,655	3,001,160	10,574,664	3,597,405	19,131,884
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Auth 5 Year Cap Plan	-	-	1,921,539	-	1,921,539
Tertiary Filter Media	-	-	551,153	-	551,153
San Marcos interceptor sewer	-	-	92,837	206,634	299,471
San Elijo Road Facility	-	177,437	-	118,291	295,728
Water & Sewer Master Plan	-	120,190	-	120,183	240,373
MRF - Aeration System Blower Replacement	-	-	191,109	-	191,109
Fy 15/16 District Wide Valve Replacement	186,313	-	-	-	186,313
Chlorine Contact Tank Expansion	-	-	135,931	-	135,931
Rock Springs Sewer Replacement	-	-	59,740	73,016	132,756
Expansion of the Men's Locker Room in Building B	65,659	-	63,084	-	128,743
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
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	-	-	54,607	-	54,607
MRF - Failsafe Line De-Chlorination System	-	-	53,738	-	53,738
MRF Refurbish Backwash Pumps And Motors	-	-	52,581	-	52,581
Knoll Road Sewer Replacement	-	-	51,540	-	51,540
Peroxide Station Enclosure And Site Renovation	-	-	43,687	-	43,687
Meter Services Area Remodel	38,693	-	-	-	38,693
Vulnerability assessment improvements	-	21,502	-	14,334	35,836
Aerosol System For Servers	15,499	-	14,891	-	30,390
Mahr Reservoir - Potable Water Connection	14,816	-	14,235	-	29,050
MRF - Maintenance Building Roof Replacement	-	-	28,753	-	28,753
Main Facility Roof Replacement	14,026	-	13,475	-	27,501
Land Outfall Clearing & Access Road	-	-	26,678	-	26,678
Palos Vista Pump Station Motor Replacement	25,915	-	-	-	25,915
Twin Oaks Resv: On-Site Sodium Hypo Generation	24,184	-	-	-	24,184
North Vista Pressure Reducing Station Upgrade	23,936	-	-	-	23,936
MRF Potable Water Pump Station	-	-	23,749	-	23,749
City of San Marcos Joint Projects	11,678	-	7,467	-	19,145
South Vista Pressure Reducing Station Upgrade	18,963	-	-	-	18,963
Palos Vista Pump Station Flow Meter Replacement	18,428	-	-	-	18,428
Master Plc Replacement & Programming Updates	8,739	-	8,737	-	17,476
Constant Speed Aeration Blower	-	-	14,142	-	14,142
Fulton Road And Nctd Sewer Line Rehabilitation	-	-	14,122	-	14,122
South Lake dam sluice gate	13,529	-	-	-	13,529
Desalinated Water Connection	-	12,689	-	-	12,689
High Pressure Washer In Car Wash	6,440	-	6,187	-	12,627
Palos Vista Pump Station	12,362	-	-	-	12,362
Lake San Marcos Lift Station - Motor Replacement	-	-	12,143	-	12,143
Lift Station 1 - Waterman Valves Replacement	-	-	10,740	-	10,740
Lift Station No 1 Pump Improvements	-	-	(48,325)	(153,031)	(201,356)
All other capital projects	5,535	155	16,835	1,044	23,569
Capital Budget - Vehicles/Mobile Equipmnt	157,009	-	211,647	-	368,656
Debt Service	-	2,171,157	-	3,319,831	5,490,988
Interest Expense	-	71,628	-	44,837	116,465
TOTAL DISTRIBUTIONS	766,426	2,574,758	4,030,317	3,853,551	11,225,051
ENDING BALANCE	\$ 29,885,306	\$ (9,889,055)	\$ 45,384,737	\$ (6,501,911)	\$ 58,878,989
Less: Operating Reserves	5,220,500	-	6,272,900	-	11,493,400
Replacement Reserves/Restricted Funds	\$ 24,664,806	\$ (9,889,055)	\$ 39,111,837	\$ (6,501,911)	\$ 47,385,589
Replacement reserve floor	\$ 6,542,500		\$ 11,789,400		
Replacement reserve ceiling	\$ 26,940,300		\$ 41,946,600		

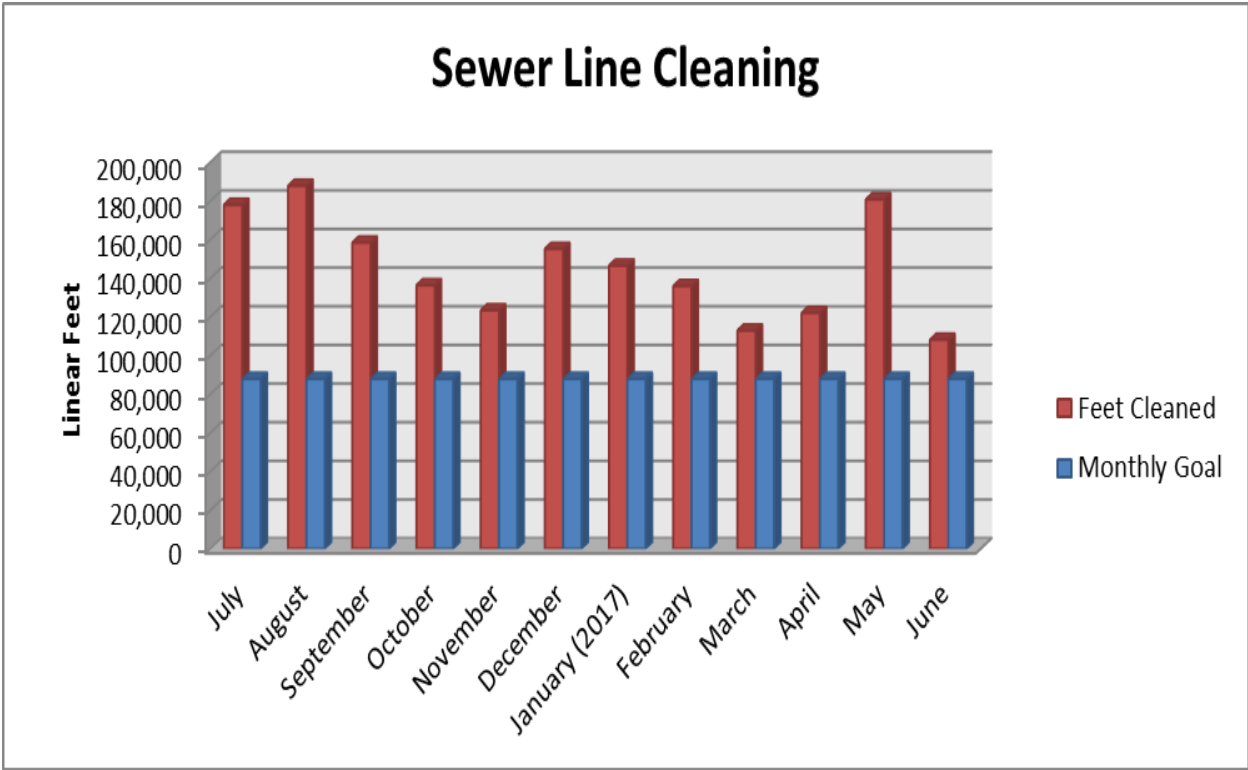
Quarterly O&M Metrics Report



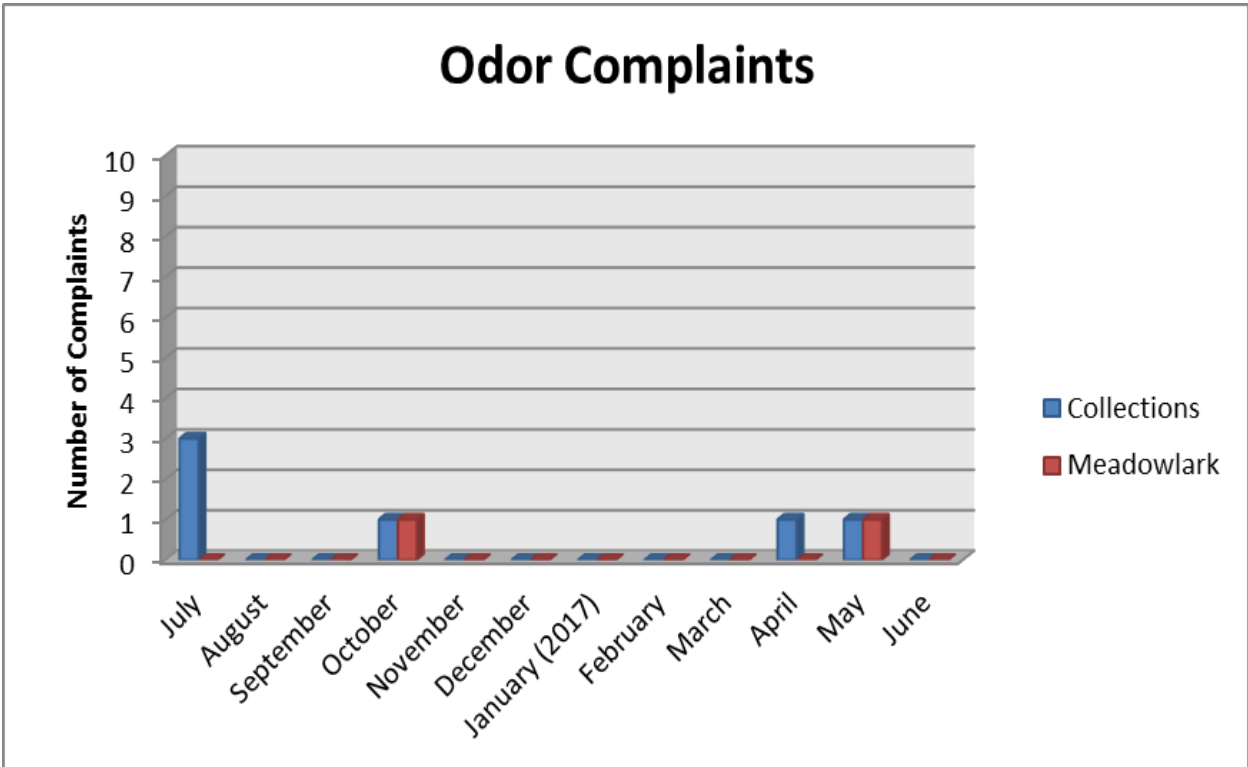
CCTV Sewer Line Inspection Totals in Feet
(Goal is to inspect 180,000 feet of gravity lines per year)



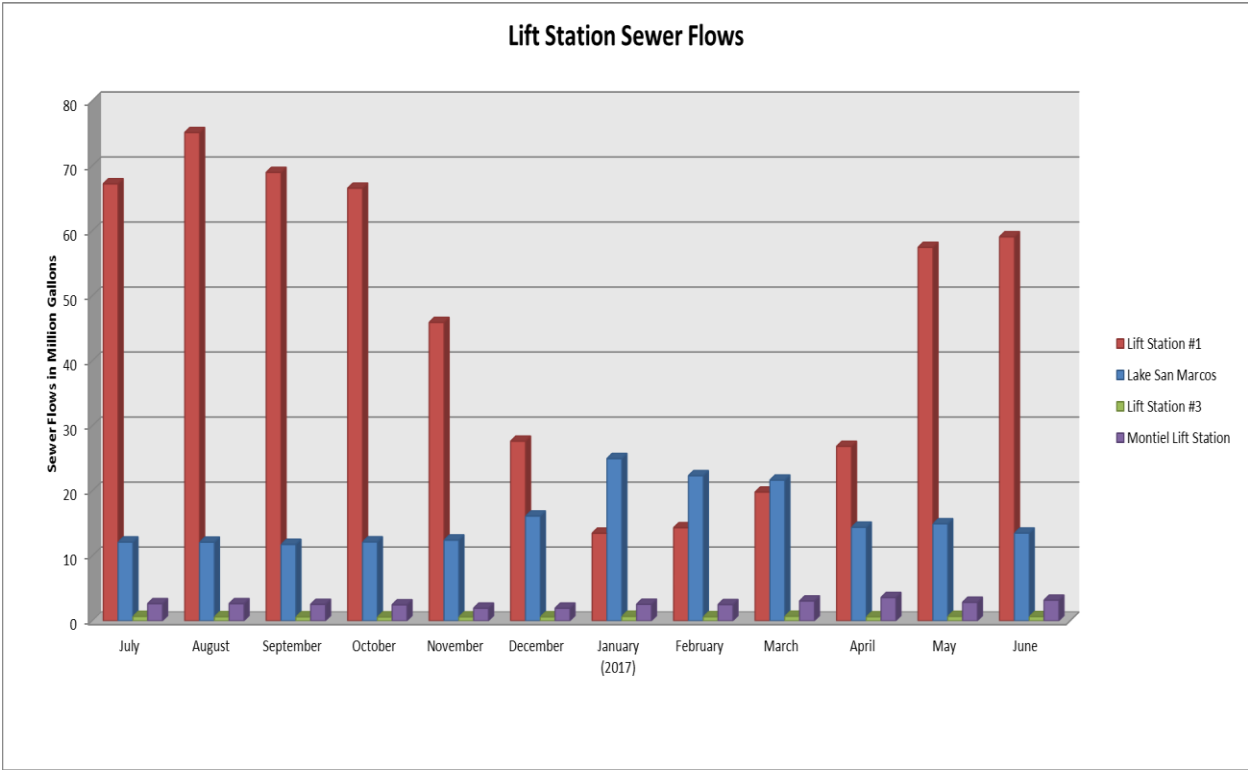
Smoke Testing of Sewer Lines in Feet
(Goal is to Smoke Test 3 areas per year based on suspected I&I)



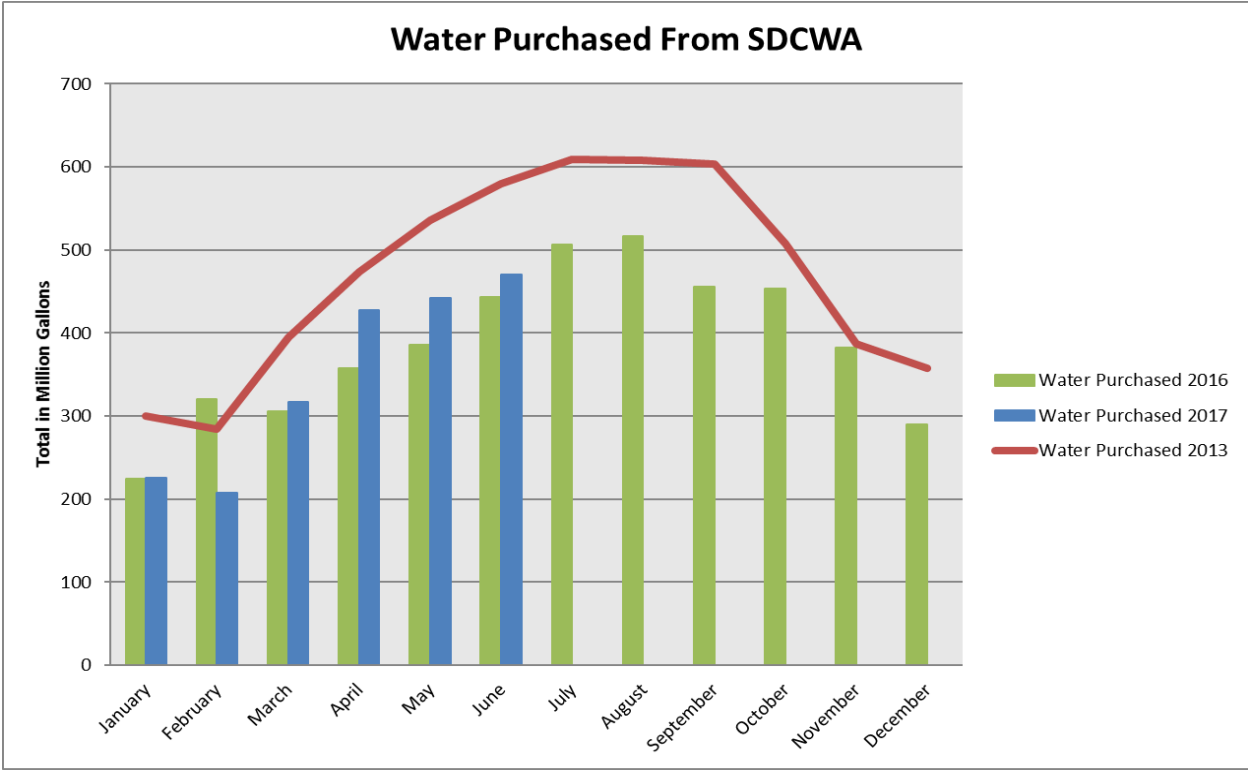
Sewer Line Cleaning Totals in Feet
(Goal is to clean 1,000,000 feet of gravity lines per year)



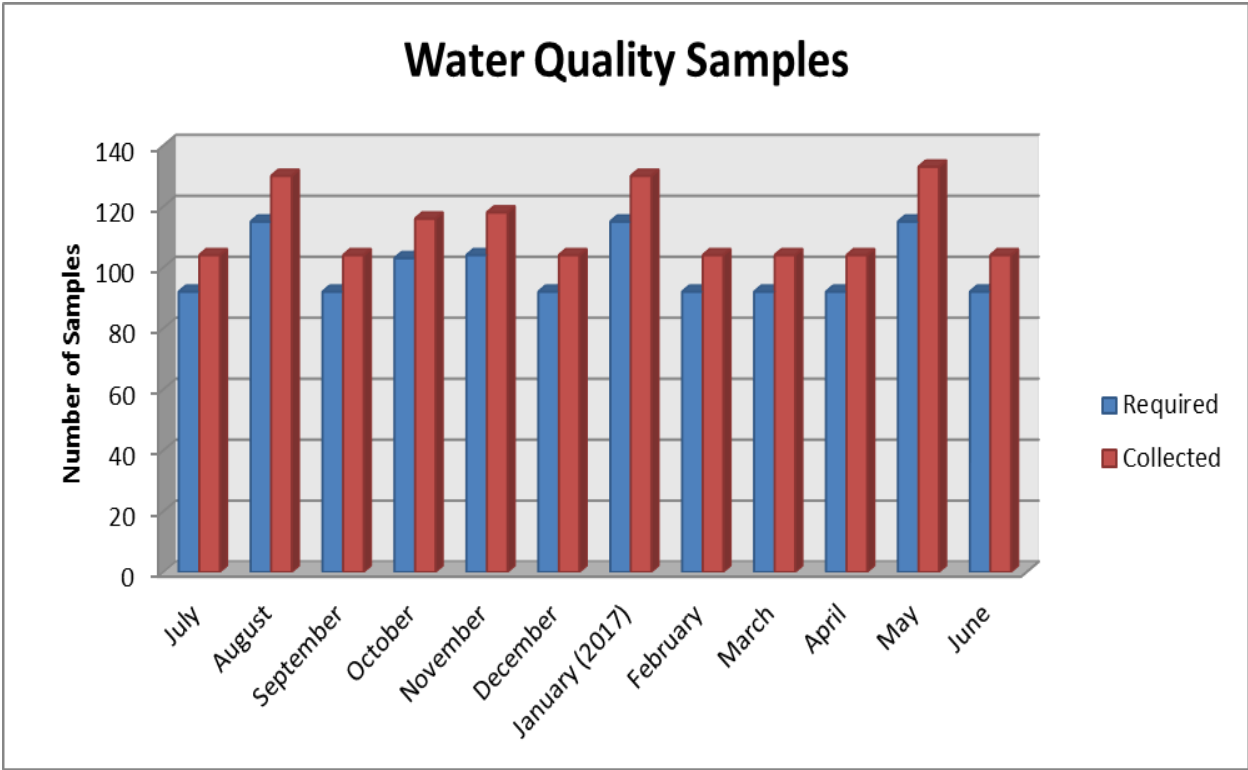
Customer Sewer Odor Complaints



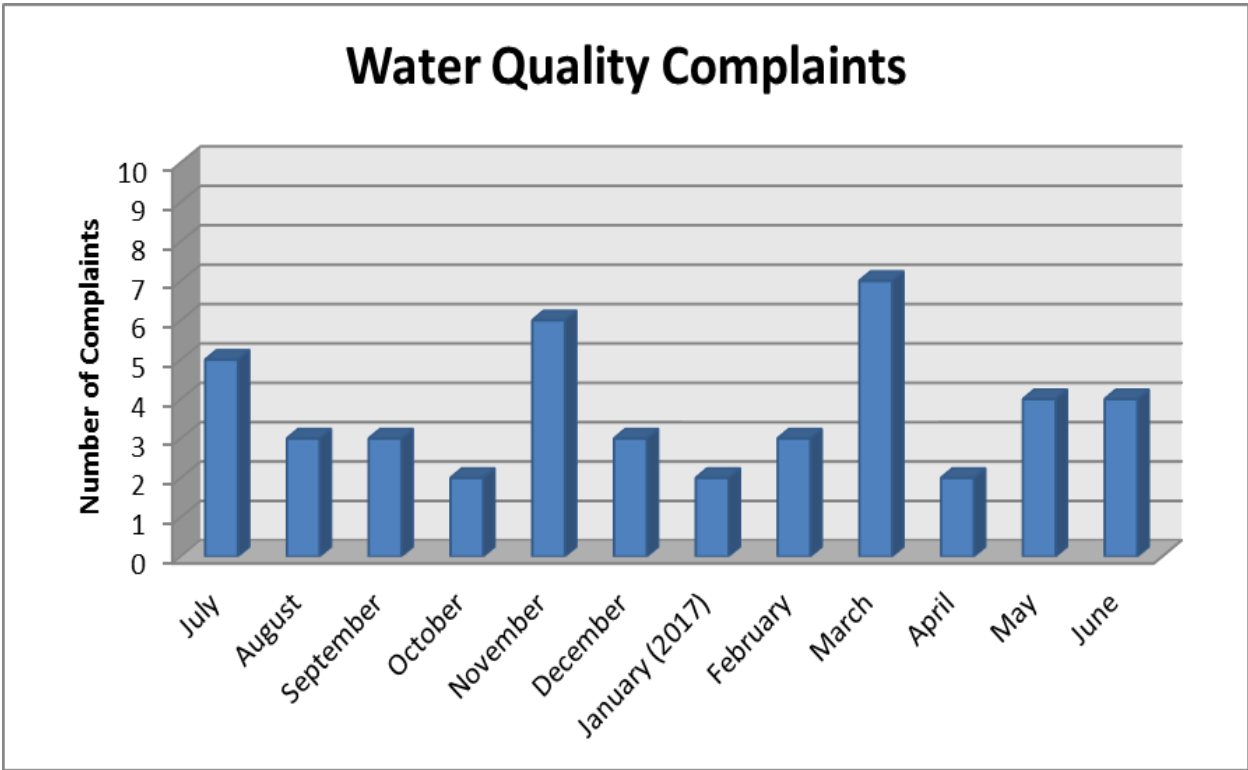
Sewer Flows Pumped from District Lift Stations



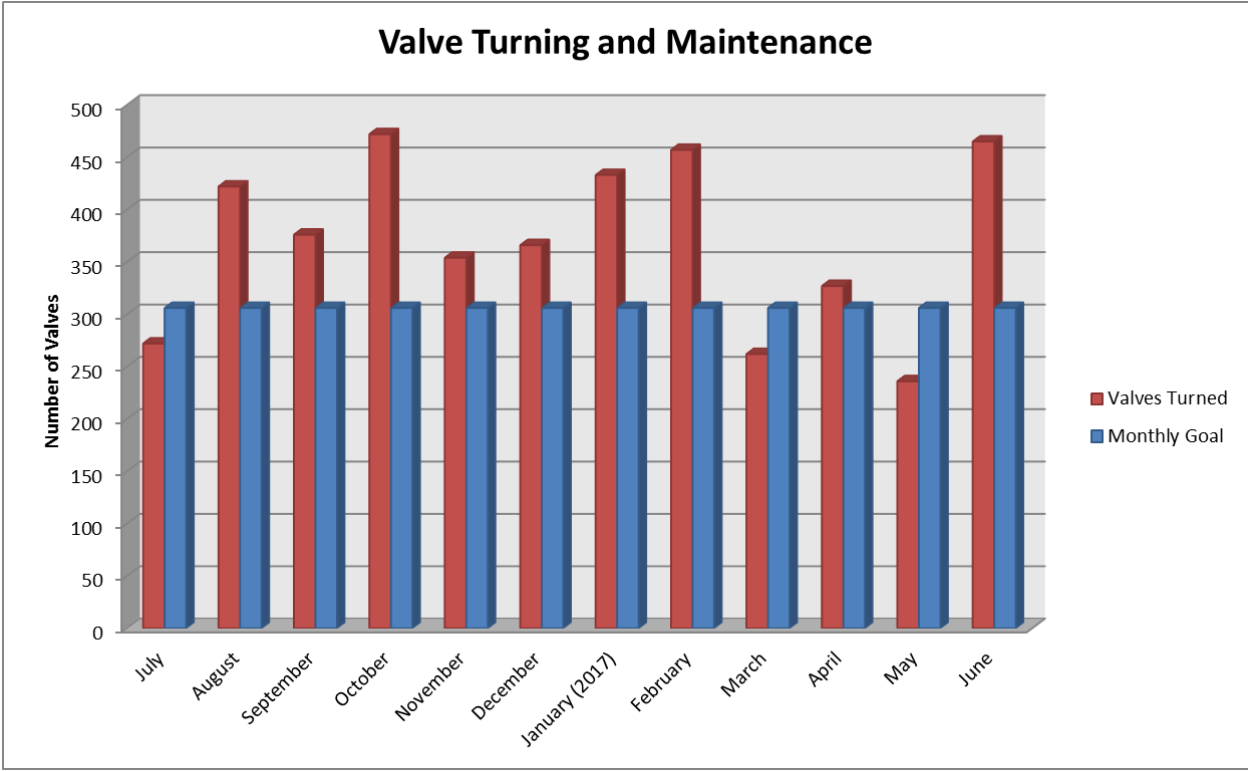
Water Purchased from the San Diego County Water Authority
(Includes water from the desalination and OMWD plants)



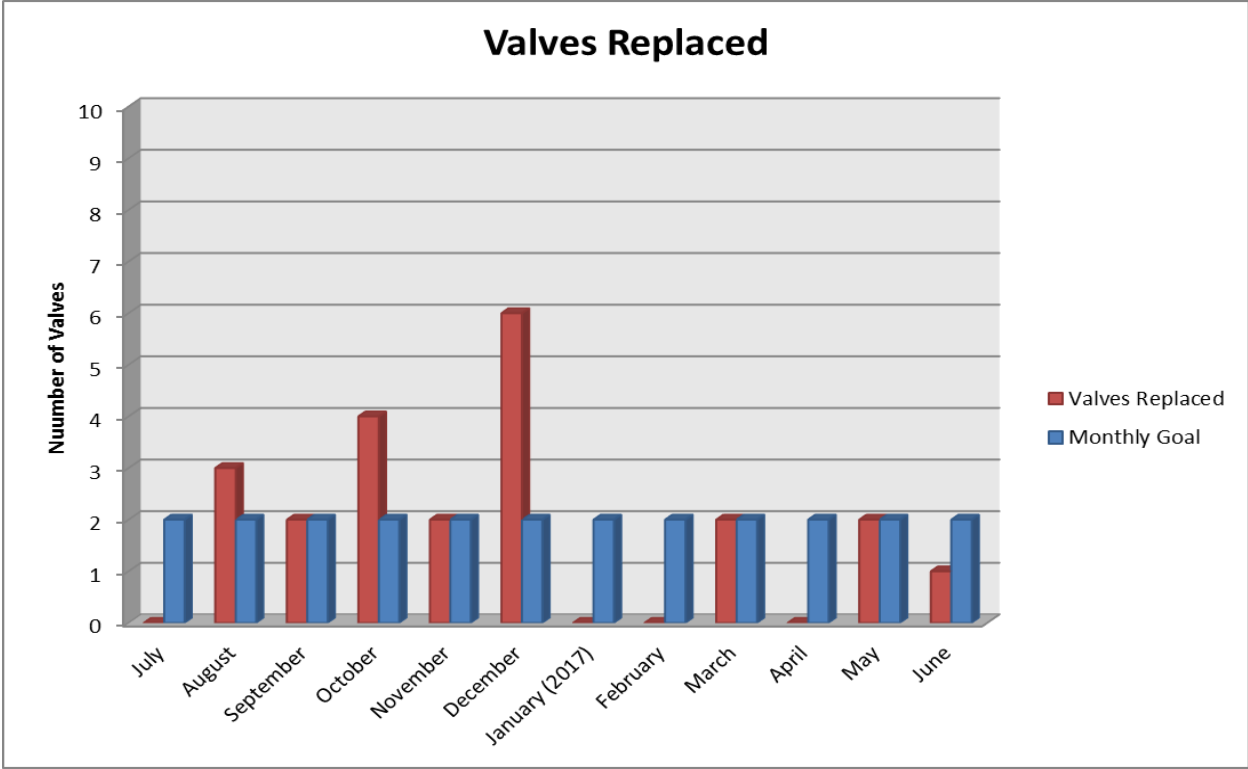
Bacteriological Water Quality Samples



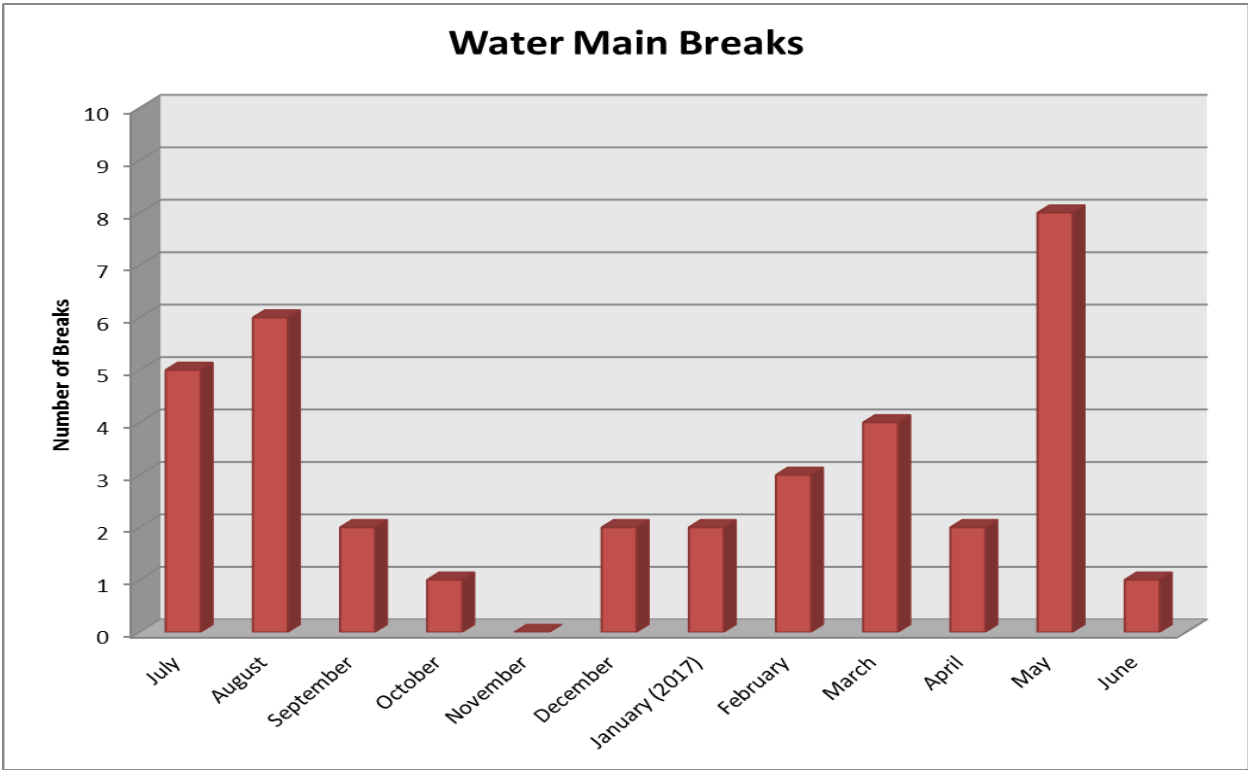
Customer Water Quality Complaints



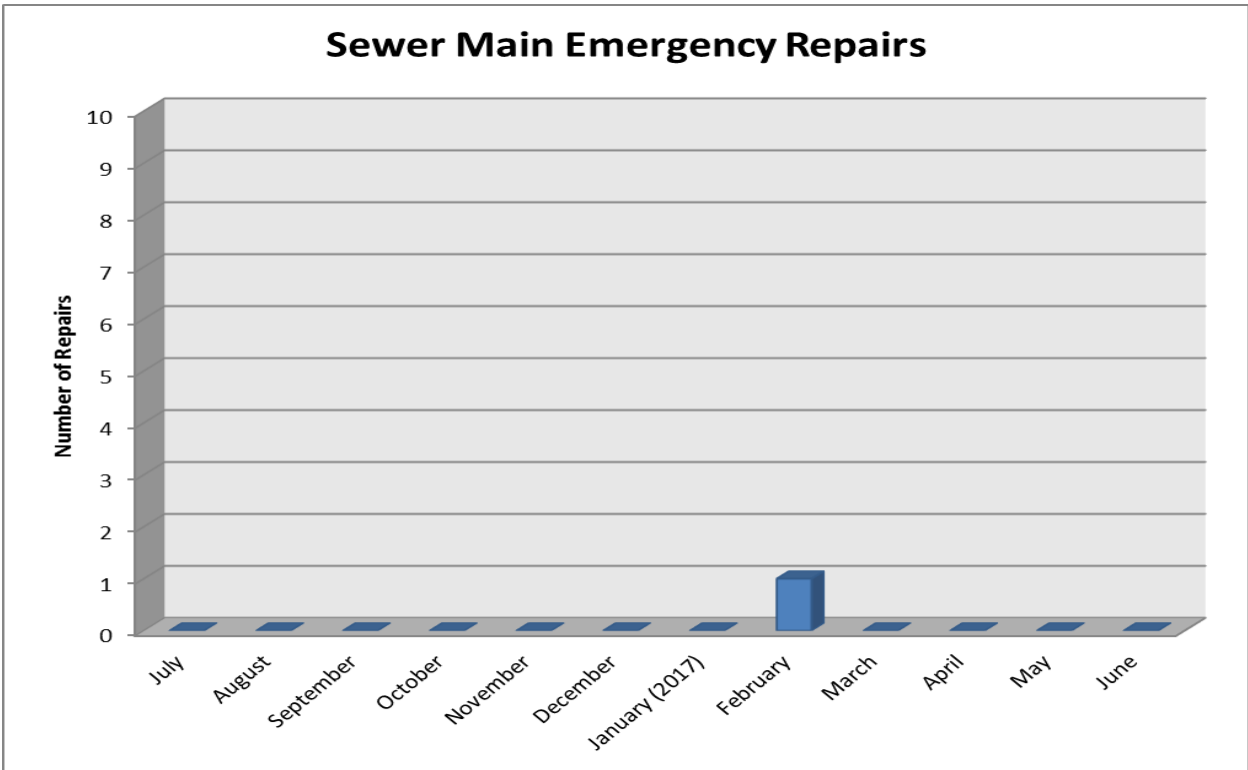
Water Valves Turned in the Distribution System
(Goal is to turn 50% of all valves every year or an average of 306/Month)



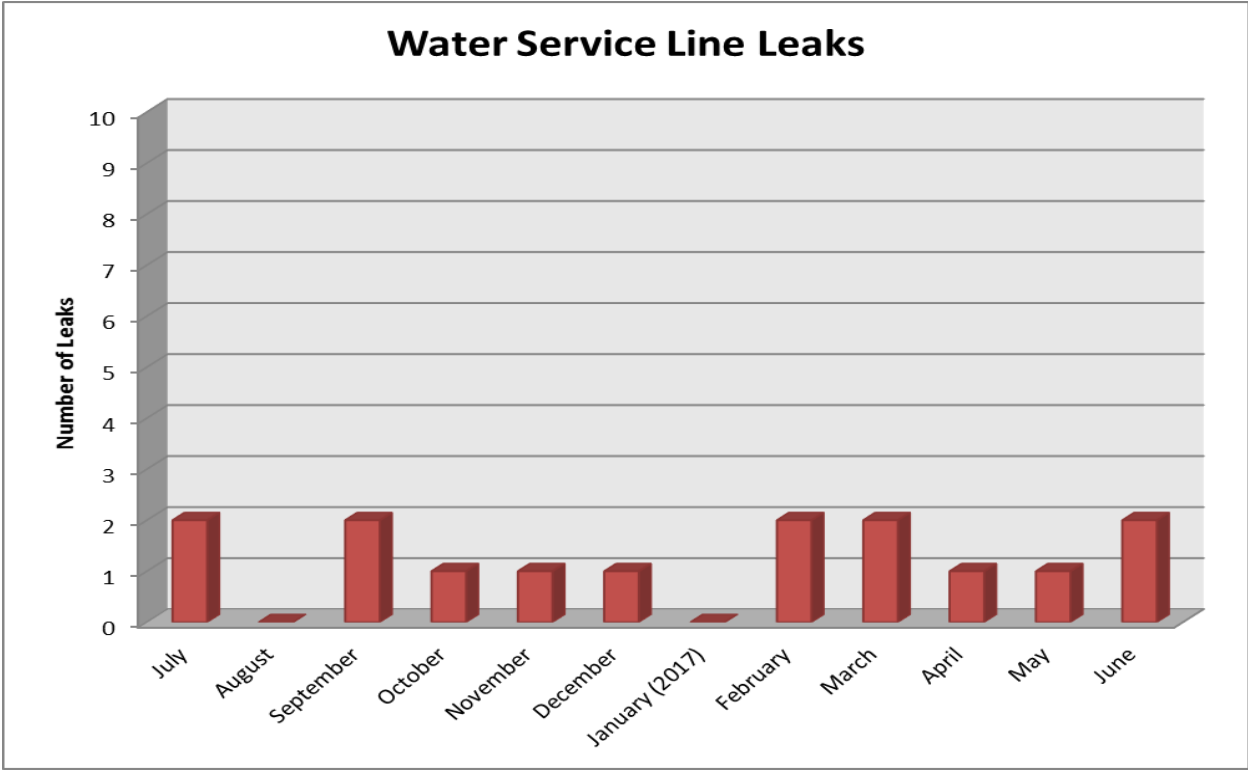
Water Valves Replaced in the Distribution System
(Goal is to replace 20 valves every year or around 2 per month)



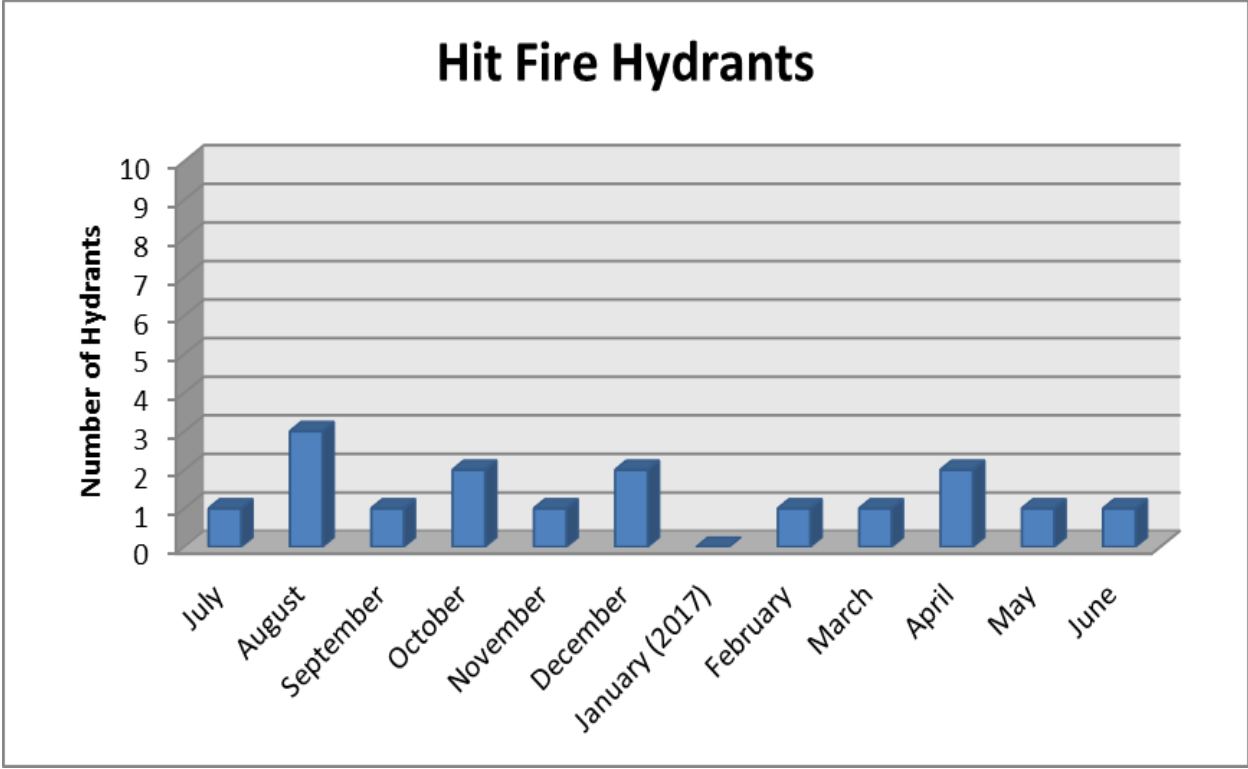
Water Mainline Breaks in the Distribution System



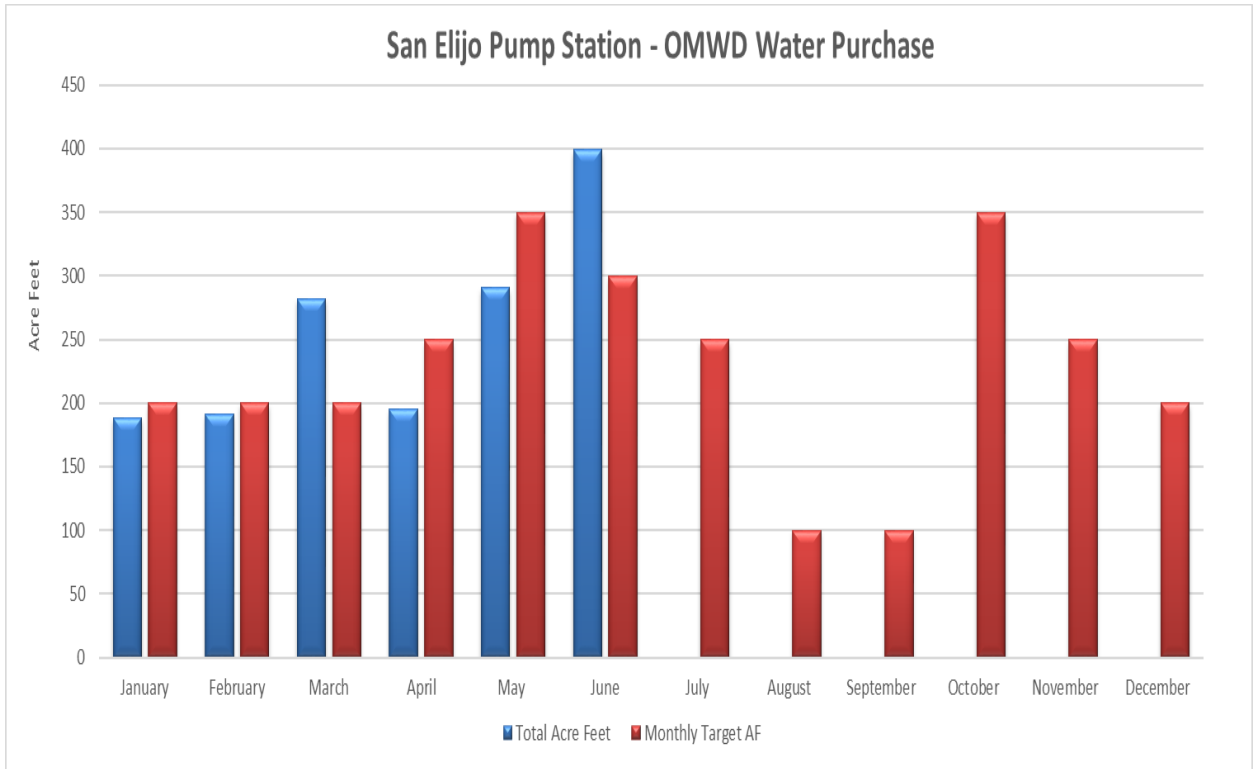
Sewer Main Emergency Repairs in the Collections System



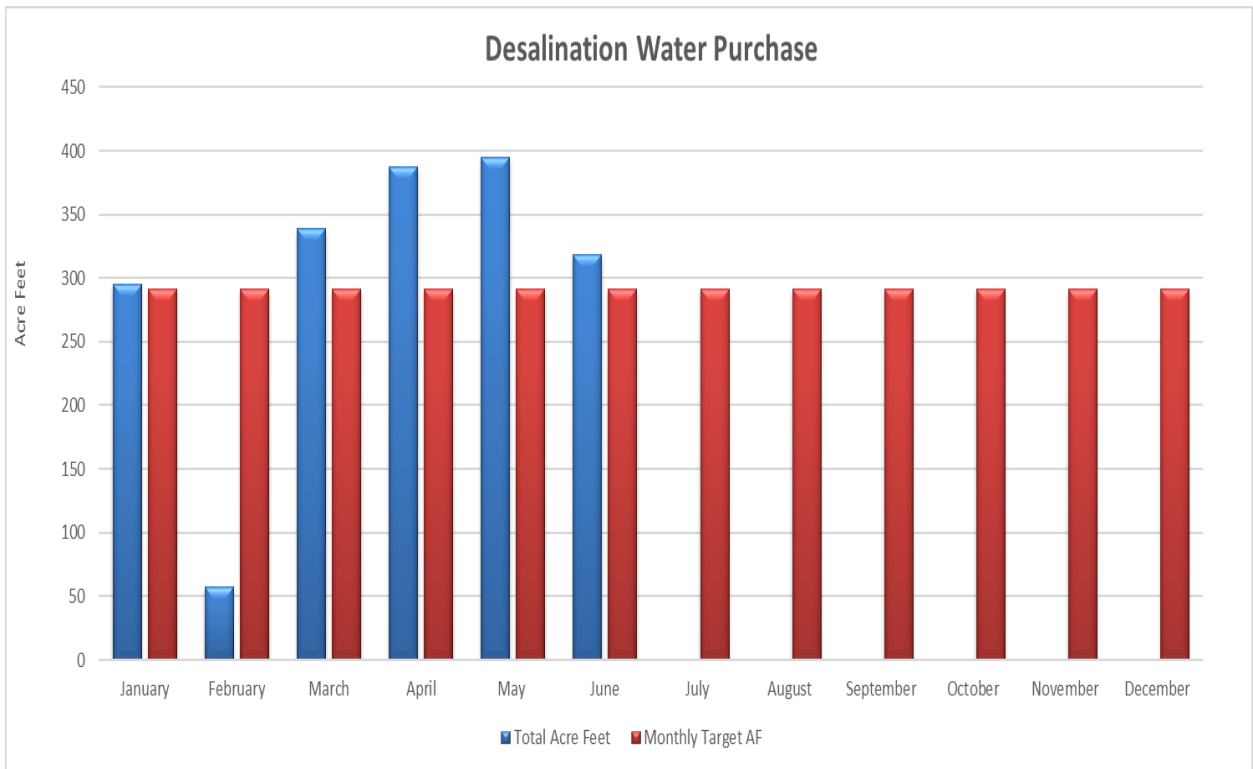
Water Service Line Leaks in the Distribution System



Fire Hydrants Hit in the Distribution System



Acre Feet of Water Purchased from Olivenhain MWD – San Elijo Pump Station



Acre Feet of Water Purchased from the Carlsbad Desalination Plant

DATE: JULY 19, 2017
TO: BOARD OF DIRECTORS
SUBJECT: SCHOOLHOUSE TANK INTERIOR REFURBISHMENT

BACKGROUND:

The existing interior lining of the 2.4 MG Schoolhouse Tank has deteriorated and requires refurbishment. This project will remove and replace the existing interior lining, and upgrade the anti-corrosion system. Repairs to the ceiling rafters and equipment upgrades may also be necessary to meet current American Water Works Association (AWWA) and Division of Occupational Safety and Health (Cal/OSHA) standards.

DISCUSSION:

The District requested a proposal for design and inspection services from Harper & Associates Engineering (HAE) due to their past experience with District facilities. HAE is currently under contract for As-Needed Engineering services for Reservoir Corrosion/Inspection and Design. As-needed agreements are utilized for contracts up to \$150,000 in accordance with the District's purchasing policy.

FISCAL IMPACT:

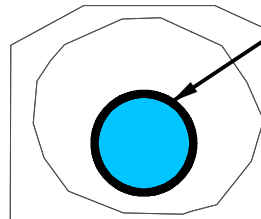
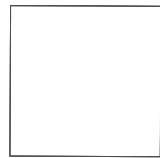
The project budget is as follows:

Budget	\$675,000
Construction (Estimated)	\$505,000
Change Order (10%)	\$ 50,500
Design/Inspection Consultant	\$ 62,570
Staff	\$ 18,000
Staff Overhead	<u>\$ 38,930</u>
Total	\$675,000

RECOMMENDATION:

Approve a purchase order for Harper & Associates Engineering in the amount of \$62,570 for the Schoolhouse Tank Refurbishment design and inspection.

SCHOOLHOUSE TANK INTERIOR REFURBISHMENT



SCHOOLHOUSE TANK

SCHOOLHOUSE RD

MISTY SEA WY

SCHOOLHOUSE TANK INTERIOR REFURBISHMENT



SCHOOLHOUSE TANK

SCHOOLHOUSE RD

MISTY SEA WY

DATE: JULY 19, 2017
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "NORDAHL ROAD SUBDIVISION" (APN 226-290-01) INTO THE VALLECITOS WATER DISTRICT FOR WATER & SEWER SERVICE (TRUSTEES OF THE TELLIER FAMILY TRUST & WARING FAMILY TRUST)

BACKGROUND:

The Nordahl Road Subdivision is a proposed 15-lot single-family residential development. The property is on approximately 3.8 acres located on the west side of Nordahl Road, north of Rock Springs Road and south of El Norte Parkway. The property is currently within the VWD Sphere of Influence but not within either the water or sewer service boundaries of the District. The property is currently within Vista Irrigation District's (VID) water service boundary and receives water service from VID.

DISCUSSION:

On May 16, 2017, Trustees of the Tellier Family Trust and the Waring Family Trust as owners of the property, submitted a letter to the District requesting annexation of the 3.8-acre parcel into the Sewer Improvement District for sewer service.

Per Section 2.5 of District Ordinance 200, any property being annexed into the Sewer Improvement District must also be annexed into the District's water service area.

LAFCO allows overlapping of District service boundaries. Therefore, the property will not be required to detach from VID to annex into VWD's water service area. The property will be able to receive water service from VID.

FISCAL IMPACT:

Payment of \$48,799.60 in annexation fees will be collected in accordance with Ordinance No. 200. All other fees will cover actual costs and have no fiscal impact.

RECOMMENDATION:

Staff recommends approval of the annexation of certain property designated as "Nordahl Road Subdivision" APN 226-290-01 into the District for both water and sewer service with the following conditions:

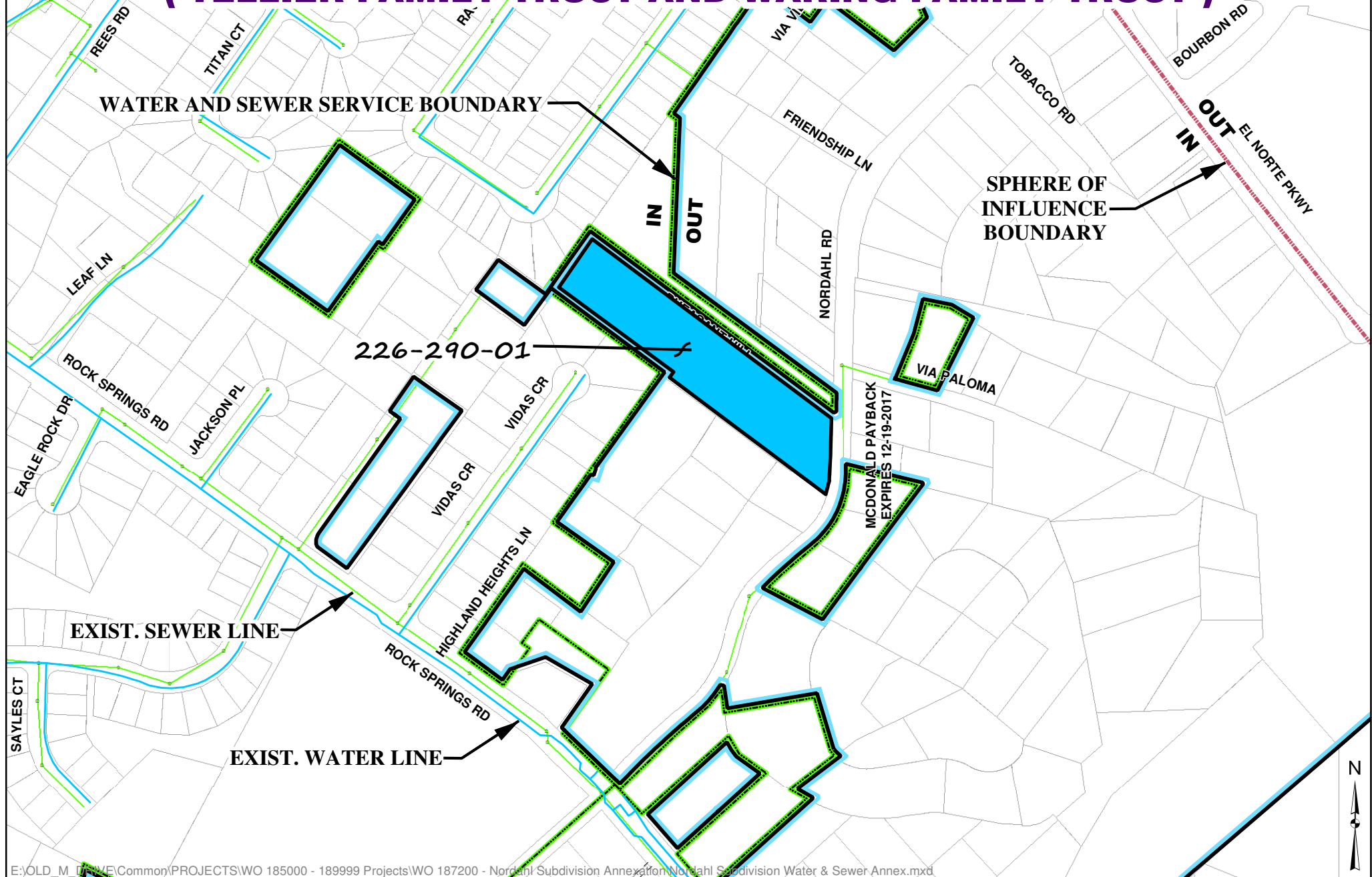
1. Payment of water annexation fee of \$4,658.00 per acre (3.8 acres) = \$17,700.40.
2. Payment of sewer annexation fee of \$8,184.00 per acre (3.8 acres)= \$31,099.20.
3. Payment of State Board of Equalization fee for sewer annexation of \$300.00.
4. Payment of State Board of Equalization fee for water annexation of \$300.00.
5. Submittal of a copy of the title report showing ownership and a geographic description* of the property including a plat map.
6. Construction of facilities per an Agreement for Construction of Sewer Facilities to be Dedicated to Vallecitos Water District.
7. Final Acceptance of sewer facilities will not take place until completion of annexation, payment of annexation fees, completion of sewer facilities required for the project, and payment of all current fees and charges.
8. Completion of annexation within 180 days of initial Board approval.

ATTACHMENTS:

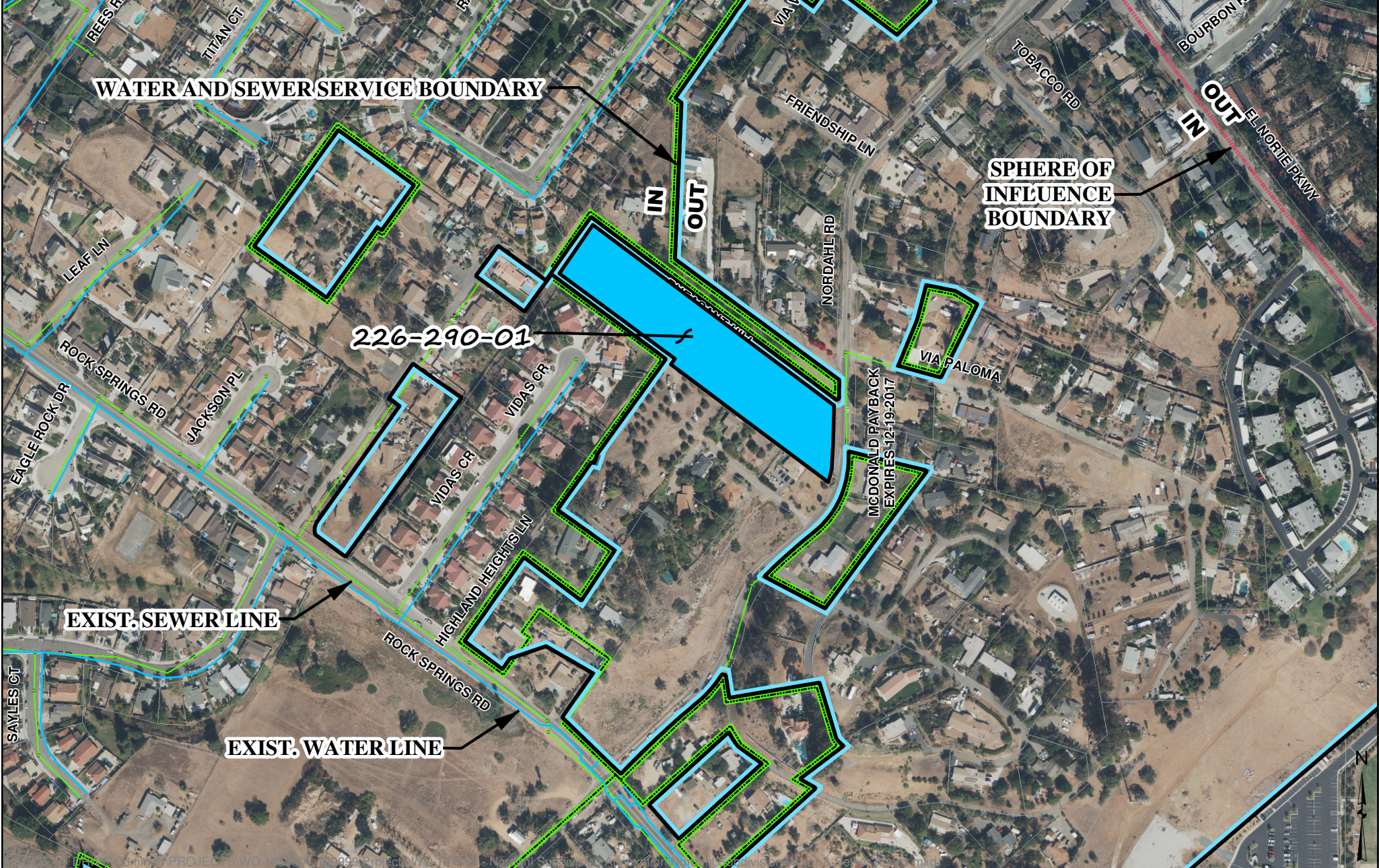
2 Map Exhibits - 1 Plat & 1 Aerial

**A geographic description is a State Board of Equalization requirement and is used to establish geodetic position and is not intended to establish property ownership in a court of law. The State Board of Equalization is not involved in issues relating to property ownership. Check the Board's website at www.boe.ca.gov for complete details.*

REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "NORDAHL ROAD SUBDIVISION" (APN 226-290-01) INTO THE VALLECITOS WATER DISTRICT FOR WATER & SEWER SERVICE (TELLIER FAMILY TRUST AND WARING FAMILY TRUST)



REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "NORDAHL ROAD SUBDIVISION" (APN 226-290-01) INTO THE VALLECITOS WATER DISTRICT FOR WATER & SEWER SERVICE (TELLIER FAMILY TRUST AND WARING FAMILY TRUST)



DATE: JULY 19, 2017
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION APPROVING COLLECTION OF SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT "A"

Discussion:

The State Health Code requires the District to specify on an annual basis the method it will use to collect sewer service fees. Resolution No. 1519, adopted June 21, 2017, approved the District's proposed method of collection. The attached Resolution orders the collection of sewer service fees for fiscal year 2017/18. The sewer service fees will be collected by the County of San Diego, and then transferred to the District.

Recommendation:

Staff recommends approval of the Resolution.

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 19th day of July, 2017, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

Craig Elitharp, President
Board of Directors
Vallecitos Water District

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

DATE: JULY 19, 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 19th day of July 2017, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Craig Elitharp, President
Board of Directors
Vallecitos Water District

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District

DATE: JULY 19, 2017
TO: BOARD OF DIRECTORS
SUBJECT: SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS SUNDOWNER BUSINESS MIXER - PER DIEM/EXPENSE REIMBURSEMENT APPROVAL

BACKGROUND:

The San Marcos Chamber of Commerce is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 203; therefore, approval for per diem and expense reimbursement is required.

RECOMMENDATION:

Request Board direction.

October 11, 2017 - October 13, 2017

NORTHERN CALIFORNIA TOUR 2017 FIELD TRIP



Participants at Sacramento National Wildlife Refuge

Explore the Sacramento River and its tributaries through a scenic landscape as we learn about the issues associated with a key source for the state's water supply. All together, the river and its tributaries supply 35 percent of California's water and feed into two major projects: the State Water Project and the federal Central Valley Project. This year, special attention will be paid to the flood event at Oroville Dam and the efforts to repair the dam spillway before the next rainy season.

This 3-day, 2-night tour travels across the Sacramento Valley and follows the river north from Sacramento through Chico to Redding and Lake Shasta, where participants take a houseboat ride.

Experts talk about the history of the Sacramento River as the tour wends through riparian woodland, crop fields and nut orchards. The tour tracks important water issues for farming and environmental uses, visits potential storage sites, discusses innovative programs for flood management, groundwater management and salmon restoration.