

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 20, 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 SEPTEMBER 20, 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. 4-17)

- A. FINANCE/INVESTMENT COMMITTEE MEETING – AUGUST 30, 2017
- B. CLOSED SESSION BOARD MEETING – SEPTEMBER 6, 2017
- C. REGULAR BOARD MEETING – SEPTEMBER 6, 2017
- D. ENGINEERING/EQUIPMENT COMMITTEE MEETING – SEPTEMBER 11, 2017

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH SEPTEMBER 20, 2017 – \$1,781,314.29 (pp. 18-20)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 21-31)

- A. WATER METER COUNT – AUGUST 31, 2017
- B. WATER PRODUCTION/SALES REPORT – 2017/2018
- C. WATER REVENUE AND EXPENSE REPORT – AUGUST 31, 2017
- D. SEWER REVENUE AND EXPENSE REPORT – AUGUST 31, 2017
- E. RESERVE FUNDS ACTIVITY – AUGUST 31, 2017
- F. INVESTMENT REPORT – AUGUST 31, 2017

1.4 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR LAZOVIC 4-LOT SUBDIVISION, APN'S 220-261-66, 67, 68 & 69 (LAZOVIC/BUJOSEVIC) (pp. 32-34)

Installation of water and sewer facilities has been completed.

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

1.5 FINAL ACCEPTANCE OF SEWER IMPROVEMENTS FOR NORTH CITY EAST SEWER REPLACEMENT, APN'S 221-100-20, 30, 55, 67, 68, 220-201-01, 02, 03, 04, 05 & 06 (URBAN VILLAGES SAN MARCOS, LLC) (pp. 35-37)

Installation of sewer facilities has been completed.

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

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

PUBLIC HEARING

2.1 PUBLIC HEARING TO CONSIDER WATER AND WASTEWATER SERVICE RATE CHANGES (pp. 38-39)

Recommendation: 1) Hold Public Hearing; 2) Request Board direction

ACTION ITEMS

*****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. 40)

ACWA Fall Conference

November 28 – December 1, 2017 – Anaheim, 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 5:30 p.m., Thursday, September 14, 2017.

Diane Posvar

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 30, 2017 AT 4:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 4:00 p.m.

Present: Director Martin
Director Sannella
General Manager Pruim
Finance Manager Fusco
Accounting Supervisor Owen
Financial Analyst Arthur
Administrative Secretary Johnson

ITEMS FOR DISCUSSION

DISCUSS PROVISION OF DISTRICT'S PURCHASING POLICY REGARDING
CONTRACTS IN EXCESS OF \$100,000 PER YEAR

General Manager Pruim distributed a list identifying vendors the District paid over \$100,000 during FY 2016-17. Vendors utilized in capital projects were not discussed as those vendors are competitively bid. The vendors discussed included goods and services such as chemicals, fuel, invoicing/e-billing, and printing and mailing services, of which some vendors are the sole source of the product (chemicals, proprietary meters.)

Directed Martin requested legal services be discussed in a closed session meeting.

Director Sannella stated legal services should be re-bid every five years to be compliant with the District's purchasing policy.

General discussion took place during which General Manager Pruim outlined the Request for Proposal (RFP) process.

The Committee directed General Manager Pruim to inform the Board that staff is proceeding with the RFP process for legal services.

MISCELLANEOUS FEE STUDY

General Manager Pruim stated that at the July 24, 2017 Finance/Investment Committee meeting, the Committee directed staff to prepare a chart detailing miscellaneous fees.

Finance Manager Fusco provided a chart which included current ordinances that contain miscellaneous fees, a brief description of each fee, current fees, fees calculated for FY 2017-18, and agency comparisons. He noted that the fee calculations are based on the level of effort required to provide a service, taking into consideration the length of time necessary to perform the service, staff's average hourly rates, and adding the overhead rate. The agency comparisons were included as a general reference using other agencies' fee schedules when available.

Finance Manager Fusco stated the current adopted miscellaneous fees were not necessarily calculated fees when they were adopted. In some cases, the calculated fee was higher and it made more sense to keep the fee lower. When comparing the current fees to the calculated fees, it appears that some have a large increase when they really do not. The previous fees may not have been calculated.

The Committee reviewed the chart in detail, identifying calculated fees they had questions about or didn't agree with.

General discussion took place during which General Manager Pruim clarified that the calculated fees are based on the District's current costs, not staff recommendations.

The Committee suggested revisions to the chart such as:

- Clearly identifying fees that are deposits
- Clearly identifying residential, developer and commercial fees
- Not using acronyms, such as RTS for Ready-to Serve

Staff was directed to incorporate suggested revisions to the chart. When the chart is completed, General Manager Pruim will email it to Directors Martin and Sannella for their review and input before placing this topic on a future Board agenda for the Board's consideration.

Mike Hunsaker, member of the public, inquired about fees charged for granny flats and late payments, requests for larger meters, high usage calls, outsourcing of data processing, and refunding of fees, to which staff responded.

Finance Manager Fusco, Accounting Supervisor Owen, and Financial Analyst Arthur were dismissed from the meeting at 4:45 p.m.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:04 p.m.

MINUTES OF A CLOSED SESSION MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 6, 2017, AT 4:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Director Martin led the pledge of allegiance.

Present: Director Evans
Director Hernandez
Director Martin
Director Elitharp

Absent: Director Sannella

Staff Present: General Manager Pruim
Legal Counsel Scott
Executive Secretary Posvar

Others Present: Neal Meyers, Meyers Fozi LLP

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF SEPTEMBER 6, 2017

17-09-01 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, with Director Sannella absent, to adopt the agenda for the Closed Session Meeting of September 6, 2017.

PUBLIC COMMENT

None.

CLOSED SESSION

17-09-02 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to move into Closed Session pursuant to Government Code Section 54956.9.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – EXISTING LITIGATION (TWO CASES)

- A. Citizens Development Corporation vs. County of San Diego et. al.
United States District Court, Southern District of California
Case No. 12-CV-0334 IEG (KSC)
- B. San Diego Office of Education vs. County of San Diego et. al.
San Diego Superior Court Case No. 37-2017-00019775

The Board in Closed Session was provided an update on the status of the Citizens Development v. County of San Diego et. al. case.

The Board in Closed Session received a report on the San Diego Office of Education vs. County of San Diego case.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957.6 –
CONFERENCE WITH LABOR NEGOTIATOR

Employee Organization: Vallecitos Employees Association

Agency Designated Representative: General Manager Glenn Pruim

The Board in Closed Session directed the District Representative to take appropriate action concerning employee negotiating.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95 –
LIABILITY CLAIM

Claimant: Mr. Pablo Flores Solis

The Board in Closed Session directed staff to reject the claim of Mr. Pablo Solis.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 4:57 p.m.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Closed Session Meeting of the Board of Directors at the hour of 4:58 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 6, 2017 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 6, 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 5:03 p.m.

Director Martin led the pledge of allegiance.

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

Staff Present: General Manager Pruim
Assistant General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
District Engineer Gumpel
Operations & Maintenance Manager Pedrazzi
Development Services Senior Engineer Scholl
Accounting Supervisor Owen
Financial Analyst Arthur
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF SEPTEMBER 6, 2017

17-09-03 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of September 6, 2017.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board inquiring on the status of the new Master Plan. He further stated he submitted a Freedom of Information Act request via email to Mr. Scaglione today concerning the growing deficits in the water and waste treatment deficit accounts.

General Manager Pruim acknowledged receipt of the email sent by Mr. Hunsaker and stated that staff offered to meet with him. Staff will provide any requested information as required by law. He further stated staff will be providing an update on the Master Plan at the Engineering Committee meeting scheduled September 11, which Mr. Hunsaker referred to.

CONSENT CALENDAR

1.1 Approval of Minutes

A. Closed Session Board Meeting – August 16, 2017

- 1.2 Warrant List through September 6, 2017 - \$4,837,881.17
 - 1.3 Final Acceptance of Water Improvements for Altman's Nursery, APN 178-170-08 (Thirdsies, LLC c/o Otay Real Estate Company)
 - 1.4 Final Acceptance of Water and Sewer Improvements for Rancho Coronado Backbone Improvements, APN's 221-091-21, 222-080-59 & 222-170-28 (Brookfield Homes – Rancho Coronado, LLC)
 - 1.5 Final Acceptance of Water and Sewer Improvements for Rancho Coronado Phase 1 Improvements, APNs 222-091-21, 222-080-59 & 222-170-28 (Brookfield Homes – Rancho Coronado, LLC)
 - 1.6 Approval of Construction Agreement for Water and Sewer Improvements for San Elijo Hills Town Center, APN 223-630-23 (SEH Lifestyle Center, LLC)
 - 1.7 Resolution Adopting the District Pay Schedule
 - 1.8 Fall 2017 Between the Pipes – Vallecitos Water District Quarterly Newsletter
- 17-09-04 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

ACTION ITEMS

APPROVAL OF SALE OF VALLECITOS WATER DISTRICT PROPERTY TO BROOKFIELD RANCHO CORONADO, LLC AND ANNEXATION INTO THE SEWER SERVICE AREA (APN 222-190-02 & 06)

Development Services Senior Engineer Scholl stated staff was approached by Rancho Coronado requesting to purchase three parcels owned by the District. Their property lies just north of the District's South Lake property of which the District has 44 acres. Parcel A needs drainage improvements, a brow ditch, a detention basin, and some grading. The District suggested that Rancho Coronado purchase that portion of property to complete their improvements. Parcels B & C are small portions of properties they needed to acquire for their road in order to do their grading as well as the slope embankments. An appraisal was conducted at the expense of Rancho Coronado. The value of the property was approximately \$12,200 for the total of .61 acres. Rancho Coronado also completed annexation for the property. Staff notified Rancho Coronado that they will need to annex into the sewer district as well as it will become part of their development.

Staff recommended the Board approve the sale of District property with conditions.

Director Martin questioned the property appraisal of \$12,200 performed by an appraiser hired by the City. Development Services Senior Engineer Scholl clarified that the District selected the appraiser and the developer paid for the appraisal.

General discussion took place. During general discussion, Director Hernandez stated he would like to recommend the District sell the property to Rancho Coronado for \$1 and include to the sale a five-foot-wide, thirty-foot-long floating dock with a 20x20 raft; a concrete picnic table with seats; and an 18-foot-long, four-foot-high commercial chain link fence with a four-foot sub-closing gate. The location will be determined by the City of San Marcos developed for the District. The ownership of all these would become part of the ownership of these particular items – become part of the lease that the District has with the City. He received acknowledgement from the City Engineer that they are working on this. They have a plan, but he has not seen the final plan. The City Manager discussed the timeline with construction taking place the first of the year. Director Hernandez wants the elements he mentioned in the plan.

District Engineer Gumpel stated that he and the General Manager met with the City on several items last week. The sale of this property and the South Lake Plan are two different items that are not inter-related for the District. The developer is being conditioned by the City as they have the South Lake plan to their plan discrepancies. The City is in the process of conditioning the developer to build a portion of the South Lake Park improvements. The Board will have another opportunity to review the South Lake parcel improvements before they move forward. The City will provide a presentation to the Board on the South Lake park improvements as well as the final design and schedule. Brookfield will most likely be conditioned to continue the entryway and the parking lot that gives access to the park. The only portion that Vallecitos is interested in is to make sure our access to the lake is not cut off. At the end of that parking lot there will be a gate and a fence that both the City and Vallecitos has a lock to so that staff can access it on a daily basis in order to check on the lake. That would also be the future access used for the actual park itself.

General discussion followed.

17-09-05 MOTION WAS MADE by Director Hernandez to: 1) sell the property for \$1; 2) a five-foot-wide, thirty-foot-long, floating dock with 20x20 floating raft; 3) one concrete picnic table with seats; 4) an 18-foot-long four-foot-high commercial chain link fence with a four foot sub-closing gate, location to be determined by the City of San Marcos, developer and the District, and the ownership of these items to be part of the lake lease to the City.

There was no second on the motion, therefore, the motion failed.

17-09-06 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried 4 – 1, with Director Hernandez voting no, to approve sale of District property and subsequent annexation with conditions and to declare the three parcels as surplus District property.

APPROVAL OF ESCROW ACCOUNT FOR WATER CAPITAL FACILITY FEES FOR
"PALISADES ESTATES", APN'S 172-110-07, 08, 35 & 174-260-03, 04, 09 & 22
(PROGRAM RESOURCES, INC.)

Development Services Senior Engineer Scholl stated the Palisades Estates is a proposed 222-acre development. They're proposing to bring their development in two phases. The first phase being nineteen units, which is what the escrow agreement is being proposed to cover. The County of San Diego requires the development to have a water commitment form signed and executed by the District before they can continue with their development. The District cannot commit water service until they pay their capacity fees. Staff is proposing to set up an escrow account with terms that if the property is approved by the County, the development is approved to move forward by the County, then the District will receive the funds from that escrow account. If the development is not approved by the County, those funds are refunded back to the developer. They have approximately \$98,000 in SDCWA fees and \$142,000 in District capacity fees that they are proposing to put into the escrow account.

Staff recommended the Board approve the escrow agreement.

17-09-07 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, to approve the escrow agreement with conditions.

Mr. Hunsaker, member of the public, addressed the Board asking why there isn't a sewer commitment.

Development Services Senior Engineer Scholl stated the developer is not proposing to come into the District for sewer, they're proposing to do septic systems on the property.

BILLING ADJUSTMENT

General Manager Pruim stated this item was requested by the Board at the August 16 Board meeting and addresses adjustment to customer bills when deemed necessary. Incorrect billings result from a variety of reasons and billing errors do include both under-billing and over-billing. He provided a few examples of billing errors, how they may occur, and staff's actions once the error is identified. The practice staff follows is that each issue is handled on a case by case basis. Staff address issues of over-billing as well as under-billing and will either credit or refund the customer for over-billing. Should the customer be under-billed, the District can only recuperate up to three years. Staff would work with the customer to set up a repayment schedule. The District does not impose any fines or penalties and does not charge interest on payment plans.

General discussion followed. During general discussion, Director Sannella stated that a policy and processes should be put in place to address this issue to ensure customers are not negatively impacted.

Director Evans stated that as Chair of the Policy Committee, she would like to schedule a Public Awareness/Personnel/Policy Committee meeting.

This item was presented for information only.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- He recently notified the Board that staff would be performing nighttime work on San Marcos Blvd. to make repairs to a water service connection. Staff was unable to affect the complete repairs on the one night that was available to staff. Staff will need to go back to complete and is coordinating a date with the City.
- District facilities on this property will be re-roofed with the exception of the Administrative building. The contract has been awarded and the contractor is mobilizing. Work will begin soon.
- The public hearing on rates will take place at the September 20 Board meeting.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that Imperial County, the IID and the SDCWA will be presenting at a Salton Sea workshop tomorrow. They will be pushing that the State Water Board will move forward on implementing the ten-year plan to improve the Salton Sea.

Director Evans stated that legislatively, there are three general obligation bond measures proceeding through the Legislature. The one most likely to move forward is SB 5 (Deleon). This measure would propose a \$3.8 billion general obligation parks, resources, and water bond measure. The SDCWA is advocating a Support position as amendments to the bill that the SDCWA has been actively advocating for are now included in the measure. Those amendments include \$280 million for Salton Sea restoration to implement the Administration's 10-year Salton Sea management program. AB 18 (Garcia) proposes a \$3.47 billion general obligation parks and resources bond measure. The SDCWA Board has adopted a Support if Amended position. Recent amendments include \$300 million for the Salton Sea restoration. SB 701 (Hueso) is sponsored by the SDCWA and would propose a \$500 million general obligation bond for the Salton Sea restoration. SB 701 was held on the Assembly Appropriations Committee Suspense File, and is now a two-year bill.

Director Evans provided the Board with a copy of the What's Hot publication which contains the following items: Long-term Water Use Efficiency, Public Goods Charge on Water, Resources Bonds & The Salton Sea, and the Little Hoover Commission.

Director Evans stated that Mr. Richard Patterson with Metropolitan Water District (MWD) provided a presentation on MWD's water fix. MWD has not put a limit on how much they're willing to commit to make the water fix happen. MWD plans to put this item to a vote at their next meeting.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement committee meeting will take place on September 20.

Director Elitharp stated the Policy & Finance Committee will take place on September 12.

STANDING COMMITTEES

Director Martin stated the Finance/Investment Committee met on August 30. The topics discussed were provision of the District's purchasing policy regarding contracts in excess of \$100,000 per year and miscellaneous fee study.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin reported on his attendance to the Urban Water Institute Conference and the CASA Conference.

Director Hernandez reported on his attendance to the Urban Water Institute Conference and the CASA Conference.

Director Evans reported on her attendance to the CSDA Quarterly meeting, the CASA Conference and the Water Conservation Garden JPIA meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin commented on the South Lake lease with the City of San Marcos stating it doesn't appear we have a very good lease agreement with the City. Staff responded stating the lease agreement with the City requires that they pay for half of the maintenance costs.

Director Hernandez stated there was a presentation today at Encina Wastewater Authority relative to recycling. He further stated that San Marcos is the number one alternative for groundwater going to the Twin Oaks connection.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:15 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 20, 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 Pruum, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A MEETING OF THE
ENGINEERING/EQUIPMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, SEPTEMBER 11, 2017 AT 9:00 A.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Hernandez called the meeting to order at the hour of 9:00 a.m.

Present: Director Hernandez
 Director Elitharp
 General Manager Pruim
 District Engineer Gumpel
 Administrative Secretary Johnson

ITEM FOR DISCUSSION

MEN'S LOCKER ROOM UPDATE

District Engineer Gumpel stated staff has been in negotiation with Jeff Katz Architecture (JKA) to scale back the men's locker room project as directed by this Committee to reduce the project cost. The new plans will include a smaller men's locker room expansion and no changes to the existing women's locker room. JKA's amendment request in the amount of \$27,000 includes \$12,000 in JKA's costs and \$15,000 in subcontractor costs (primarily HVAC and structural work). Staff feels JKA's fee is accurate considering 43 pages will need to be revised; however, the subcontractor fees are high. JKA agrees with staff and is in the process of trying to lower the subcontractor's fees. Staff hopes the amendment will come in around \$18,000, but realistically it will probably be closer to \$21,000.

District Engineer Gumpel stated he anticipates receiving the final amendment by the end of this week. Once received, staff will proceed with approval of the amendment as it is within the recommended budget, unless the Committee or General Manager Pruim wish to have the full Board consider it. He anticipated the project will take approximately 2-3 months to complete, with a tentative start date of January 2018.

General discussion took place.

Staff will move forward with the amendment and confer with General Manager Pruim to authorize approval of the amendment if the final total is as expected.

SOLAR REQUEST FOR PROPOSAL UPDATE

District Engineer Gumpel stated staff is working on finalizing the RFP and anticipates it will be ready by the end of this month. The RFP is for the purpose of hiring a consultant to complete a study to determine the appropriate option for the District. The consultant will serve as the District's expert on solar, and will negotiate contracts or agreements with developers on the District's behalf. The consultant hired via this RFP will be precluded from bidding on any construction work. Staff is currently developing a list of consultants who will be invited to bid.

General discussion took place.

GROUNDWATER REQUEST FOR PROPOSAL UPDATE

District Engineer Gumpel stated he is reviewing the draft groundwater RFP. He requested clear direction from the Committee and Board before sending out the RFP as the cost of data acquisition alone could total well over \$100,000, and data analysis could cost at least \$50,000 to \$60,000.

General discussion took place regarding funding options such as grants and partnering with other agencies, salt contents and TDS levels. District Engineer Gumpel confirmed the RFP includes procuring available grant money. Director Hernandez asked for an incremental breakdown of costs if possible. District Engineer Gumpel stated two engineering firms have completed table top studies in the last year. The next step would be to create data which could include review of well records, table top studies, basin plans, and County records.

Director Hernandez requested a clear description of the RFP be provided to the Board as to what this project would involve, how it would be paid for, and the minimum amount of engineering that would be required to support a grant application.

The Committee directed staff to change the primary focus of the RFP to hiring a consultant to identify grant money to finance groundwater.

MASTER PLAN UPDATE

District Engineer Gumpel provided a projected timeline for the Master Plan. The first step is to circulate the Notice of Preparation which informs all agencies that the District is preparing a Master Plan and Supplemental EIR (SEIR). The Notice of Preparation will be circulated in mid-October. The District expects to receive letters in response to any concerns other agencies may have, i.e., archeological, air quality, etc. A public hearing will be held to inform the public that the Master Plan document will be coming out soon.

The Committee requested the Master Plan be titled 2017 or 2018, depending on when it is adopted.

District Engineer Gumpel stated staff will receive the administrative draft of the SEIR in late October. The draft SEIR will be circulated to the public in January 2018. Staff anticipates receiving and addressing comments on the draft SEIR in March of 2018, and Board adoption of the Master Plan and the final SEIR in April or May 2018. Parallel to this timeline, staff will be meeting with the Building Industry Association (BIA) to discuss the draft numbers for future capital facility fees for water and sewer, how the Master Plan and the facilities the District will construct will be rolled out and how it affects their capital facility fees. If needed, a workshop for the development community will be scheduled. A Board workshop will also be scheduled at the time the Master Plan is circulated in January.

District Engineer Gumpel stated that for any projects that are not approved in the District's adopted Master Plan, such as the Newland Sierra project currently being considered by the County Board of Supervisors, the District will conduct a water/sewer study which will make the project whole. For example, the water/sewer study that was

completed by Newland Sierra and is included in their environmental document makes them whole with the District's existing Master Plan. When the new Master Plan is adopted, the District will review Newland Sierra's water/sewer study to identify any differences.

General discussion took place.

FREEWAY SEWER EASEMENT

Director Hernandez stated his concerns about flooding from the San Marcos Creek where the bridge crosses the freeway and asked whether the District could help the City of San Marcos by sharing the District's easement with the City.

General discussion took place during which District Engineer Gumpel explained that the District does not have an easement; it has a Caltrans permit for specific use. The City would have to obtain their own Caltrans permit.

Further general discussion took place regarding possible options the City has to address the flooding issue and future development in San Marcos, such as housing, restaurants and retail.

OTHER BUSINESS

Director Hernandez requested an Engineering/Equipment Committee meeting be scheduled in October for further updates on the men's locker room, solar RFP, groundwater RFP, and new development in San Marcos.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 10:00 a.m.

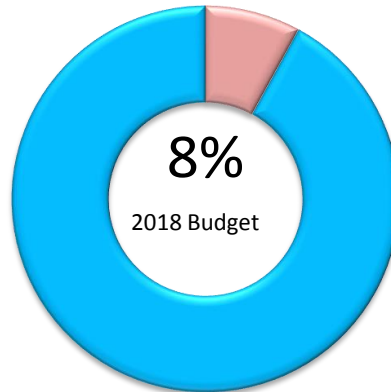
**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
August 31, 2017**

Summary

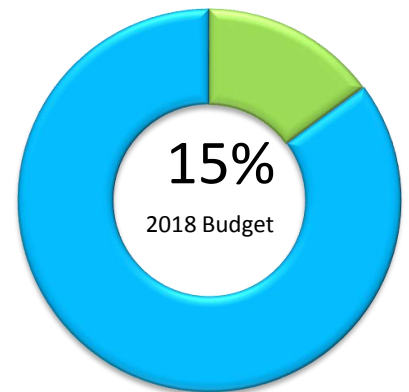
August Disbursements	\$	5,551,136 *
YTD Disbursements	\$	10,396,611 *
FY2018 Budget	\$	69,615,000

* Excludes Debt Service

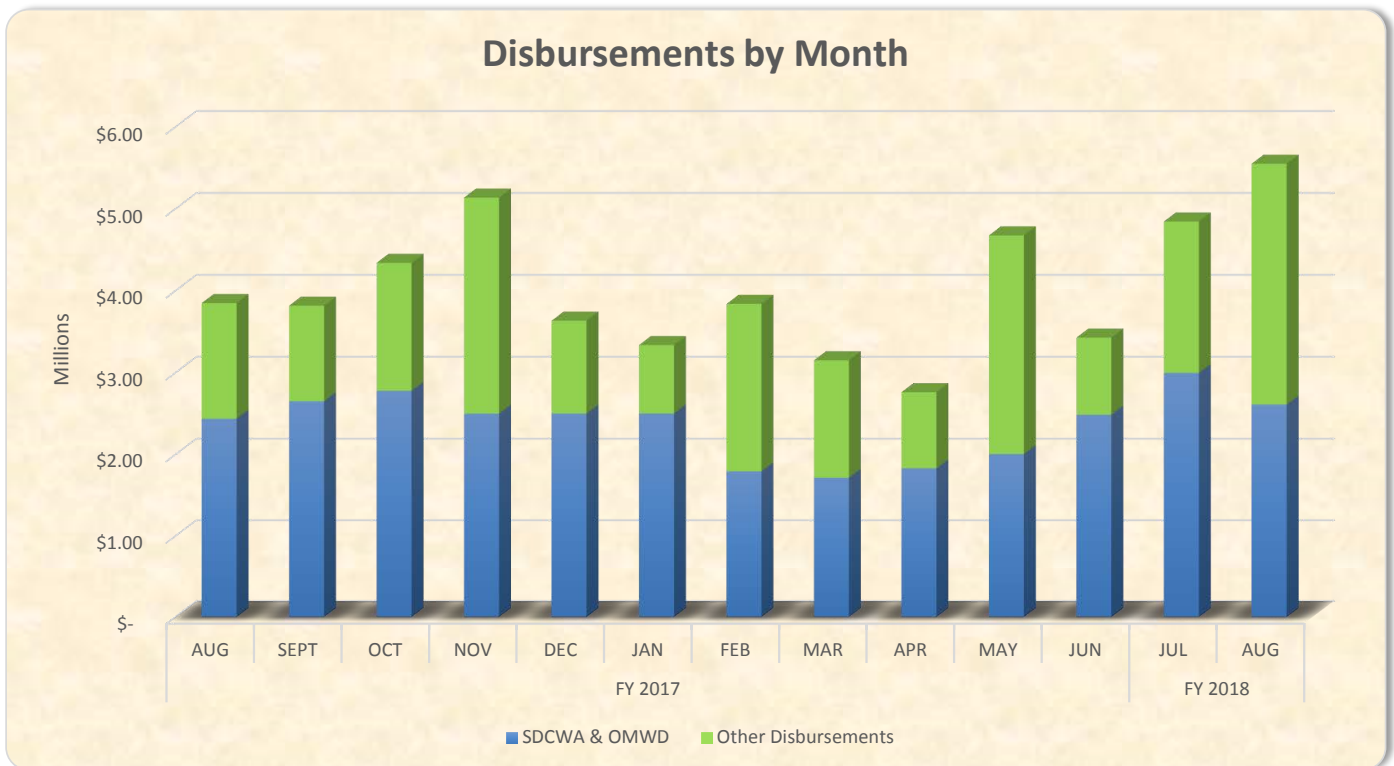
August



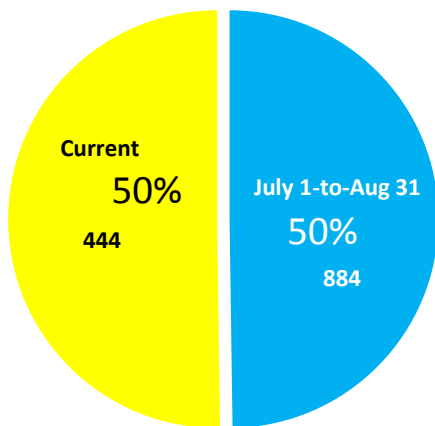
FYTD



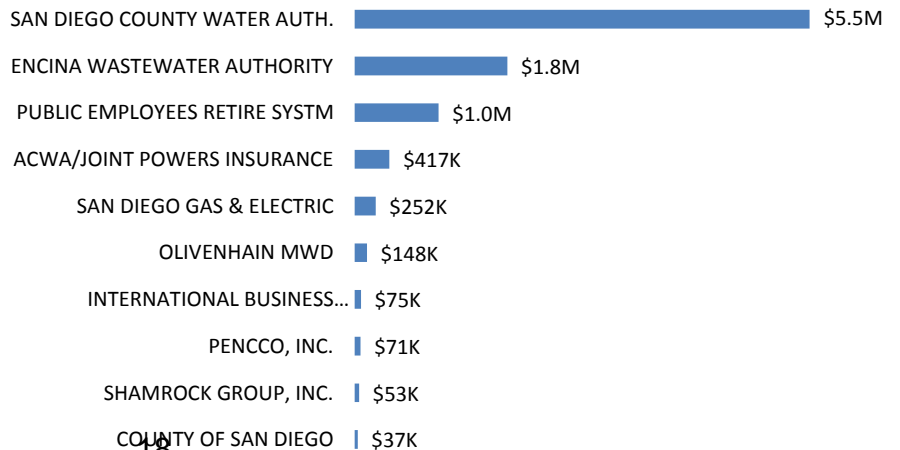
Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD



VALLECITOS WATER DISTRICT
WARRANTS LIST
September 20, 2017

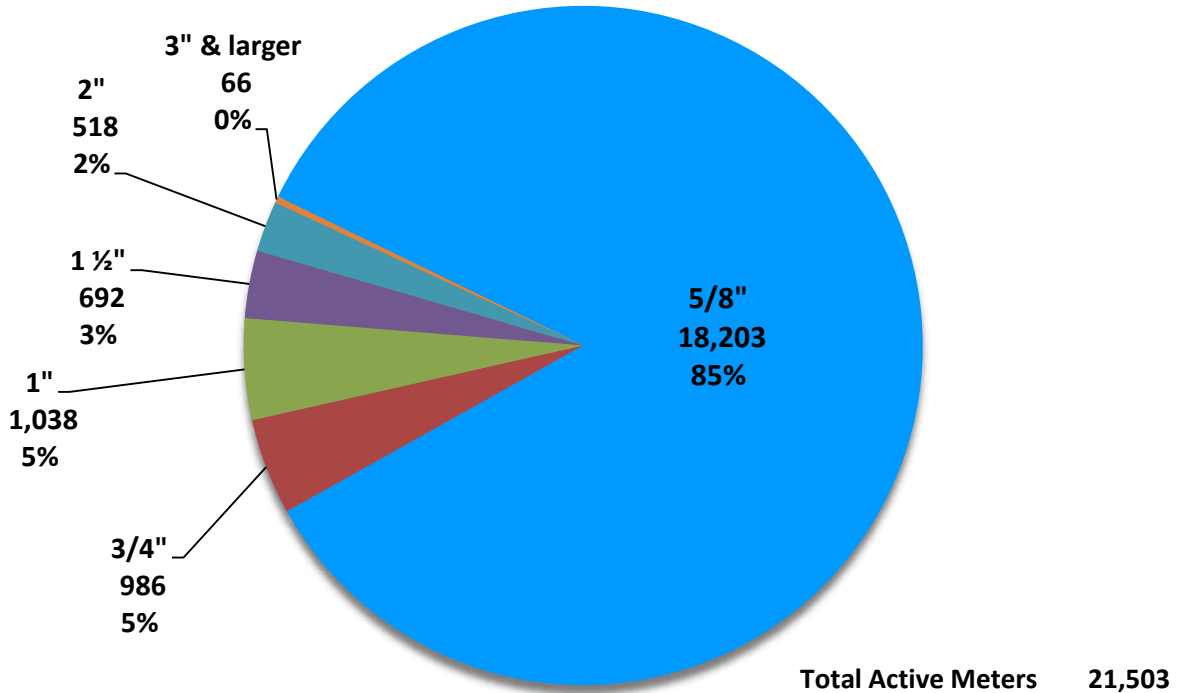
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	111808 through 111810	-
Alpine Technical Services, LLC	Chemical Treatment Mahr	111811	7,943.40
American Water Works Assn	PVC Pipe Design & Install Book	111812	102.50
Aqua-Metric Sales Co	Meters 309	111813	36,178.73
Barry Cunningham	Closed Account Refund	111814	48.47
Bombardier Mass Transit Corporation	Roadway Worker Protection Training 26 Employees	111815	3,971.76
Boncor Water Systems	Soft Water Svc Sept	111816	896.00
Boot Barn	Safety Boots	111817	728.63
Boot World Inc	Safety Boots	111818	440.86
Calolympic Safety	Gas Detection Monitors 3	111819	4,718.86
Capital One Commercial DBA Costco	Office Supplies	111820	424.13
CDW Government Inc	Wireless Keyboard & Mouse Combination Kits 10	111821	1,624.93
Chris Deering	Grade 4 Review Course 8-21-17	111822	98.34
Cob Industries Inc	Hardware Supplies	111823	320.63
Core Logic Information Solutions Inc	Real Quest Svc For Engineering Maps July & Aug	111824	600.00
Davidson Builders Inc.	Closed Account Refund	111825	23.24
Deanna Console	Closed Account Refund	111826	924.54
DirecTV Inc	Satellite Svc Sept	111827	73.79
Dora Gray	Closed Account Refund	111828	84.99
Dudek	North & South Pressure Reducing Stations Prj 20141-7 & Prj 20141-8	111829	1,113.75
EDCO Waste & Recycling Serv	Trash Svc Aug	111830	930.82
Estate of Chadwick C. Collins	Closed Account Refund	111831	51.42
Freedom Automation Inc	Scada Programming MRF, PLC Programming Twin Oaks	111832	3,075.00
James R Hernandez	SDNEDC 7-11-17, Urban Wtr Inst 8-16-17, CSDA 8-17-17, CASA Conf 8-22-17	111833	363.58
Home Depot Credit Services	Hardware Supplies Aug	111834	1,928.01
Infinisource	Admin Svcs May & Oct	111835	160.00
James Drew Horne	Closed Account Refund	111836	40.82
Jeffrey Eade & Gabrialla Belayachi	Closed Account Refund	111837	144.58
Jobs Available	Jobs Available Subscription HR 17-18	111838	45.00
JCI Jones Chemicals Inc	Chlorine	111839	5,833.05
JP Auntie, Inc.	Closed Account Refund	111840	950.05
J.J. Keller & Assoc Inc	Safety & Regulation Compliance Subscription 17-18	111841	995.00
Kim Harrison	Closed Account Refund	111842	35.00
Law Offices of Jeffrey G Scott	Legal Svcs Aug	111843	13,838.00
Lawnmowers Plus Inc	Brush Cutter & Chainsaw Repair, Hardware Supplies	111844	573.88
Major League Pest	Bee Removal	111845	240.00
Hal Martin	Urban Water Institute Conference 8-16-17, CASA Conference 8-22-17	111846	237.60
Meagan Southgate	Closed Account Refund	111847	39.47
Michael Baker International, Inc.	Montiel Outfall Prj 20161-3	111848	40,110.43
Montiel Rd Partners LP	Closed Account Refund	111849	102.99
Patricia Landoni	Closed Account Refund	111850	26.62
Peter Rekatsinas	Printer Repair Svc	111851	299.50
Penco, Inc.	Sulfend RT	111852	10,937.66
Petty Cash Custodian	Petty Cash	111853	805.45
Plumbers Depot Inc	Hardware Supplies	111854	108.95
Dangra Inc.	Safety Boots	111855	290.08
RSF Associates LLC	Closed Account Refund	111856	1,023.60
SDG&E	Power Aug	111857	23,766.59
Sea Breeze Janitorial	Janitorial Svcs Sept	111858	553.13
Southern Counties Lubricants, LLC	Unleaded & Diesel Fuel	111859	12,591.66
Staples Advantage	Office Supplies	111860	2,866.87
Test America Laboratories Inc	Water Sampling	111861	107.50
The Howard E. Nyhart Co. Inc.	OPEB Actuarial Valuation Jun-Aug 17	111862	950.00
Union Bank FKA 1st Bank Card	Meetings & Travel Aug	111863	3,689.71
Union Bank FKA 1st Bank Card	Meetings & Travel Aug	111864	748.45
Union Bank FKA 1st Bank Card	Meetings & Travel Aug	111865	296.24
Union Bank FKA 1st Bank Card	Meetings & Travel Aug	111866	3,114.31
Univar USA Inc	Sodium Hypo Liquichlor, Sodium Bisulfite, Caustic Soda	111867	6,185.28
Verizon Wireless	IPad & Cell Phone Svc Aug	111868	2,228.97
Win-Dor, Inc.	Closed Account Refund	111869	78.00
Tri-City Emergency Medical Group	Medical Svcs	111870	240.00
Xerox Corporation	Copier Lease July & Aug	111871	5,337.84

VALLECITOS WATER DISTRICT
WARRANTS LIST
September 20, 2017

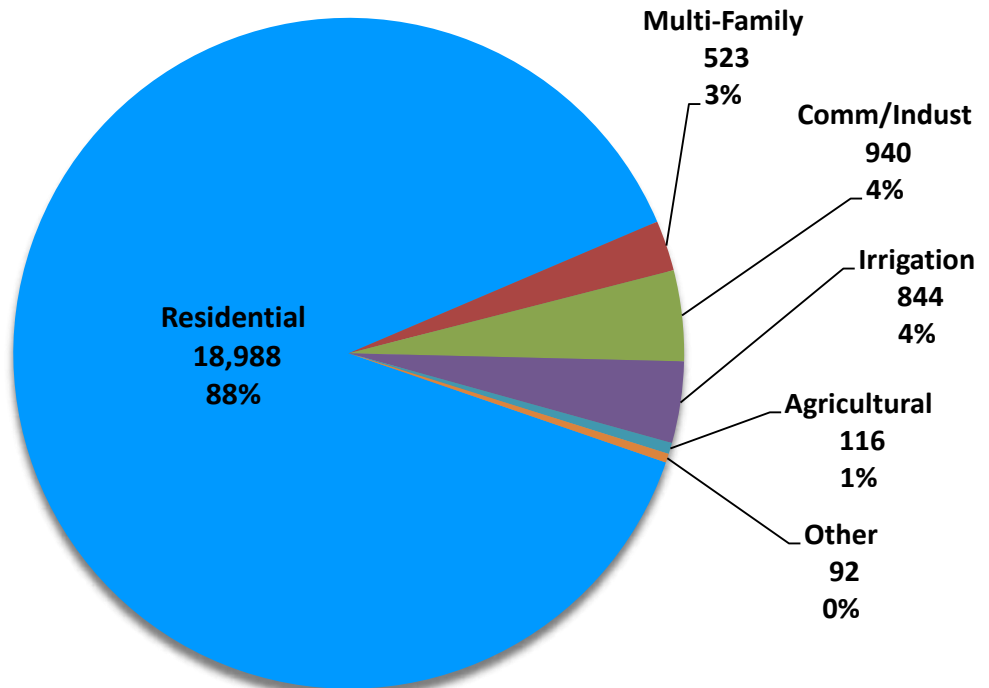
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Backflow Solutions, Inc.	Backflow Testing - 292 Reports	111872	3,781.40
Bentley Systems Inc	Water & Sewer Gems Subscription Oct-Dec	111873	3,643.75
Boncor Water Systems	Soft Water Svc Sept	111874	749.00
Jeffrey Colwell	Video Production Prj 20181-44	111875	253.75
Electrical Sales Inc	Hardware Supplies	111876	243.28
Ewing Irrigation Products	PVC Supplies	111877	623.62
Ferguson Enterprises, Inc	Air Valves, Gaskets, Adapters	111878	1,465.79
Fisher Scientific LLC	Lab Supplies MRF	111879	388.38
Free Builders Supply	Hardware Supplies Prj 71126	111880	81.50
Grainger Inc	Wire Grates 47, Bolt Cutters, Shop Towels, Hardware Supplies	111881	2,699.85
Hach Company	Hardware Supplies	111882	83.51
Hodge Products Inc	Construction Meter Locks 30	111883	927.26
JWC Environmental LLC	Rotating Assemblies 2 MRF Prj 20181-39	111884	15,963.96
Kaman Industrial Technologies	Tipping Weir, Actuators 4 - Supplies For Secondary Skimmer Actuators MRF	111885	5,301.71
Knight Security & Fire Systems	Answering & Patrol Svc Sept	111886	545.61
Mallory Safety & Supply, LLC	Safety Supplies	111887	1,938.17
Marcon Products Inc	Concrete For Antenna Mast Footing Prj 71126	111888	560.14
Ben's Asphalt & Maintenance Co Inc	Asphalt Paving - 2,200 Sq Ft - Bates View Ct.	111889	11,300.00
North County Auto Parts	Fleet Supplies Prj 20171-18	111890	1,251.36
Ostari Inc	Barracuda Web Filter 8-17 To 8-20 - 3 Year Subscription	111891	9,810.93
PC Specialists Inc	Laptops 3 Meter Dept	111892	3,425.52
Polydyne Inc	Clarifloc	111893	15,159.46
T.S. Industrial Supply	Hardware Supplies	111894	125.27
The Quad SM, LLC	Improvement Bond Refund Prj 2014100718	111895	20,232.00
Traffic Supply Inc	Traffic Control For Sewer Line Maintenance, Barricades 20	111896	2,251.89
Underground Service Alert	Fuel Island Maintenance Sept	111897	381.25
Unifirst Corporation	Uniform Delivery	111898	1,270.71
Urban Villages San Marcos LLC	Improvement Bond Refund Prj 2014100734	111899	62,441.00
Valley Chain & Gear Inc	Hardware Supplies	111900	99.12
Valvate Associates	Valves 2 For 10" Failsafe - MRF	111901	501.55
Vanton Pump & Equipment Corp	Odor Scrubbers 2, Pump Rebuild Parts MRF	111902	4,858.54
Vortex Industries Inc	Svc - Rolling Steel Doors MRF	111903	268.00
Walters Wholesale Electric	Hardware Supplies	111904	129.98
Waxie Sanitary Supply	Cleaning Supplies	111905	824.55
West Coast Cabling Inc	Svc To District Paging System	111906	420.00
Total Disbursements (96 Checks)			<u>380,260.47</u>
WIRES			
Public Employees Retirement System	Retirement Contribution - September 13, 2017 Payroll	Wire	67,224.31
Bank of America	Bank of America loan payment - Principal	Wire	702,000.00
Union Bank	Bank of America loan payment - Interest	Wire	43,897.00
Union Bank	Union Bank debt payment - Principal	Wire	200,000.00
Union Bank	Union Bank debt payment - Interest	Wire	33,020.33
Total Wires			<u>1,046,141.64</u>
PAYROLL			
Total direct deposits		Wire	223,384.28
VWD Employee Association		111808	510.00
Garnishments		111810	970.14
IRS	Federal payroll tax deposit	111809 through	Wire 94,969.75
Employment Development Department	California payroll tax deposit	Wire	17,283.73
CalPERS	Deferred compensation withheld	Wire	12,033.87
VOYA	Deferred compensation withheld	Wire	5,760.41
Total August 16, 2017 Payroll Disbursements			<u>354,912.18</u>
TOTAL DISBURSEMENTS			<u><u>1,781,314.29</u></u>

Vallecitos Water District
 Active Water Meters
 August 31, 2017

Active Meters by Size as of August 31, 2017

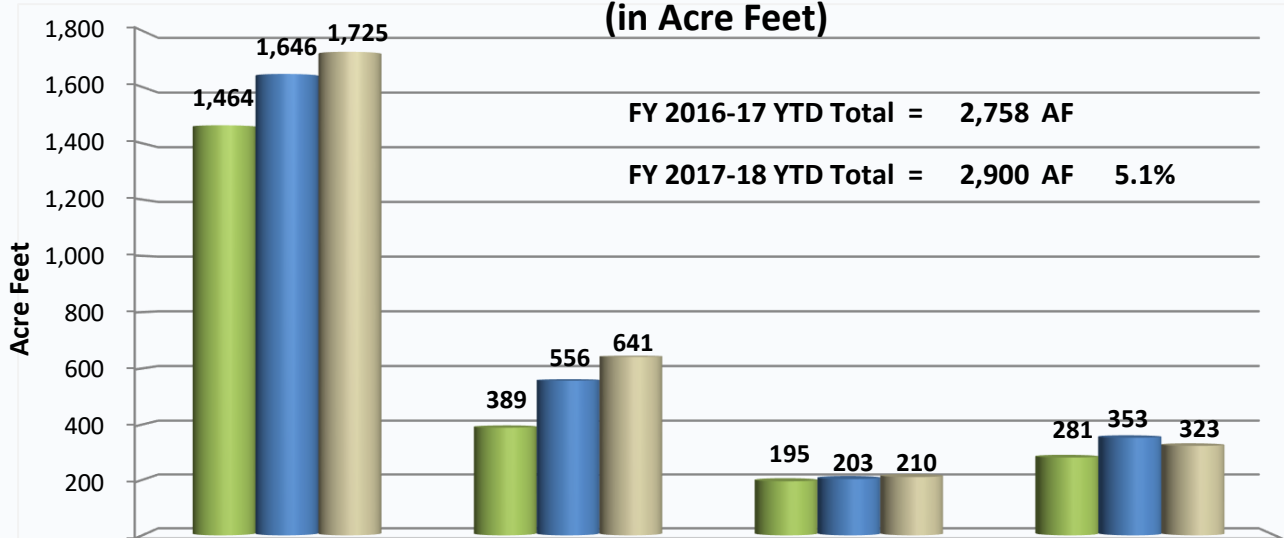


Active Meters by Type as of August 31, 2017



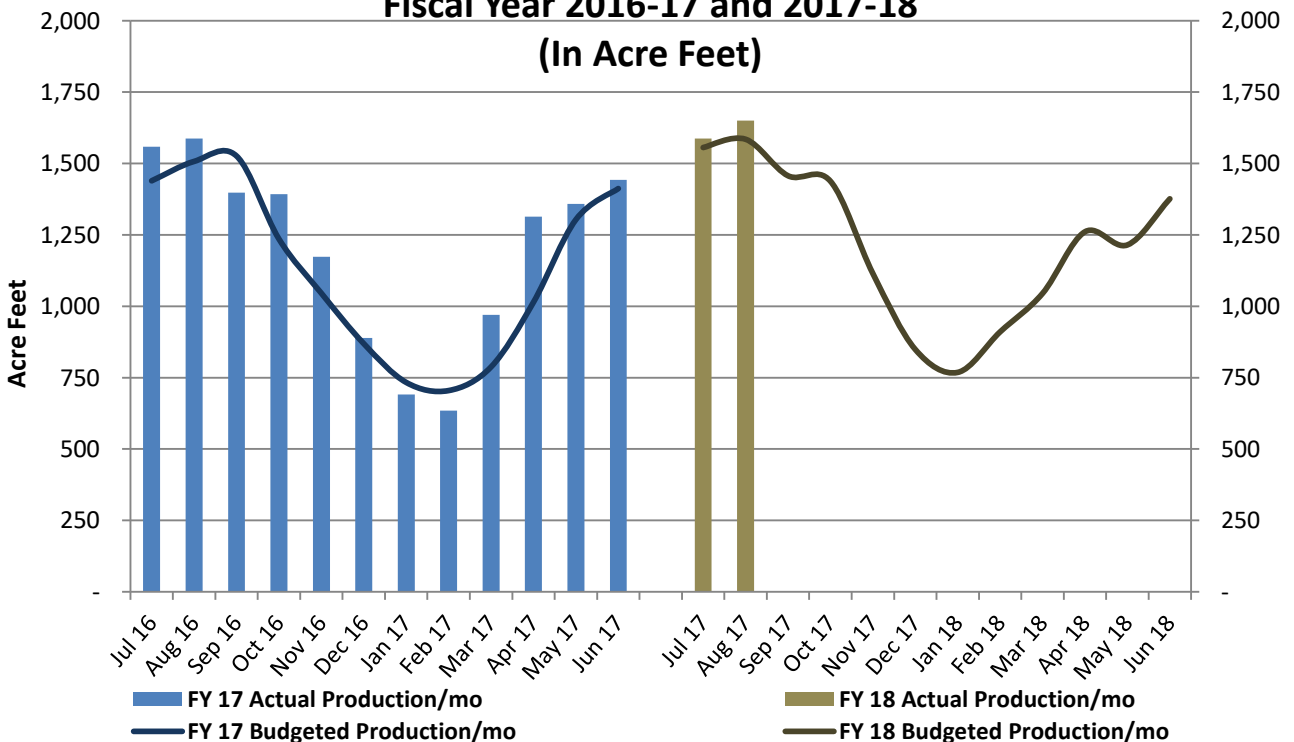
Vallejos Water District
 Water Production/Sales
 August 31, 2017

Water Sales FY 15-16, FY 16-17 and FY 17-18 (FYTD)
(in Acre Feet)



	Residential	Irrigation	Agricultural	Commer/ Indust/ Construct/ Other
FY 2015-16	1,464	389	195	281
FY 2016-17	1,646	556	203	353
FY 2017-18	1,725	641	210	323

Water Production Budget vs. Actual
Fiscal Year 2016-17 and 2017-18
(In Acre Feet)



Vallecitos Water District
Water Revenue and Expense Report
For the Two Months Month Ended August 31, 2017

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$5,391,952	\$4,581,325	\$ 810,627	17.7%	\$5,411,000	\$ (19,048)	-0.4%
Ready-to-serve	2,320,268	2,291,142	29,126	1.3%	2,270,000	50,268	2.2%
Pumping charges	56,289	34,494	21,795	63.2%	52,000	4,289	8.2%
Late & lock charges	76,398	79,281	(2,883)	-3.6%	76,000	398	0.5%
Backflow fees	15,059	14,243	816	5.7%	16,000	(941)	-5.9%
Other revenue	34,011	27,300	6,711	24.6%	20,900	13,111	62.7%
Total Revenue	<u>7,893,977</u>	<u>7,027,785</u>	866,192	12.3%	<u>7,845,900</u>	48,077	0.6%
Expenses							
Water costs	5,650,046	5,336,178	313,868	5.9%	5,453,000	197,046	3.6%
Pumping costs	105,065	120,861	(15,796)	-13.1%	141,000	(35,935)	-25.5%
Water quality	21,450	13,992	7,458	53.3%	30,000	(8,550)	-28.5%
Water treatment	70,358	59,534	10,824	18.2%	72,000	(1,642)	-2.3%
Tanks & reservoirs	32,129	35,189	(3,060)	-8.7%	70,000	(37,871)	-54.1%
Trans & distribution	220,401	199,505	20,896	10.5%	308,000	(87,599)	-28.4%
Services	18,899	15,550	3,349	21.5%	40,000	(21,101)	-52.8%
Meters	94,797	102,548	(7,751)	-7.6%	104,000	(9,203)	-8.8%
Backflow prevention	4,735	11,486	(6,751)	-58.8%	10,000	(5,265)	-52.7%
Customer accounts	77,795	81,553	(3,758)	-4.6%	102,000	(24,205)	-23.7%
Building & grounds	59,946	60,573	(627)	-1.0%	59,000	946	1.6%
Equipment & vehicles	29,386	30,878	(1,492)	-4.8%	51,000	(21,614)	-42.4%
Engineering	210,387	205,185	5,202	2.5%	231,000	(20,613)	-8.9%
Safety & compliance	33,078	35,365	(2,287)	-6.5%	44,000	(10,922)	-24.8%
Information Technology	99,365	97,056	2,309	2.4%	166,000	(66,635)	-40.1%
General & administrative	493,593	413,985	79,608	19.2%	469,000	24,593	5.2%
Total Expenses	<u>7,221,430</u>	<u>6,819,438</u>	401,992	5.9%	<u>7,350,000</u>	(128,570)	-1.7%
Net Operating Income	<u>\$ 672,547</u>	<u>\$ 208,347</u>	464,200	222.8%	<u>\$ 495,900</u>	176,647	35.6%

Vallecitos Water District
Sewer Revenue and Expense Report
For the Two Months Month Ended August 31, 2017

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Sewer service charges	\$ 2,982,366	\$ 2,870,194	\$ 112,172	3.9%	\$ 2,806,000	\$ 176,366	6.3%
Reclaimed water sales	342,500	323,000	19,500	6.0%	343,000	(500)	-0.1%
Other revenue	12,438	12,527	(89)	-0.7%	13,000	(562)	-4.3%
Total Revenue	<u>3,337,304</u>	<u>3,205,721</u>	131,583	4.1%	<u>3,162,000</u>	175,304	5.5%
Expenses							
Collection & conveyance	269,902	276,274	(6,372)	-2.3%	376,000	(106,098)	-28.2%
Lift stations	28,428	43,052	(14,624)	-34.0%	52,000	(23,572)	-45.3%
Source Control	21,796	22,293	(497)	-2.2%	30,000	(8,204)	-27.3%
Effluent disposal	657,106	448,500	208,606	46.5%	479,000	178,106	37.2%
Meadowlark	403,888	441,733	(37,845)	-8.6%	578,000	(174,112)	-30.1%
Customer accounts	52,743	58,424	(5,681)	-9.7%	76,000	(23,257)	-30.6%
Building & grounds	39,190	39,040	150	0.4%	43,000	(3,810)	-8.9%
Equipment & vehicles	29,977	22,118	7,859	35.5%	38,000	(8,023)	-21.1%
Engineering	79,339	84,604	(5,265)	-6.2%	118,000	(38,661)	-32.8%
Safety & compliance	21,595	23,791	(2,196)	-9.2%	31,000	(9,405)	-30.3%
Information technology	85,446	82,747	2,699	3.3%	139,000	(53,554)	-38.5%
General & administrative	201,933	142,838	59,095	41.4%	242,000	(40,067)	-16.6%
Total Expenses	<u>1,891,950</u>	<u>1,685,414</u>	206,536	12.3%	<u>2,202,000</u>	(310,050)	-14.1%
Net Operating Income	<u>\$ 1,445,354</u>	<u>\$ 1,520,307</u>	(74,953)	-4.9%	<u>\$ 960,000</u>	485,354	50.6%

VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE TWO MONTHS ENDED AUGUST 31, 2017

	110 Water	120	210 Wastewater	220	
	<u>Replacement</u>	<u>Capacity</u>	<u>Replacement</u>	<u>Capacity</u>	<u>Total</u>
BEGINNING BALANCE	\$ 29,885,306	\$ (9,889,055)	\$ 45,384,737	\$ (6,501,911)	\$ 58,878,989
REVENUES					
FY 17/18 Operating Transfers	672,547		1,445,354		2,117,901
Capital Facility Fees	-	577,838	-	455,108	1,032,946
Grant Revenue			145,939		
Investment Earnings	52,367	-	88,316	-	140,682
Property Tax	45,898	-	37,248	-	83,146
TOTAL REVENUES	<u>770,812</u>	<u>577,838</u>	<u>1,716,856</u>	<u>455,108</u>	<u>3,374,675</u>
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Auth 5 Year Cap Plan	-	-	1,101,781	-	1,101,781
Palos Vista Pump Station Motor Replacement	30,599	-	-	-	30,599
Mrf Refurbish Backwash Pumps And Motors	-	-	23,908	-	23,908
Tertiary Filter Media	-	-	21,151	-	21,151
Moymo Solids Pump Rotor Replacment Mrf	-	-	19,136	-	19,136
Water & Sewer Master Plan	-	7,029	-	7,028	14,057
Mrf - Failsafe Line De-Chlorination System	-	-	13,086	-	13,086
Lift Station 1 Wet Well Room Repairs	-	-	13,031	-	13,031
North Vista Pressure Reducing Station Upgrade	12,960	-	-	-	12,960
Nursery Valve Relocation	-	-	12,045	-	12,045
Fulton Road And Nctd Sewer Line Rehabilitation	-	-	11,245	-	11,245
Rock Springs Sewer Replacement	-	-	4,924	6,018	10,942
South Vista Pressure Reducing Station Upgrade	10,077	-	-	-	10,077
All other capital projects	13,112	2,765	17,928	5,840	39,644
Capital Budget - Vehicles/Mobile Equipmnt	17,446	-	53,751	-	71,198
TOTAL DISTRIBUTIONS	<u>84,194</u>	<u>9,794</u>	<u>1,291,986</u>	<u>18,886</u>	<u>1,404,860</u>
ENDING BALANCE	\$ 30,571,925	\$ (9,321,011)	\$ 45,809,608	\$ (6,065,690)	\$ 60,848,805
Less: Operating Reserves	<u>5,220,500</u>	<u>-</u>	<u>6,272,900</u>	<u>-</u>	<u>11,493,400</u>
Replacement Reserves/Restricted Funds	<u>\$ 25,351,425</u>	<u>\$ (9,321,011)</u>	<u>\$ 39,536,708</u>	<u>\$ (6,065,690)</u>	<u>\$ 49,355,405</u>
Replacement reserve floor	<u>\$ 6,542,500</u>		<u>\$ 11,789,400</u>		
Replacement reserve ceiling	<u>\$ 26,940,300</u>		<u>\$ 41,946,600</u>		

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

Attached is a detailed list of investments for all District funds that are not needed to meet current obligations. In accordance with Government Code Section 53646, the information is presented to the Board on a monthly basis and includes a breakdown by fund, financial institution, settlement and maturity date, yield, and investment amount. In addition, the report indicates the various percentages of investments in each type of institution.

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

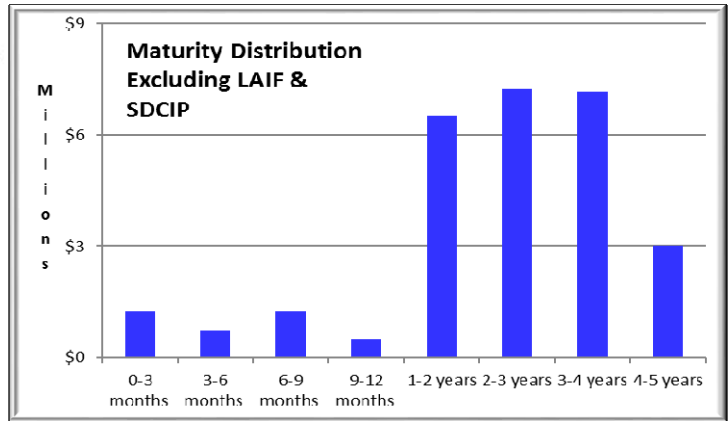
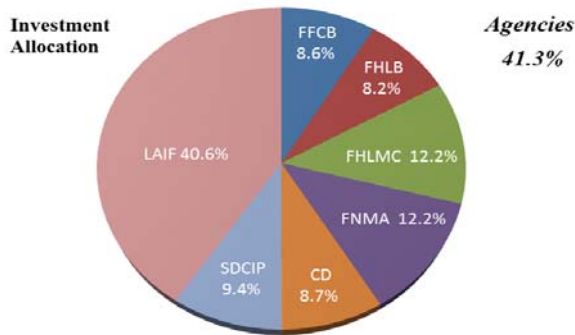
Investment activity for the month of August follows:

<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
08/04/17	Deposit	LAIF	1,000,000	Open	1.08%
08/09/17	Withdrawl	LAIF	(600,000)	Open	1.08%
08/11/17	Deposit	LAIF	500,000	Open	1.08%
08/15/17	Withdrawl	LAIF	(2,000,000)	Open	1.08%
08/18/17	Deposit	LAIF	275,000	Open	1.08%
08/23/17	Deposit	LAIF	900,000	Open	1.08%
08/25/17	Deposit	LAIF	650,000	Open	1.08%
08/31/17	Deposit	LAIF	150,000	Open	1.08%
Change in investments during the month			<u>\$ 875,000</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	1.300%
Weighted average days to maturity	455

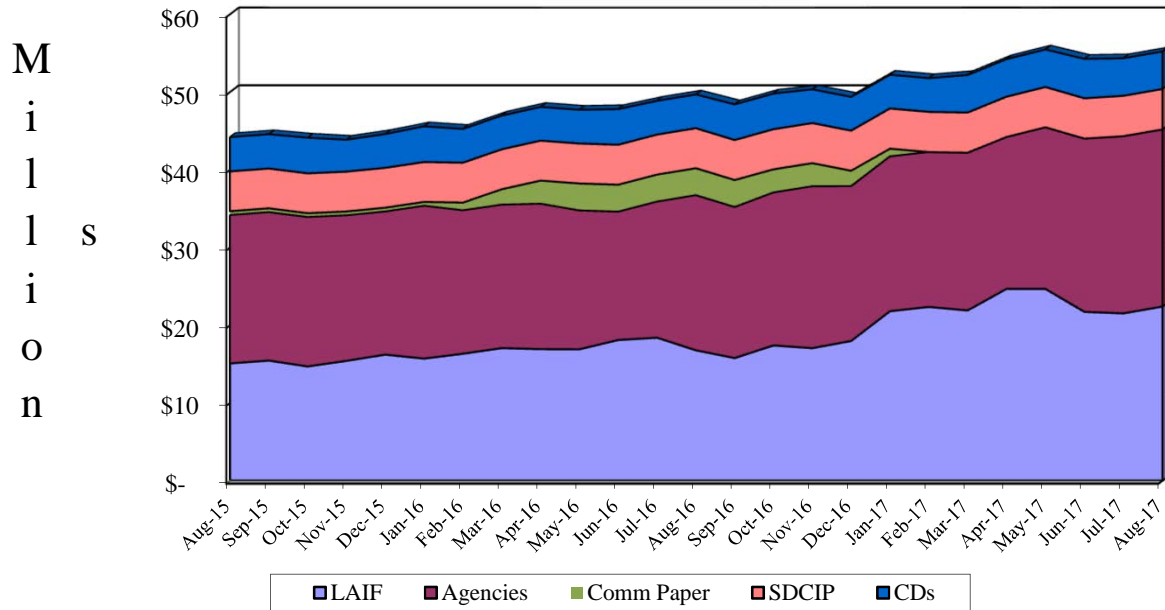
The State Treasurer’s Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of June 30, 2017, The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for July 31, 2017. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

Portfolio Snapshot:



Safety

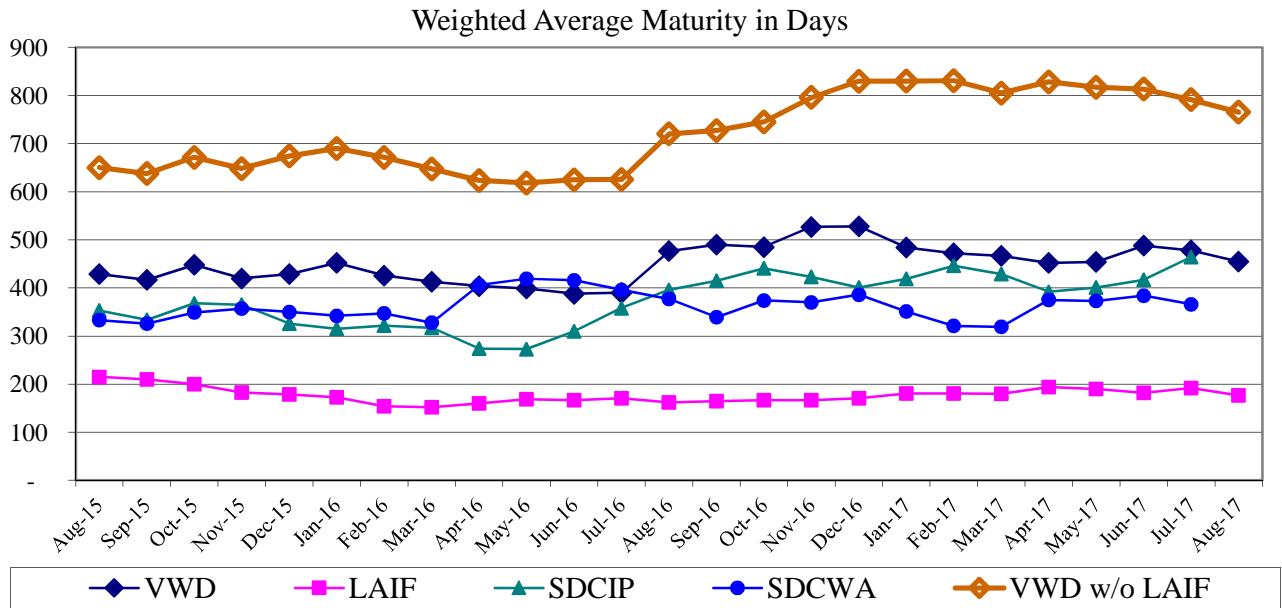
Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by adopted Board policy and with in limits established in the policy. Credit risk is the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



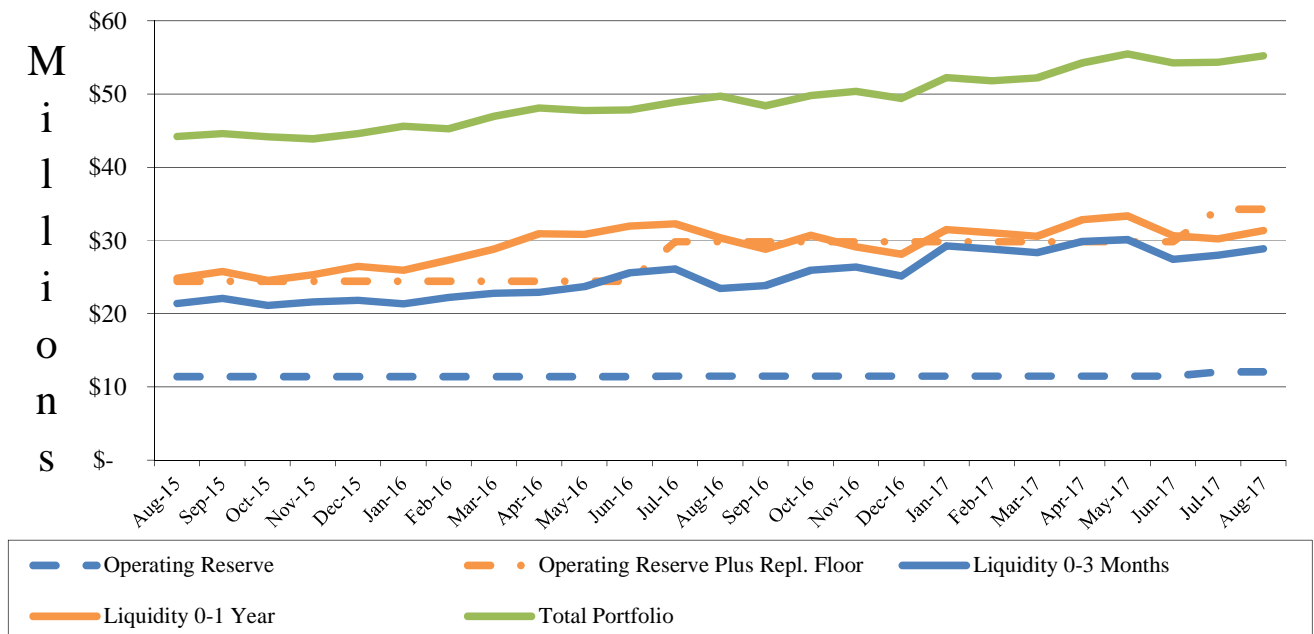
The graph above represents investment levels in the State of California’s Local Agency Investment Fund (LAIF), federal agency obligations, commercial paper, FDIC backed corporate notes, the San Diego County Investment Pool (SDCIP), and certificates of deposit.

Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District's liquidity to other managed portfolios. The District's liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with \$22.4 million available the same day. But for comparative purposes LAIF is eliminated from the District's portfolio and shown separately.

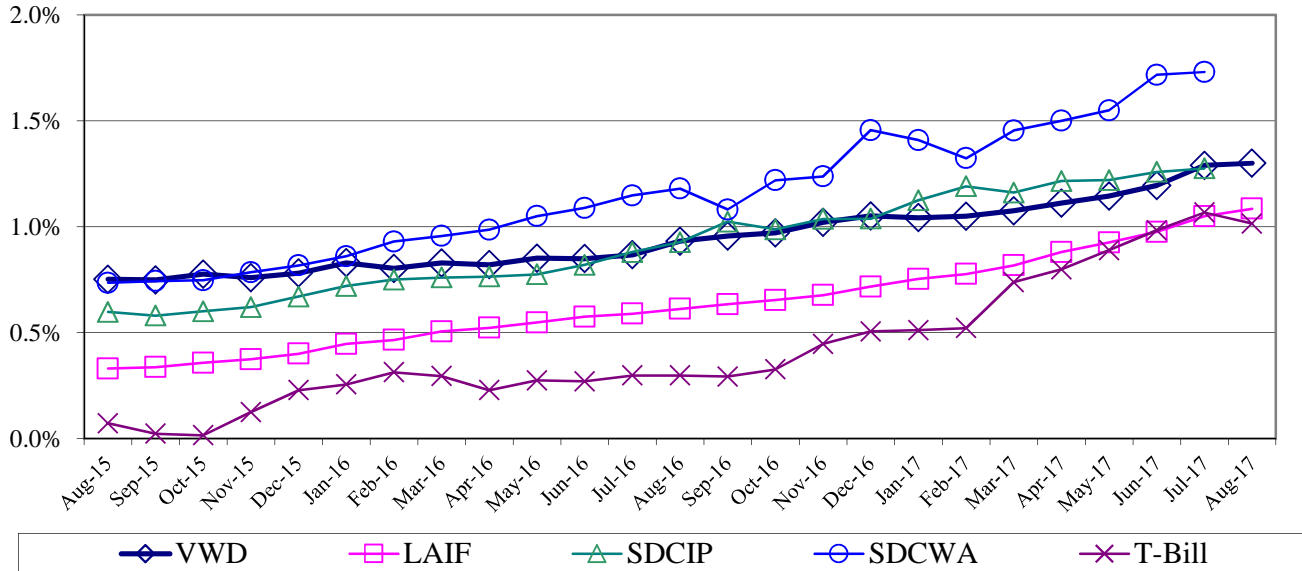


The graph below trends the *relationship of liquidity to adopted reserve levels*. District staff is sensitive to this relationship, but also recognizes the risk of being too liquid if rates fall further.



Yield

The next graph compares the District’s effective yield to LAIF, SDCIP, San Diego County Water Authority (SDCWA), and the average 91-day Treasury bill rate.



Investment/Debt Management

On July 9, 2015, the District refunded most of its 2007 Certificates of Participation with Revenue Bonds containing interest rates ranging between 4% and 5%. The District is obligated to transfer semi-annual debt service payments each June 25th (maximum of \$3.9 million in year 2030) and each December 26th (maximum of \$980,000 in year 2021) to the trustee for payment to bondholders for the 2015 Revenue Bonds. Staff targets these dates for maturities and proposes user rates that, given all other budget assumptions, satisfy debt service coverage requirements. On November 12, 2008, the District secured a private placement, variable rate loan (currently at 1.70895%) from Union Bank for \$8 million to fund remaining and prior construction costs of the Encina Wastewater Authority Phase V expansion. The District is debt financing certain sewer projects with a \$7.1 million 10-year loan received from Bank of America in December of 2012, at a 1.98% fixed rate.

Investment Strategy

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

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

By Fund							Replacement		Capacity		Total
Reference	S&P	Coupon	Yield	Settled	Callable	Matures	Water 110	Sewer 210	Water 120	Sewer 220	
Mbank CD		1.500	1.500	09/20/13	na	09/20/17	245,000	-	-	-	245,000
FNMA	AA+	0.875	0.917	02/24/15	na	10/26/17	-	499,465	-	-	499,465
FNMA	AA+	0.875	0.917	12/02/15	na	10/26/17	-	499,625	-	-	499,625
Compass CD		1.300	1.300	12/09/15	na	12/11/17	-	245,000	-	-	245,000
FFCB	AA+	0.840	0.840	10/22/15	09/30/17	01/22/18	-	500,000	-	-	500,000
FFCB	AA+	0.930	0.930	10/21/15	10/13/17	04/13/18	499,705	-	-	-	499,705
Am Exp CD		1.100	1.100	04/29/15	na	04/30/18	245,000	-	-	-	245,000
FNMA	AA+	0.875	1.090	11/12/15	na	05/21/18	-	497,325	-	-	497,325
Synchrony CD		1.600	1.600	06/13/14	na	06/13/18	245,000	-	-	-	245,000
Goldman CD		1.700	1.700	08/19/15	na	08/20/18	-	245,000	-	-	245,000
GE Cap CD		1.800	1.800	09/05/14	na	09/05/18	-	245,000	-	-	245,000
FHLB	AA+	1.200	1.260	06/29/15	na	09/26/18	499,050	-	-	-	499,050
Capital 1 CD		1.650	1.650	10/13/15	na	10/09/18	179,000	-	-	-	179,000
Ally Bank CD		1.600	1.600	10/29/15	na	10/29/18	245,000	-	-	-	245,000
Sallie Mae CD		1.600	1.600	12/09/15	na	12/10/18	-	245,000	-	-	245,000
FHLB	AA+	1.240	1.240	02/08/17	01/23/18	01/23/19	-	500,000	-	-	500,000
FNMA	AA+	1.000	1.000	07/25/16	10/25/17	01/25/19	499,900	-	-	-	499,900
FFCB	AA+	1.150	1.396	03/07/17	09/30/17	02/22/19	-	365,260	-	-	365,260
BMW Bk CD		1.350	1.350	03/10/17	na	03/11/19	-	245,000	-	-	245,000
Whitney Bank CD		1.650	1.650	04/20/17	na	04/22/19	-	245,000	-	-	245,000
Enerbank CD		1.500	1.579	06/18/15	na	05/15/19	232,301	-	-	-	232,301
FFCB	AA+	1.180	1.180	05/26/17	09/30/17	06/13/19	497,500	-	-	-	497,500
FHLB(s)	AA+	1.125	1.125	07/07/17	09/28/17	06/28/19	-	500,000	-	-	500,000
FHLMC(s)	AA+	1.250	1.250	06/28/16	09/28/17	06/28/19	-	750,000	-	-	750,000
FFCB	AA+	1.080	1.080	07/12/16	09/30/17	07/12/19	499,675	-	-	-	499,675
FHLMC(s)	AA+	1.000	1.000	08/30/16	11/28/17	08/28/19	750,000	-	-	-	750,000
Barclays CD		1.900	1.900	09/16/15	na	09/16/19	-	245,000	-	-	245,000
FHLMC	AA+	1.250	1.317	09/25/15	na	10/02/19	498,665	-	-	-	498,665
FHLB	AA+	1.190	1.190	10/28/16	10/28/17	10/28/19	500,000	-	-	-	500,000
FHLMC(s)	AA+	1.000	1.000	08/22/16	11/22/17	11/22/19	-	750,000	-	-	750,000
FNMA	AA+	1.350	1.350	06/30/16	09/30/17	12/30/19	-	500,000	-	-	500,000
Key Bank CD		1.700	1.700	03/08/17	na	03/09/20	-	245,000	-	-	245,000
FNMA	AA+	1.300	1.300	10/19/16	09/30/17	03/30/20	500,000	-	-	-	500,000
FHLB	AAA	1.670	1.670	04/28/17	09/30/17	04/28/20	-	750,000	-	-	750,000
FNMA	AA+	1.500	1.500	05/27/16	11/29/17	05/29/20	750,000	-	-	-	750,000
FHLMC(s)	AA+	1.500	1.500	06/15/17	09/15/17	06/15/20	-	750,000	-	-	750,000
HSBC Bank CD		1.400	1.400	09/16/16	07/08/18	07/08/20	-	244,510	-	-	244,510
FHLB	AA+	1.200	1.200	11/22/16	09/30/17	07/13/20	492,970	-	-	-	492,970
FNMA	AA+	1.400	1.400	08/24/16	11/24/17	08/24/20	-	1,000,000	-	-	1,000,000
Discover CD		1.500	1.500	10/26/16	na	10/26/20	245,000	-	-	-	245,000
FFCB	AA+	1.380	1.380	11/04/16	na	11/02/20	-	499,600	-	-	499,600
FFCB	AA+	1.770	1.770	12/07/16	12/07/17	12/07/20	-	249,438	-	-	249,438
FHLMC(s)	AA+	1.300	1.300	06/27/17	09/22/17	12/22/20	-	750,000	-	-	750,000
Northern Bk & Trust		1.850	1.850	06/29/17	06/29/18	12/29/20	245,000	-	-	-	245,000
FNMA	AA+	1.400	1.400	10/28/16	10/28/17	01/28/21	500,000	-	-	-	500,000
FFCB	AA+	1.620	1.620	11/18/16	09/30/17	02/17/21	-	149,667	-	-	149,667
FHLMC(s)	AA+	1.250	1.250	02/26/16	11/26/17	02/26/21	-	514,000	-	-	514,000
Wells Fargo CD(s)		1.150	1.150	03/04/16	09/04/18	03/04/21	-	243,000	-	-	243,000
FHLB(s)	AA+	1.500	1.500	04/06/17	09/22/17	03/22/21	-	274,381	-	-	274,381
FFCB	AA+	1.620	1.620	04/12/16	09/30/17	04/12/21	749,925	-	-	-	749,925
FFCB	AA+	1.990	1.990	05/03/17	09/30/17	05/03/21	-	750,000	-	-	750,000
Comenty Bk CD		1.650	1.650	06/30/16	na	06/30/21	-	245,000	-	-	245,000
FNMA	AA+	1.500	1.500	07/27/16	10/27/17	07/27/21	-	500,000	-	-	500,000
JPM Chase CD		1.650	1.650	08/16/16	11/16/17	08/16/21	-	245,000	-	-	245,000
FHLMC	AA+	1.600	1.600	08/25/16	11/25/17	08/25/21	1,000,000	-	-	-	1,000,000
FHLB	AA+	1.625	1.625	09/30/16	09/30/17	09/30/21	-	1,000,000	-	-	1,000,000
FNMA	AA+	1.550	1.550	10/31/16	10/28/17	10/28/21	1,000,000	-	-	-	1,000,000
FHLMC	AA+	1.875	1.875	11/30/16	11/26/17	11/26/21	-	1,000,000	-	-	1,000,000
SDCIP	AAA	na	1.717	Various	na	Open	-	5,196,328	-	-	5,196,328
LAIF		na	1.084	Various	na	Open	11,208,862	11,208,863	-	-	22,417,725
Total Cost							22,327,553	32,891,462	-	-	55,219,015
Unrealized Gain/(Loss)							(67,815)	(106,033)	-	-	(173,848)
Market Value						30	\$ 22,259,738	\$ 32,785,429	\$ -	\$ -	\$ 55,045,167

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By Investment Type					Total					
Reference	Settled	Coupon	Yield	Matures	CDs	Agencies	LGIPs	LAIF	Cost	Market
Mbank CD	09/20/13	1.500	1.500	09/20/17	245,000	-	-	-	245,000	245,086
FNMA	02/24/15	0.875	0.917	10/26/17	-	499,465	-	-	499,465	499,845
FNMA	12/02/15	0.875	0.917	10/26/17	-	499,625	-	-	499,625	499,845
Compass CD	12/09/15	1.300	1.300	12/11/17	245,000	-	-	-	245,000	245,115
FFCB	10/22/15	0.840	0.840	01/22/18	-	500,000	-	-	500,000	499,510
FFCB	10/21/15	0.930	0.930	04/13/18	-	499,705	-	-	499,705	499,075
Am Exp CD	04/29/15	1.100	1.100	04/30/18	245,000	-	-	-	245,000	244,931
FNMA	11/12/15	0.875	1.090	05/21/18	-	497,325	-	-	497,325	498,770
Synchrony CD	06/13/14	1.600	1.600	06/13/18	245,000	-	-	-	245,000	245,284
Goldman CD	08/19/15	1.700	1.700	08/20/18	245,000	-	-	-	245,000	245,490
GE Cap CD	09/05/14	1.800	1.800	09/05/18	245,000	-	-	-	245,000	245,706
FHLB	06/29/15	1.200	1.260	09/26/18	-	499,050	-	-	499,050	499,560
Capital 1 CD	10/13/15	1.650	1.650	10/09/18	179,000	-	-	-	179,000	179,313
Ally Bank CD	10/29/15	1.600	1.600	10/29/18	245,000	-	-	-	245,000	245,419
Sallie Mae CD	12/09/15	1.600	1.600	12/10/18	245,000	-	-	-	245,000	245,240
FHLB	02/08/17	1.240	1.240	01/23/19	-	500,000	-	-	500,000	499,055
FNMA	07/25/16	1.000	1.000	01/25/19	-	499,900	-	-	499,900	496,505
FFCB	03/07/17	1.150	1.396	02/22/19	-	365,260	-	-	365,260	364,816
BMW Bk CD	03/10/17	1.350	1.350	03/11/19	245,000	-	-	-	245,000	244,045
Whitney Bank CD	04/20/17	1.650	1.650	04/22/19	245,000	-	-	-	245,000	245,076
Enerbank CD	06/18/15	1.500	1.579	05/15/19	232,301	-	-	-	232,301	232,441
FFCB	05/26/17	1.180	1.180	06/13/19	-	497,500	-	-	497,500	497,210
FHLB(s)	07/07/17	1.125	1.125	06/28/19	-	500,000	-	-	500,000	499,895
FHLMC(s)	06/28/16	1.250	1.250	06/28/19	-	750,000	-	-	750,000	748,283
FFCB	07/12/16	1.080	1.080	07/12/19	-	499,675	-	-	499,675	496,295
FHLMC(s)	08/30/16	1.000	1.000	08/28/19	-	750,000	-	-	750,000	748,140
Barclays CD	09/16/15	1.900	1.900	09/16/19	245,000	-	-	-	245,000	246,595
FHLMC	09/25/15	1.250	1.317	10/02/19	-	498,665	-	-	498,665	497,910
FHLB	10/28/16	1.190	1.190	10/28/19	-	500,000	-	-	500,000	496,090
FHLMC(s)	08/22/16	1.000	1.000	11/22/19	-	750,000	-	-	750,000	748,118
FNMA	06/30/16	1.350	1.350	12/30/19	-	500,000	-	-	500,000	496,070
Key Bank CD	03/08/17	1.700	1.700	03/09/20	245,000	-	-	-	245,000	244,515
FNMA	10/19/16	1.300	1.300	03/30/20	-	500,000	-	-	500,000	496,210
FHLB	04/28/17	1.670	1.670	04/28/20	-	750,000	-	-	750,000	750,000
FNMA	05/27/16	1.500	1.500	05/29/20	-	750,000	-	-	750,000	748,313
FHLMC(s)	06/15/17	1.500	1.500	06/15/20	-	750,000	-	-	750,000	750,023
HSBC Bank CD	09/16/16	1.400	1.400	07/08/20	244,510	-	-	-	244,510	241,857
FHLB	11/22/16	1.200	1.200	07/13/20	-	492,970	-	-	492,970	494,365
FNMA	08/24/16	1.400	1.400	08/24/20	-	1,000,000	-	-	1,000,000	993,830
Discover CD	10/26/16	1.500	1.500	10/26/20	245,000	-	-	-	245,000	240,531
FFCB	11/04/16	1.380	1.380	11/02/20	-	499,600	-	-	499,600	491,210
FFCB	12/07/16	1.770	1.770	12/07/20	-	249,438	-	-	249,438	249,772
FHLMC(s)	06/27/17	1.300	1.300	12/22/20	-	750,000	-	-	750,000	749,955
Northern Bk & Trust	06/29/17	1.850	1.850	12/29/20	245,000	-	-	-	245,000	244,879
FNMA	10/28/16	1.400	1.400	01/28/21	-	500,000	-	-	500,000	493,210
FFCB	11/18/16	1.620	1.620	02/17/21	-	149,667	-	-	149,667	149,160
FHLMC(s)	02/26/16	1.250	1.250	02/26/21	-	514,000	-	-	514,000	511,820
Vells Fargo CD(s)	03/04/16	1.150	1.150	03/04/21	243,000	-	-	-	243,000	242,893
FHLB(s)	04/06/17	1.500	1.500	03/22/21	-	274,381	-	-	274,381	274,681
FFCB	04/12/16	1.620	1.620	04/12/21	-	749,925	-	-	749,925	747,232
FFCB	05/03/17	1.990	1.990	05/03/21	-	750,000	-	-	750,000	750,007
Comenty Bk CD	06/30/16	1.650	1.650	06/30/21	245,000	-	-	-	245,000	242,474
FNMA	07/27/16	1.500	1.500	07/27/21	-	500,000	-	-	500,000	494,195
JPM Chase CD	08/16/16	1.650	1.650	08/16/21	245,000	-	-	-	245,000	241,075
FHLMC	08/25/16	1.600	1.600	08/25/21	-	1,000,000	-	-	1,000,000	993,610
FHLB	09/30/16	1.625	1.625	09/30/21	-	1,000,000	-	-	1,000,000	990,290
FNMA	10/31/16	1.550	1.550	10/28/21	-	1,000,000	-	-	1,000,000	981,140
FHLMC	11/30/16	1.875	1.875	11/26/21	-	1,000,000	-	-	1,000,000	998,210
SDCIP	Various		1.717	Open	-	-	5,196,328	-	5,196,328	5,151,000
LAIF	Various		1.084	Open	-	-	-	22,417,725	22,417,725	22,393,977
Total Cost					4,818,811	22,786,151	5,196,328	22,417,725	55,219,015	
Unrealized Gain/(Loss)					(10,846)	(93,926)	(45,328)	(23,748)	(173,848)	
Market Value					\$ 4,807,965	\$ 22,692,225	\$ 5,151,000	\$ 22,393,977	\$ 55,045,167	\$ 55,045,167
Percentage of Portfolio					8.7%	41.3%	9.4%	40.6%		
Investment Policy Limits					20.0%	60.0%	40.0%	60.0%		

DATE: SEPTEMBER 20, 2017
TO: BOARD OF DIRECTORS
SUBJECT: FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS
FOR LAZOVIC 4-LOT SUBDIVISION, APN 220-261-66, 67, 68 & 69
(LAZOVIC/BUJOSEVIC)

BACKGROUND:

The Lazovic and Bujosevic families, owners of the project, have completed the installation of water and sewer facilities for their project. The project is located on La Moree Road south of Barham Lane.

DISCUSSION:

Water and/or sewer facilities are constructed by a developer. When complete, those facilities are accepted by the Board of Directors and become District property.

The project constructed approximately 214 feet of 8-inch diameter PVC water main and 203 feet of 8-inch diameter PVC sewer main.

Upon final acceptance of the project, water and sewer service will be available to 4 single family homes.

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, sewer laterals and manholes.

An estimated \$51,124.00 in future Water Capital Facility Fees and \$38,332.00 in future Wastewater Capital Facility fees are still due. These fees will be paid prior to final building inspection or utility release per District Resolution No. 1441.

FISCAL IMPACT:

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

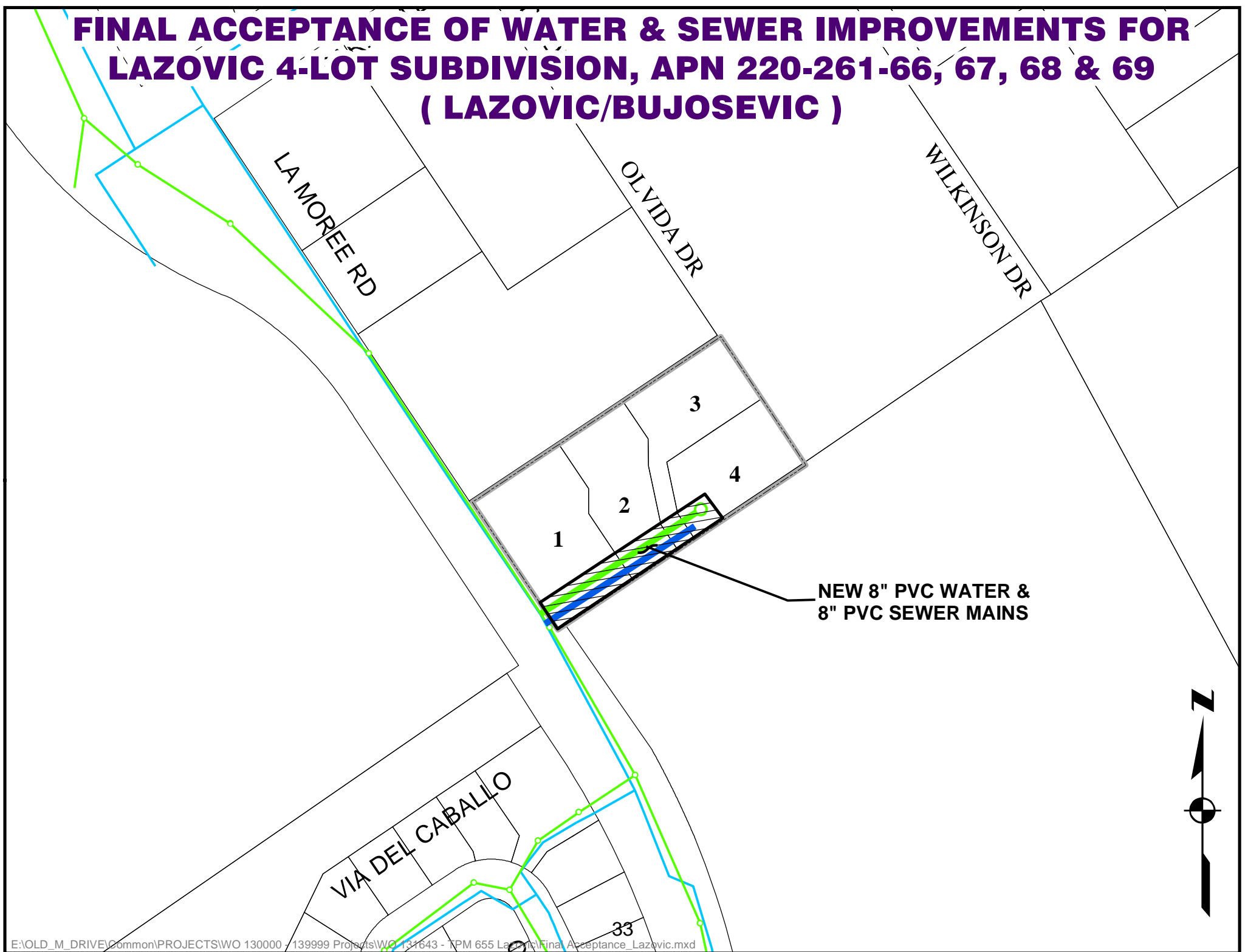
RECOMMENDATION:

Accept the project improvements and approve the filing of a notice of completion for Lazovic 4-Lot Subdivision.

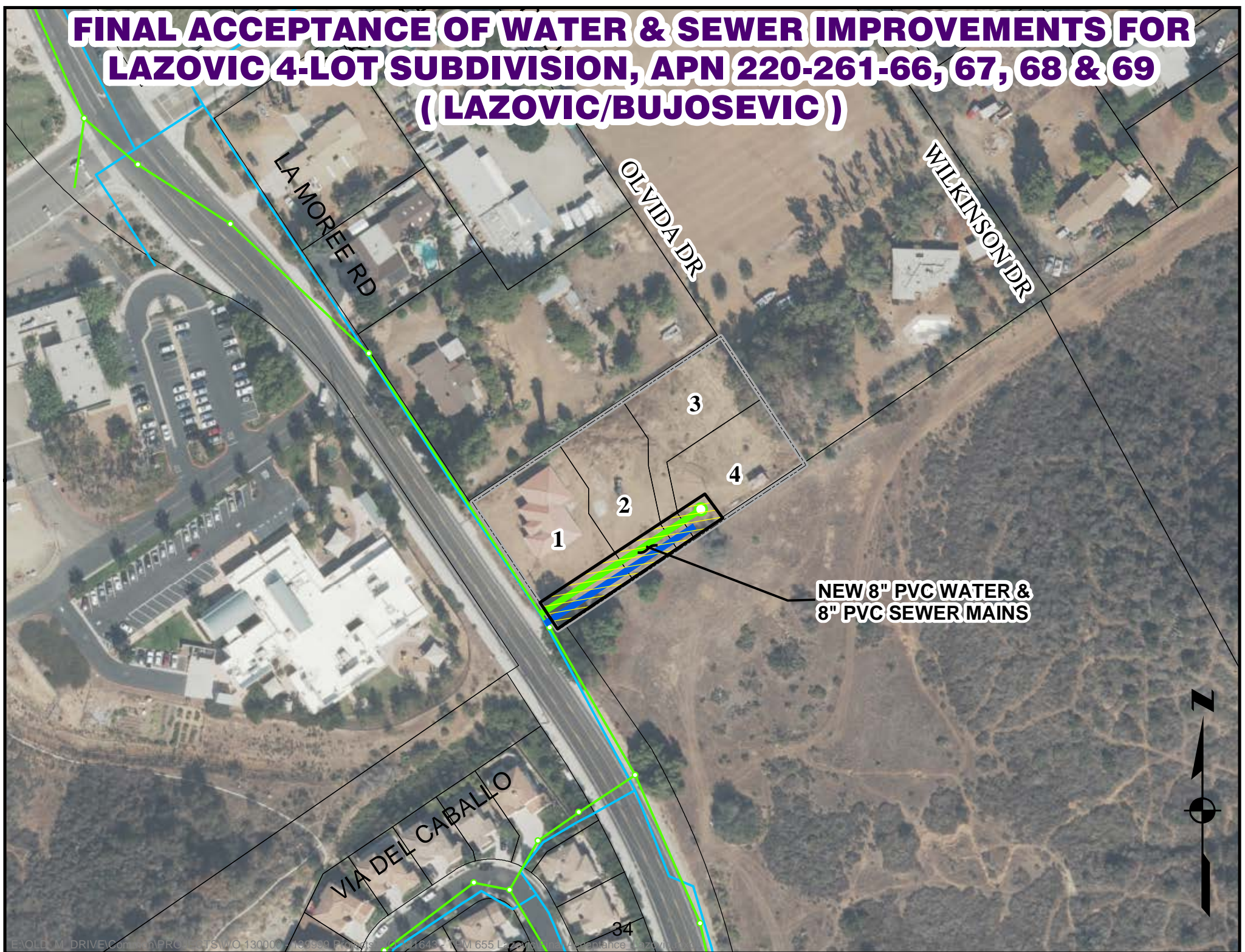
ATTACHMENTS:

2 Map Exhibits - 1 Plat and 1 Aerial

FINAL ACCEPTANCE OF WATER & SEWER IMPROVEMENTS FOR LAZOVIC 4-LOT SUBDIVISION, APN 220-261-66, 67, 68 & 69 (LAZOVIC/BUJOSEVIC)



FINAL ACCEPTANCE OF WATER & SEWER IMPROVEMENTS FOR LAZOVIC 4-LOT SUBDIVISION, APN 220-261-66, 67, 68 & 69 (LAZOVIC/BUJOSEVIC)



DATE: SEPTEMBER 20, 2017
TO: BOARD OF DIRECTORS
SUBJECT: FINAL ACCEPTANCE OF SEWER IMPROVEMENTS
FOR NORTH CITY EAST SEWER REPLACEMENT
APN 221-100-20, 30, 55, 67, 68, 220-201-01, 02, 03, 04, 05 & 06
(URBAN VILLAGES SAN MARCOS, LLC)

BACKGROUND:

Urban Villages San Marcos, LLC, owner of the project has completed the installation of sewer facilities for the University District located on Twin Oaks Valley Road south of Carmel Street just west of Campus Way.

DISCUSSION:

Water and/or sewer facilities are constructed by a developer. When complete, those facilities are accepted by the Board of Directors and become District property.

The project constructed approximately 903 feet of 15-inch diameter PVC sewer main, 302 feet of 12-inch diameter PVC sewer main and 36 feet of 8-inch diameter PVC sewer main, replacing an existing 8-inch sewer main which was deficient due to the density increase within the development.

Upon final acceptance of the project, sewer facilities will support the entire North City East development which includes 1,056 multi-family dwelling units, 509 student housing units, 400 hotel rooms, plus commercial space, office space and park space for the North City East area. Project may be subject to change as development progresses.

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 sewer mains, assorted appurtenances were installed such as sewer laterals and manholes.

No Sewer Capital Facility fees are required for this project because no new sewer services were installed. Water and Sewer Capital Facility fees will be paid with the ultimate future buildout of the University District.

FISCAL IMPACT:

None.

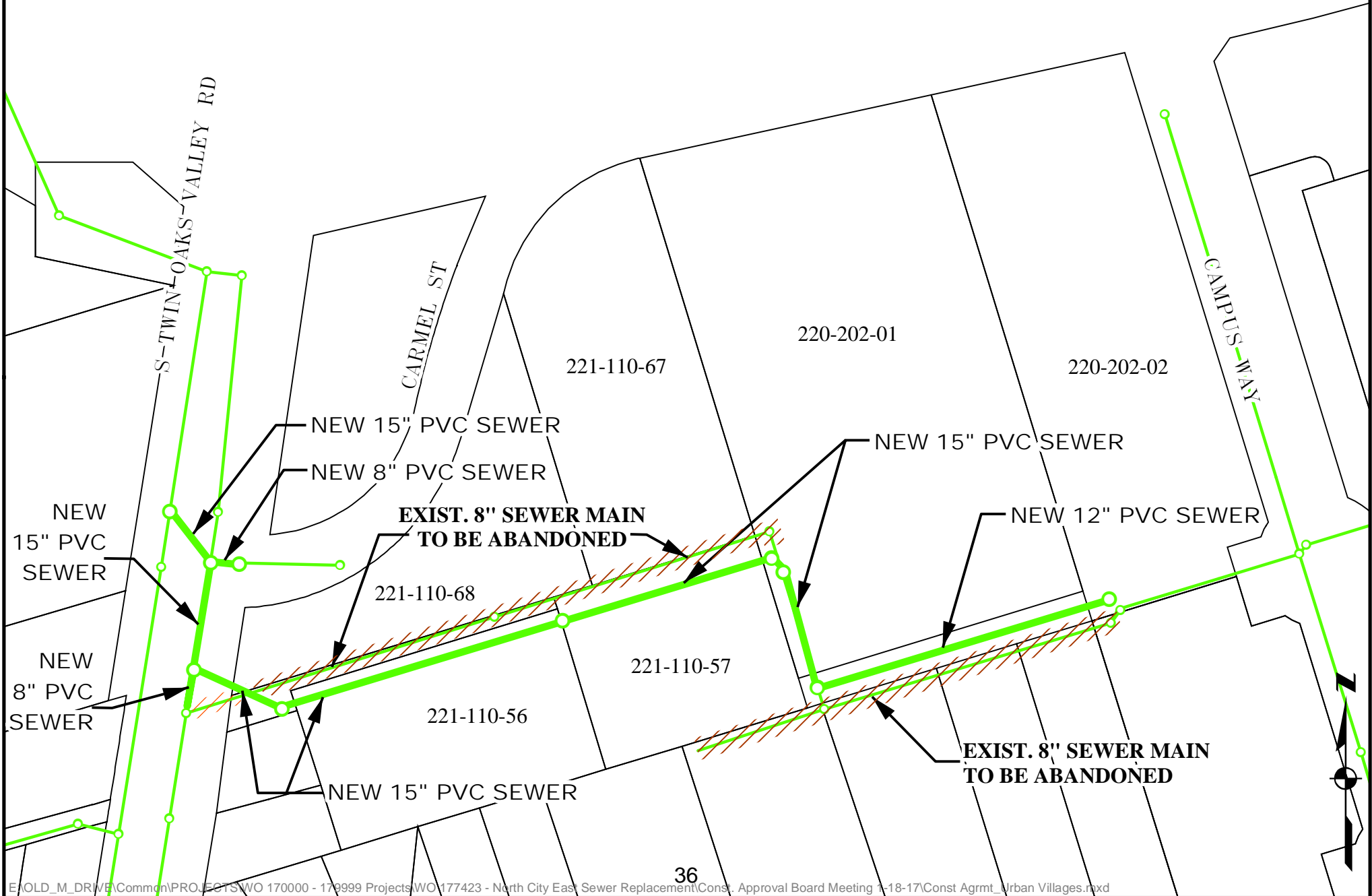
RECOMMENDATION:

Accept the project improvements and approve the filing of a Notice of Completion for North City East Sewer Replacement project.

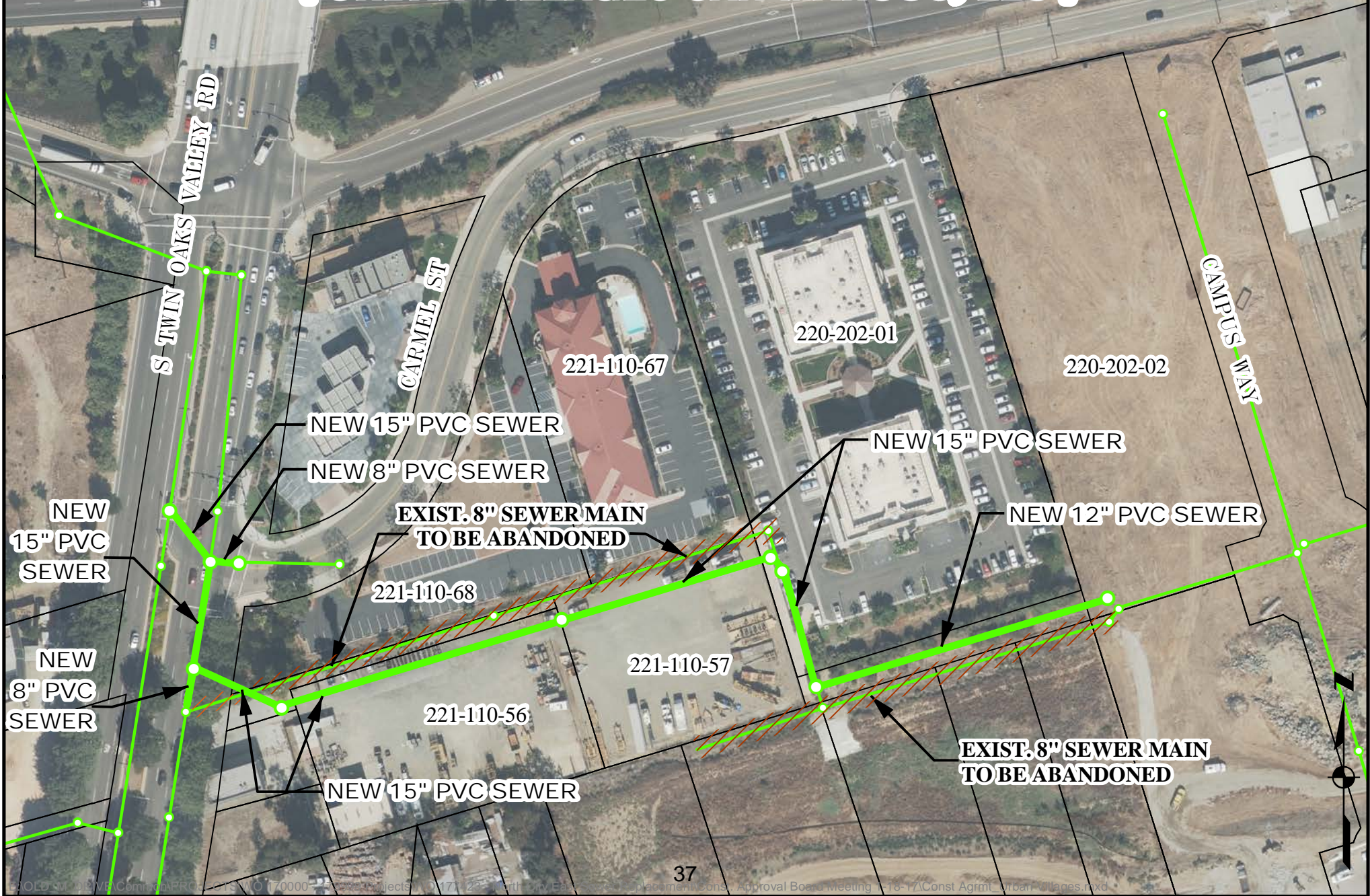
ATTACHMENTS:

2 Map Exhibits – 1 Plat Map & 1 Aerial

FINAL ACCEPTANCE FOR NORTH CITY EAST SEWER REPLACEMENT APN: 221-100-20, 30, 55, 67, 68, 220-201-01, 02, 03, 04, 05 & 06 (URBAN VILLAGES SAN MARCOS, LLC)



FINAL ACCEPTANCE FOR NORTH CITY EAST SEWER REPLACEMENT APN: 221-100-20, 30, 55, 67, 68, 220-201-01, 02, 03, 04, 05 & 06 (URBAN VILLAGES SAN MARCOS, LLC)



DATE: SEPTEMBER 20, 2017
TO: BOARD OF DIRECTORS
SUBJECT: WATER AND WASTEWATER SERVICE RATES FOR 2018 AND 2019

BACKGROUND:

A Notice of Public Hearing was mailed to all account holders of the District in accordance with Proposition 218 (Prop 218) notice requirements and advised District customers of the Public Hearing date, time and place, and of proposed changes to water commodity rates, Ready-to-Serve (RTS) and sewer service charges.

Proposed rate changes in the Prop 218 Notice were based on a Cost of Service and Rate Structure Study (COSARSS) approved by the Board on June 7, 2017. The changes affect rates for calendar years 2018 and 2019. A copy of the COSARSS can be found at www.vwd.org/departments/budget-finance. The Board of Directors have been provided a copy of the written protests in response to the Prop 218 Notice. The public hearing is being held to consider public comment and rates proposed in the Prop 218 Notice.

DISCUSSION:

The following changes to water rates and the rate structure are recommended in the COSARRS:

Ready-to-Serve Charge				Tier Structure in Units							
Meter Size	Effective January:			Current				Effective January 2018			
	Current	2018	2019	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3	
5/8"	31.42	33.25	35.32	<1"	1 - 5	6 - 17	18 - 36	37 +	1 - 6	7 - 21	22 +
3/4"	36.52	36.52	36.52	1"	1 - 5	6 - 60	61 - 214	215 +	1 - 16	17 - 78	79 +
1"	55.29	55.29	55.29	1.5"	1 - 5	6 - 157	158 - 627	628 +	1 - 43	44 - 196	197 +
1.5"	110.59	120.63	130.67	2"	1 - 5	6 - 242	243 - 806	807 +	1 - 85	86 - 335	336 +
2"	178.11	194.35	214.68	>2"	1 - 5	6 - 1133	1134-3970	3,971 +	1 - 430	431-1190	1,191 +
3"	356.22	356.22	356.22	Ag	1 - 5	6 +				1 +	
4"	552.94	552.94	552.94	TC = Temporary Construction Meter				1 +			1 +
6"	1,105.88	1,105.88	1,105.88	<u>Commodity Rates per Unit</u>				Unit = 100 cubic feet, or 748 gallons, of water			
10"	2,549.36	2,549.36	2,549.36	Current CY 2018 CY 2019							
Multi	18.26	11.18	11.18	Tier 1	\$ 3.08	\$ 3.38	\$ 3.66				
Fire	5.87	5.87	5.87	Tier 2	4.12	4.43	4.60				
TC	204.48	230.91	257.33	Tier 3	5.33	8.47	8.87				
				Tier 4	7.41						

No changes to wastewater rates are recommended.

A notice of the public hearing on proposed rate increases was printed in the September 7th and 13th edition of the Union Tribune.

Under the rules of Proposition 218, if written protests to the rate increases are received by a majority of the District's customers by the conclusion of the Public Hearing the Board of Directors will not adopt the new rates.

FISCAL IMPACT:

The recommended increases, along with the use of reserves, meet the revenue requirement established in the District's adopted 2017/18 Budget, which can be found at www.vwd.org/departments/budget-finance, and for the projected 2018/19 fiscal year. The Budget anticipates unrestricted reserves will decline by \$4.7 million by June 30, 2018, but be maintained above minimum levels and the debt service coverage requirement will be met.

RECOMMENDATION:

Staff recommends that the Board adopt rates and charges as recommended.

ACWA JPIA - MONDAY, NOV. 27

8:30 – 10:00 AM
• ACWA JPIA Program Committee

10:15 – 11:15 AM
• ACWA JPIA Executive Committee

1:30 – 4:00 PM
• ACWA JPIA Board of Directors

4:00 – 5:00 PM
• ACWA JPIA Town Hall

5:00 – 6:00 PM
• ACWA JPIA Reception

TUESDAY, NOV. 28

8:00 AM – 6:00 PM
• Registration

8:30 AM – Noon
• ACWA/JPIA Seminars

9:00 AM – 4:00 PM
• Legal Affairs Committee CLE Workshop

10:00 – 11:45 AM
• Groundwater Committee
• Local Government Committee

11:00 AM – Noon
• Outreach Task Force

Noon – 2:00 PM
• ACWA 101 & Luncheon
• Committee Lunch Break

1:00 – 2:45 PM
• Energy Committee
• Finance Committee
• Scholarship & Awards Subcommittee
• Water Management Committee

1:30 – 3:30 PM
• ACWA JPIA: Sexual Harassment Prevention for Board Members & Managers (AB 1825)

3:00 – 4:45 PM
• Business Development Committee
• Communications Committee
• Federal Affairs Committee
• Membership Committee
• Water Quality Committee

5:00 – 6:30 PM
• Welcome Reception in the Exhibit Hall

WEDNESDAY, NOV. 29

7:30 AM – 5 PM
• Registration

8:00 – 9:45 AM
• Opening Breakfast *(Ticket Required)*

9:00 AM – Noon & 1:30 – 5:00 PM
• Exhibit Hall

10:00 – 11:30 AM
• Attorneys Program
• Energy Committee Program
• Exhibitor Case Studies
• Finance Program
• Region Issue Forum
• Statewide Issue Forum
• Water Industry Trends Program

11:30 – 11:45 AM
• Networking in the Exhibit Hall

11:45 AM – 2:00 PM
• General Session Luncheon *(Ticket Required)*

2:15 – 3:15 PM
• Attorneys Program
• Communications Committee Program
• Energy Committee Program
• Exhibitor Case Study
• Region Program
• Statewide Issue Forum
• Water Industry Trends Program

3:30 – 4:45 PM
• Aquatic Resources Subcommittee
• Exhibitor Demos
• Finance Program
• Local Government Committee Program
• Statewide Issue Forum
• Water Industry Trends Program

3:30 – 5:30 PM
• Legal Affairs Committee

5:00 – 6:00 PM
• Prize Drawing Fiesta Night in the Exhibit Hall

5:00 – 7:00 PM
• CalDesal Hosted Mixer
• CH2M Hosted Reception

THURSDAY, NOV. 30

7:30 AM – 4 PM
• Registration

8:00 AM – Noon
• Exhibit Hall

8:00 – 9:15 AM

• Networking Continental Breakfast, Exhibit Hall *(Ticket Required)*

8:30 AM – 9:15 AM

• Ag Initiative Meeting

9:30 – 11:00 AM

• Attorneys Program
• Exhibitor Case Studies
• Region Issue Forum
• Town Hall
• Water Industry Trends Program

9:30 – 11:45 AM

• Ethics Training (AB 1234) - *Limited Seating*

11:00 – 11:30 AM

• Prize Drawings in the Exhibit Hall

11:45 AM – 2:00 PM

• General Session Luncheon *(Ticket Required)*

2:15 – 3:15 PM

• Attorneys Program
• Exhibitor Demos
• Federal Issues Forum
• Finance Program
• Statewide Issue Forum
• Water Industry Trends Program

3:30 – 5 PM

• Regions 1 – 10
• Membership Meetings

6:00 – 7:00 PM

• Outreach Reception

7:00 – 10:00 PM

• Dinner & Entertainment *(Ticket Required)*

FRIDAY, DEC. 1

8:00 – 9:30 AM

• Registration

8:30 – 10:00 AM

• ACWA's Hans Doe Past Presidents' Breakfast in Partnership with ACWA JPIA *(Ticket Required)*

OTHER EVENTS

TUESDAY, NOV. 28

7:00 AM – 4 PM

• ACWA Fall Conference Golf Tournament

THURSDAY, NOV. 30

6:45 – 8:30 AM

• San Joaquin Valley Agricultural Water Committee