

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, JANUARY 17, 2018, AT 5:00 P.M.  
AT THE DISTRICT OFFICE  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT HERNANDEZ

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 JANUARY 17, 2018

INTRODUCTION

Human Resources Analyst Bridget Anderson will introduce new employees, **Bryan Gallego**, Wastewater Collections System Worker I, and **Scott Banaitis**, Control Systems Technician.

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. 6-15)

A. CONTINUED CLOSED SESSION BOARD MEETING – DECEMBER 15, 2017

- B. FINANCE/INVESTMENT COMMITTEE MEETING – DECEMBER 18, 2017
- C. CLOSED SESSION BOARD MEETING – DECEMBER 20, 2017
- D. REGULAR BOARD MEETING – DECEMBER 20, 2017
- E. SPECIAL CLOSED SESSION BOARD MEETING – JANUARY 4, 2018

*Approved minutes become a permanent public record of the District.*

**Recommendation: Approve Minutes**

- 1.2 WARRANT LIST THROUGH JANUARY 17, 2018 – \$4,143,052.30 (pp. 16-20)

**Recommendation: Approve Warrant List**

- 1.3 FINANCIAL REPORTS (pp. 21-33)

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

- 1.4 WINTER 2018 BETWEEN THE PIPES – VALLECITOS WATER DISTRICT QUARTERLY NEWSLETTER (pp. 34-37)

**Recommendation: Approve Winter 2018 Between the Pipes Newsletter**

- 1.5 APPROVAL OF AS-NEEDED ENGINEERING SERVICES AGREEMENTS FOR CALENDAR YEARS 2018 AND 2019 (pp. 38)

*Vallecitos Water District routinely requires minor engineering and design services for its capital projects and other unscheduled small projects.*

**Recommendation: Authorize General Manager or His Designee to Enter Into As-Needed Consultant Services Agreements**

- 1.6 CAL DESAL CONFERENCE ATTENDANCE APPROVAL (pp. 39-42)

*CalDesal is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 203.*

**Recommendation: Approve Director Martin's Attendance to the CalDesal Desalination and Salt Management Conference**

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

ACTION ITEMS

- 2.1 REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN'S 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 AND 184-241-05, 06, 07 & 08) INTO THE VALLECITOS WATER DISTRICT AND THE SEWER IMPROVEMENT DISTRICT (VISTA SAN MARCOS, LTD) (pp. 43-48)

*The San Marcos Highlands development is a proposed residential development located on unimproved land located at the northern end of Las Posas Road.*

**Recommendation: Approve a one-year extension of annexation requirements**

- 2.2 AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR THE DISTRICT WIDE SOLAR PROJECT (pp. 49-51)

*The Board has expressed interest in exploring the possibilities for a District wide solar power system to be located at various District owned properties.*

**Recommendation: Request Board direction**

- 2.3 DISTRICT PAY SCHEDULE (pp. 52-63)

*The District's salary schedule complies with the California Public Employees' Retirement System's requirements which includes payrates for all positions as monthly salary ranges.*

**Recommendation: For Board discussion**

- 2.4 PROPOSED 2018 INVESTMENT POLICY (pp. 64-86)

*With the Finance Manager position being left unfilled, the District is in need of contracted investment management services.*

**Recommendation: 1) Adopt Investment Policy for 2018; 2) Authorize staff to prepare and release a Request for Proposals for investment management services**

- 2.5 ACWA REGION 10 BOARD SEEKING REGION 10 BOARD CANDIDATES (pp. 87-94)

*The Region 10 Board is seeking candidates to fill one Board member vacancy.*

**Recommendation: Request Board direction**

2.6 LAFCO CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD (pp. 95-98)

*LAFCO is in the process of soliciting names of individuals interested in serving as the Special District Representative on the Consolidated Redevelopment Oversight Board.*

**Recommendation: Request Board direction**

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

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

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

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

4.1 MEETINGS (pp. 99-101)

**CASA Washington, D.C. Conference**

February 26 – 28, 2018 – St. Regis Hotel, Washington, D.C.

**ACWA Washington, D.C. Conference**

February 27– March 1, 2018 – St. Regis Hotel, Washington, D.C.

**\*\*\*\*\*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](http://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, January 12, 2018.

\_\_\_\_\_  
Diane Posvar

MINUTES OF A CONTINUED CLOSED SESSION MEETING  
OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT  
FRIDAY, DECEMBER 15, 2017, AT 2:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the Closed Session meeting to order at the hour of 2:00 p.m.

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

Staff Present: General Manager Pruim

CLOSED SESSION

PERSONNEL MATTER PURSUANT TO GOVERNMENT CODE SECTION 54957(b) – TO  
CONSIDER APPOINTMENT OR EMPLOYMENT OF A PUBLIC EMPLOYEE

Title: General Counsel

President Hernandez opened the Closed Session meeting.

REPORT AFTER CLOSED SESSION

The Board reconvened to open session at the hour of 2:00 p.m. The Board, in Closed Session, directed the General Manager to move forward with the selection process.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Closed Session Meeting of the Board of Directors at the hour of 3:15 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, December 20, 2017, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

---

James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

---

Glenn Pruim, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
MONDAY, DECEMBER 18, 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  
Assistant General Manager Scaglione  
Accounting Supervisor Owen  
Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

PUBLIC EMPLOYEE RETIREMENT SYSTEM

General Manager Pruim stated the purpose of the meeting was to provide the Committee updated financial information concerning Public Employee Retirement Systems (PERS) and Other Post Employment Benefits (OPEB) since the Committee's last discussion on these topics earlier this year.

Staff presented current and projected data on the District's funded and unfunded pension liability, total pension costs, pension cost increases, and the correlation between pension cost increases, the District's revenue requirement, and water rates.

General discussion took place regarding the stock market's effect on the pension liability, the Unfunded Accrued Liability (catch up), employer/employee shared costs, other options to PERS such as 457 plans, and the difference between PERS Classic and PERS PEPRAs programs.

OTHER POST EMPLOYMENT BENEFITS

General Manager Pruim stated OPEB refers to retiree medical insurance coverage up to age 65 only; no other benefits are included. OPEB is a District program unrelated to PERS. Prior to 2013, retirees received full medical insurance coverage for themselves, their spouses and their dependents until the retiree reached the age of 65, and five years of service was required to be vested. Changes in 2013 included the retiree paying the difference between the cost of the least expensive health insurance plan offered by the District if they chose a more expensive District plan, and spousal coverage only with no dependent coverage. The vesting schedule also changed to 5 to 10 years for all employees, regardless of their date of hire. Employees hired after 2013 are not eligible for OPEB.

Assistant General Manager Scaglione discussed the status of OPEB funding, annual costs and the trust the District established in 2011 to fund OPEB. It is anticipated that OPEB will be fully funded next year.

The data presented was for information only. Staff will provide further updates to the Committee when the next actuarial report is released in August 2018.

General discussion took place during which Director Martin asked about employees married to other employees who each receive double medical insurance coverage. Options to compensate employees in this situation who opt out of the medical insurance were discussed. General Manager Pruim stated that in order for the District to receive its ACWA/JPIA discount, all employees must be enrolled in the medical insurance program.

#### OTHER BUSINESS

None.

#### PUBLIC COMMENT

None.

#### ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:12 p.m.

MINUTES OF A CLOSED SESSION MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, DECEMBER 20, 2017, AT 4:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the Closed Session meeting to order at the hour of 4:19 p.m.

Director Martin led the pledge of allegiance.

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

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

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF DECEMBER 20, 2017

17-12-11 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Closed Session Meeting of December 20, 2017.

PUBLIC COMMENT

None.

CLOSED SESSION

17-12-12 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to move into Closed Session pursuant to Government Code Section 54956.9(d)(4).

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4)  
CONFERENCE WITH LEGAL COUNSEL

Discussion will include potential litigation.

The Board in Closed Session discussed the potential litigation matter and directed staff and counsel to take appropriate action.

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 4:59 p.m.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Closed Session Meeting of the Board of Directors at the hour of 5:00 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, January 3, 2018 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

---

James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

---

Glenn Pruum, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, DECEMBER 20, 2017, AT 5:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the Regular meeting to order at the hour of 5:06 p.m.

Director Martin led the pledge of allegiance.

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

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

ADOPT AGENDA FOR THE REGULAR MEETING OF DECEMBER 20, 2017

17-12-13 MOTION WAS MADE by Director Evans, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of December 20, 2017.

PUBLIC COMMENT

None.

CONSENT CALENDAR

17-12-14 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – December 6, 2017
- B. Regular Board Meeting – December 6, 2017
- C. Closed Session Board Meeting – December 12, 2017
- D. Closed Session Board Meeting –December 13, 2017

1.2 Warrant List through December 20, 2017 - \$2,199,722.09

1.3 Financial Reports

- A. Water Meter Count – November 30, 2017
- B. Water Production/Sales Report – 2017/2018
- C. Water Revenue and Expense Report – November 30, 2017
- D. Sewer Revenue and Expense Report – November 30, 2017

- E. Reserve Funds Activity – November 30, 2017
- F. Investment Report – November 30, 2017

- 1.4 Final Acceptance of Water and Sewer Improvements for Rancho Coronado Phase 2 Improvements, APN's 221-091-21, 222-080-59 & 222-170-28 (Brookfield Homes – Rancho Coronado, LLC)

### ACTION ITEMS

### CONSIDERATION OF ADJUSTMENT TO THE GENERAL MANAGER'S EMPLOYMENT SALARY

Legal Counsel Scott stated the Board and the General Manager entered into a General Manager Employment Agreement (Agreement) on October 14, 2016. Section 3, Annual Salary, of the Agreement provides for merit increases at the discretion of the Board. During a closed session meeting held on December 6, 2017, the Board provided the General Manager with a performance evaluation.

The Board was provided a copy of the Second Amendment to the Agreement reflecting an eight percent merit increase effective January 1, 2018 which results in a salary of \$233,539. In addition, every time the District changes any of its salary ranges the California Public Employees' Retirement System (CalPERS) requires a new pay schedule to be approved by the Board. A resolution to adopt the District pay schedule was provided for the Board's consideration.

Mike Hunsaker, member of the public, addressed the Board stating he didn't understand Exhibit "A" of the resolution, Vallecitos Water District Personnel Classification and Monthly Pay Schedule, and requested an explanation.

President Hernandez requested staff meet with Mr. Hunsaker individually to explain the pay schedule.

General discussion took place. During general discussion, Director Martin requested the pay schedule be modified so that it can be more easily understood. Staff was directed to revise the pay schedule with a definition of the pay ranges and present it to the Board at a future Board meeting.

Director Sannella stated that although he believes General Manager Pruiem is doing an excellent job, he cannot support the eight percent increase; however, he would support a smaller increase. Director Martin expressed a similar view.

- 17-12-15 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried 4 – 1, with Director Sannella voting no, to approve an eight percent adjustment to the General Manager's salary.



17-12-16 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to adopt the resolution with Exhibit "A", Vallecitos Water District Personnel Classification and Monthly Pay Schedule.

Resolution No. 1525 - The roll call vote was as follows:

AYES: Elitharp, Evans, Martin, Sannella, Hernandez

NOES:

ABSTAIN:

ABSENT:

## REPORTS

### GENERAL MANAGER

General Manager Pruium reported that the Diamond Environmental Services matter is coming to a resolution. It is expected to be heard by the Courts in January 2018. More information on this will be provided to the Board at a future Board meeting.

### DISTRICT LEGAL COUNSEL

None.

### SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the Board passed the extension of the transfer agreement at their December 7 meeting. The agreement is extended until 2045.

### ENCINA WASTEWATER AUTHORITY

President Hernandez stated the Capital Improvement Committee did not meet this month.

Director Elitharp stated the Policy and Finance Committee did not meet this month.

### STANDING COMMITTEES

Director Martin stated the Finance/Investment Committee met on December 18 at which the status of Public Employees' Retirement System (PERS) and the District's Other Post Employment Benefits (OPEB) were discussed. It is expected that OPEB will be fully funded in 2018.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Evans stated the Council of Water Utilities (COWU) meetings will continue to meet on the third Tuesday of each month at 7:15 a.m. The venue for the COWU meetings for the next few months has changed to the Hotel Karlan San Diego. The cost of attending the meetings will increase to \$40. The location of the meetings may change after the new COWU President takes over responsibility of the meetings in March.

Director Martin requested information regarding the CalDesal Annual Conference scheduled for February 1 – 2 in Monterey.

Director Martin commented that the San Diego North Economic Development Council will begin meeting again in January.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 5:25 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, January 3, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

---

James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

---

Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A SPECIAL CLOSED SESSION MEETING  
OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT  
THURSDAY, JANUARY 4, 2018, AT 4:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the open session portion of the meeting to order at the hour of 4:04 p.m.

Present: Director Elitharp  
Director Evans  
Director Martin  
Director Hernandez

Absent: Director Sannella

Staff Present: General Manager Pruum  
Administrative Secretary Johnson

Board discussion took place regarding Director Sannella's inability to attend the Closed Session meeting in person. After further discussion, it was the consensus of the Board to reschedule the Closed Session meeting to a time when all members of the Board would be available to participate in person.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the meeting at 4:15 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, January 17, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

---

James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

---

Glenn Pruum, Secretary  
Board of Directors  
Vallecitos Water District

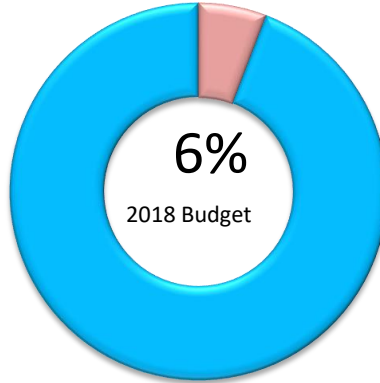
**VALLECITOS WATER DISTRICT  
DISBURSEMENTS SUMMARY  
December 31, 2017**

**Summary**

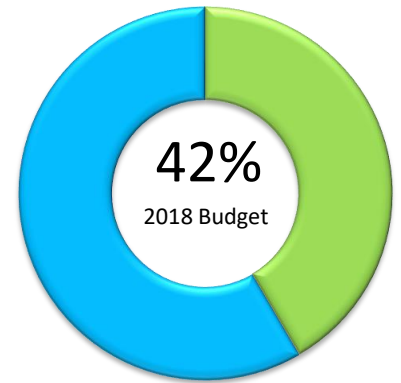
December Disbursements	\$	4,065,510	*
YTD Disbursements	\$	28,942,555	*
FY2018 Budget	\$	69,615,000	

\* Excludes Debt Service

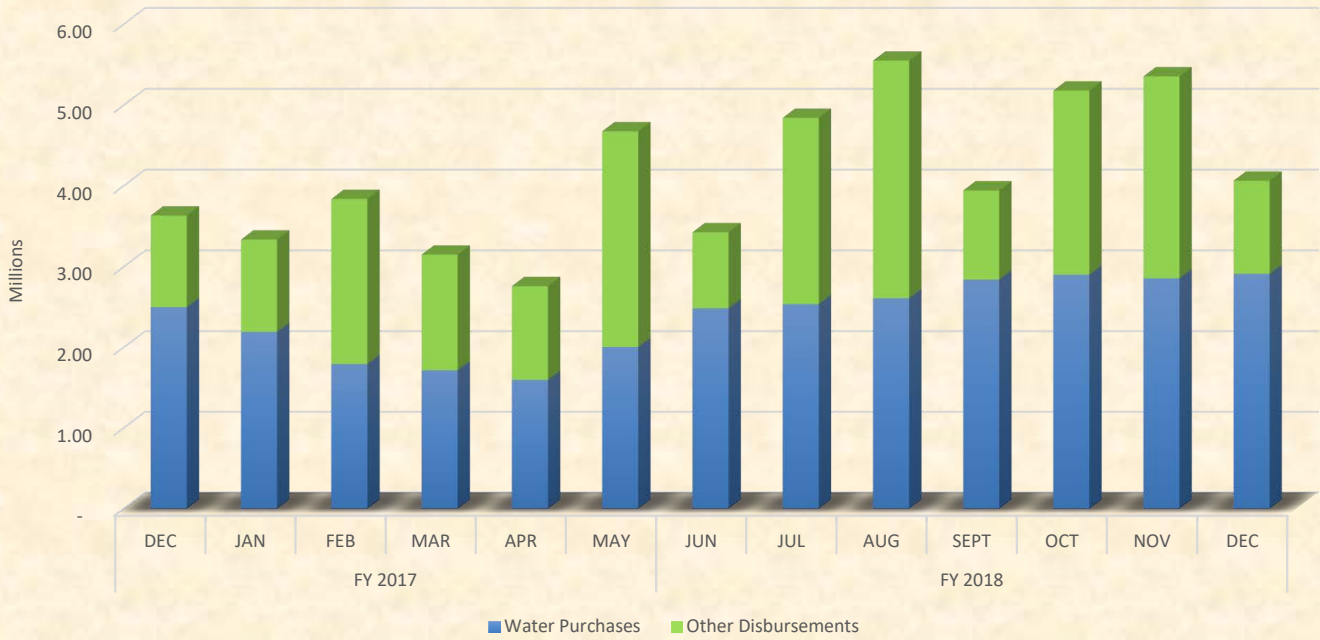
**December**



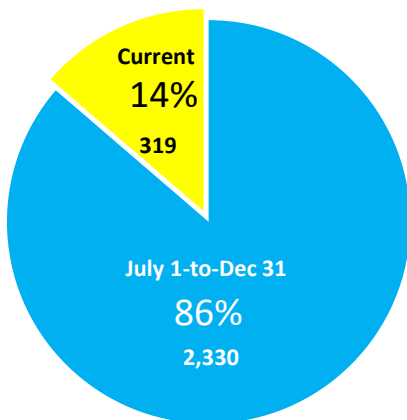
**FYTD**



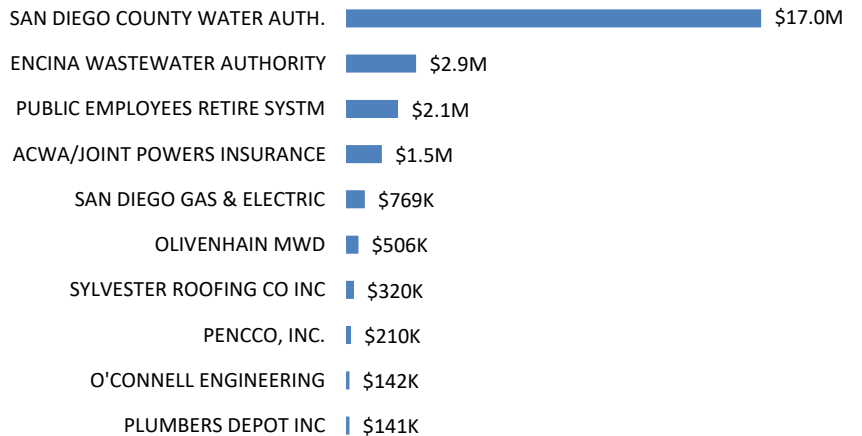
**Disbursements by Month**



**Invoices Processed**



**Top 10 Vendors - FYTD**



VALLECITOS WATER DISTRICT  
WARRANTS LIST  
January 17, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Air Pollution Control District	Emission Fee Renewal	112587	2,527.50
Garnishments	Payroll Garnishments	112590	-
Action Mail	Winter Splash Prj 20181-43	112591	6,671.02
Airgas USA LLC	Cylinder Rental	112592	94.55
All Star Signs, Inc	Engraved Sign Prj 20181-43	112593	21.55
J.C. Ehrlich Co Inc	Plant Maintenance Dec	112594	263.00
American Water Works Assn	Steel Pipe Design & Installation Guide	112595	102.50
AMT Performance	Fuel System Repair & Valve Replacement Veh 212	112596	8,514.36
NU Concepts	Dump Valve For Trailer Mounted Restroom Rr Prj 20181-41	112597	1,175.02
AT&T	Phone Svc Nov	112598	36.35
AT&T	Phone Svc Dec SCADA	112599	244.52
B & C Crane Service Inc	Crane Rental Prj 20181-17	112600	580.00
Boncor Water Systems	Soft Water Svc Dec	112601	1,600.00
Boot Barn	Safety Boots	112602	150.00
Boot World Inc	Safety Boots	112603	135.72
Carson's Custom Concrete	Concrete Pad LS1	112604	12,600.00
City of Encinitas	Advertising Prj 20181-47	112605	20.00
Corodata Media Storage Inc	Back Up Storage Nov	112606	172.22
CWEA	Collection Cert R Rodarte	112607	85.00
CWEA	Membership Dues D Harris	112608	180.00
CWEA	Membership Dues J Aceves	112609	180.00
Desert Pumps & Parts	Pump Rebuild Parts MRF	112610	5,300.26
Diamond Environmental Services	Portable Restroom Rental Mahr	112611	319.69
DirecTV Inc	Satellite Svc Dec	112612	161.23
Doane & Hartwig Water Systems Inc	Annual Chlorine Svc MRF, Acetate Buffer MRF	112613	15,155.71
Patrick Drummond	Secure Works Road Show 11-14-17	112614	60.03
Electrical Sales Inc	UPS Replacement For CL2 Analyzer MRF, Hardware Supplies	112615	1,062.23
Glenn Pruim	ACWA Conference 11-28-17	112616	88.41
Helm Incorporated	Software License - Ford Integrated Diagnostic System	112617	703.62
James Hernandez	ACWA Conference 11-27-17	112618	185.03
Idibri Consulting LP	AV Upgrades Board Room Prj 20151-2	112619	1,480.00
Infrastructure Engr Corp	Fulton Rd Sewer Prj 20161-11	112620	1,213.25
Jeff Katz Architecture	Bldg B Locker Room Expansion Prj 20161-5	112621	1,999.50
Debbie Johnson	Government Tax Seminar 12-7-17	112622	93.52
JCI Jones Chemicals Inc	Chlorine	112623	1,944.35
Jeanna Kirby	Self Improvement Program	112624	322.00
Knight Security & Fire Systems	Svc - Security Power Supply	112625	145.00
Koraleen Enterprises	Hardware Supplies	112626	133.50
Law Offices of Jeffrey G Scott	Legal Svcs Nov	112627	22,409.95
Lito Santos	ASCE Dinner 12-14-17	112628	30.00
Lloyd Pest Control	Pest Control Nov	112629	601.00
Makenzie Brockmeyr	Overpayment Refund	112630	172.56
Hal Martin	ACWA Conference 11-26-17	112631	260.01
Matheson Tri-Gas Inc	Cylinder Rental	112632	49.18
NCB Reprographics	Color, Black & White Copies Prj 20161-11	112633	1,048.17
Mike Arthur	MAFO Meeting 11-9-17	112634	16.16
Patrick Martinez	Closed Account Refund	112635	82.86
PC Specialists Inc	Dell Tablet & Keyboard	112636	82.70
Pencco, Inc.	Trioxyn, Sulfend RT	112637	15,773.33
Polydyne Inc	Clarifloc	112638	13,337.94
Rick Post Welding	Mountain Bell Tank Prj 20181-24	112639	2,281.25
Recycled Aggregate Materials Co Inc	Concrete Recycling	112640	75.00
Air Quality Compliance Solutions, Inc.	Fuel Island Maintenance Dec	112641	175.00
Rusty Wallis Inc	Soft Water Tank Svc Dec	112642	201.00
S & J Supply Company, Inc.	Compression Nuts 250	112643	2,428.15
SDG&E	Power Nov	112644	108,158.98
SD County Office of Education	Splash Labs 3 Prj 20181-45	112645	2,932.00
Staples Advantage	Office Supplies	112646	266.23
State Water Resources Control	Water Operator Cert M Hill	112647	80.00
State Water Resources Control	Annual Permit Fees MRF, Water OPS	112648	28,186.00

VALLECITOS WATER DISTRICT  
WARRANTS LIST  
January 17, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Sunbelt Rentals Inc	Manlift Rental	112649	853.58
T.S. Industrial Supply	Pipe Cutters 2, Hardware Supplies	112650	547.86
The Light House	LED Lighting Supplies Prj 20181-31	112651	1,158.04
Think Forward, LLC	Trouble Shoot - District Radio Communication	112652	4,248.08
Trussell Technologies Inc	MRF Biological Selector Evaluation & Preliminary Design	112653	17,033.00
Union-Tribune Publishing Co.	Advertising Legal Notices	112654	307.58
Univar USA Inc	Sodium Hypo Liquichlor, Caustic Soda, Sodium Bisulfite	112655	5,946.49
UPS	Shipping Svcs Nov	112656	10.88
Urban Water Institute Inc	2018 Membership Dues	112657	500.00
VWR International	Potassium Iodide, Glass Filter For Chemical Treatment, Hardware Supplies	112658	1,633.20
WateReuse Association	2018 Membership Dues	112659	75.00
Adobe Lock & Safe	Lock Install	112660	561.61
Arthur A. Brown Plumbing	Svc Shop Rest Room	112661	880.00
Bentley Systems Inc	WaterCad/Gems Subscription Jan-Mar	112662	3,643.75
Employment Screening Services Inc	Employment Screening	112663	6.50
Ferguson Enterprises, Inc	Anode & Clamp Inventory, Air Valves 8	112664	5,328.79
Goldak Inc	Hardware Supplies	112665	91.32
Grainger Inc	Valves 6, Hardware Supplies	112666	1,279.40
Hach Company	Lab Supplies	112667	262.32
Harper & Associates Inc	School House Tank Prj 20181-3	112668	7,225.00
Huntington & Associates, Inc.	Claval Rebuild Parts South Lake Pump Station	112669	1,269.13
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004	112670	3,222.50
Mallory Safety & Supply, LLC	Safety Supplies	112671	2,630.07
Pacific Pipeline Supply	Hardware Supplies Prj 2081-17	112672	384.68
Schmidt Fire Protection Co Inc	Quarterly Sprinkler Inspection	112673	268.00
Smogs By Rita	Smog Checks 12 Vehicles	112674	480.00
Talley Communications	Hardware Supplies	112675	92.09
Total Resource Mgt Inc	Maximo Support Nov	112676	1,637.00
Turner Designs Inc	Plug - For Algae Meter	112677	438.57
Unifirst Corporation	Uniform Delivery	112678	1,307.10
Tri-City Emergency Medical Group	Medical Svcs	112679	594.65
Garnishments	Payroll Garnishments	112680 through	-
AirWatch LLC	Mobile Device Management 17-18	112683	2,600.00
Alexa Saxon	Closed Account Refund	112684	113.53
Ann Klee	Closed Account Refund	112685	12.25
Black & Veatch Corporation	Water & Sewer Master Plan Prj 20141-3	112686	10,408.75
Bowei Li	Closed Account Refund	112687	99.25
CCI	Water Treatment Dec	112688	220.00
CDW Government Inc	Hard Drives, Adapters, Flash Storage Devices, Mouse, Iphone Case	112689	4,311.86
Cedric Ho	Closed Account Refund	112690	121.10
Council of Water Utilities	Meeting 1-16-18, Elitharp, Evans, Hernandez, Martin, Sannella, Pruiim, Scaglione	112691	320.00
Dezurik, Inc.	Check and Plug Valves For Pumps 1 & 2 South Lake PS Prj 20181-19	112692	23,439.94
DirecTV Inc	Satellite Svc Jan	112693	69.54
Doug's Filter Service Inc	Wiping Rags	112694	193.95
Edco Waste & Recycling Serv	Trash Svc Dec	112695	873.64
Fisher Scientific LLC	Lab Supplies MRF	112696	833.85
Free Builders Supply	Concrete Mix	112697	933.69
Hawthorne Machinery Co.	Backhoe Rentals 3, Loader Rental, Hoses 3	112698	6,373.04
Home Depot Credit Services	Hardware Supplies December	112699	2,562.35
Hyacille Rivera Mayordomo	Closed Account Refund	112700	55.37
Infinisource	Admin Svcs Nov	112701	80.00
Infosend Inc	Support Fee, Postage & Printing - Oct, Postage & Printing Dec	112702	8,581.16
Jesse Halbig	Self Improvement Program	112703	161.00
JCI Jones Chemicals Inc	Chlorine	112704	1,944.35
K-Cubed Properties	Closed Account Refund	112705	53.46
Safety-Kleen Systems Inc	Parts Washer Rental	112706	343.17
Knight Security & Fire Systems	Answering, Patrol, Monitoring Svc - Jan, Annual Monitoring Fee MRF	112707	897.61
Lawnmowers Plus Inc	Lawnmower & Brush Cutter Repair, Hardware Supplies	112708	278.26
Major League Pest	Bee Removals 2	112709	240.00
Margarita & Daniel Rodriguez	Closed Account Refund	112710	51.83
Marlene Saloman	Closed Account Refund	112711	114.65

VALLECITOS WATER DISTRICT  
WARRANTS LIST  
January 17, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Michael Nguyen	Closed Account Refund	112712	29.51
Mission Resource Conservation District	Water Use Evaluations 9 Prj 20181-46	112713	656.50
Morton Salt, Inc.	Industrial Salt - Twin Oaks & MRF	112714	7,071.70
Nationstar Mortgage LLC	Closed Account Refund	112715	81.12
Ostari Inc	Security Cameras and Hard Drives 2 - MRF	112716	1,664.03
PC Specialists Inc	Cisco Smart Net Support - 3 Yrs	112717	1,196.00
Penco, Inc.	Trioxyn	112718	4,386.85
Phillip Sheahan	Closed Account Refund	112719	60.23
Progressive Business Pub	Accounts Payable Newsletter Subscription	112720	299.00
Rogers, Anderson, Malody & Scott LLP	Audit Svcs YE 6-30-17	112721	3,200.00
Ronald Etherton	Closed Account Refund	112722	199.21
Ronald J Wayne	Closed Account Refund	112723	32.43
Ryan Brown	Closed Account Refund	112724	5.72
SDG&E	Power Dec	112725	16,707.97
Seabreeze Janitorial	Janitorial Svcs Jan	112726	553.13
Shred-It US JV LLC	Shredding Svcs Dec	112727	172.08
Siena Randall	Closed Account Refund	112728	204.54
Smart & Final	Office Supplies	112729	346.55
Southern Counties Lubricants, LLC	Oil & Diesel Fuel MRF	112730	2,474.99
Staples Advantage	Office Supplies	112731	1,217.85
State Board of Equalization	Storage Tank Fees Oct - Dec	112732	177.96
State Water Resources Control	Construction Permit Application Fee - Rock Springs Prj 90003	112733	442.00
Trussell Technologies Inc	Biological Evaluation - MRF	112734	5,211.50
Union Bank FKA 1st Bank Card	Meetings & Travel Dec	112735	9,143.15
Union Bank FKA 1st Bank Card	Meetings & Travel Dec	112736	2,579.64
Union Bank FKA 1st Bank Card	Meetings & Travel Dec	112737	955.39
Union Bank FKA 1st Bank Card	Meetings & Travel Dec	112738	1,534.86
Univar USA Inc	Sodium Bisulfite	112739	2,218.58
Walter Novick	Closed Account Refund	112740	62.99
Wei Huang	Overpayment Refund	112741	403.48
Jeffrey Colwell	Video Production Svcs Prj 20181-44	112742	341.25
Core & Main LP	Couplings 5, Air Vacs 2, PVC Pipes 8, Hydrant Spools 20	112743	1,942.74
Electrical Sales Inc	LED Lamps 12	112744	1,497.66
Ewing Irrigation Products	PVC Supplies Prj 20181-47	112745	67.96
Fastenal Co	Fleet Supplies	112746	88.66
Ferguson Enterprises, Inc	3 Inch Meter Parts	112747	3,284.33
Fleetpride	Rear Brakes Vactor 213	112748	437.14
Fry's Electronics	Hard Drive	112749	128.22
Grainger Inc	Cordless Drill, Buckets, Hardware & Cleaning Supplies	112750	1,316.50
HUB Construction Specialties	Hardware Supplies	112751	318.40
Interstate Batteries	Gel Cell Batteries 19	112752	370.44
NC Reprographics	Color Copies	112753	195.33
NV5, Inc.	Palos Vista PS Generator Prj 20181-6	112754	4,500.00
O'Connell Engineering & Construction, Inc	Mission Rd Fire Svc Replacement Prj 20171-5	112755	22,895.00
One Source Distributors LLC	Fall Protection Hardware - Collections, Confined Space Harness	112756	1,362.50
Pacific Pipeline Supply	Meter Stops, Ball Valves, Couplings, Air Vac Can	112757	4,034.11
Plumbers Depot Inc	CCTV Camera Repair & Parts	112758	1,429.19
Ryan Herco Products Corp.	Chemical Injection Supplies Prj 20171-17	112759	2,703.95
San Diego County Water Authority	Connection Fees Quarter Ending 12-31-17	112760	263,007.00
Sinnett Consulting Services LLC	DOT Driver Compliance 2018	112761	255.00
Specialty Seals & Accessories	Mechanical Seal Rebuild Prj 20181-17 & 18	112762	1,674.16
Steven Enterprises Inc	Color Bond Paper	112763	125.27
Sunbelt Rentals Inc	Manlift Rental	112764	558.59
Unifirst Corporation	Uniform Delivery	112765	1,208.83
Unitis, Inc.	Water Softener Salt MRF	112766	1,310.74
Viasat Inc	Backup Internet Access - EOC	112767	414.19
Waxie Sanitary Supply	Cleaning Supplies	112768	441.49
Xerox Corporation	Copier Lease Nov	112769	4,887.92
Total Disbursements (177 Checks)			<u>778,657.43</u>

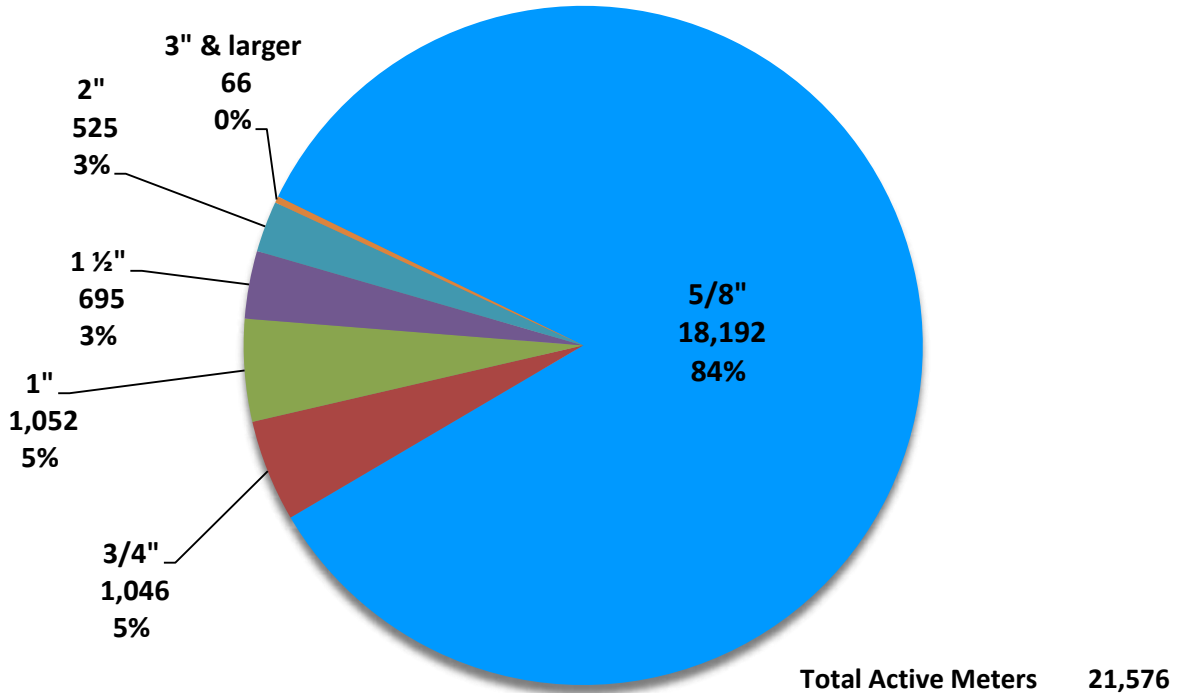
VALLECITOS WATER DISTRICT  
WARRANTS LIST  
January 17, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT
<b>WIRES</b>			
San Diego County Water Authority	November Water Bill	Wire	2,310,731.00
CalPERS CERBT	OPEB funding January 29, 2018	Wire	200,000.00
Public Employees Retirement System	Retirement Contribution - December 20, 2017 Payroll	Wire	65,558.32
Public Employees Retirement System	Retirement Contribution - January 3, 2018 Payroll	Wire	65,251.84
Total Wires			<u>2,641,541.16</u>
<b>PAYROLL</b>			
Total direct deposits		Wire	221,425.22
VWD Employee Association		112588	516.00
Garnishments		112590	970.14
IRS	Federal payroll tax deposit	Wire	88,828.91
Employment Development Department	California payroll tax deposit	Wire	16,052.07
CalPERS	Deferred compensation withheld	Wire	14,744.51
VOYA	Deferred compensation withheld	Wire	3,570.26
Total December 20, 2017 Payroll Disbursements			<u>346,107.11</u>
Total direct deposits		Wire	596.04
IRS	Federal payroll tax deposits	Wire	401.36
Employment Development Department	California payroll tax deposit	Wire	77.19
Special Payroll Disbursements (i.e., final checks, accrual payouts, etc.)			<u>1,074.59</u>
Total direct deposits		Wire	212,363.69
VWD Employee Association		112680	618.00
Garnishments		112682	970.14
IRS	Federal payroll tax deposits	Wire	96,474.87
Employment Development Department	California payroll tax deposit	Wire	24,481.74
CalPERS	Deferred compensation withheld	Wire	33,598.75
AETNA	Deferred compensation withheld	Wire	7,164.82
Total January 3, 2018 Payroll Disbursements			<u>375,672.01</u>
Total Payroll Disbursements			<u>722,853.71</u>
<b>TOTAL DISBURSEMENTS</b>			<u><u>4,143,052.30</u></u>

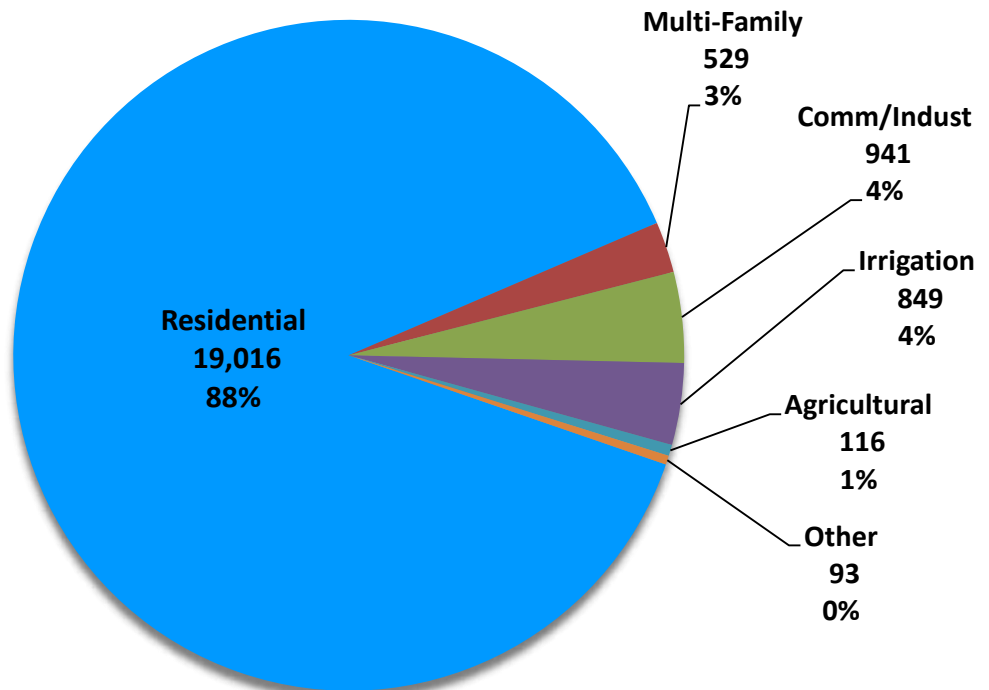


Vallecitos Water District  
 Active Water Meters  
 December 31, 2017

Active Meters by Size as of December 31, 2017

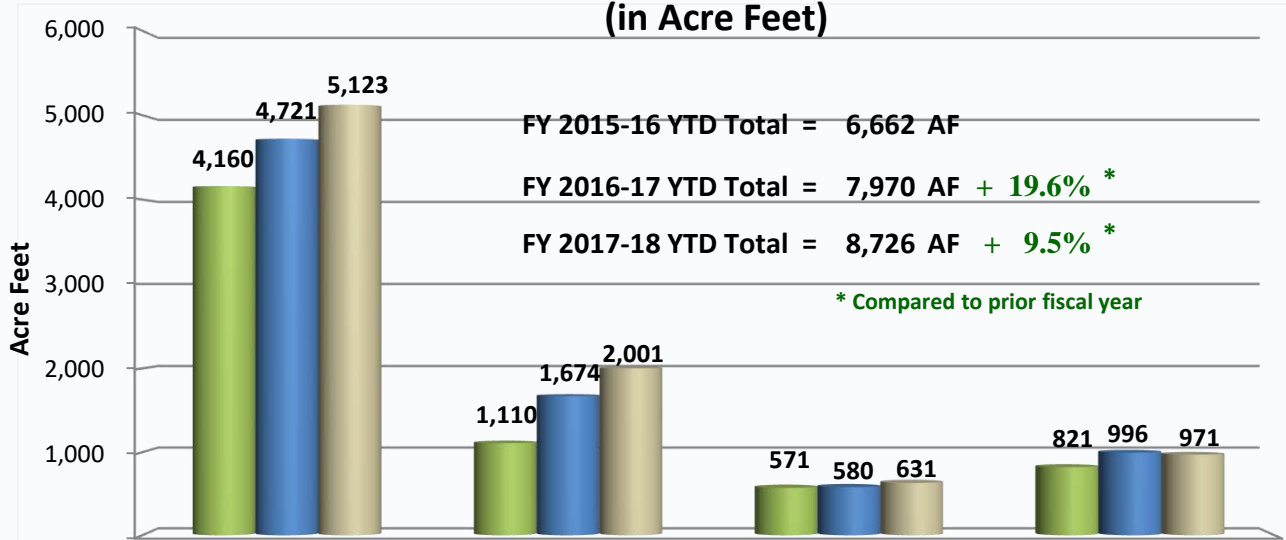


Active Meters by Type as of December 31, 2017



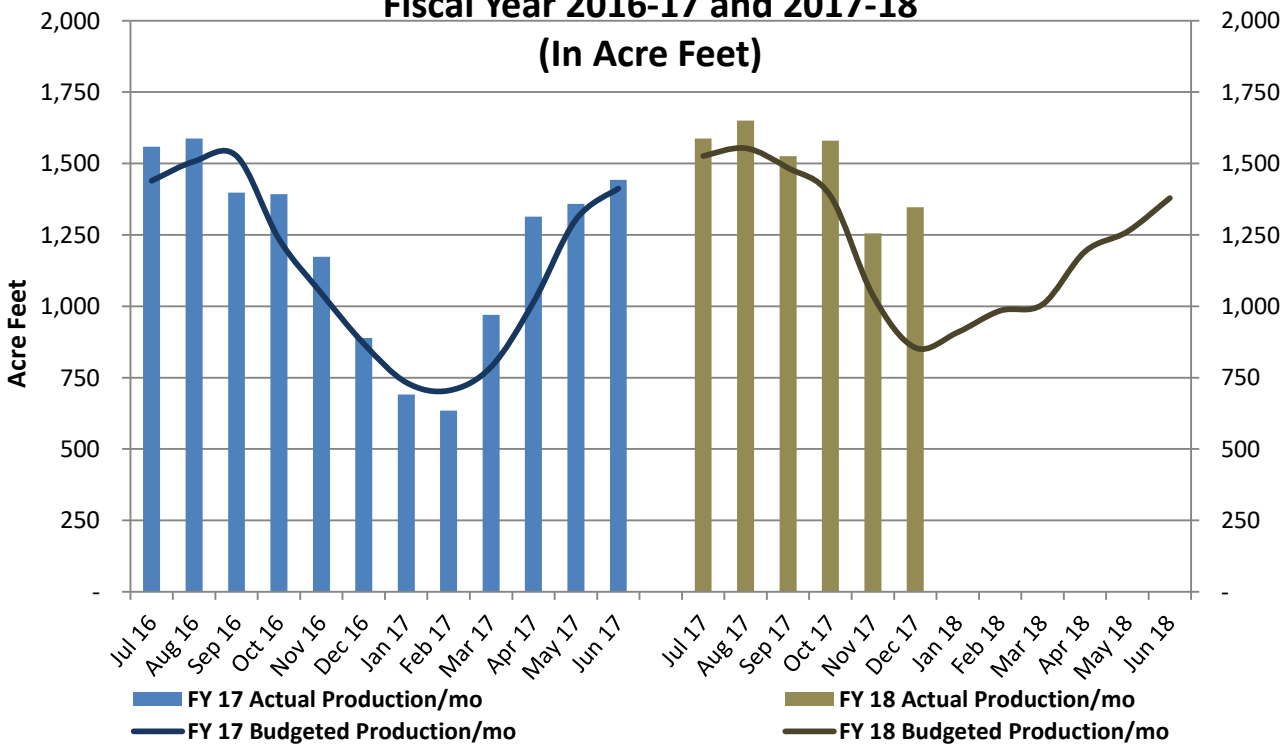
Vallecitos Water District  
 Water Production/Sales  
 December 31, 2017

**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	4,160	1,110	571	821
FY 2016-17	4,721	1,674	580	996
FY 2017-18	5,123	2,001	631	971

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



**OVERVIEW**

With the second quarter complete, the District's water fund has a net operating income of \$2.5 million (before depreciation) while the sewer fund has a net operating income of \$4.6 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**

The Water Fund performed as expected during the first half of Fiscal Year 2018.

**Revenues:** As demonstrated in the table below: water sales are 66% of total budget with half of the fiscal year over due to increased demand. Ready to Serve (RTS) performed as expected. Pumping Charges are high corresponding with water sales. Other revenues were slightly high as a result of greater than anticipated engineering fees collected during the year thus far.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 24,866,000	\$ 16,454,498	66%
Ready to Serve	13,623,000	6,983,050	51%
Pumping Charges	250,000	178,367	71%
Other	680,000	381,489	56%
<b>Total</b>	<b>\$ 39,419,000</b>	<b>\$ 23,997,404</b>	<b>61%</b>

**Expenses:** Water Purchases are somewhat high in response to Water Sales. 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	\$ 28,531,000	\$ 16,326,308	57%
Operating	4,488,000	1,917,999	43%
Supporting	3,932,000	1,772,217	45%
General & Admin	2,812,000	1,434,995	51%
<b>Total</b>	<b>\$ 39,763,000</b>	<b>\$ 21,451,519</b>	<b>54%</b>

**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 at the end of each fiscal year to recover actual costs.

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 17,510,000	\$ 9,057,493	52%
Reclaimed	2,055,000	1,027,500	50%
Other	78,000	38,493	49%
<b>Total</b>	<b>\$ 19,643,000</b>	<b>\$ 10,123,486</b>	<b>52%</b>

**SEWER FUND (continued)**

**Expenses:** Treatment expenses are low primarily due to timing of chemical purchases. Operating expenses are lower than expected due to budgeted repairs that have not been performed and lower than anticipated labor. Supporting and General & Administration are low primarily as a result of lower staffing levels.

Expense	Budget	YTD Actual	Percent
Treatment	\$ 6,344,000	\$ 2,797,466	44%
Operating	2,744,000	1,010,478	37%
Supporting	2,674,000	1,101,808	41%
General & Admin	1,455,000	617,424	42%
<b>Total</b>	<b>\$ 13,217,000</b>	<b>\$ 5,527,176</b>	<b>42%</b>

**RESERVES AND FUNDS:**

The following is a summary of the replacement reserves and capacity funds as of December 31, 2017.

Water:		
Revenues	Replacement	Capacity
FY 17/18 Operating Transfers	\$ 2,545,885	-
Capital Facility Fees	-	\$ 1,526,460
Property tax & Other	696,419	-
<i>Total Revenue</i>	<u>3,242,304</u>	<u>1,526,460</u>
Distributions		
Capital Projects	487,930	106,292
Debt Service	-	572,909
<i>Total Distributions</i>	<u>487,930</u>	<u>679,201</u>
Net Increase/(Decrease)	2,754,374	847,259
Beginning Balance	29,885,306	(9,889,055)
Less: Operating Reserves	5,539,100	-
Ending Balance	<u>\$ 27,100,580</u>	<u>\$ (9,041,796)</u>
Replacement Reserve Floor	<u>\$ 6,721,600</u>	
Replacement Reserve Ceiling	<u>\$ 28,785,100</u>	

Wastewater:		
Revenues	Replacement	Capacity
FY 17/18 Operating Transfers	\$ 4,596,310	-
Capital Facility Fees	-	\$ 1,350,768
Property tax & Other	664,871	-
<i>Total Revenue</i>	<u>5,261,181</u>	<u>1,350,768</u>
Distributions		
Capital Projects	2,367,122	244,926
Debt Service	-	1,554,462
<i>Total Distributions</i>	<u>2,367,122</u>	<u>1,799,388</u>
Net Increase/(Decrease)	2,894,059	(448,620)
Beginning Balance	45,384,737	(6,501,911)
Less: Operating Reserves	6,518,000	-
Ending Balance	<u>\$ 41,760,796</u>	<u>\$ (6,950,531)</u>
Replacement Reserve Floor	<u>\$ 15,472,900</u>	
Replacement Reserve Ceiling	<u>\$ 46,161,000</u>	

**For More Information.** This summary is based on detailed information produced by the District's accounting department. If you would like additional information, or have questions, please call 760-744-0460 x262.

**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: MONTHLY FINANCIAL REPORTS**

**BACKGROUND:**

The Monthly Revenue and Expense Reports and the Reserve Report for the six months ended December 31, 2017 are presented.

**DISCUSSION:**

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 6-month period. Comparisons to prior year actual and current year budget amounts are also presented. 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 Six Months Ended December 31, 2017

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
<b>Revenue</b>							
Water Sales	\$16,454,498	\$13,176,039	\$ 3,278,459	24.9%	\$14,768,000	\$ 1,686,498	11.4%
Ready-to-serve	6,983,050	6,888,838	94,212	1.4%	6,810,000	173,050	2.5%
Pumping charges	178,367	102,566	75,801	73.9%	149,000	29,367	19.7%
Late & lock charges	236,286	226,001	10,285	4.6%	233,000	3,286	1.4%
Backflow fees	45,586	43,614	1,972	4.5%	48,000	(2,414)	-5.0%
Other revenue	99,617	106,952	(7,335)	-6.9%	62,500	37,117	59.4%
Total Revenue	<u>23,997,404</u>	<u>20,544,010</u>	3,453,394	16.8%	<u>22,070,500</u>	1,926,904	8.7%
<b>Expenses</b>							
Water costs	16,326,308	14,465,159	1,861,149	12.9%	15,192,000	1,134,308	7.5%
Pumping costs	361,820	298,178	63,642	21.3%	402,000	(40,180)	-10.0%
Water quality	59,047	45,055	13,992	31.1%	88,000	(28,953)	-32.9%
Water treatment	220,727	193,409	27,318	14.1%	222,000	(1,273)	-0.6%
Tanks & reservoirs	169,410	130,015	39,395	30.3%	209,000	(39,590)	-18.9%
Trans & distribution	689,176	887,301	(198,125)	-22.3%	918,000	(228,824)	-24.9%
Services	86,316	75,305	11,011	14.6%	122,000	(35,684)	-29.2%
Meters	313,817	303,374	10,443	3.4%	314,000	(183)	-0.1%
Backflow prevention	17,686	33,217	(15,531)	-46.8%	32,000	(14,314)	-44.7%
Customer accounts	243,112	266,906	(23,794)	-8.9%	306,000	(62,888)	-20.6%
Building & grounds	196,529	196,324	205	0.1%	180,000	16,529	9.2%
Equipment & vehicles	135,907	120,832	15,075	12.5%	152,000	(16,093)	-10.6%
Engineering	661,330	628,800	32,530	5.2%	694,000	(32,670)	-4.7%
Safety & compliance	107,948	105,665	2,283	2.2%	131,000	(23,052)	-17.6%
Information Technology	427,391	402,379	25,012	6.2%	502,000	(74,609)	-14.9%
General & administrative	1,434,995	1,335,171	99,824	7.5%	1,407,000	27,995	2.0%
Total Expenses	<u>21,451,519</u>	<u>19,487,090</u>	1,964,429	10.1%	<u>20,871,000</u>	580,519	2.8%
Net Operating Income	<u>\$ 2,545,885</u>	<u>\$ 1,056,920</u>	1,488,965	140.9%	<u>\$ 1,199,500</u>	1,346,385	112.2%

Explanation of Significant Variances

**Water Sales** has a favorable prior year variance as a result of anticipated increases in demand.

The favorable variance to prior year in **Pumping Charges** is the result of rate increases passed after the budget was adopted.

The **Pumping costs** unfavorable variance to prior year is a result of increased power costs which were anticipated due to rate increases and the addition of the San Elijo Hills pump station.

**Transmission and distribution** has a favorable variance to prior year and a favorable budget variance as a result of lower than anticipated repairs due to main breaks during the year thus far.

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

Vallecitos Water District  
Sewer Revenue and Expense Report  
For the Six Months Ended December 31, 2017

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
<b>Revenue</b>							
Sewer service charges	\$ 9,057,493	\$ 8,794,136	\$ 263,357	3.0%	\$ 8,819,000	\$ 238,493	2.7%
Reclaimed water sales	1,027,500	967,389	60,111	6.2%	1,026,000	1,500	0.1%
Other revenue	38,493	49,499	(11,006)	-22.2%	35,000	3,493	10.0%
<b>Total Revenue</b>	<b>10,123,486</b>	<b>9,811,024</b>	<b>312,462</b>	<b>3.2%</b>	<b>9,880,000</b>	<b>243,486</b>	<b>2.5%</b>
<b>Expenses</b>							
Collection & conveyance	844,418	923,145	(78,727)	-8.5%	1,128,000	(283,582)	-25.1%
Lift stations	97,137	210,267	(113,130)	-53.8%	156,000	(58,863)	-37.7%
Source Control	68,923	68,162	761	1.1%	89,000	(20,077)	-22.6%
Effluent disposal	1,465,016	1,443,612	21,404	1.5%	1,435,000	30,016	2.1%
Meadowlark	1,332,450	1,512,527	(180,077)	-11.9%	1,738,000	(405,550)	-23.3%
Customer Accounts	162,461	184,393	(21,932)	-11.9%	228,000	(65,539)	-28.7%
Building & grounds	130,620	107,703	22,917	21.3%	127,000	3,620	2.9%
Equipment & vehicles	100,241	92,895	7,346	7.9%	114,000	(13,759)	-12.1%
Engineering	262,444	267,966	(5,522)	-2.1%	354,000	(91,556)	-25.9%
Safety & compliance	69,747	71,661	(1,914)	-2.7%	95,000	(25,253)	-26.6%
Information technology	376,295	341,062	35,233	10.3%	415,000	(38,705)	-9.3%
General & administrative	617,424	565,388	52,036	9.2%	727,000	(109,576)	-15.1%
<b>Total Expenses</b>	<b>5,527,176</b>	<b>5,788,781</b>	<b>(261,605)</b>	<b>-4.5%</b>	<b>6,606,000</b>	<b>(1,078,824)</b>	<b>-16.3%</b>
<b>Net Operating Income</b>	<b>\$ 4,596,310</b>	<b>\$ 4,022,243</b>	<b>574,067</b>	<b>14.3%</b>	<b>\$ 3,274,000</b>	<b>1,322,310</b>	<b>40.4%</b>

Explanation of Significant Variances

The **Collection & conveyance** department has a favorable budget variance due to the timing of chemical purchases. We expect this variance to smooth over time.

**Lift stations** has a favorable variance to prior year and a favorable budget variance resulting from an anticipated decrease in outside services and less than anticipated materials used during the year thus far.

The **Meadowlark** favorable budget variance is a result of budgeted repairs that have not yet been performed and less than anticipated plant labor to date.

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

The **Engineering** favorable budget variance is a result of timing of outside services being performed and higher than anticipated labor charged to projects.

*Variances are considered significant if they exceed \$50000 and 20%.*

**VALLECITOS WATER DISTRICT**

**RESERVE ACTIVITY FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	<u>110</u>	<u>Water</u>	<u>120</u>	<u>210</u>	<u>Wastewater</u>	<u>220</u>	
	<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	2,545,885			4,596,310			7,142,195
Capital Facility Fees	-		1,526,460	-		1,350,768	2,877,228
Property Tax	514,186		-	408,830		-	923,016
Investment Earnings	182,233		-	256,041		-	438,274
TOTAL REVENUES	<u>3,242,304</u>		<u>1,526,460</u>	<u>5,261,181</u>		<u>1,350,768</u>	<u>11,380,713</u>
LESS DISTRIBUTIONS							
Capital Projects							
Encina Wastewater Auth 5 Year Cap Plan	-		-	1,554,918		-	1,554,918
Main Facility Roof Replacement	163,723		-	157,302		-	321,025
Lift Station 1 Wet Well Room Repairs	-		-	175,833		-	175,833
San Marcos interceptor sewer	-		-	38,039		84,664	122,703
Water & Sewer Master Plan	-		48,291	-		48,291	96,582
Montiel Gravity Outfall	-		-	35,064		42,856	77,920
Mountain Belle Tank - Valve Replacement	59,802		-	-		-	59,802
Nursery Valve Relocation	-		-	58,848		-	58,848
Rock Springs Sewer Replacement	-		-	22,075		26,981	49,056
Fulton Road And Nctd Sewer Line Rehabilitation	-		-	34,784		-	34,784
Expansion of the Men's Locker Room in Building B	17,739		-	17,043		-	34,782
Palos Vista Pump Station Motor Replacement	30,599		-	-		-	30,599
North Vista Pressure Reducing Station Upgrade	30,164		-	-		-	30,164
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
South Vista Pressure Reducing Station Upgrade	17,832		-	-		-	17,832
Schoolhouse Tank Refurbishment	16,608		-	-		-	16,608
District Wide Valve Replacement	14,708		-	-		-	14,708
MRF Failsafe Line De-Chlorination System	-		-	13,086		-	13,086
Laurels Sewer Lining	-		-	10,189		-	10,189
All other capital projects	36,241		4,998	8,644		4,470	54,353
Capital Budget - Vehicles/Mobile Equipmnt	100,514		-	177,102		-	277,617
Debt Service	-		572,909	-		1,554,462	2,127,370
Interest Expense	-		53,003	-		37,664	90,667
TOTAL DISTRIBUTIONS	<u>487,930</u>		<u>679,201</u>	<u>2,367,122</u>		<u>1,799,388</u>	<u>5,333,640</u>
ENDING BALANCE	\$ 32,639,680		\$ (9,041,795)	\$ 48,278,796		\$ (6,950,531)	\$ 64,926,062
Less: Operating Reserves	<u>5,539,100</u>		<u>-</u>	<u>6,518,000</u>		<u>-</u>	<u>12,057,100</u>
Replacement Reserves/Restricted Funds	<u>\$ 27,100,580</u>		<u>\$ (9,041,795)</u>	<u>\$ 41,760,796</u>		<u>\$ (6,950,531)</u>	<u>\$ 52,868,962</u>
Replacement reserve floor	<u>\$ 6,721,600</u>			<u>\$ 15,472,900</u>			
Replacement reserve ceiling	<u>\$ 28,785,100</u>			<u>\$ 46,161,000</u>			

**VALLECITOS WATER DISTRICT  
INVESTMENT REPORT FOR DECEMBER 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 December follows:

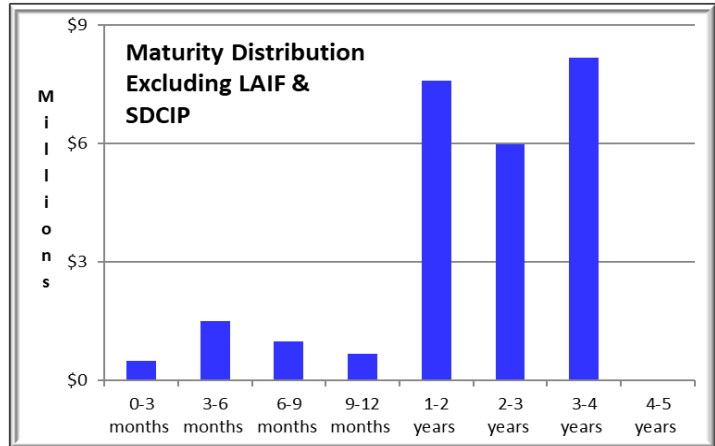
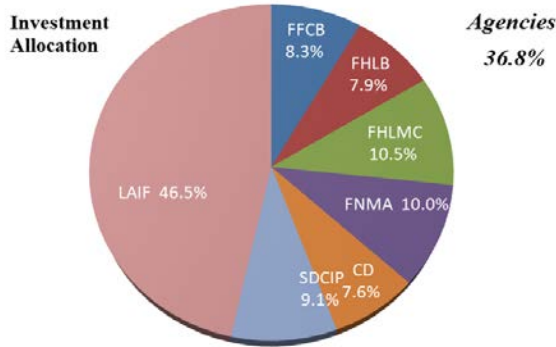
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
12/07/17	Deposit	LAIF	1,200,000	Open	1.23%
12/11/17	Maturity	Compass CD	(245,000)	12/11/17	1.30%
12/12/17	Deposit	LAIF	1,000,000	Open	1.23%
12/18/17	Withdrawal	LAIF	(2,200,000)	Open	1.23%
12/21/17	Withdrawal	LAIF	(750,000)	Open	1.23%
12/26/17	Deposit	LAIF	900,000	Open	1.23%
Change in investments during the month			<u>\$ (95,000)</u>		

	<u>Quarter End</u>	
	<u>Current</u>	<u>Previous</u>
Weighted average annual yield for total Vallecitos investments	1.335%	1.306%
Weighted average days to maturity	370	419

The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of September 30, 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 November 30, 2017. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

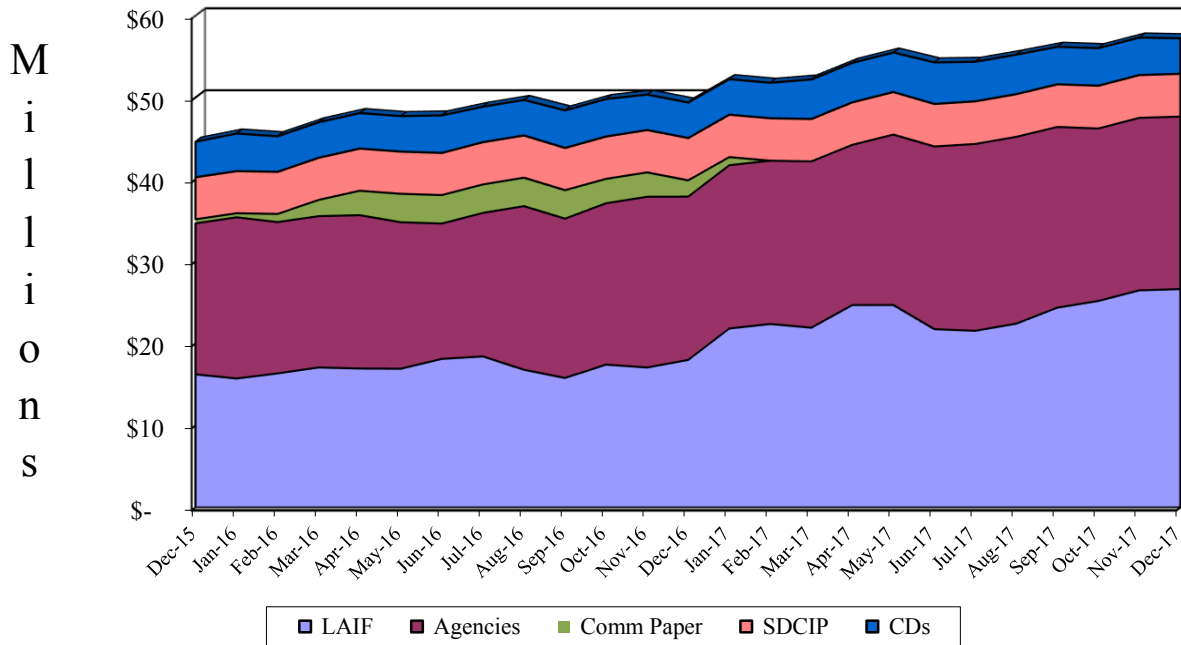


**Portfolio Snapshot:**



Safety

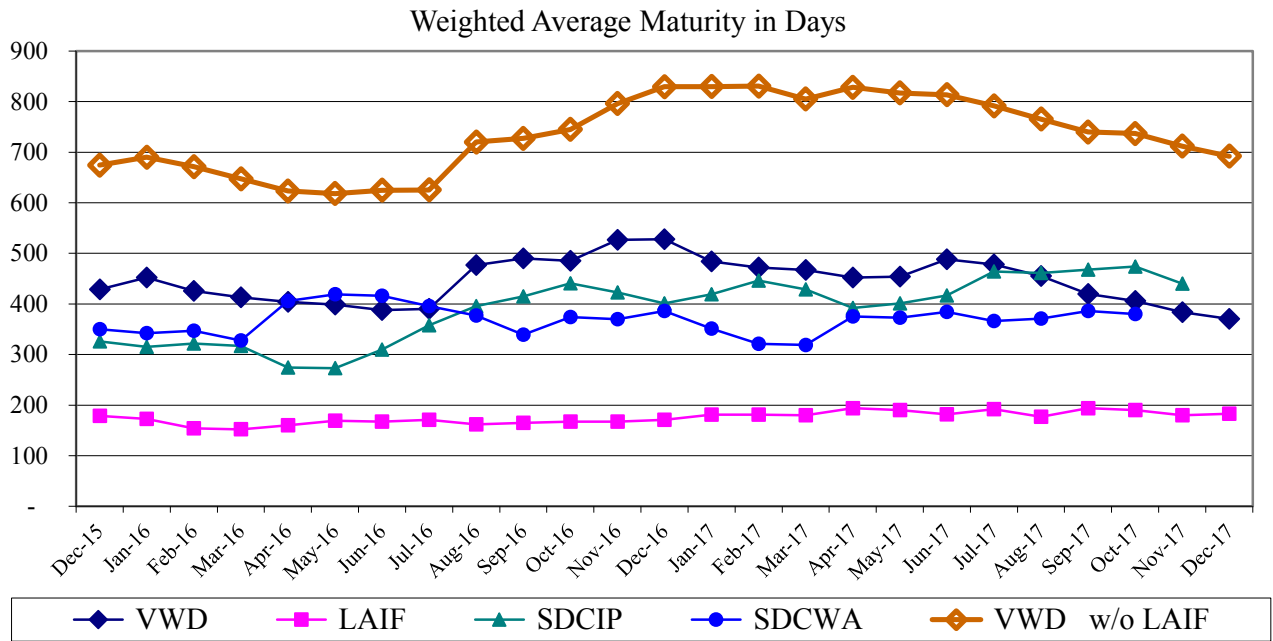
Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by adopted Board policy and with in limits established in the policy. Credit risk is the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



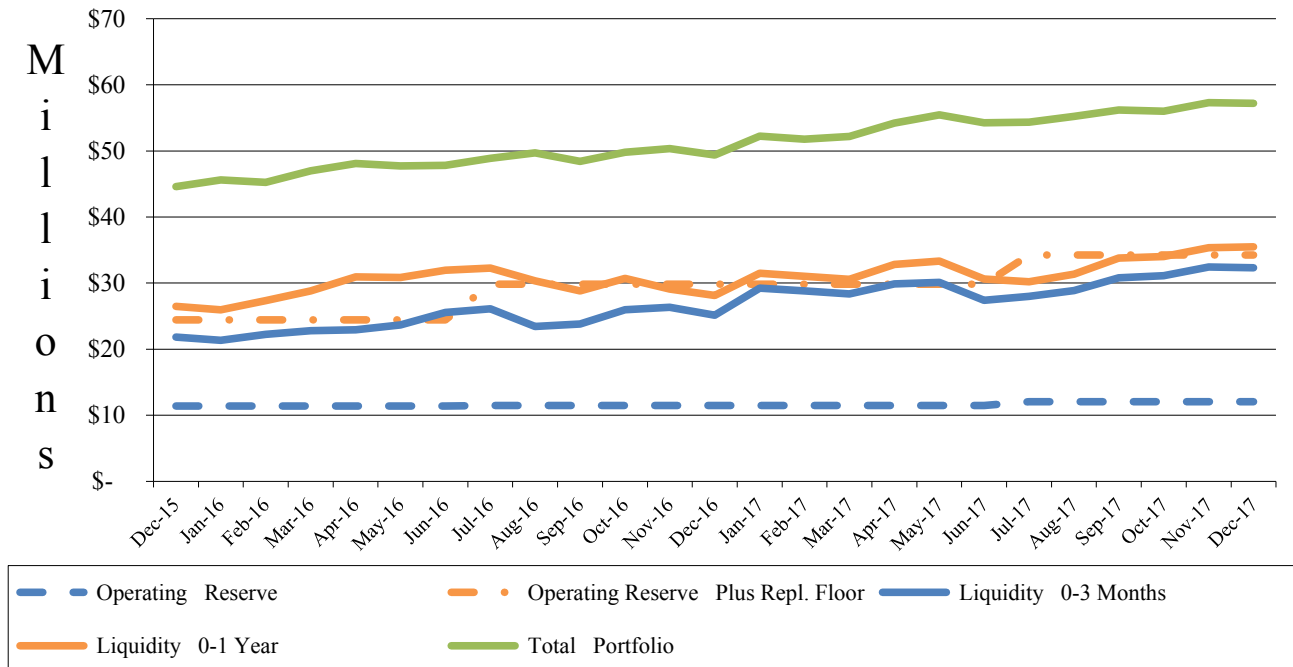
The graph above represents investment levels in the State of California’s Local Agency Investment Fund (LAIF), federal agency obligations, commercial paper, FDIC backed corporate notes, the San Diego County Investment Pool (SDCIP), and certificates of deposit.

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 \$26.6 million available the same day. But for comparative purposes LAIF is eliminated from the District's portfolio and shown separately.

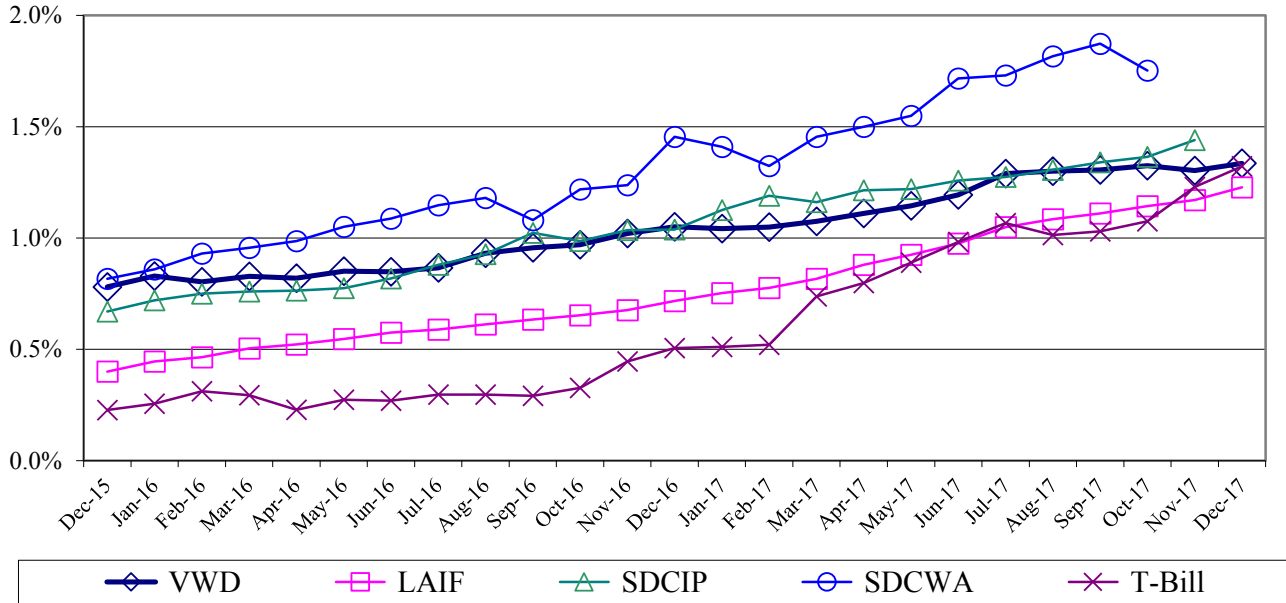


The graph below trends the *relationship of liquidity to adopted reserve levels*. District staff is sensitive to this relationship, but also recognizes the risk of being too liquid if rates fall further.



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 25<sup>th</sup> (maximum of \$3.9 million in year 2030) and each December 26<sup>th</sup> (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 2.48339%) 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	
FFCB	AA+	0.840	0.840	10/22/15	01/22/18	01/22/18	-	500,000	-	-	500,000
FFCB	AA+	0.930	0.930	10/21/15	01/13/18	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	01/25/18	01/25/19	499,900	-	-	-	499,900
FFCB	AA+	1.150	1.396	03/07/17	01/31/18	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	01/31/18	06/13/19	497,500	-	-	-	497,500
FHLB(s)	AA+	1.125	1.250	07/07/17	03/28/18	06/28/19	-	500,000	-	-	500,000
FHLMC(s)	AA+	1.250	1.500	06/28/16	03/28/18	06/28/19	-	750,000	-	-	750,000
FFCB	AA+	1.080	1.080	07/12/16	01/31/18	07/12/19	499,675	-	-	-	499,675
FHLMC(s)	AA+	1.125	1.250	08/30/16	02/28/18	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	01/28/18	10/28/19	500,000	-	-	-	500,000
FHLMC(s)	AA+	1.250	1.250	08/22/16	02/22/18	11/22/19	-	750,000	-	-	750,000
FNMA	AA+	1.350	1.350	06/30/16	03/30/18	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	03/30/18	03/30/20	500,000	-	-	-	500,000
FHLB	AAA	1.670	1.670	04/28/17	01/31/18	04/28/20	-	750,000	-	-	750,000
FNMA	AA+	1.500	1.500	05/27/16	02/28/18	05/29/20	750,000	-	-	-	750,000
HSBC Bank CD		1.400	1.400	09/16/16	07/08/18	07/08/20	-	244,510	-	-	244,510
FHLB	AA+	1.200	1.200	11/22/16	01/31/18	07/13/20	492,970	-	-	-	492,970
FNMA	AA+	1.400	1.400	08/24/16	02/24/18	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	01/31/18	12/07/20	-	249,438	-	-	249,438
FHLMC(s)	AA+	1.400	1.500	06/27/17	03/22/18	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	01/28/17	01/28/21	500,000	-	-	-	500,000
FFCB	AA+	1.620	1.620	11/18/16	01/31/18	02/17/21	-	149,667	-	-	149,667
FHLMC(s)	AA+	1.250	1.250	02/26/16	02/26/18	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	03/22/18	03/22/21	-	274,381	-	-	274,381
FFCB	AA+	1.620	1.620	04/12/16	01/31/18	04/12/21	749,925	-	-	-	749,925
FFCB	AA+	1.990	1.990	05/03/17	01/31/18	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	01/27/18	07/27/21	-	500,000	-	-	500,000
JPM Chase CD		1.650	1.650	08/16/16	02/16/18	08/16/21	-	245,000	-	-	245,000
FHLMC	AA+	1.600	1.600	08/25/16	02/25/18	08/25/21	1,000,000	-	-	-	1,000,000
FHLB	AA+	1.625	1.625	09/30/16	03/30/18	09/30/21	-	1,000,000	-	-	1,000,000
FNMA	AA+	1.550	1.550	10/31/16	01/28/18	10/28/21	1,000,000	-	-	-	1,000,000
FHLMC	AA+	1.875	1.875	11/30/16	02/26/18	11/26/21	-	1,000,000	-	-	1,000,000
SDCIP	AAA	na	1.365	Various	na	Open	-	5,212,632	-	-	5,212,632
LAIF		na	1.228	Various	na	Open	13,307,650	13,320,723	-	-	26,628,373
Total Cost							24,181,341	33,025,536	-	-	57,206,877
Unrealized Gain/(Loss)							(152,663)	(217,402)	-	-	(370,065)
Market Value							\$ 24,028,678	\$ 32,808,134	\$ -	\$ -	\$ 56,836,812

By Investment Type					Total					
Reference	Settled	Coupon	Yield	Matures	CDs	Agencies	LGIPs	LAIF	Cost	Market
FFCB	10/22/15	0.840	0.840	01/22/18	-	500,000	-	-	500,000	499,875
FFCB	10/21/15	0.930	0.930	04/13/18	-	499,705	-	-	499,705	498,910
Am Exp CD	04/29/15	1.100	1.100	04/30/18	245,000	-	-	-	245,000	244,880
FNMA	11/12/15	0.875	1.090	05/21/18	-	497,325	-	-	497,325	498,690
Synchrony CD	06/13/14	1.600	1.600	06/13/18	245,000	-	-	-	245,000	245,042
Goldman CD	08/19/15	1.700	1.700	08/20/18	245,000	-	-	-	245,000	245,213
GE Cap CD	09/05/14	1.800	1.800	09/05/18	245,000	-	-	-	245,000	245,372
FHLB	06/29/15	1.200	1.260	09/26/18	-	499,050	-	-	499,050	498,095
Capital 1 CD	10/13/15	1.650	1.650	10/09/18	179,000	-	-	-	179,000	179,107
Ally Bank CD	10/29/15	1.600	1.600	10/29/18	245,000	-	-	-	245,000	245,096
Sallie Mae CD	12/09/15	1.600	1.600	12/10/18	245,000	-	-	-	245,000	244,846
FHLB	02/08/17	1.240	1.240	01/23/19	-	500,000	-	-	500,000	496,450
FNMA	07/25/16	1.000	1.000	01/25/19	-	499,900	-	-	499,900	494,605
FFCB	03/07/17	1.150	1.396	02/22/19	-	365,260	-	-	365,260	363,165
BMW Bk CD	03/10/17	1.350	1.350	03/11/19	245,000	-	-	-	245,000	243,724
Whitney Bank CD	04/20/17	1.650	1.650	04/22/19	245,000	-	-	-	245,000	244,451
Enerbank CD	06/18/15	1.500	1.579	05/15/19	232,301	-	-	-	232,301	231,921
FFCB	05/26/17	1.180	1.180	06/13/19	-	497,500	-	-	497,500	494,815
FHLB(s)	07/07/17	1.125	1.250	06/28/19	-	500,000	-	-	500,000	497,790
FHLMC(s)	06/28/16	1.250	1.500	06/28/19	-	750,000	-	-	750,000	746,700
FFCB	07/12/16	1.080	1.080	07/12/19	-	499,675	-	-	499,675	493,335
FHLMC(s)	08/30/16	1.125	1.250	08/28/19	-	750,000	-	-	750,000	746,700
Barclays CD	09/16/15	1.900	1.900	09/16/19	245,000	-	-	-	245,000	245,392
FHLMC	09/25/15	1.250	1.317	10/02/19	-	498,665	-	-	498,665	494,045
FHLB	10/28/16	1.190	1.190	10/28/19	-	500,000	-	-	500,000	492,180
FHLMC(s)	08/22/16	1.250	1.250	11/22/19	-	750,000	-	-	750,000	744,278
FNMA	06/30/16	1.350	1.350	12/30/19	-	500,000	-	-	500,000	493,340
Key Bank CD	03/08/17	1.700	1.700	03/09/20	245,000	-	-	-	245,000	243,185
FNMA	10/19/16	1.300	1.300	03/30/20	-	500,000	-	-	500,000	490,640
FHLB	04/28/17	1.670	1.670	04/28/20	-	750,000	-	-	750,000	741,795
FNMA	05/27/16	1.500	1.500	05/29/20	-	750,000	-	-	750,000	739,680
HSBC Bank CD	09/16/16	1.400	1.400	07/08/20	244,510	-	-	-	244,510	240,605
FHLB	11/22/16	1.200	1.200	07/13/20	-	492,970	-	-	492,970	489,400
FNMA	08/24/16	1.400	1.400	08/24/20	-	1,000,000	-	-	1,000,000	983,160
Discover CD	10/26/16	1.500	1.500	10/26/20	245,000	-	-	-	245,000	239,037
FFCB	11/04/16	1.380	1.380	11/02/20	-	499,600	-	-	499,600	485,575
FFCB	12/07/16	1.770	1.770	12/07/20	-	249,438	-	-	249,438	247,745
FHLMC(s)	06/27/17	1.400	1.500	12/22/20	-	750,000	-	-	750,000	748,125
Northern Bk & Trust	06/29/17	1.850	1.850	12/29/20	245,000	-	-	-	245,000	242,616
FNMA	10/28/16	1.400	1.400	01/28/21	-	500,000	-	-	500,000	486,820
FFCB	11/18/16	1.620	1.620	02/17/21	-	149,667	-	-	149,667	146,778
FHLMC(s)	02/26/16	1.250	1.250	02/26/21	-	514,000	-	-	514,000	509,297
Wells Fargo CD(s)	03/04/16	1.150	1.150	03/04/21	243,000	-	-	-	243,000	242,429
FHLB(s)	04/06/17	1.500	1.500	03/22/21	-	274,381	-	-	274,381	272,789
FFCB	04/12/16	1.620	1.620	04/12/21	-	749,925	-	-	749,925	735,683
FFCB	05/03/17	1.990	1.990	05/03/21	-	750,000	-	-	750,000	745,740
Comenty Bk CD	06/30/16	1.650	1.650	06/30/21	245,000	-	-	-	245,000	239,828
FNMA	07/27/16	1.500	1.500	07/27/21	-	500,000	-	-	500,000	487,025
JPM Chase CD	08/16/16	1.650	1.650	08/16/21	245,000	-	-	-	245,000	238,389
FHLMC	08/25/16	1.600	1.600	08/25/21	-	1,000,000	-	-	1,000,000	977,200
FHLB	09/30/16	1.625	1.625	09/30/21	-	1,000,000	-	-	1,000,000	974,840
FNMA	10/31/16	1.550	1.550	10/28/21	-	1,000,000	-	-	1,000,000	973,970
FHLMC	11/30/16	1.875	1.875	11/26/21	-	1,000,000	-	-	1,000,000	981,578
SDCIP	Various		1.365	Open	-	-	5,212,632	-	5,212,632	5,162,000
LAIF	Various		1.228	Open	-	-	-	26,628,373	26,628,373	26,602,866
Total Cost					4,328,811	21,037,061	5,212,632	26,628,373	57,206,877	
Unrealized Gain/(Loss)					(27,678)	(266,247)	(50,632)	(25,508)	(370,065)	
Market Value					\$ 4,301,133	\$ 20,770,814	\$ 5,162,000	\$ 26,602,865	\$ 56,836,812	\$ 56,836,812
Percentage of Portfolio					7.6%	36.8%	9.1%	46.5%		
Investment Policy Limits					20.0%	60.0%	40.0%	60.0%		

## Special Districts make the Difference

Over 62 years ago, the local residents and landowners of San Marcos Valley decided the fate of your local water management by voting to form an independent special district.

Vallecitos Water District is one of more than 2,000 members of California's unique system of special districts.

Special districts range from small to very large and often cross political boundary lines, such as cities and county borders. They are sanctioned under state law to perform local governmental functions within a specified area

There are all types of special districts offering a wide variety of services - from airport management, water services and flood control to zoo-keeping, fire protection and waste disposal! Special districts concentrate their resources on distinct services, unlike city or county governments that face competing priorities. Being a special district enables Vallecitos Water District to focus entirely on water, wastewater and reclamation services and keep public costs directly tied to the cost of providing service.



Studies show that customers of special districts are more satisfied with their level of service than customers of municipalities with a myriad of functions, such as city government that

must look out for the general welfare of the entire community, including police and fire protection, street and park maintenance and redevelopment.

Special districts are governed by boards of directors who are elected or appointed for fixed terms. Boards are subject to initiative, referendum and recall as well as the Brown Act, which means they cannot hold secret meetings. The directors must live or own property within their respective service area.

Independent special districts have consistently shown the slowest rate of spending growth for local governments, according to the State Legislative Analyst. These districts are independently audited and subject to state and public scrutiny just like other forms of local government.





# Private Sewer Laterals

## Your private sewer lateral. Lateral lines are property of the resident.

Many customers do not realize that they own the sewer lateral that connects their property to the Vallecitos Water District's sewer system.

A private sewer lateral is the pipe that drains sinks, showers and toilets from your home or building to the Vallecitos Water District's main sewer line. Sewer laterals transport wastewater from all of the drains in your home or building to the public sewer main.

Property owners are responsible for the operation, maintenance and the repair of their property's sewer lateral from the home or building and including the point of connection to the Vallecitos Water District's sewer main line.

## Why maintaining a private sewer line is important.

Everything you put down your private drains reaches the District's sewer system. Proper maintenance of a private sewer lateral is important because they can clog with roots and grease and can cause a backup inside your property or spill from the line.

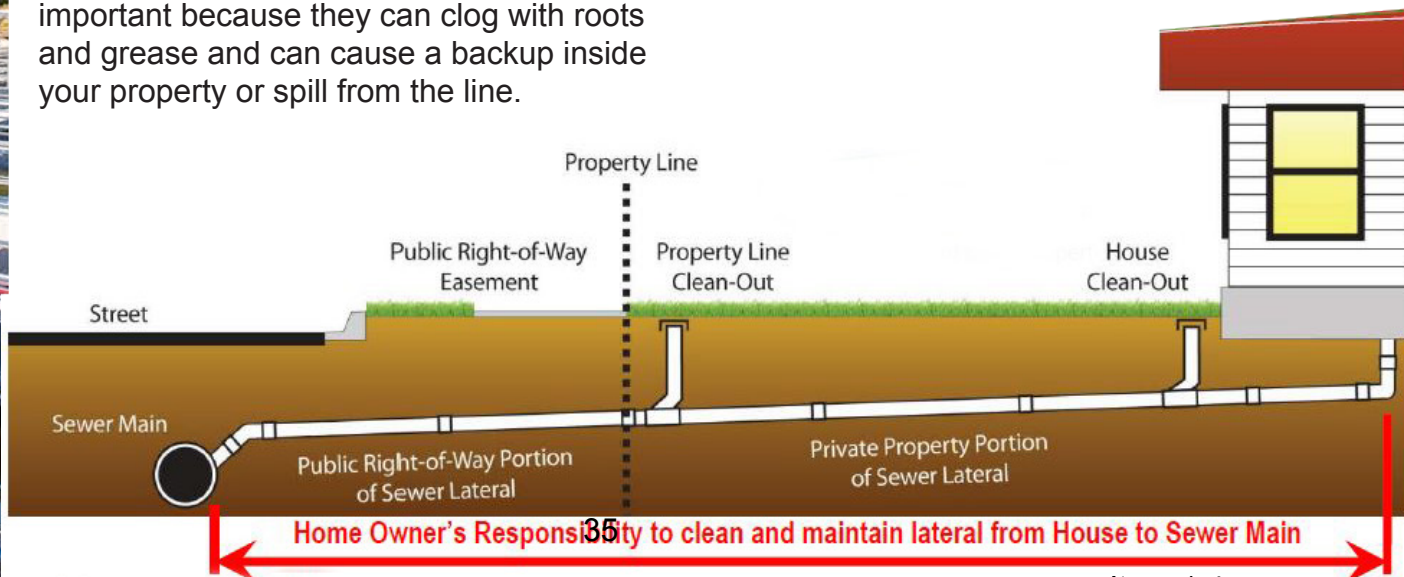
A sewer spill can cause damage to your property that is expensive to fix. In addition, a spill may cause public and environmental health concerns.

## What are signs I may have a sewer lateral problem?

- Drains backup inside your home or building.
- Sink holes in your yard over the sewer lateral.
- Wet or soggy ground in your yard or near your sewer lateral.
- Water standing in or coming out of your sewer cleanout.

## What are some things you can do for preventive maintenance?

- Have your sewer lateral video inspected and cleaned regularly.
- Repair and replace deteriorated or damaged lateral pipes as soon as possible.
- Have cleanouts installed on laterals.
- Prevent FOG (Fats, Oils, and Grease) from going down drains.
- Do not flush diapers, wipe or feminine hygiene products down the sewer.



# Vallecitos' Sustainable Demonstration Garden is now an **OCEAN FRIENDLY GARDEN** too!

Most landscapes are planted for vibrant plants. Vallecitos' Sustainable Demonstration Garden, located at the District's headquarters, is also planted for vibrant marine life. Already recognized as a "Certified Wildlife Habitat" by the National Wildlife Federation and an "Earth Friendly Garden" by the Master Gardeners Association, Vallecitos' garden was recently recognized as an "Ocean Friendly Garden" by the Surfrider Foundation.

## What is an Ocean Friendly Garden?

Water runoff is the number one source of ocean pollution in urban areas. Water from rain or over-irrigation "runs off" to lower areas, making its way into streams, lakes and the ocean. On its journey, runoff can pollute the ocean by picking up pollutants such as pesticides and fertilizers.



Ocean Friendly Gardens apply CPR (Conservation, Permeability and Retention) to landscapes, hardscapes and streets. They allow soil to act like a sponge to help restore the helpful functions of watersheds, like protecting local water supplies and preventing polluted runoff from reaching the ocean.

## Why are Ocean Friendly Gardens good?

Since urban water runoff is the main source of ocean pollution, much good can come by retaining this water and keeping it out of our watershed. Captured runoff can be used to irrigate landscapes and recharge groundwater. In addition, climate appropriate and native plants are used in Ocean Friendly Gardens, which don't need chemicals and commercial fertilizers, two of the main water pollutants.

## What features of Vallecitos' garden make it good for the ocean?

One of the first features visitors notice about our garden is the rain water harvesting system, which collects rain from the roof that would otherwise runoff into the ocean, and stores it in three tanks with a combined 2,500 gallons of capacity. The captured runoff supplies water to decorative water fountains located throughout the garden.

Further environmental benefits are demonstrated through the use of California-friendly plants. When combined with the garden's mulch, compost and biosolid pellets (a fertilizer made from recycled wastewater solids produced at a treatment plant partially owned by Vallecitos) the plants are bolstered with healthy nutrients, eliminating the need for harmful chemical fertilizers which could flow off the garden during wet weather. To further reduce runoff to the ocean, the plants are irrigated through a weather-based irrigation controller and micro-irrigation, which applies only the minimal amount of water that the plants will use.

## How can I visit the Sustainable Garden?

Vallecitos' Sustainable Demonstration Garden can be seen during business hours at 201 Vallecitos de Oro in San Marcos. For more information or to schedule a tour, go to [www.vwd.org/sustainable-garden](http://www.vwd.org/sustainable-garden) or contact our Conservation Department at (760) 744-0460. To learn more about Ocean Friendly Gardens, go to <https://sandiego.surfrider.org/ofg/>.





201 Vallecitos de Oro  
San Marcos, CA 92069  
(760) 744-0460  
[www.vwd.org](http://www.vwd.org)

**Board of Directors**

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

**Management Staff**

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



*Between the Pipes is a publication of information and interest to Vallecitos water and sewer customers. If you receive water or sewer services from another district, please disregard any information that does not apply to you.*

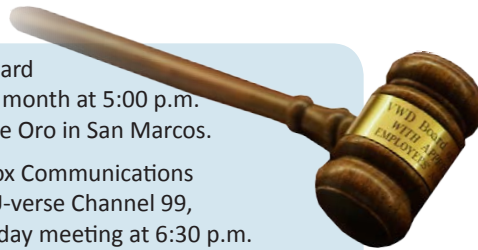
Postal Customer

PRSRT STD  
U.S. Postage  
PAID  
San Diego, CA  
Permit no 906

ECRWSS

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

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



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

At a regular meeting held on Wednesday, December 6, 2017, the Vallecitos Water District Board of Directors voted to move forward with their annual reorganization.

Jim Hernandez was elected to serve as president and Hal Martin was elected to serve as vice president for 2018.

Hernandez and Martin are joined by three Directors who round out the Vallecitos Board: Directors Betty Evans, Division 1; Craig Elitharp, Division 3; and Mike Sannella, Division 4.

The Board meets regularly the first and third Wednesday of the month at 5:00 p.m. in Vallecitos’ Administration Building, located at 201 Vallecitos de Oro, in San Marcos.

Meetings are open to the public and recorded for viewing on San Marcos television. Please visit [www.san-marcos.net/smtv](http://www.san-marcos.net/smtv) for a complete programming schedule.

For complete biographies of the Vallecitos Board, go to [www.vwd.org/Board](http://www.vwd.org/Board).



**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: APPROVAL OF AS-NEEDED ENGINEERING SERVICES AGREEMENTS FOR CALENDAR YEARS 2018 AND 2019**

**BACKGROUND:**

Vallecitos Water District routinely requires minor engineering and design services for its capital projects and other unscheduled small projects. The cost of these services generally does not justify going through the formal engineering proposal process.

**DISCUSSION:**

Based on past experience it is often in the best interests of the District to negotiate standard fees for these types of services. Over the past few years, staff has negotiated reduced rates, on an annual basis, with selected engineering/design/specialty firms which have submitted resumes, provided statements of qualifications and/or proposals, and have successfully completed projects and provided services to the District. In 2017, the agreements and standard fees were revised to a two-calendar year basis. All as-needed agreements will be reviewed and renewed on a bi-annual basis. Staff and Counsel have reviewed the engineering services agreements and find them consistent with similar, past agreements.

The following firms were selected for as-needed services:

- Infrastructure Engineering Corp. - Engineering Design
- Kennedy/Jenks - Engineering Design
- NV5 - Engineering Design
- Moraes/Pham - Electrical Engineering
- Kelsey Structural - Structural Engineering
- Land Surveying Consultants - Survey
- Christian Wheeler Engineering – Geotechnical Engineering
- RF Yeager – Corrosion Engineering
- Harper & Associates – Reservoir Corrosion/Inspection and Design
- Valley Construction Management – Construction Management
- BRG Consulting – Environmental Services
- Trussell Technologies – Water Quality Services
- VAP Enterprises – Property Acquisition
- Water Resources Consulting – Water Resources Planning

**FISCAL IMPACT:**

The above consultants each submitted a proposal for engineering related services on a time and material basis. The hourly rates are often reduced from their normal rates because certain administration/marketing costs are not required for the “on-call” nature of the work involved. Fees associated with specific work under these as-needed contracts will be directly reimbursed through developer deposits or charged to specific capital projects. As-needed agreements are utilized for contracts in accordance with the District’s purchasing policy.

**RECOMMENDATION:**

Authorize the General Manager, or his designee, to enter into as needed consultant services agreements.

**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: CAL DESAL CONFERENCE ATTENDANCE APPROVAL**

**BACKGROUND:**

CalDesal is holding their annual Desalination and Salt Management Conference February 1 – 2, 2018 in Monterey, CA. Director Martin has expressed an interest in attending the conference. CalDesal is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 203; therefore, prior approval for per diem and expense reimbursement is required.

**FISCAL IMPACT:**

The estimated cost to attend the conference, including registration, per diem, transportation, lodging and meals is \$1,500.

**RECOMMENDATION:**

Approve Director Martin's attendance to the 2018 CalDesal Desalination and Salt Management Conference.

**ATTACHMENT:**

Conference Agenda



*6th Annual Desalination and Salt Management Conference*  
**Implementing Water Portfolio planning  
 with Desalination and Salt Management**

February 1-2, 2018 –  
 Casa Munras, Monterey CA  
*Agenda Subject to Change*

DAY ONE	Thursday, February 1, 2018
8:30 – 9:45 AM	Registration / Continental Breakfast
10:00 – 10:25 AM	<b>Opening Remarks:</b> Chair Shawn Dewane, Exec Director Paul Kelley
10:30 – 11:50 PM	<b>Session I: Ocean Desalination and Ocean Plan Implementation</b> <b>Moderator: Joe Monoco, Dudek</b> <b>Panelists:</b> <ul style="list-style-type: none"> <li>- Scott Maloni – Poseidon</li> <li>- Kim Tenggardjaja, State Board</li> <li>- Zita Yu - West Basin</li> </ul> <b>Description:</b>
12:00 – 1:30 PM	<b>Luncheon:</b> <b>Keynote: Joe Smith – CEO or Motivational Speaker</b> <b>“Desalination the best of all worlds for California”</b>  Invited: Jeff Kightlinger – Metropolitan Water Dist of So Cal (Invite by Warren Tietz) <ul style="list-style-type: none"> <li>- Grant Davis – DWR Director</li> <li>-</li> </ul>
1:30 – 2:45 PM	<b>Session II: Ground water Desalination a tool for water portfolio</b> <b>Moderator: Paul Findley</b>  <b>Panelists:</b> - Local Agency’s (Chino Desalter – Curtis Paxton) - Regional Groundwater Desalination project – WRD – Diane Gatzka - SGMA – how it affects GW – (Also Matt Hecker to be asked by Warren Teitz)  <b>Description:</b>
2:45 – 3:30 PM	Break – Networking and Sponsor Displays
3:30 – 4:50 PM	<b>Session III: Salinity Management and water supply for California</b> <b>Moderator: Phil Rosentrater – GM - Salton Sea Authority</b> Or Contra Costa Water?  <b>Panelists:</b>

	<ul style="list-style-type: none"> <li>- Salinity Management Plans - Contra Costa Water/Zone 7</li> <li>- Salton Sea Authority</li> <li>- Salinity Coalition</li> <li>- CV-Salts</li> <li>-</li> </ul> <p><b>Description:</b> Agencies are experiencing changes in their source water portfolio and a steady increase of salinity in those waters affecting salt and other nutrient management plans. This discussion is about how to handle the issues, deal with regulatory agencies, and implement projects. Including a report from IRWD on their study and model on salinity impacts in their service area.</p>
5:00 – 6:30 PM	Reception – Possible Speaker?
<b>DAY TWO</b>	<b>Friday, February 2, 2018</b>
8:00 – 8:45 AM	Continental Breakfast
8:45 – 9:15 AM	<p><b>Session IV: Desalination: Future Trends and State legislative update</b> <b>Moderator:</b> Paul Kelley, Executive Director CalDesal</p> <p><b>Panelists:</b> Tom Pankratz, WDR – “Innovative Tech – what works, what doesn’t, and what I looks promising” (30 minutes)</p> <p>Report from the Tour – Wednesday’s Tour report</p> <p><b>Description:</b> This session will have a speaker to explore current and future technological innovations in desalination. And a report on legislative affairs – “How does the election cycle of 2018 affect you and Desalination?”</p> <p>-----</p> <p><b>Session V: Project Delivery: Tailoring it to your project”</b> <b>Moderator:</b> GHD – Paul Hermann</p> <p>-----</p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"> <li>- Matt Scott – Kiewit Construction</li> <li>- Ian Crooks (Rich Svindland) – CalAm</li> <li>- Andy Kingman – Poseidon Water</li> <li>- Eric Peterson – Hawkins Delafield</li> </ul> <p><b>Description:</b> This session explores the different contract delivery methods used for SWRO plants and importantly delves into the experiences from a legislative perspective (what is allowed in CA), a financial perspective (what can be financed), and contractors and owners perspective (what provides suitable risk allocation for both the contractor and the owner)?</p> <p>-</p>
9:20-10:30 AM	
10:30 - 10:40 AM	Break

10:40 – 11:50 PM	<p><b>Session VI: Energy: Desalination and the new century of energy usage</b></p> <p><b>Moderator: Zita Yu – West Basin</b></p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"><li>- Renewable Energy Access</li><li>- Demand Reduction</li><li>- Renewables</li><li>- GHG Mitigation Strategies</li><li>-</li></ul> <p><b>Description:</b></p>
------------------	--

**Remember:**

**Tour of the Sand City Desal Plant – Wednesday Jan 31 2018. From 2:30-4:30pm**

**– Sand City / Pure Water Monterey / etc**

**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN'S 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 AND 184-241-05, 06, 07 & 08) INTO THE VALLECITOS WATER DISTRICT AND THE SEWER IMPROVEMENT DISTRICT (VISTA SAN MARCOS, LTD)**

**BACKGROUND:**

The San Marcos Highlands development is a proposed residential development located on approximately 288.53 acres of unimproved land located at the northern end of Las Posas Road. The developer proposes to develop 66.53 acres of the property. The development would consist of 189 single-family homes on 29.28 acres, 1.56 acres of parks, 15.02 acres of right of way and 20.67 acres of open space (including 2.5 acres of irrigated slopes adjacent to dedicated open space). The remaining 222.0 acres will be dedicated open space.

140.17 acres of the project property are located within the existing Vallecitos Water District's Sphere of Influence (SOI). The remaining 148.36 acres are located within the Vista Irrigation District (VID). The project is not located within VWD's current sewer service area.

**DISCUSSION:**

On July 20, 2016, the VWD Board approved the Developer's request for annexation into VWD's Sphere of Influence exclusive of the 222.0 acres of dedicated open space parcels that are outside the developable project area. The developer proposes to annex 44.06 acres of the developable project area into VWD's SOI and water service area, and 66.53 acres into VWD's sewer service area.

The annexation was approved with the following conditions (annexation fees have been updated to the 2018 rates):

1. Payment of VWD's water annexation fee of \$4,639.00 per acre (44.06 acres) = \$204,394.34 prior to Board approval of Project improvements.
2. Payment of VWD's sewer annexation fee of \$8,449.00 per acre (66.53 acres) = \$562,111.97 prior to Board approval of Project improvements.
3. Payment of State Board of Equalization fee of \$1,200.00 for VWD water annexation prior to Board approval of Project improvements.
4. Payment of State Board of Equalization fee of \$1,500.00 for sewer annexation prior to Board approval of Project improvements.

5. Submittal of a copy of title report initiated or updated within the last six months showing ownership and a geographic description of the property including a plat map to complete the annexation prior to Final Acceptance of Project improvements.
6. Submittal of the recorded Final Map required to complete the annexation prior to Final Acceptance of Project improvements.

The owner will submit the water and sewer annexation and detachment area limits by a metes and bounds legal description since the final tract map has not recorded yet. While the District requires the annexation limits to be established by legal parcel description, both the owner and staff have brokered a compromise. The owner has agreed to pay all annexation fees in advance of commencing the project improvements and, in exchange, will be allowed to process the annexation using a metes and bounds legal description. Prior to final project acceptance, the owner will provide the legal parcel descriptions to complete the annexation per Ordinance No. 196.

Annexation was required to be completed within 180 days of Board approval, or January 16, 2017. Due to City of San Marcos and LAFCO annexation processing, the developer requested a one-year extension to January 3, 2018, which was approved by VWD's Board of Directors on January 4, 2017. An on-going CEQA lawsuit is anticipated to conclude later this year. Therefore, the developer has requested an additional one-year extension to January 17, 2019.

**FISCAL IMPACT:**

Payment of annexation fees is per Ordinance No. 196.

The project would be required to pay \$204,394.34 in water annexation fees and \$562,111.97 in sewer annexation fees based on VWD's 2018 rates. Annexations fees are paid at the rate in effect at the time of payment.

All other fees will cover actual costs and have no fiscal impact.

**RECOMMENDATION:**

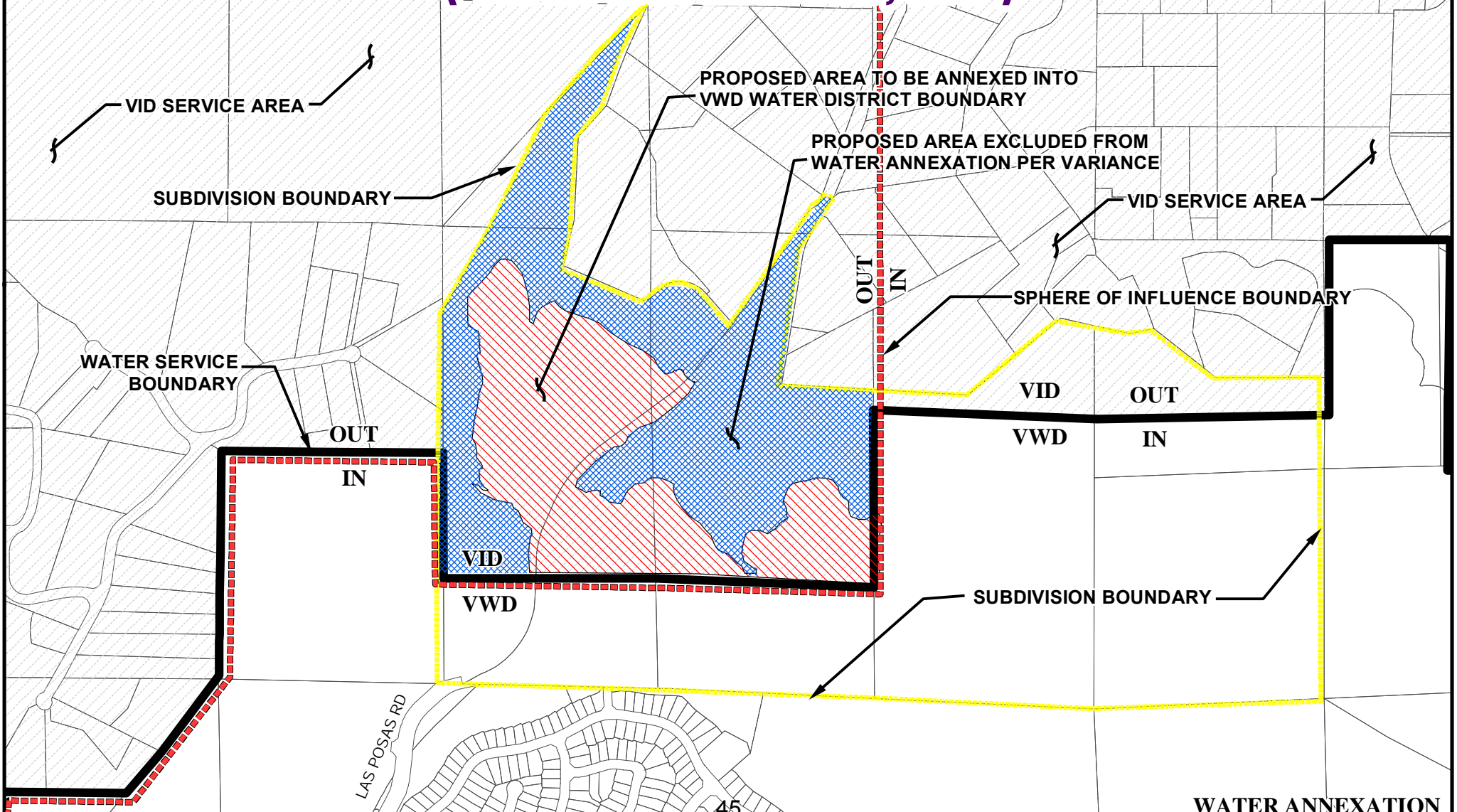
Approve a one-year extension for the completion of annexation requirements to January 17, 2019.

**ATTACHMENTS:**

- 4 Map Exhibits – 1 Plat Map & 1 Aerial Map – Water Annexation
- 1 Plat Map & 1 Aerial Map – Sewer Annexation

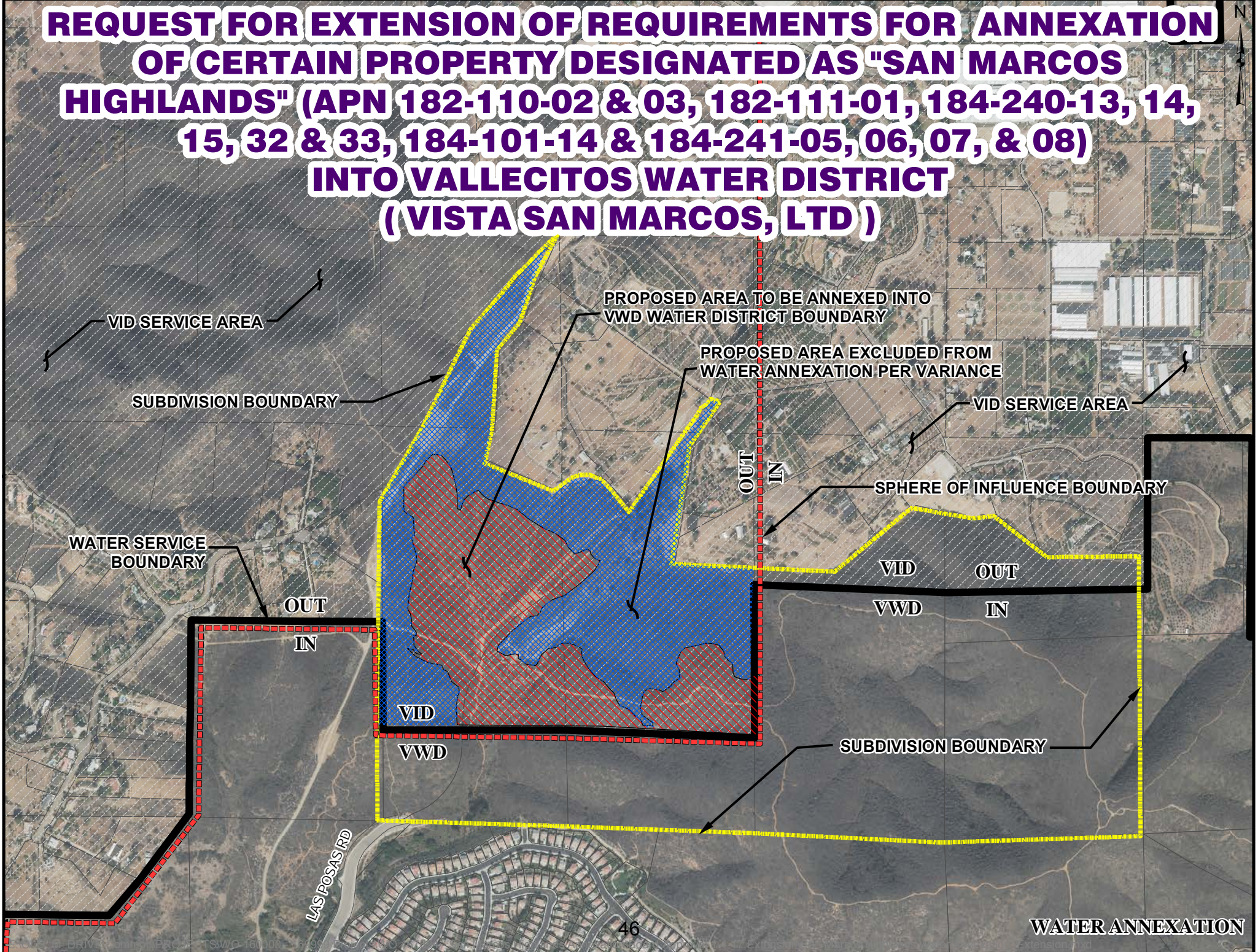


# REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT ( VISTA SAN MARCOS, LTD )





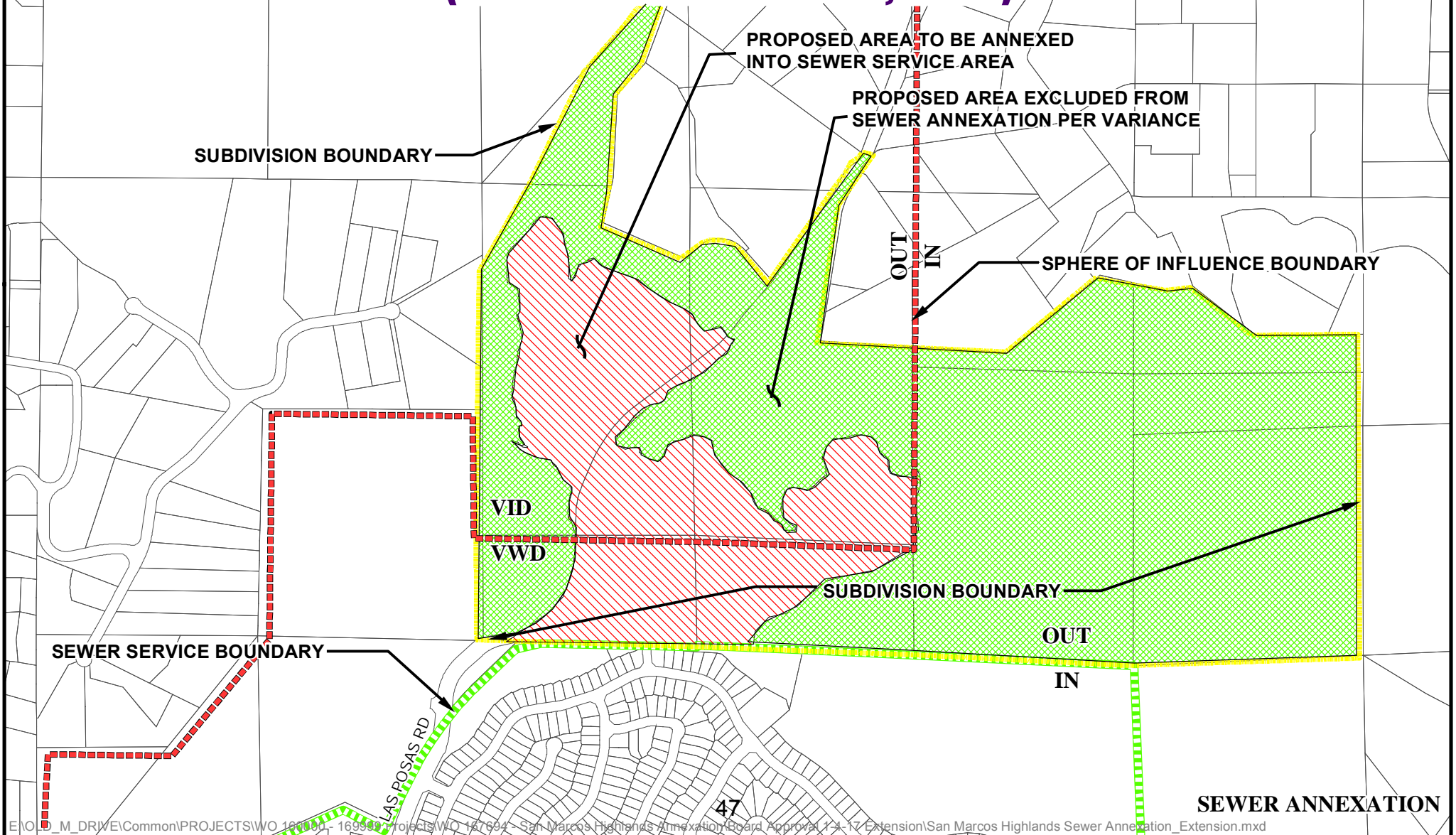
# REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT (VISTA SAN MARCOS, LTD)



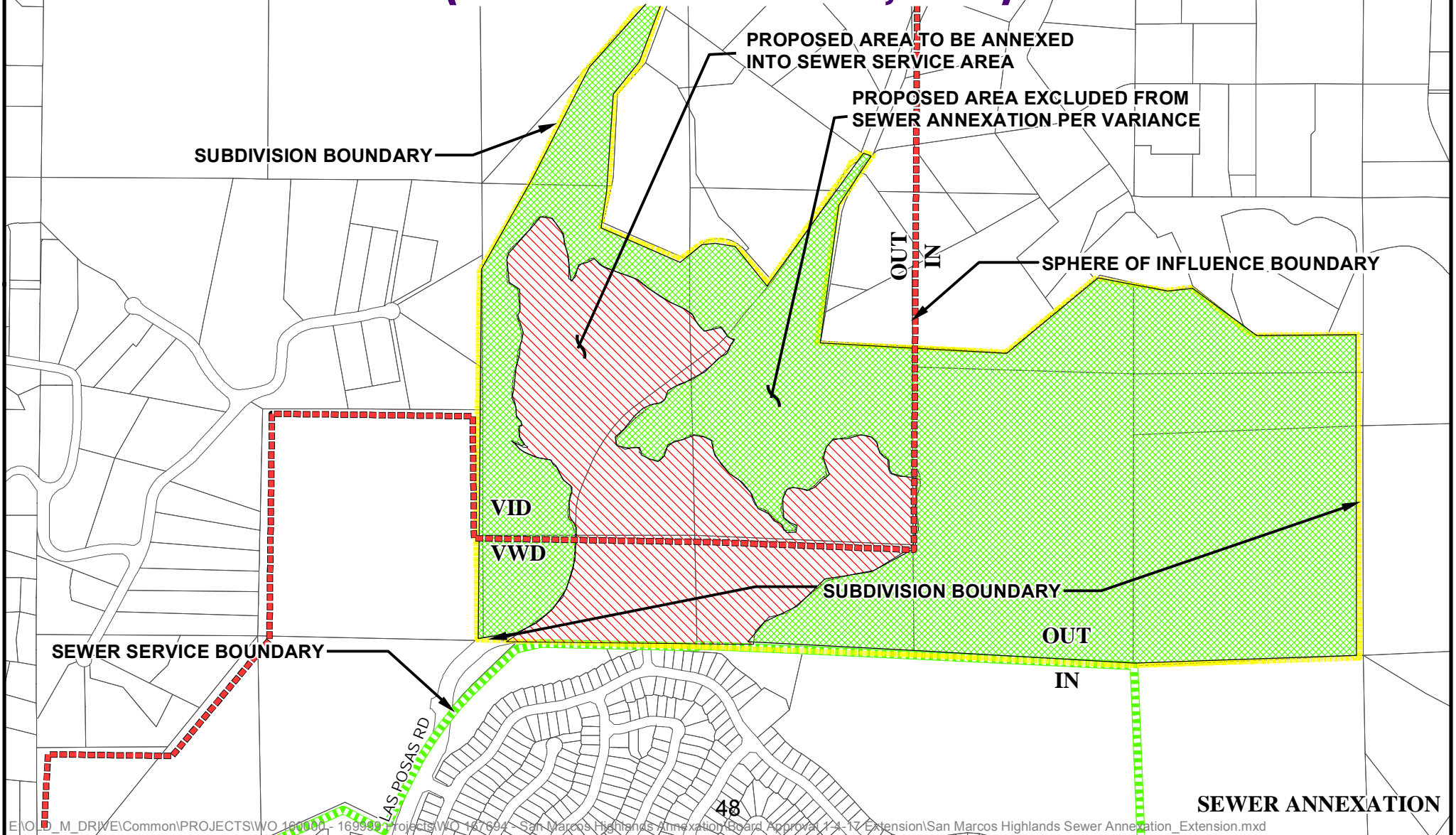
WATER ANNEXATION



# REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 24-240-13, 14, 5, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT ( VISTA SAN MARCOS, LTD )



# REQUEST FOR EXTENSION OF REQUIREMENTS FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "SAN MARCOS HIGHLANDS" (APN 182-110-02 & 03, 182-111-01, 184-240-13, 14, 15, 32 & 33, 184-101-14 & 184-241-05, 06, 07, & 08) INTO VALLECITOS WATER DISTRICT ( VISTA SAN MARCOS, LTD )



**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR THE DISTRICT WIDE SOLAR PROJECT**

**BACKGROUND:**

The Board of Directors has expressed interest in exploring the possibilities for a District wide solar power system to be located at various District owned properties. This subject was delegated to the Engineering/Equipment Committee (Committee) to provide direction to staff and explore potential solar energy opportunities. The Committee's direction was to move forward with releasing a Request for Proposals (RFP) for a consultant to study and represent the District on the development of various energy savings projects. The successful consultant would be excluded from building the recommended project to ensure that there are no conflicts of interest when representing the District.

**DISCUSSION:**

On September 18, 2017, the District submitted a Request for Proposals to five solar energy consulting firms. The invitation process included gathering recommendations from other agencies and solar power developers/contractors. These firms were asked to present their experience in representing the owner for designing, bidding, evaluating, and reviewing energy saving projects for agencies. Direct experience with negotiating power purchase contracts was also evaluated. The five firms from which staff requested proposals included:

- Helix Environmental Planning
- Bucknam and Associates
- Sage Renewables
- Terra Verde Renewable Partners
- Proteus Consulting

On November 1, 2017, staff received proposals from three of the firms (Bucknam, Sage Renewables and Terra Verde). Staff reviewed the proposals, contacted the firms' listed references, and rated each firm based on their experience on similar projects, how well they addressed the proposal requirements, their approach to this project, and their fee and schedule. Terra Verde Renewable Partners was unanimously selected as the most qualified consultant.

On December 19, 2017, staff met with Terra Verde Renewable Partners to discuss their proposed Scope of Services. A few adjustments were made to the proposed services, based on the clarification of assumptions made in the proposal. Terra Verde Renewable Partners will be providing the following:

- Evaluation of energy demands and production potential
- Site selection
- Design-Build Process (3 sites)
- Contract/Regulatory
- Program Management
- Construction Management
- Facility Performance Verification

The Scope of Services and fee were revised and finalized for a not-to-exceed amount of \$212,322.00.

**FISCAL IMPACT:**

This item does not have a current or future fiscal year budget and will require a new budget to be approved by the Board.

The proposed project budget is as follows:

Budget		\$290,000
Staff and Overhead to Date	\$ 16,436	
Consultant	\$ 212,322	
Staff and Other Services	\$20,000	
Overhead/Materials	<u>\$41,242</u>	
Subtotal	\$ 290,000	

**RECOMMENDATION:**

The District Wide Solar Project is being presented for discussion and consideration by the Board. If the Board desires to move forward with the agreement, the following actions are requested:

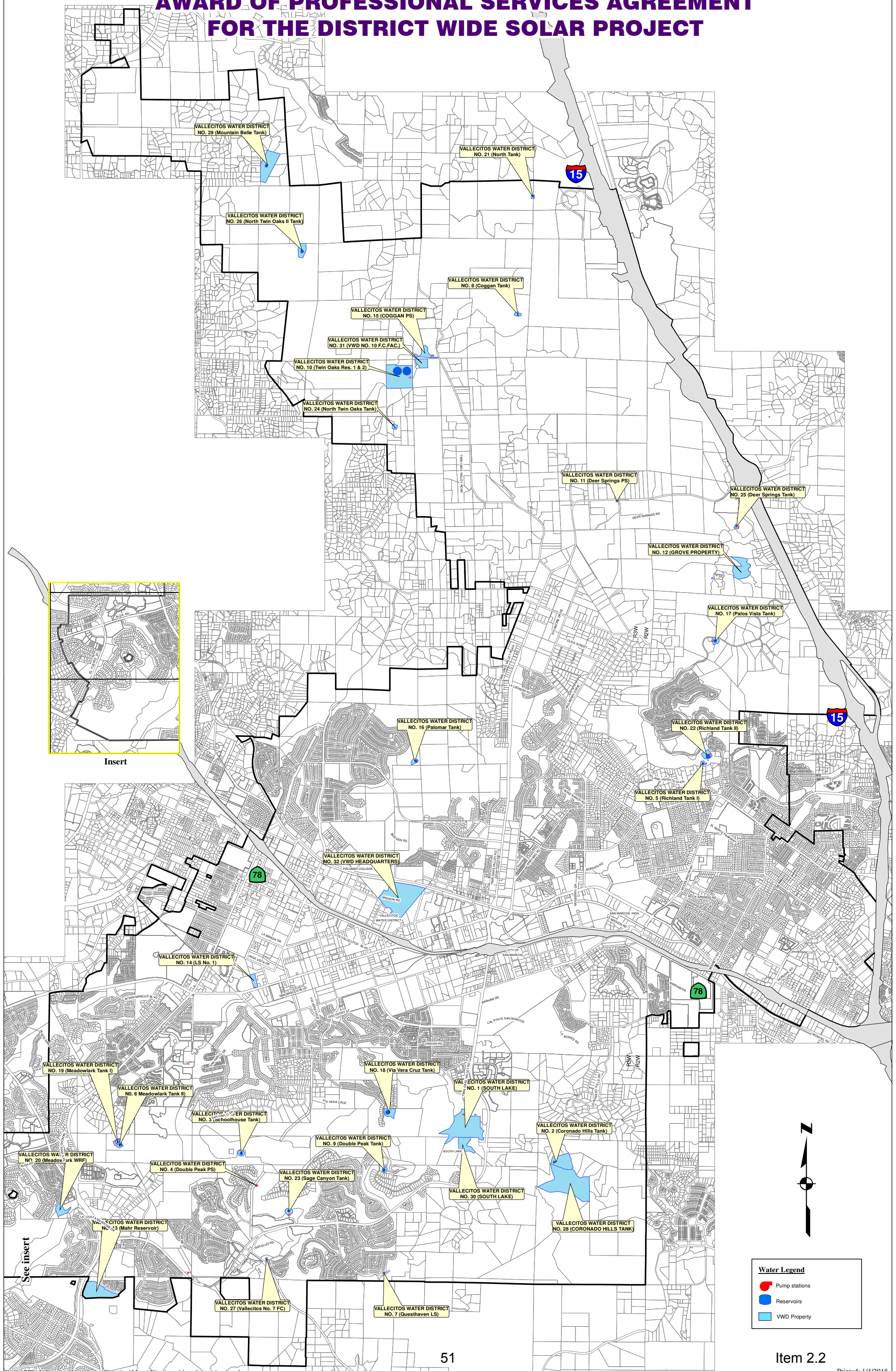
1. Authorize a budget amendment of \$290,000 to the Fiscal Year 2017/2018 budget for the inclusion of the District Wide Solar Project.
2. Authorize the General Manager to execute a professional services agreement with Terra Verde Renewable Partners in the amount of \$212,322 for the District Wide Solar Project.

**ATTACHMENT:**

1 Plat Map



# AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR THE DISTRICT WIDE SOLAR PROJECT



Insert

See insert

**Water Legend**

- Pump stations
- Reservoirs
- VWD Property



**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: DISTRICT PAY SCHEDULE**

**BACKGROUND:**

The California Public Employees' Retirement System (CalPERS) requires all employers to comply with the compensation earnable provisions and corresponding regulations of the Public Employees' Retirement Law (PERL). Government Code section 20636(b)(1) requires pay amounts to be paid pursuant to publicly available pay schedules and states "payrate means the normal monthly rate of pay or base pay..." For the purposes of retirement benefits calculation, CalPERS converts all payroll amounts to monthly. California Code of Regulations (CCR) Section 570.5 specifies the required elements necessary to meet the definition of a publicly available pay schedule. All 8 requirements must be met in one salary schedule:

- (1) Duly approved and adopted by the governing body in accordance with requirements of applicable public meeting laws;
- (2) Identifies the position title for every employee position;
- (3) Shows the payrate for each identified position (may be stated as a single amount or as multiple amounts within a range);
- (4) Indicates the time base for each pay rate including, but not limited to, hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
- (5) Is posted or immediately accessible and available for public review during normal business hours or posted on the employer's internet website;
- (6) Indicates an effective date and date of any revisions;
- (7) Is retained and available for public inspection for not less than five years; and
- (8) Does not reference another document in lieu of disclosing the payrate.

The District's current salary schedule complies with CalPERS' requirements which includes payrates for all positions as monthly salary ranges (Attachment 1). The salary schedule is posted on the District's website, along with a document titled 'Monthly Pay Ranges' that details approximate pay for each step (Attachment 2).

Per the VWD Employee Handbook, all job classifications except General Manager have established pay ranges comprised of steps beginning with entry level (Step A) through experience (Steps B through G), and longevity (Steps H and I). Employees are eligible to receive an experience increase of 5% each year until they reach Step G. Experience increases are not automatic and depend on satisfactory performance as documented by the employee's annual performance appraisal. Employees are eligible to receive a longevity increase of 5% after five consecutive years at steps G and H.

**DISCUSSION:**

As indicated above, the time base for the District's salary schedule does not have to be monthly; changes to the format can be made provided the above requirements are met. A revised format



is attached that combines the current District salary schedule and monthly pay ranges into one document, Personnel Classification and Monthly Pay Schedule (Attachment 3). Additional formats are attached for consideration: Hourly Pay Schedule (Attachment 4) and Annual Pay Schedule (Attachment 5).

**FISCAL IMPACT:**

None.

**RECOMMENDATIONS:**

This item is presented for discussion. If an alternate format is selected, the revised salary schedule would need to be adopted and approved by the Board via a Resolution at a future meeting.

**ATTACHMENTS:**

1. Vallecitos Water District Personnel Classification and Monthly Pay Schedule (Current)
2. Vallecitos Water District Monthly Pay Ranges (Current)
3. Vallecitos Water District Personnel Classification and Monthly Pay Schedule (Draft)
4. Vallecitos Water District Personnel Classification and Hourly Pay Schedule (Draft)
5. Vallecitos Water District Personnel Classification and Annual Pay Schedule (Draft)

**VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND MONTHLY PAY SCHEDULE**

has been duly approved and adopted by Vallecitos Water District Board in accordance with requirements of applicable public meeting laws.

Effective January 1, 2018

<b>POSITION TITLE</b>	<b>RANGE</b>	<b>STEPS A - G</b>	<b>H</b>	<b>I</b>
Accountant	59.0	5644-7563	7942	8339
Accounting Supervisor	64.5	7381-9891	10386	10905
Accounting Technician	54.5	4531-6072	6376	6695
Administrative Secretary	57.0	5119-6860	7203	7563
Administrative Services Manager	73.0	11174-14975	15724	16510
Applications Specialist I	60.0	5926-7942	8339	8756
Applications Specialist II	63.5	7030-9420	9891	10386
Assistant General Manager	76.0	12936-17335	18202	19112
Building and Grounds Worker	47.0	3143-4212	4422	4643
Building and Grounds Worker (Y-rating)	47.0Y	4551-4551	N/A	N/A
Capital Facilities Coordinator	59.5	5783-7750	8138	8545
Capital Facilities Engineer	64.0	7203-9653	10136	10642
Capital Facilities Senior Engineer	67.0	8339-11174	11733	12320
Cashier / Receptionist	50.0	3638-4875	5119	5375
CMMS Planner	58.0	5375-7203	7563	7942
Construction Inspection Supervisor	61.5	6376-8545	8972	9420
Construction Inspector I	55.5	4758-6376	6695	7030
Construction Inspector II	58.5	5508-7381	7750	8138
Construction Supervisor	61.5	6376-8545	8972	9420
Construction Worker I	50.5	3728-4996	5246	5508
Construction Worker II	53.5	4316-5783	6072	6376
Control Systems Technician	60.0	5926-7942	8339	8756
Customer Service Representative I	49.5	3550-4758	4996	5246
Customer Service Representative II	52.0	4011-5375	5644	5926
Customer Service Representative III	53.0	4212-5644	5926	6222
Customer Service Supervisor	60.0	5926-7942	8339	8756
Development Services Coordinator	60.0	5926-7942	8339	8756
Development Services Senior Engineer	67.0	8339-11174	11733	12320
District Engineer	73.5	11450-15345	16112	16918
Electrical/Instrumentation Technician	59.0	5644-7563	7942	8339
Engineering Services Assistant	53.5	4316-5783	6072	6376
Engineering Technician I	53.5	4316-5783	6072	6376
Engineering Technician II	56.5	4996-6695	7030	7381
Engineering Technician III	59.5	5783-7750	8138	8545
Executive Secretary	61.0	6222-8339	8756	9193
Facility Locator	55.5	4758-6376	6695	7030
Finance Assistant	52.0	4011-5375	5644	5926
Finance Manager	73.0	11174-14975	15724	16510
Financial Analyst	63.5	7030-9420	9891	10386
General Manager	N/A	19462	19462	19462
GIS/CADD Technician	56.0	4875-6534	6860	7203
Human Resources Analyst	58.5	5508-7381	7750	8138
Information Technology Supervisor	66.0	7942-10642	11174	11733
Information Technology Technician	58.0	5375-7203	7563	7942

## VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND MONTHLY PAY SCHEDULE

has been duly approved and adopted by Vallecitos Water District Board in accordance with requirements of applicable public meeting laws.

Effective January 1, 2018

POSITION TITLE	RANGE	STEPS A - G	H	I
Landscape Maintenance Worker I	50.0	3638-4875	5119	5375
Landscape Maintenance Worker II	52.0	4011-5375	5644	5926
Mechanic	55.0	4643-6222	6534	6860
Mechanic Assistant	51.0	3820-5119	5375	5644
Mechanical / Electrical Supervisor	62.0	6534-8756	9193	9653
Mechanical Maintenance Worker I	52.0	4011-5375	5644	5926
Mechanical Maintenance Worker II	55.0	4643-6222	6534	6860
Meter Service Supervisor	60.0	5926-7942	8339	8756
Meter Service Worker I	49.5	3550-4758	4996	5246
Meter Service Worker II	52.5	4110-5508	5783	6072
Operations and Maintenance Assistant	52.0	4011-5375	5644	5926
Operations and Maintenance Manager	73.0	11174-14975	15724	16510
Public Information Representative	59.0	5644-7563	7942	8339
Public Information/Conservation Supervisor	62.5	6695-8972	9420	9891
Pump and Motor Technician I	55.0	4643-6222	6534	6860
Pump and Motor Technician II	58.0	5375-7203	7563	7942
Purchasing/Warehouse Assistant	54.0	4422-5926	6222	6534
Purchasing/Warehouse Supervisor	60.0	5926-7942	8339	8756
Risk Management Supervisor	64.5	7381-9891	10386	10905
Safety Technician	57.0	5119-6860	7203	7563
Senior Construction Systems Worker	56.5	4996-6695	7030	7381
Senior Customer Service Representative	54.5	4531-6072	6376	6695
Senior Pump and Motor Technician	59.5	5783-7750	8138	8545
Senior Wastewater Collections Systems Worker	55.5	4758-6376	6695	7030
Senior Wastewater Treatment Plant Operator	59.5	5783-7750	8138	8545
Senior Water Systems Operator	58.5	5508-7381	7750	8138
Source Control Technician	56.5	4996-6695	7030	7381
Systems Administrator	61.5	6376-8545	8972	9420
Valve Maintenance Technician	55.5	4758-6376	6695	7030
Warehouse Assistant I	50.0	3638-4875	5119	5375
Warehouse Assistant II	53.0	4212-5644	5926	6222
Wastewater Collection Systems Supervisor	61.5	6376-8545	8972	9420
Wastewater Collection Systems Worker I	50.0	3638-4875	5119	5375
Wastewater Collection Systems Worker II	53.0	4212-5644	5926	6222
Wastewater Treatment Plant Operator I	53.0	4212-5644	5926	6222
Wastewater Treatment Plant Operator II	56.0	4875-6534	6860	7203
Wastewater Treatment Plant Supervisor	63.0	6860-9193	9653	10136
Water Systems Operator I	53.0	4212-5644	5926	6222
Water Systems Operator II	56.0	4875-6534	6860	7203
Water Systems Supervisor	63.0	6860-9193	9653	10136

VALLECITOS WATER DISTRICT  
APPROXIMATE MONTHLY PAY RANGES EFFECTIVE 1/13/2017

RANGE NO.	EXPERIENCE STEPS							LONGEVITY	
	A	B	C	D	E	F	G	H	I
40.0	2233	2345	2462	2586	2715	2851	2993	3143	3300
40.5	2289	2403	2523	2649	2782	2921	3067	3220	3381
41.0	2345	2462	2586	2715	2851	2993	3143	3300	3465
41.5	2403	2523	2649	2782	2921	3067	3220	3381	3550
42.0	2462	2586	2715	2851	2993	3143	3300	3465	3638
42.5	2523	2649	2782	2921	3067	3220	3381	3550	3728
43.0	2586	2715	2851	2993	3143	3300	3465	3638	3820
43.5	2649	2782	2921	3067	3220	3381	3550	3728	3914
44.0	2715	2851	2993	3143	3300	3465	3638	3820	4011
44.5	2782	2921	3067	3220	3381	3550	3728	3914	4110
45.0	2851	2993	3143	3300	3465	3638	3820	4011	4212
45.5	2921	3067	3220	3381	3550	3728	3914	4110	4316
46.0	2993	3143	3300	3465	3638	3820	4011	4212	4422
46.5	3067	3220	3381	3550	3728	3914	4110	4316	4531
47.0	3143	3300	3465	3638	3820	4011	4212	4422	4643
47.5	3220	3381	3550	3728	3914	4110	4316	4531	4758
48.0	3300	3465	3638	3820	4011	4212	4422	4643	4875
48.5	3381	3550	3728	3914	4110	4316	4531	4758	4996
49.0	3465	3638	3820	4011	4212	4422	4643	4875	5119
49.5	3550	3728	3914	4110	4316	4531	4758	4996	5246
50.0	3638	3820	4011	4212	4422	4643	4875	5119	5375
50.5	3728	3914	4110	4316	4531	4758	4996	5246	5508
51.0	3820	4011	4212	4422	4643	4875	5119	5375	5644
51.5	3914	4110	4316	4531	4758	4996	5246	5508	5783
52.0	4011	4212	4422	4643	4875	5119	5375	5644	5926
52.5	4110	4316	4531	4758	4996	5246	5508	5783	6072
53.0	4212	4422	4643	4875	5119	5375	5644	5926	6222
53.5	4316	4531	4758	4996	5246	5508	5783	6072	6376
54.0	4422	4643	4875	5119	5375	5644	5926	6222	6534
54.5	4531	4758	4996	5246	5508	5783	6072	6376	6695
55.0	4643	4875	5119	5375	5644	5926	6222	6534	6860
55.5	4758	4996	5246	5508	5783	6072	6376	6695	7030
56.0	4875	5119	5375	5644	5926	6222	6534	6860	7203
56.5	4996	5246	5508	5783	6072	6376	6695	7030	7381
57.0	5119	5375	5644	5926	6222	6534	6860	7203	7563
57.5	5246	5508	5783	6072	6376	6695	7030	7381	7750
58.0	5375	5644	5926	6222	6534	6860	7203	7563	7942
58.5	5508	5783	6072	6376	6695	7030	7381	7750	8138
59.0	5644	5926	6222	6534	6860	7203	7563	7942	8339
59.5	5783	6072	6376	6695	7030	7381	7750	8138	8545

VALLECITOS WATER DISTRICT  
APPROXIMATE MONTHLY PAY RANGES EFFECTIVE 1/13/2017

RANGE NO.	EXPERIENCE STEPS							LONGEVITY	
	A	B	C	D	E	F	G	H	I
60.0	5926	6222	6534	6860	7203	7563	7942	8339	8756
60.5	6072	6376	6695	7030	7381	7750	8138	8545	8972
61.0	6222	6534	6860	7203	7563	7942	8339	8756	9193
61.5	6376	6695	7030	7381	7750	8138	8545	8972	9420
62.0	6534	6860	7203	7563	7942	8339	8756	9193	9653
62.5	6695	7030	7381	7750	8138	8545	8972	9420	9891
63.0	6860	7203	7563	7942	8339	8756	9193	9653	10136
63.5	7030	7381	7750	8138	8545	8972	9420	9891	10386
64.0	7203	7563	7942	8339	8756	9193	9653	10136	10642
64.5	7381	7750	8138	8545	8972	9420	9891	10386	10905
65.0	7563	7942	8339	8756	9193	9653	10136	10642	11174
65.5	7750	8138	8545	8972	9420	9891	10386	10905	11450
66.0	7942	8339	8756	9193	9653	10136	10642	11174	11733
66.5	8138	8545	8972	9420	9891	10386	10905	11450	12023
67.0	8339	8756	9193	9653	10136	10642	11174	11733	12320
67.5	8545	8972	9420	9891	10386	10905	11450	12023	12624
68.0	8756	9193	9653	10136	10642	11174	11733	12320	12936
68.5	8972	9420	9891	10386	10905	11450	12023	12624	13255
69.0	9193	9653	10136	10642	11174	11733	12320	12936	13583
69.5	9420	9891	10386	10905	11450	12023	12624	13255	13918
70.0	9653	10136	10642	11174	11733	12320	12936	13583	14262
70.5	9891	10386	10905	11450	12023	12624	13255	13918	14614
71.0	10136	10642	11174	11733	12320	12936	13583	14262	14975
71.5	10386	10905	11450	12023	12624	13255	13918	14614	15345
72.0	10642	11174	11733	12320	12936	13583	14262	14975	15724
72.5	10905	11450	12023	12624	13255	13918	14614	15345	16112
73.0	11174	11733	12320	12936	13583	14262	14975	15724	16510
73.5	11450	12023	12624	13255	13918	14614	15345	16112	16918
74.0	11733	12320	12936	13583	14262	14975	15724	16510	17335
74.5	12023	12624	13255	13918	14614	15345	16112	16918	17763
75.0	12320	12936	13583	14262	14975	15724	16510	17335	18202
75.5	12624	13255	13918	14614	15345	16112	16918	17763	18652
76.0	12936	13583	14262	14975	15724	16510	17335	18202	19112

VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND MONTHLY PAY SCHEDULE

DRAFT

Effective January 1, 2018

POSITION/TITLE	RANGE NO.	EXPERIENCE STEPS							LONGEVITY	
		A	B	C	D	E	F	G	H	I
Accountant	59.0	5,644	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339
Accounting Supervisor	64.5	7,381	7,750	8,138	8,545	8,972	9,420	9,891	10,386	10,905
Accounting Technician	54.5	4,531	4,758	4,996	5,246	5,508	5,783	6,072	6,376	6,695
Administrative Secretary	57.0	5,119	5,375	5,644	5,926	6,222	6,534	6,860	7,203	7,563
Administrative Services Manager	73.0	11,174	11,733	12,320	12,936	13,583	14,262	14,975	15,724	16,510
Applications Specialist I	60.0	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339	8,756
Applications Specialist II	63.5	7,030	7,381	7,750	8,138	8,545	8,972	9,420	9,891	10,386
Assistant General Manager	76.0	12,936	13,583	14,262	14,975	15,724	16,510	17,335	18,202	19,112
Buildings & Grounds Worker	47.0	3,143	3,300	3,465	3,638	3,820	4,011	4,212	4,422	4,643
Buildings & Grounds Worker (Y-rating)	47.0Y	4,551	4,551	4,551	4,551	4,551	4,551	4,551	4,551	4,551
Capital Facilities Coordinator	59.5	5,783	6,072	6,376	6,695	7,030	7,381	7,750	8,138	8,545
Capital Facilities Engineer	64.0	7,203	7,563	7,942	8,339	8,756	9,193	9,653	10,136	10,642
Capital Facilities Senior Engineer	67.0	8,339	8,756	9,193	9,653	10,136	10,642	11,174	11,733	12,320
Cashier / Receptionist	50.0	3,638	3,820	4,011	4,212	4,422	4,643	4,875	5,119	5,375
CMMS Planner	58.0	5,375	5,644	5,926	6,222	6,534	6,860	7,203	7,563	7,942
Construction Inspection Supervisor	61.5	6,376	6,695	7,030	7,381	7,750	8,138	8,545	8,972	9,420
Construction Inspector I	55.5	4,758	4,996	5,246	5,508	5,783	6,072	6,376	6,695	7,030
Construction Inspector II	58.5	5,508	5,783	6,072	6,376	6,695	7,030	7,381	7,750	8,138
Construction Supervisor	61.5	6,376	6,695	7,030	7,381	7,750	8,138	8,545	8,972	9,420
Construction Worker I	50.5	3,728	3,914	4,110	4,316	4,531	4,758	4,996	5,246	5,508
Construction Worker II	53.5	4,316	4,531	4,758	4,996	5,246	5,508	5,783	6,072	6,376
Control Systems Technician	60.0	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339	8,756
Customer Service Representative I	49.5	3,550	3,728	3,914	4,110	4,316	4,531	4,758	4,996	5,246
Customer Service Representative II	52.0	4,011	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926
Customer Service Representative III	53.0	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926	6,222
Customer Service Supervisor	60.0	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339	8,756
Development Services Coordinator	60.0	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339	8,756
Development Services Senior Engineer	67.0	8,339	8,756	9,193	9,653	10,136	10,642	11,174	11,733	12,320
District Engineer	73.5	11,450	12,023	12,624	13,255	13,918	14,614	15,345	16,112	16,918
Electrical/Instrumentation Technician	59.0	5,644	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339
Engineering Services Assistant	53.5	4,316	4,531	4,758	4,996	5,246	5,508	5,783	6,072	6,376
Engineering Technician I	53.5	4,316	4,531	4,758	4,996	5,246	5,508	5,783	6,072	6,376
Engineering Technician II	56.5	4,996	5,246	5,508	5,783	6,072	6,376	6,695	7,030	7,381
Engineering Technician III	59.5	5,783	6,072	6,376	6,695	7,030	7,381	7,750	8,138	8,545
Executive Secretary	61.0	6,222	6,534	6,860	7,203	7,563	7,942	8,339	8,756	9,193
Facility Locator	55.5	4,758	4,996	5,246	5,508	5,783	6,072	6,376	6,695	7,030
Finance Assistant	52.0	4,011	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926
Finance Manager	73.0	11,174	11,733	12,320	12,936	13,583	14,262	14,975	15,724	16,510
Financial Analyst	63.5	7,030	7,381	7,750	8,138	8,545	8,972	9,420	9,891	10,386
General Manager	N/A	19,462	19,462	19,462	19,462	19,462	19,462	19,462	19,462	19,462
GIS/CADD Technician	56.0	4,875	5,119	5,375	5,644	5,926	6,222	6,534	6,860	7,203
Human Resources Analyst	58.5	5,508	5,783	6,072	6,376	6,695	7,030	7,381	7,750	8,138
Information Technology Supervisor	66.0	7,942	8,339	8,756	9,193	9,653	10,136	10,642	11,174	11,733
Information Technology Technician	58.0	5,375	5,644	5,926	6,222	6,534	6,860	7,203	7,563	7,942
Landscape Maintenance Worker I	50.0	3,638	3,820	4,011	4,212	4,422	4,643	4,875	5,119	5,375
Landscape Maintenance Worker II	52.0	4,011	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926
Mechanic	55.0	4,643	4,875	5,119	5,375	5,644	5,926	6,222	6,534	6,860
Mechanic Assistant	51.0	3,820	4,011	4,212	4,422	4,643	4,875	5,119	5,375	5,644
Mechanical Maintenance Worker I	52.0	4,011	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926
Mechanical Maintenance Worker II	55.0	4,643	4,875	5,119	5,375	5,644	5,926	6,222	6,534	6,860
Mechanical/Electrical Supervisor	62.0	6,534	6,860	7,203	7,563	7,942	8,339	8,756	9,193	9,653
Meter Service Supervisor	60.0	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339	8,756
Meter Service Worker I	49.5	3,550	3,728	3,914	4,110	4,316	4,531	4,758	4,996	5,246



VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND MONTHLY PAY SCHEDULE

DRAFT

Effective January 1, 2018

POSITION/TITLE	RANGE NO.	EXPERIENCE STEPS							LONGEVITY	
		A	B	C	D	E	F	G	H	I
Meter Service Worker II	52.5	4,110	4,316	4,531	4,758	4,996	5,246	5,508	5,783	6,072
Operations & Maintenance Assistant	52.0	4,011	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926
Operations & Maintenance Manager	73.0	11,174	11,733	12,320	12,936	13,583	14,262	14,975	15,724	16,510
Public Information Representative	59.0	5,644	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339
Public Information/Conservation Supervisor	62.5	6,695	7,030	7,381	7,750	8,138	8,545	8,972	9,420	9,891
Pump & Motor Technician I	55.0	4,643	4,875	5,119	5,375	5,644	5,926	6,222	6,534	6,860
Pump & Motor Technician II	58.0	5,375	5,644	5,926	6,222	6,534	6,860	7,203	7,563	7,942
Purchasing/Warehouse Assistant	54.0	4,422	4,643	4,875	5,119	5,375	5,644	5,926	6,222	6,534
Purchasing/Warehouse Supervisor	60.0	5,926	6,222	6,534	6,860	7,203	7,563	7,942	8,339	8,756
Risk Management Supervisor	64.5	7,381	7,750	8,138	8,545	8,972	9,420	9,891	10,386	10,905
Safety Technician	57.0	5,119	5,375	5,644	5,926	6,222	6,534	6,860	7,203	7,563
Senior Construction Systems Worker	56.5	4,996	5,246	5,508	5,783	6,072	6,376	6,695	7,030	7,381
Senior Customer Service Representative	54.5	4,531	4,758	4,996	5,246	5,508	5,783	6,072	6,376	6,695
Senior Pump and Motor Technician	59.5	5,783	6,072	6,376	6,695	7,030	7,381	7,750	8,138	8,545
Senior Wastewater Collection Systems Worker	55.5	4,758	4,996	5,246	5,508	5,783	6,072	6,376	6,695	7,030
Senior Wastewater Treatment Plant Operator	59.5	5,783	6,072	6,376	6,695	7,030	7,381	7,750	8,138	8,545
Senior Water Systems Operator	58.5	5,508	5,783	6,072	6,376	6,695	7,030	7,381	7,750	8,138
Source Control Technician	56.5	4,996	5,246	5,508	5,783	6,072	6,376	6,695	7,030	7,381
Systems Administrator	61.5	6,376	6,695	7,030	7,381	7,750	8,138	8,545	8,972	9,420
Valve Maintenance Technician	55.5	4,758	4,996	5,246	5,508	5,783	6,072	6,376	6,695	7,030
Warehouse Assistant I	50.0	3,638	3,820	4,011	4,212	4,422	4,643	4,875	5,119	5,375
Warehouse Assistant II	53.0	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926	6,222
Wastewater Collection Systems Supervisor	61.5	6,376	6,695	7,030	7,381	7,750	8,138	8,545	8,972	9,420
Wastewater Collection Systems Worker I	50.0	3,638	3,820	4,011	4,212	4,422	4,643	4,875	5,119	5,375
Wastewater Collection Systems Worker II	53.0	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926	6,222
Wastewater Treatment Plant Operator I	53.0	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926	6,222
Wastewater Treatment Plant Operator II	56.0	4,875	5,119	5,375	5,644	5,926	6,222	6,534	6,860	7,203
Wastewater Treatment Plant Supervisor	63.0	6,860	7,203	7,563	7,942	8,339	8,756	9,193	9,653	10,136
Water Systems Operator I	53.0	4,212	4,422	4,643	4,875	5,119	5,375	5,644	5,926	6,222
Water Systems Operator II	56.0	4,875	5,119	5,375	5,644	5,926	6,222	6,534	6,860	7,203
Water Systems Supervisor	63.0	6,860	7,203	7,563	7,942	8,339	8,756	9,193	9,653	10,136

VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND HOURLY PAY SCHEDULE

DRAFT

Effective January 1, 2018

POSITION/TITLE	RANGE NO.	EXPERIENCE STEPS							LONGEVITY	
		A	B	C	D	E	F	G	H	I
Accountant	59.0	32.56	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11
Accounting Supervisor	64.5	42.58	44.71	46.95	49.30	51.76	54.35	57.06	59.92	62.91
Accounting Technician	54.5	26.14	27.45	28.82	30.27	31.78	33.36	35.03	36.78	38.63
Administrative Secretary	57.0	29.53	31.01	32.56	34.19	35.90	37.70	39.58	41.56	43.63
Administrative Services Manager	73.0	64.47	67.69	71.08	74.63	78.36	82.28	86.39	90.72	95.25
Applications Specialist I	60.0	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11	50.52
Applications Specialist II	63.5	40.56	42.58	44.71	46.95	49.30	51.76	54.35	57.06	59.92
Assistant General Manager	76.0	74.63	78.36	82.28	86.39	90.72	95.25	100.01	105.01	110.26
Buildings & Grounds Worker	47.0	18.13	19.04	19.99	20.99	22.04	23.14	24.30	25.51	26.79
Buildings & Grounds Worker (Y-rating)	47.0Y	26.26	26.26	26.26	26.26	26.26	26.26	26.26	26.26	26.26
Capital Facilities Coordinator	59.5	33.36	35.03	36.78	38.63	40.56	42.58	44.71	46.95	49.30
Capital Facilities Engineer	64.0	41.56	43.63	45.82	48.11	50.52	53.04	55.69	58.48	61.40
Capital Facilities Senior Engineer	67.0	48.11	50.52	53.04	55.69	58.48	61.40	64.47	67.69	71.08
Cashier / Receptionist	50.0	20.99	22.04	23.14	24.30	25.51	26.79	28.13	29.53	31.01
CMMS Planner	58.0	31.01	32.56	34.19	35.90	37.70	39.58	41.56	43.63	45.82
Construction Inspection Supervisor	61.5	36.78	38.63	40.56	42.58	44.71	46.95	49.30	51.76	54.35
Construction Inspector I	55.5	27.45	28.82	30.27	31.78	33.36	35.03	36.78	38.63	40.56
Construction Inspector II	58.5	31.78	33.36	35.03	36.78	38.63	40.56	42.58	44.71	46.95
Construction Supervisor	61.5	36.78	38.63	40.56	42.58	44.71	46.95	49.30	51.76	54.35
Construction Worker I	50.5	21.51	22.58	23.71	24.90	26.14	27.45	28.82	30.27	31.78
Construction Worker II	53.5	24.90	26.14	27.45	28.82	30.27	31.78	33.36	35.03	36.78
Control Systems Technician	60.0	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11	50.52
Customer Service Representative I	49.5	20.48	21.51	22.58	23.71	24.90	26.14	27.45	28.82	30.27
Customer Service Representative II	52.0	23.14	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19
Customer Service Representative III	53.0	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19	35.90
Customer Service Supervisor	60.0	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11	50.52
Development Services Coordinator	60.0	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11	50.52
Development Services Senior Engineer	67.0	48.11	50.52	53.04	55.69	58.48	61.40	64.47	67.69	71.08
District Engineer	73.5	66.06	69.36	72.83	76.47	80.30	84.31	88.53	92.95	97.60
Electrical/Instrumentation Technician	59.0	32.56	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11
Engineering Services Assistant	53.5	24.90	26.14	27.45	28.82	30.27	31.78	33.36	35.03	36.78
Engineering Technician I	53.5	24.90	26.14	27.45	28.82	30.27	31.78	33.36	35.03	36.78
Engineering Technician II	56.5	28.82	30.27	31.78	33.36	35.03	36.78	38.63	40.56	42.58
Engineering Technician III	59.5	33.36	35.03	36.78	38.63	40.56	42.58	44.71	46.95	49.30
Executive Secretary	61.0	35.90	37.70	39.58	41.56	43.63	45.82	48.11	50.52	53.04
Facility Locator	55.5	27.45	28.82	30.27	31.78	33.36	35.03	36.78	38.63	40.56
Finance Assistant	52.0	23.14	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19
Finance Manager	73.0	64.47	67.69	71.08	74.63	78.36	82.28	86.39	90.72	95.25
Financial Analyst	63.5	40.56	42.58	44.71	46.95	49.30	51.76	54.35	57.06	59.92
General Manager	N/A	112.28	112.28	112.28	112.28	112.28	112.28	112.28	112.28	112.28
GIS/CADD Technician	56.0	28.13	29.53	31.01	32.56	34.19	35.90	37.70	39.58	41.56
Human Resources Analyst	58.5	31.78	33.36	35.03	36.78	38.63	40.56	42.58	44.71	46.95
Information Technology Supervisor	66.0	45.82	48.11	50.52	53.04	55.69	58.48	61.40	64.47	67.69
Information Technology Technician	58.0	31.01	32.56	34.19	35.90	37.70	39.58	41.56	43.63	45.82
Landscape Maintenance Worker I	50.0	20.99	22.04	23.14	24.30	25.51	26.79	28.13	29.53	31.01
Landscape Maintenance Worker II	52.0	23.14	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19
Mechanic	55.0	26.79	28.13	29.53	31.01	32.56	34.19	35.90	37.70	39.58
Mechanic Assistant	51.0	22.04	23.14	24.30	25.51	26.79	28.13	29.53	31.01	32.56
Mechanical Maintenance Worker I	52.0	23.14	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19
Mechanical Maintenance Worker II	55.0	26.79	28.13	29.53	31.01	32.56	34.19	35.90	37.70	39.58
Mechanical/Electrical Supervisor	62.0	37.70	39.58	41.56	43.63	45.82	48.11	50.52	53.04	55.69
Meter Service Supervisor	60.0	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11	50.52
Meter Service Worker I	49.5	20.48	21.51	22.58	23.71	24.90	26.14	27.45	28.82	30.27



**VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND HOURLY PAY SCHEDULE**

**DRAFT**

Effective January 1, 2018

POSITION/TITLE	RANGE NO.	EXPERIENCE STEPS							LONGEVITY	
		A	B	C	D	E	F	G	H	I
Meter Service Worker II	52.5	23.71	24.90	26.14	27.45	28.82	30.27	31.78	33.36	35.03
Operations & Maintenance Assistant	52.0	23.14	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19
Operations & Maintenance Manager	73.0	64.47	67.69	71.08	74.63	78.36	82.28	86.39	90.72	95.25
Public Information Representative	59.0	32.56	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11
Public Information/Conservation Supervisor	62.5	38.63	40.56	42.58	44.71	46.95	49.30	51.76	54.35	57.06
Pump & Motor Technician I	55.0	26.79	28.13	29.53	31.01	32.56	34.19	35.90	37.70	39.58
Pump & Motor Technician II	58.0	31.01	32.56	34.19	35.90	37.70	39.58	41.56	43.63	45.82
Purchasing/Warehouse Assistant	54.0	25.51	26.79	28.13	29.53	31.01	32.56	34.19	35.90	37.70
Purchasing/Warehouse Supervisor	60.0	34.19	35.90	37.70	39.58	41.56	43.63	45.82	48.11	50.52
Risk Management Supervisor	64.5	42.58	44.71	46.95	49.30	51.76	54.35	57.06	59.92	62.91
Safety Technician	57.0	29.53	31.01	32.56	34.19	35.90	37.70	39.58	41.56	43.63
Senior Construction Systems Worker	56.5	28.82	30.27	31.78	33.36	35.03	36.78	38.63	40.56	42.58
Senior Customer Service Representative	54.5	26.14	27.45	28.82	30.27	31.78	33.36	35.03	36.78	38.63
Senior Pump and Motor Technician	59.5	33.36	35.03	36.78	38.63	40.56	42.58	44.71	46.95	49.30
Senior Wastewater Collection Systems Worker	55.5	27.45	28.82	30.27	31.78	33.36	35.03	36.78	38.63	40.56
Senior Wastewater Treatment Plant Operator	59.5	33.36	35.03	36.78	38.63	40.56	42.58	44.71	46.95	49.30
Senior Water Systems Operator	58.5	31.78	33.36	35.03	36.78	38.63	40.56	42.58	44.71	46.95
Source Control Technician	56.5	28.82	30.27	31.78	33.36	35.03	36.78	38.63	40.56	42.58
Systems Administrator	61.5	36.78	38.63	40.56	42.58	44.71	46.95	49.30	51.76	54.35
Valve Maintenance Technician	55.5	27.45	28.82	30.27	31.78	33.36	35.03	36.78	38.63	40.56
Warehouse Assistant I	50.0	20.99	22.04	23.14	24.30	25.51	26.79	28.13	29.53	31.01
Warehouse Assistant II	53.0	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19	35.90
Wastewater Collection Systems Supervisor	61.5	36.78	38.63	40.56	42.58	44.71	46.95	49.30	51.76	54.35
Wastewater Collection Systems Worker I	50.0	20.99	22.04	23.14	24.30	25.51	26.79	28.13	29.53	31.01
Wastewater Collection Systems Worker II	53.0	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19	35.90
Wastewater Treatment Plant Operator I	53.0	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19	35.90
Wastewater Treatment Plant Operator II	56.0	28.13	29.53	31.01	32.56	34.19	35.90	37.70	39.58	41.56
Wastewater Treatment Plant Supervisor	63.0	39.58	41.56	43.63	45.82	48.11	50.52	53.04	55.69	58.48
Water Systems Operator I	53.0	24.30	25.51	26.79	28.13	29.53	31.01	32.56	34.19	35.90
Water Systems Operator II	56.0	28.13	29.53	31.01	32.56	34.19	35.90	37.70	39.58	41.56
Water Systems Supervisor	63.0	39.58	41.56	43.63	45.82	48.11	50.52	53.04	55.69	58.48

**VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND ANNUAL PAY SCHEDULE**

**DRAFT**

Effective January 1, 2018

POSITION/TITLE	RANGE	EXPERIENCE STEPS							LONGEVITY	
	NO.	A	B	C	D	E	F	G	H	I
Accountant	59.0	67,728	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068
Accounting Supervisor	64.5	88,572	93,000	97,656	102,540	107,664	113,040	118,692	124,632	130,860
Accounting Technician	54.5	54,372	57,096	59,952	62,952	66,096	69,396	72,864	76,512	80,340
Administrative Secretary	57.0	61,428	64,500	67,728	71,112	74,664	78,408	82,320	86,436	90,756
Administrative Services Manager	73.0	134,088	140,796	147,840	155,232	162,996	171,144	179,700	188,688	198,120
Applications Specialist I	60.0	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068	105,072
Applications Specialist II	63.5	84,360	88,572	93,000	97,656	102,540	107,664	113,040	118,692	124,632
Assistant General Manager	76.0	155,232	162,996	171,144	179,700	188,688	198,120	208,020	218,424	229,344
Buildings & Grounds Worker	47.0	37,716	39,600	41,580	43,656	45,840	48,132	50,544	53,064	55,716
Buildings & Grounds Worker (Y-rating)	47.0Y	54,612	54,612	54,612	54,612	54,612	54,612	54,612	54,612	54,612
Capital Facilities Coordinator	59.5	69,396	72,864	76,512	80,340	84,360	88,572	93,000	97,656	102,540
Capital Facilities Engineer	64.0	86,436	90,756	95,304	100,068	105,072	110,316	115,836	121,632	127,704
Capital Facilities Senior Engineer	67.0	100,068	105,072	110,316	115,836	121,632	127,704	134,088	140,796	147,840
Cashier / Receptionist	50.0	43,656	45,840	48,132	50,544	53,064	55,716	58,500	61,428	64,500
CMMS Planner	58.0	64,500	67,728	71,112	74,664	78,408	82,320	86,436	90,756	95,304
Construction Inspection Supervisor	61.5	76,512	80,340	84,360	88,572	93,000	97,656	102,540	107,664	113,040
Construction Inspector I	55.5	57,096	59,952	62,952	66,096	69,396	72,864	76,512	80,340	84,360
Construction Inspector II	58.5	66,096	69,396	72,864	76,512	80,340	84,360	88,572	93,000	97,656
Construction Supervisor	61.5	76,512	80,340	84,360	88,572	93,000	97,656	102,540	107,664	113,040
Construction Worker I	50.5	44,736	46,968	49,320	51,792	54,372	57,096	59,952	62,952	66,096
Construction Worker II	53.5	51,792	54,372	57,096	59,952	62,952	66,096	69,396	72,864	76,512
Control Systems Technician	60.0	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068	105,072
Customer Service Representative I	49.5	42,600	44,736	46,968	49,320	51,792	54,372	57,096	59,952	62,952
Customer Service Representative II	52.0	48,132	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112
Customer Service Representative III	53.0	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112	74,664
Customer Service Supervisor	60.0	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068	105,072
Development Services Coordinator	60.0	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068	105,072
Development Services Senior Engineer	67.0	100,068	105,072	110,316	115,836	121,632	127,704	134,088	140,796	147,840
District Engineer	73.5	137,400	144,276	151,488	159,060	167,016	175,368	184,140	193,344	203,016
Electrical/Instrumentation Technician	59.0	67,728	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068
Engineering Services Assistant	53.5	51,792	54,372	57,096	59,952	62,952	66,096	69,396	72,864	76,512
Engineering Technician I	53.5	51,792	54,372	57,096	59,952	62,952	66,096	69,396	72,864	76,512
Engineering Technician II	56.5	59,952	62,952	66,096	69,396	72,864	76,512	80,340	84,360	88,572
Engineering Technician III	59.5	69,396	72,864	76,512	80,340	84,360	88,572	93,000	97,656	102,540
Executive Secretary	61.0	74,664	78,408	82,320	86,436	90,756	95,304	100,068	105,072	110,316
Facility Locator	55.5	57,096	59,952	62,952	66,096	69,396	72,864	76,512	80,340	84,360
Finance Assistant	52.0	48,132	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112
Finance Manager	73.0	134,088	140,796	147,840	155,232	162,996	171,144	179,700	188,688	198,120
Financial Analyst	63.5	84,360	88,572	93,000	97,656	102,540	107,664	113,040	118,692	124,632
General Manager	N/A	233,544	233,544	233,544	233,544	233,544	233,544	233,544	233,544	233,544
GIS/CADD Technician	56.0	58,500	61,428	64,500	67,728	71,112	74,664	78,408	82,320	86,436
Human Resources Analyst	58.5	66,096	69,396	72,864	76,512	80,340	84,360	88,572	93,000	97,656
Information Technology Supervisor	66.0	95,304	100,068	105,072	110,316	115,836	121,632	127,704	134,088	140,796
Information Technology Technician	58.0	64,500	67,728	71,112	74,664	78,408	82,320	86,436	90,756	95,304
Landscape Maintenance Worker I	50.0	43,656	45,840	48,132	50,544	53,064	55,716	58,500	61,428	64,500
Landscape Maintenance Worker II	52.0	48,132	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112
Mechanic	55.0	55,716	58,500	61,428	64,500	67,728	71,112	74,664	78,408	82,320
Mechanic Assistant	51.0	45,840	48,132	50,544	53,064	55,716	58,500	61,428	64,500	67,728
Mechanical Maintenance Worker I	52.0	48,132	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112
Mechanical Maintenance Worker II	55.0	55,716	58,500	61,428	64,500	67,728	71,112	74,664	78,408	82,320
Mechanical/Electrical Supervisor	62.0	78,408	82,320	86,436	90,756	95,304	100,068	105,072	110,316	115,836
Meter Service Supervisor	60.0	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068	105,072
Meter Service Worker I	49.5	42,600	44,736	46,968	49,320	51,792	54,372	57,096	59,952	62,952

VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION AND ANNUAL PAY SCHEDULE

DRAFT

Effective January 1, 2018

POSITION/TITLE	RANGE NO.	EXPERIENCE STEPS							LONGEVITY	
		A	B	C	D	E	F	G	H	I
Meter Service Worker II	52.5	49,320	51,792	54,372	57,096	59,952	62,952	66,096	69,396	72,864
Operations & Maintenance Assistant	52.0	48,132	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112
Operations & Maintenance Manager	73.0	134,088	140,796	147,840	155,232	162,996	171,144	179,700	188,688	198,120
Public Information Representative	59.0	67,728	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068
Public Information/Conservation Supervisor	62.5	80,340	84,360	88,572	93,000	97,656	102,540	107,664	113,040	118,692
Pump & Motor Technician I	55.0	55,716	58,500	61,428	64,500	67,728	71,112	74,664	78,408	82,320
Pump & Motor Technician II	58.0	64,500	67,728	71,112	74,664	78,408	82,320	86,436	90,756	95,304
Purchasing/Warehouse Assistant	54.0	53,064	55,716	58,500	61,428	64,500	67,728	71,112	74,664	78,408
Purchasing/Warehouse Supervisor	60.0	71,112	74,664	78,408	82,320	86,436	90,756	95,304	100,068	105,072
Risk Management Supervisor	64.5	88,572	93,000	97,656	102,540	107,664	113,040	118,692	124,632	130,860
Safety Technician	57.0	61,428	64,500	67,728	71,112	74,664	78,408	82,320	86,436	90,756
Senior Construction Systems Worker	56.5	59,952	62,952	66,096	69,396	72,864	76,512	80,340	84,360	88,572
Senior Customer Service Representative	54.5	54,372	57,096	59,952	62,952	66,096	69,396	72,864	76,512	80,340
Senior Pump and Motor Technician	59.5	69,396	72,864	76,512	80,340	84,360	88,572	93,000	97,656	102,540
Senior Wastewater Collection Systems Worker	55.5	57,096	59,952	62,952	66,096	69,396	72,864	76,512	80,340	84,360
Senior Wastewater Treatment Plant Operator	59.5	69,396	72,864	76,512	80,340	84,360	88,572	93,000	97,656	102,540
Senior Water Systems Operator	58.5	66,096	69,396	72,864	76,512	80,340	84,360	88,572	93,000	97,656
Source Control Technician	56.5	59,952	62,952	66,096	69,396	72,864	76,512	80,340	84,360	88,572
Systems Administrator	61.5	76,512	80,340	84,360	88,572	93,000	97,656	102,540	107,664	113,040
Valve Maintenance Technician	55.5	57,096	59,952	62,952	66,096	69,396	72,864	76,512	80,340	84,360
Warehouse Assistant I	50.0	43,656	45,840	48,132	50,544	53,064	55,716	58,500	61,428	64,500
Warehouse Assistant II	53.0	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112	74,664
Wastewater Collection Systems Supervisor	61.5	76,512	80,340	84,360	88,572	93,000	97,656	102,540	107,664	113,040
Wastewater Collection Systems Worker I	50.0	43,656	45,840	48,132	50,544	53,064	55,716	58,500	61,428	64,500
Wastewater Collection Systems Worker II	53.0	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112	74,664
Wastewater Treatment Plant Operator I	53.0	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112	74,664
Wastewater Treatment Plant Operator II	56.0	58,500	61,428	64,500	67,728	71,112	74,664	78,408	82,320	86,436
Wastewater Treatment Plant Supervisor	63.0	82,320	86,436	90,756	95,304	100,068	105,072	110,316	115,836	121,632
Water Systems Operator I	53.0	50,544	53,064	55,716	58,500	61,428	64,500	67,728	71,112	74,664
Water Systems Operator II	56.0	58,500	61,428	64,500	67,728	71,112	74,664	78,408	82,320	86,436
Water Systems Supervisor	63.0	82,320	86,436	90,756	95,304	100,068	105,072	110,316	115,836	121,632

**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: PROPOSED 2018 INVESTMENT POLICY**

**BACKGROUND:**

With the Finance Manager position being left unfilled, the District is in need of contracted investment management services. The District’s current investment policy accommodates a passive investment strategy (buy and hold, ladder, no corporate investments to avoid credit monitoring, no recognized gains or losses, no market trend speculation). Before requesting proposals for investment management services, the District’s investment policy needs to be modified to accommodate an active investment strategy so that a successful proposer will be within policy limits to appropriately invest and actively maintain the portfolio.

**DISCUSSION:**

Staff obtained a model investment policy from the San Diego County Water Authority, which was produced by Chandler Asset Management (CM) and incorporates industry best practices from the Government Finance Officers Association, California Municipal Treasurers Association, California Debt and Advisory Commission, the Association of Public Treasurers, and other sources. Staff produced the attached draft investment policy for the District considering the size of the District’s investment portfolio, CM’s model, ACWA JPIA’s policy, and the California Government Code.

The draft policy is more restrictive than CM’s model, which is more restrictive than the Government Code, but will allow enough flexibility for a successful proposer of investment management services to start actively investing within appropriate risk tolerances. The successful proposer may have policy change recommendations, which can be implemented after future Board approval. The draft policy is also designed to accommodate portfolio management by staff rather than outside advisors. Below is a table comparing permissible investments with restrictions and limitations among the current policy, the proposed draft policy, CM’s Model, and Government Code.

Investment Type	VWD's Portfolio 11/30/17	VWD Current Policy				VWD Proposed Policy				Chandler Model Policy				Government Code			
		Type	Issuer/ Institution	Maturity	Minimum Credit Rating	Type	Issuer/ Institution	Maturity	Minimum Credit Rating	Type	Issuer/ Institution	Maturity	Minimum Credit Rating	Type	Issuer/ Institution	Maturity	Minimum Credit Rating
Bank Deposits	0%	10%	25%			100%	100%			100%	100%			100%	100%		
LAIF	45%	60%	60%			100%	100%			100%	100%			100%	100%		
LGIPs	9%	40%	25%		AAA	100%	100%			100%	100%			100%	100%		
US Treasuries	0%	75%	75%	5 years		100%	100%	5 years		100%	100%	5 years		100%	100%	5 years	
Federal Agencies/GSEs	38%	60%	20%	5 years		100%	10%	5 years		100%	25%	5 years		100%	100%	5 years	
Repurchase Agreements	0%	10%	25%	1 year		25%	10%	1 year		100%	100%	1 year		100%	100%	5 years	
Municipals	0%	20%		5 years		25%	5%	5 years	A	30%	5%	5 years	A	100%	100%	5 years	
Corporate MTNs	0%	0%				25%	5%	5 years	A	30%	5%	5 years	A	30%		5 years	A
Supranationals	0%	0%				25%	5%	5 years	AA	30%	10%	5 years	AA	30%		5 years	AA
Commercial Paper	0%	20%	25%	270 days	A-1	25%	5%	270 days	A-1 / A	25%	5%	270 days	A-1 / A	25%		270 days	A-1 / A
MM Mutual Funds	0%	0%				20%	10%		AAA	20%			AAA	20%	10%		AAA
Certificates of Deposit	8%	20%	25%	5 years		20%	5%	5 years		30%	5%	5 years		30%		5 years	
Asset-Backed Securities	0%	0%				20%	5%	5 years	AA	20%	5%	5 years	AA	20%		5 years	AA
Banker's Acceptances	0%	0%				20%	5%	180 days	A-1 / A	40%	5%	180 days	A-1 / A	40%	30%	180 days	

**FISCAL IMPACT:**

There is no fiscal impact associated with adopting the investment policy or releasing a request for proposals. When an investment management professional is selected, the cost of those services will be negotiated at that time.

**RECOMMENDATIONS:**

1. Adopt Investment Policy for 2018.
2. Authorize staff to prepare and release a Request for Proposals (RFP) for investment management services

**ATTACHMENTS:**

Draft Resolution Approving the Statement of Investment Policy for Calendar Year 2018

Adopted Resolution No. 1502 Approving the Statement of Investment Policy for Calendar Year 2017

**RESOLUTION NO.**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
VALLECITOS WATER DISTRICT APPROVING THE STATEMENT  
OF INVESTMENT POLICY FOR CALENDAR YEAR 2018**

WHEREAS, the Board of Directors shall annually approve a Statement of Investment Policy; and

WHEREAS, the annual Statement of Investment Policy of the Vallecitos Water District is as follows:

Contents

<u>Section</u>		<u>Page</u>
1	General Provisions and Objectives	1
2	Delegation of Authority	3
3	Ethics and Conflict of interest	3
4	Internal Controls	4
5	Authorized Financial Institutions, Depositories and Broker/Dealers	4
6	Authorized Investments	5
7	Prohibited Investment Vehicles and Transactions	8
8	Investment Pools/Mutual Funds	9
9	Collateralization	9
10	Delivery, Safekeeping, and Custody	10
11	Maximum Maturity	10
12	Risk Management and Diversification	10
13	Review and Reporting	12
14	Glossary of Terms	13

Section 1: General Provisions and Objectives

Section 1.1: Introduction

The purpose of this investment policy is to identify various policies and procedures that will foster a prudent and systematic investment program designed to meet the Vallecitos Water District's objectives of safety, liquidity and return on investment through a diversified investment portfolio. This policy also serves to organize and formalize the District's investment-related activities, while complying with all applicable statutes governing the investment of public funds. This policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

Section 1.2: Scope

This policy covers all funds and investment activities under the direct authority of the District, as set forth in California Government Code, Sections 53600 *et seq.*, with the following exceptions:

- Proceeds of debt issuance shall be invested in accordance with the District's general investment philosophy as set forth in this policy; however, such proceeds are to be

invested pursuant to the permitted investment provisions of their specific bond indentures.

- Any other funds specifically exempted by the Board of Directors.

#### Section 1.3: Pooling of Funds

Except for cash in certain restricted funds, the District will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

#### Section 1.4: Prudence

Pursuant to California Government Code, Section 53600.3, all persons authorized to make investment decisions on behalf of the District are trustees and therefore fiduciaries subject to the Prudent Investor Standard:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

The Treasurer and other authorized persons responsible for managing District funds acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that the Treasurer or other authorized persons acted in good faith. Deviations from expectations of a security's credit or market risk should be reported to the Board of Directors in a timely fashion and appropriate action should be taken to control adverse developments.

#### Section 1.5: Objectives

The District's overall investment program shall be designed and managed with a degree of professionalism worthy of the public trust. The overriding objectives of the program are to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market-rate of return.

- Safety. Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities with independent returns.

- Liquidity. The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- Return on Investments. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

### Section 2: Delegation of Authority

Authority to manage the District's investment program is derived from California Government Code, Sections 41006 and 53600 et seq.

The Board of Directors is responsible for the management of the District's funds, including the administration of this investment policy. Management responsibility for the cash management of the District's funds is hereby delegated to the Treasurer.

The Treasurer will be responsible for all transactions undertaken and will establish a system of procedures and controls to regulate the activities of subordinate officials and employees. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

The District may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the District.

### Section 3: Ethics and Conflicts of Interest

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Thus, employees and officials involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the District's General Manager any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the District.



#### Section 4: Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the District and/or the Board of Directors, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

#### Section 5: Authorized Financial Institutions, Depositories, and Broker/Dealers

To the extent practicable, the Treasurer shall endeavor to complete investment transactions using a competitive bid process whenever possible. The District's Treasurer will determine which financial institutions are authorized to provide investment services to the District. It shall be the District's policy to purchase securities only from authorized institutions and firms.

The Treasurer shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence as determined by the District. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the District are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

In accordance with Section 53601.5, institutions eligible to transact investment business with the District include:

- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the District, except where the District utilizes an external investment adviser in which case the District may rely on the adviser for selection.

All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Treasurer with audited financials and a statement certifying that the institution has

reviewed the California Government Code, Section 53600 et seq. and the District's investment policy. The Treasurer will conduct an annual review of the financial condition and registrations of such qualified bidders.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

Selection of broker/dealers used by an external investment adviser retained by the District will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

#### Section 6: Authorized Investments

The District's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

Section 6.1: Municipal Securities include obligations of the District, the State of California, any of the other 49 states, and any local agency within the State of California, provided that:

- The securities are rated "A" or higher by at least one nationally recognized statistical rating organization ("NRSRO").
- No more than 5% of the portfolio may be invested in any single issuer.
- No more than 25% of the portfolio may be in Municipal Securities.
- The maximum maturity does not exceed five (5) years.

Section 6.2: U.S. Treasuries and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the District may invest in U.S. Treasuries, provided that the maximum maturity is five (5) years.

Section 6.3: Federal Agencies or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the District may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:

- No more than 10% of the portfolio may be invested in any single agency/GSE issuer.
- The maximum maturity does not exceed five (5) years.

Section 6.4: Banker's Acceptances, provided that:

- They are issued by institutions which have short-term debt obligations rated "A-1" or higher by at least one NRSRO; or long-term debt obligations which are rated "A" or higher by at least one NRSRO.
- No more than 20% of the portfolio may be invested in Banker's Acceptances.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 180 days.

Section 6.5: Commercial Paper, provided that:

- The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million.
- The securities are rated "A-1" or higher by at least one NRSRO.
- They are issued by corporations which have long-term obligations rated "A" or higher by at least one NRSRO.
- District may purchase no more than 10% of the outstanding commercial paper of any single issuer.
- No more than 25% of the portfolio may be invested in Commercial Paper.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 270 days.

Section 6.6: Certificates of Deposit (CDs), in or issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The amount of the CD insured up to the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) limit does not require any credit ratings.
- For Negotiable CDs, any amount above the FDIC or NCUA insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or higher by at least one NRSRO; or long-term obligations rated "A" or higher by at least one NRSRO.
- For Non-negotiable CDs (Time Deposits), amounts deposited in excess of insured amounts are fully collateralized with securities in accordance with California law.
- No more than 20% of the total portfolio may be invested in CDs.
- No more than 5% of the portfolio may be invested in any single issuer or institution.
- The maximum maturity does not exceed five (5) years.

Section 6.7: Collateralized Bank Deposits. District's deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651.

Section 6.8: Repurchase Agreements collateralized with securities authorized under California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement, provided that:

- Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third-party custodian.
- Repurchase Agreements are subject to a Master Repurchase Agreement between the District and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).
- No more than 25% of the portfolio can be invested in Repurchase Agreement.
- No more than 10% of the portfolio may be invested in any single participating institution.
- The maximum maturity does not exceed one (1) year.

Section 6.9: Local Government Investment Pools (LGIPs), including State of California Local District Investment Fund (LAIF), provided that:

- The District may invest up to the maximum amount permitted by the LGIP.
- The LGIP's investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in the LGIP itself from the District's list of allowable investments, provided the LGIP's reports allow the Treasurer to adequately judge the risk inherent in the LGIP's portfolio.

Section 6.10: Corporate Medium-Term Notes (MTNs), provided that:

- The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- The securities are rated "A" or higher by at least one NRSRO.
- No more than 25% of the total portfolio may be invested in MTNs.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

Section 6.11: Asset-Backed Securities, including Mortgage-Backed, Mortgage Pass-Through, and Collateralized Mortgage Obligations, provided that:

- The securities are rated "AA" or higher by a NRSRO.
- They are issued by an issuer having long-term debt obligations rated "A" or higher by at least one NRSRO.
- No more than 20% of the total portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer. There is no issuer limitation on any Mortgage security where the issuer is the US Treasury or a Federal District/GSE.
- The maximum legal final maturity does not exceed five (5) years.

Section 6.12: Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

- Such Funds meet either of the following criteria:
  1. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
  2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
- No more than 20% of the total portfolio may be invested in Money Market Mutual Funds.
- No more than 10% of the total portfolio be invested with one institution.

Section 6.13: Supranationals, provided that:

- Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated "AA" or higher by a NRSRO.
- No more than 25% of the total portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

Section 6.14: Permissible Investments and Limits Summary Table, notwithstanding further detailed provisions, limitations, and restrictions of this Policy:

Investment Type	% of Investment Portfolio		Maturity	Minimum Credit Rating
	Type	Issuer/ Institution		
Bank Deposits	100%	100%		
LGIPs (including LAIF)	100%	100%		
US Treasuries	100%	100%	5 years	
Federal Agencies/GSEs	100%	10%	5 years	
Repurchase Agreements	25%	10%	1 year	
Municipals	25%	5%	5 years	A
Corporate MTNs	25%	5%	5 years	A
Supranationals	25%	5%	5 years	AA
Commercial Paper	25%	5%	270 days	A-1 / A
MM Mutual Funds	20%	10%		AAA
Certificates of Deposit	20%	5%	5 years	
Asset-Backed Securities	20%	5%	5 years	AA
Banker's Acceptances	20%	5%	180 days	A-1 / A

Section 7: Prohibited Investment Vehicles and Practices

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.

- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.

#### Section 8: Investment Pools/Mutual Funds

The District shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The Treasurer shall develop a questionnaire which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

#### Section 9: Collateralization

Certificates of Deposit (CDs). The District shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Collateralization of Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

Repurchase Agreements. The District requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The District shall receive monthly statements of collateral.

#### Section 10: Delivery, Safekeeping and Custody

Delivery-versus-Payment (DVP). All investment transactions shall be conducted on a delivery-versus-payment basis.

Safekeeping and Custody. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in the District's portfolio shall be held in safekeeping in the District's name by a third party custodian, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the District from the custodian listing all securities held in safekeeping with current market data and other information.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money mutual funds, since the purchased securities are not deliverable.

#### Section 11: Maximum Maturity

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.

The District will not invest in securities maturing more than five (5) years from the date of trade settlement, unless the Board of Directors has by resolution granted authority to make such an investment.

#### Section 12: Risk Management and Diversification

##### Section 12.1: Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Concentration of credit risk is the risk of loss attributed to the magnitude of a District's investment in a single issuer. Custodial credit risk is the risk that the District will not be able to recover deposits or the value of an investment or collateral securities that are in the possession of an outside party. The District will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in Section 6: Authorized Investments of this policy are designed to mitigate credit risk in the portfolio.

- No more than 5% of the total portfolio may be invested in securities of any single issuer, except where the issuer is the US Government, its Agencies and GSEs, an authorized Supranational issuer or where the security is a Money Market Mutual Fund, Local District Investment Fund (LAIF) or other Local Government Investment Pool.
- The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.
- If securities owned by the District are downgraded by an NRSRO to a level below the quality required by this investment policy, it will be the District's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
  - If a security is downgraded, the Treasurer will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
  - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

#### Section 12.2: Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The District will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum percent of callable securities in the portfolio will be 20%.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the District based on the District's investment objectives, constraints and risk tolerances.

#### Section 12.3: Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the portfolio. The District shall be prohibited from investing in foreign currency-denominated securities, unless permissible within the California Government Code and specifically approved by the Board prior to purchase.



### Section 13: Review and Reporting

#### Section 13.1: Review of Investment Portfolio

The Treasurer shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting incidences of noncompliance to the Board of Directors.

#### Section 13.2: Performance Evaluation

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

#### Section 13.3: Monthly Reports

Monthly transaction reports will be submitted by the Treasurer to the Board of Directors within 30 days of the end of the reporting period in accordance with California Government Code Section 53607.

#### Section 13.4: Quarterly Reports

The Treasurer will submit a quarterly investment report to the Board of Directors which provides full disclosure of the District's investment activities within 30 days after the end of the quarter. These reports will disclose, at a minimum, the following information about the District's portfolio:

- An asset listing showing par value, cost and independent third-party fair market value of each security as of the date of the report, the source of the valuation, type of investment, issuer, maturity date, and interest rate.
- Transactions for the period.
- A description of the funds, investments and programs (including lending programs) managed by contracted parties (i.e. LAIF; investment pools, outside money managers and securities lending agents)
- A one-page summary report that shows:
  - Average maturity of the portfolio and modified duration of the portfolio;
  - Maturity distribution of the portfolio;
  - Percentage of the portfolio represented by each investment category;
  - Average portfolio credit quality; and,
  - Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to the District's market benchmark returns for the same periods;
- A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
- A statement that the District has adequate funds to meet its cash flow requirements for the next six months.

### Section 13.5: Annual Reports

A comprehensive annual report will be presented to the Board of Directors. This report will include comparisons of the District's return to the market benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

### Section 13.6: Review of Investment Policy

The investment policy will be reviewed and adopted at least annually within 30 days of the end of the calendar year, to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

Any recommended modifications or amendments shall be presented by Staff to the Board of Directors for their consideration and adoption.

### Section 14: Glossary of Terms

Asset-backed securities (ABS) are securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments, credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

Bankers' Acceptances are short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high-grade negotiable instrument.

Broker-Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

### Certificates of Deposit

Negotiable Certificates of Deposit are large-denomination CDs issued in \$1 million increments. These securities have average trades in the secondary market of \$5 million to \$10 million. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates

the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

Non-negotiable Certificates of Deposit are time deposits with financial institutions that earn interest at a specified rate for a specified term. Liquidation of the CD prior to maturity incurs a penalty. There is no secondary market for those instruments, therefore, they are not liquid. They are classified as public deposits and financial institutions are required to collateralize them. Collateral may be waived for the portion of the deposits that are covered by FDIC insurance.

Collateral is securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$50 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

Local Government Investment Pool (LGIP) is a collection of funds from various governmental entities invested in a common portfolio. Each investor earns interest proportional to their investment in the overall pool.

Market Value is the price at which a security is trading and could presumably be purchased or sold.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Medium-Term Notes are debt obligations issued by corporations and banks, usually in the form of unsecured promissory notes. These are negotiable instruments that can be bought and sold in a large and active secondary market. For the purposes of California Government Code, the term "Medium Term" refers to a maximum remaining maturity of five years or less. They can be issued with fixed or floating-rate coupons, and with or without early call features, although the vast majority are fixed-rate and non-callable. Corporate notes have greater risk than Treasuries or Agencies because they rely on the ability of the issuer to make payment of principal and interest.

Money Market Fund is a type of safe investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders and must maintain a stable net asset value (NAV) of \$1 per share.

Municipal Obligations are debt instruments issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

Supranationals are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

Treasury Bills that are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve month maturities.

Treasury Notes that have original maturities of one to ten years.

Treasury Bonds that have original maturities of greater than 10 years.

Yield to Maturity is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

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

The Annual Statement of Investment Policy for calendar year 2018 is hereby approved and replaces previous versions. The District Treasurer is directed to follow this Statement of Investment Policy in investing funds of the District.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 17<sup>th</sup> day of January 2018, by the following roll call vote:

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

---

James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

---

Glenn Pruijm, Secretary  
Board of Directors  
Vallecitos Water District

## RESOLUTION NO. 1502

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE STATEMENT OF INVESTMENT POLICY FOR CALENDAR YEAR 2017

WHEREAS, the Board of Directors shall annually approve a Statement of Investment Policy; and

WHEREAS, the annual Statement of Investment Policy of the Vallecitos Water District is as follows:

#### Section 1 – General Provisions and Objectives

Vallecitos Water District (District) funds not required for immediate expenditure will be invested in compliance with this policy and the provisions of California Government Code Sections 53600 et seq. The policy applies to all financial assets of the District. These funds are presented in the District's annual financial statements. Criteria for selecting investments and the absolute order of priority are safety, liquidity, and return on investment. Investments will be made in a range of instruments and maturity dates to insure diversification and liquidity of assets in an emergency or when a large cash outlay is necessary. In accordance with California Government Code §53607, the authority to invest or reinvest the funds of the District is delegated to the Treasurer of the District. The Treasurer may assign investment responsibilities to the Finance Manager.

#### Section 2 – Prudent Investor Standard

All participants in the investment process shall recognize that the investment portfolio is subject to the prudent investor standard as set forth in California Government Code §53600.3 and to public review and evaluation and shall seek to act responsibly as fiduciaries of the public trust. Investments shall be made with the exercise of that degree of judgment and care under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the preservation of capital, the cash flow needs of the District as well as the income to be derived. In a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the District.

#### Section 3 – Ethics and Conflicts of Interest

Officers and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Staff and investment officials shall disclose to the District's General Manager any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District.

#### Section 4 – Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Concentration of credit risk is the risk of loss attributed to the magnitude of a District's investment in a single issuer. All participants in the investment process shall consider aversion to concentration of credit risk by:

1. Limiting investment purchases to those types and amounts permissible by California Government Code §53601 and §7 of this Resolution,
2. Conducting delivery-versus-payment (DVP) basis on all security transactions entered into by the District. Securities will be held by a third party custodian designated by the Treasurer or Finance Manager and evidenced by safekeeping receipts.
3. Investing no more than 20% of the portfolio with one issuer of federal agency obligations, with the exception of the US Treasury, and no more than 10% of the portfolio with one commercial issuer,
4. If pursuing a commercial paper obligation, investing only in investments rated in the highest tier (A1, P-1, or F-1 or higher),
5. For deposits in Local Government Investment Pools, depositing funds only in pools with a AAA rating, and
6. Limiting investments in corporate notes to those fully guaranteed by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that the District will not be able to recover deposits or the value of an investment or collateral securities that are in the possession of an outside party. All participants in the investment process shall consider aversion to custodial credit risk by:

1. Investing no more than 25% of the portfolio with one financial institution, with the exceptions of LAIF, the US Treasury, and funds advanced or in trustee accounts for project construction, and
2. If pursuing a deposit, insuring that all deposits are fully collateralized as required by California Government Code §53652 or insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, and the "Contract for Deposit of Monies" will indicate the type and amount of collateral.

#### Section 5 – Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All participants in the investment process shall consider aversion to interest rate risk by limiting the term remaining to maturity on purchased investments to the maturity limits identified in §6 of this Resolution, unless a longer term is permissible within the California Government Code and specifically approved by the Board prior to purchase.

### Section 6 – Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. All participants in the investment process shall be prohibited from investing in foreign currency-denominated securities, unless permissible within the California Government Code and specifically approved by the Board prior to purchase.

### Section 7 – Permissible Investments

The table below lists permissible investments and limits on amounts and maturities.

Investment	Limits	
	% of Investment Portfolio	Maturity
US Treasury bills and notes	75%	5 years
LAIF	60%	N/A
Federal agency obligations	60%	5 years
Local Government Investment Pools	40%	N/A
State and local agency <sup>1</sup> bonds	20%	5 years
Commercial paper	20%	270 days
Certificates of deposit	20%	5 years
Repurchase agreements	10%	1 year
Savings accounts	10%	N/A

<sup>1</sup>Local agency as defined in California Government Code §53600 include counties, cities, and special districts.

Investments permitted by California Government Code, but not by this policy, will be made only with prior approval of the Board of Directors.

### Section 8 – Authorized Financial Dealers and Institutions

Staff will maintain a list of approved financial institutions authorized to provide investment services to the District in the State of California. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer or Finance Manager. A current audited financial statement is required to be accessible for each financial institution and broker/dealer in which the District invests.



### Section 9 – Safekeeping of Securities

To protect against potential losses by the collapse of individual securities dealers, all trades will be executed on a delivered versus payment (DVP) basis with the securities to be held in safekeeping by a third party custodian, acting as agent for the District under the terms of a custody agreement or a Master Repurchase Agreement. The only exception of the foregoing shall be depository accounts and securities purchases made with: (i) LAIF and local government investment pools (LGIPs); (ii) placement certificates of deposit, and (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each of these investments will be held by the Treasurer or his designee.

### Section 10 – Strategy

Passive investing - Given the absence of staff dedicated to investment analysis, the District will passively manage the portfolio, and avoid medium to long-term corporate investment and realizing gains and losses, thereby diminishing the need for credit monitoring. Staff tasked with investment decisions will avoid speculation. Diversification - Staff will maintain diversified call provisions rather than anticipate market conditions. Staff will diversify timing of trading and maintain diversification by type within the constraints of other provisions of this policy.

Minimum liquidity and debt considerations – A portion of the portfolio with maturities of no more than three months shall be maintained in excess of the Board-established operating reserve. A portion of the portfolio with maturities of no more than one year shall be maintained in excess of the Board-established operating reserve plus the replacement reserve floor. Staff will also consider that too much liquidity is a risk, and invest to ladder maturities when possible. Staff will consider debt structures and strategies along with investment strategies.

### Section 11 – Reporting and Miscellaneous Provisions

The Treasurer, or Treasurer's designee, may maintain one or more accounts with reputable investment security dealers and brokers with which investment transactions are to be conducted. Investments may be held in safekeeping at a designated financial institution where the District has established a safekeeping account.

Pursuant to California Government Code §53646, a monthly report shall be submitted to the Board of Directors within 30 days following the end of the month covered by the report, and a quarterly report shall be submitted to the Finance/Investment Committee or the Board of Directors for review. The quarterly report shall include the type of investment, issuer, settlement and maturity dates, rate of interest, dollar amount invested, fund, current market value, and percentage of portfolio. The report shall state compliance of the portfolio to the statement of the investment policy, or the manner in which the portfolio is not in compliance. The report shall include a statement regarding the ability of the District to meet its expenditure requirements for the next six months.

The District shall establish an annual process of independent review by an external auditor as part of the annual audit. This review will provide internal control by assuring compliance with policies and procedures.

The Treasurer, or the Treasurer's designee, shall establish a system of internal controls to be examined and monitored by the District's independent auditor.


The Board of Directors shall meet on a quarterly basis with staff to review District investments and to appraise market conditions.

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

The Annual Statement of Investment Policy for calendar year 2017 is hereby approved and the District Treasurer is directed to follow this Statement of Investment Policy in investing funds of the District.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 16<sup>th</sup> day of November 2016, by the following roll call vote:

AYES:	ELITHARP, HERNANDEZ, MARTIN
NOES:	
ABSTAIN:	
ABSENT:	EVANS, SANNELLA

  
 \_\_\_\_\_  
 Craig Elitharp, Vice President  
 Board of Directors  
 Vallecitos Water District

ATTEST:  
  
 \_\_\_\_\_  
 Tom Scaglione, Secretary  
 Board of Directors  
 Vallecitos Water District

**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: ACWA REGION 10 BOARD SEEKING REGION 10 BOARD CANDIDATES**

**BACKGROUND:**

The leadership of ACWA's ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 10 serve on ACWA's Statewide Board of Directors and recommend all committee appointments for Region 10. The members of the Region 10 Board determine the direction and focus of regional issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members.

**DISCUSSION:**

The Region 10 Board is seeking ACWA members who are interested in leading the direction of ACWA Region 10 for the remainder of the 2018-2019 term. The Board is seeking candidates from San Diego County to fill one Board member vacancy.

A nomination form must be completed and a resolution of support from the agency candidate's Board of Directors is also required. The deadline to submit the requested information is Friday, March 2, 2018. The Region 10 Board will make their appointment shortly thereafter and will inform the region of the results.

**RECOMMENDATION:**

Request Board direction.

**ATTACHMENTS:**

ACWA Memorandum  
The Role of the Regions and Responsibilities  
Region 10 Rules and Regulations  
Nomination Resolution



## MEMORANDUM

Date: January 4, 2018

To: San Diego County ACWA Region 10 Member Agency Presidents and General Managers  
(sent via e-mail)

From: ACWA Region 10 Board

The Region 10 Board is looking for ACWA members who are interested in leading the direction of ACWA Region 10 for the remainder of the 2018-2019 term. The Board is seeking candidates from San Diego County to fill one Board Member vacancy.

The leadership of ACWA's ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 10 serve on ACWA's Statewide Board of Directors and recommend all committee appointments for Region 10. The members of the Region 10 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members.

If you, or someone within your agency, are interested in serving in a leadership role within ACWA by becoming a Region 10 Board Member, please familiarize yourself with the Role of the Regions and Responsibilities; and the Region 10 Rules and Regulations ([HERE](#)) and complete the following steps:

- **Complete the Nomination Form [HERE](#)**
- **Obtain a Resolution of support from your agency's Board of Directors (sample resolution [HERE](#))**
- **Submit the requested information to ACWA as by March 2, 2018**

The Region 10 Board will make their appointment shortly thereafter and will inform the region of the results.

If you have any questions, please contact ACWA Senior Regional Affairs Representative Brian Sanders at [brandoni@acwa.com](mailto:brandoni@acwa.com), or Regional and Member Services Specialist II Ana Javaid at [anaj@acwa.com](mailto:anaj@acwa.com), or call (916) 441-4545.

---

## THE ROLE OF THE REGIONS

**Mission:**

*ACWA Regions will provide the grassroots support to advance ACWA's legislative and regulatory agenda.*

**Background:**

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

**The primary charge of regions:**

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist staff with association membership recruitment at the regional level.
- To recommend specific actions to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.
  - *Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.*

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

### ***GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS***

**Region Chair:**

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Is a member of ACWA's Outreach Program, and encourages region involvement.

- Appoints Outreach Captain to help lead outreach effort within the region.
- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.
- Makes joint recommendations to the ACWA President regarding regional appointments to all ACWA committees.
- Appoints representatives in concurrence of the region board, to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

Region Vice Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- In the absence of the chair and in partnership with the chair, exercises the powers and performs duties of the region chair.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

Region Board Member:

- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.
- Will participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.



# REGION 10 RULES AND REGULATIONS

*Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association (ACWA Bylaw V, 6.).*

## **OFFICERS**

The chair and vice chair shall be from different counties.

At least one of the chair or vice chair positions must be an elected/appointed director from a member agency.

The region board members shall alternate every two years with three from one county and two from the other. The county from which the chair comes from shall have two region board members and the county from which the vice chair comes from shall have three region board members.

The chair will provide the region secretary.

## **MEETINGS**

The region will hold at least quarterly meetings, including the ACWA spring and fall conferences.

The region chair will determine when and if nonmembers are invited to regional activities or events.

## **ATTENDANCE**

If a region chair or vice chair is no longer allowed to serve on the Board of Directors due to his / her attendance, the region board shall appoint from the existing region board a new region officer. (ACWA Policy & Guideline Q, 1.)

If a region chair or vice chair misses three consecutive region board / membership meetings, the same process shall be used to backfill the region officer position. (ACWA Policy & Guideline Q, 1.)

If a region board member has three consecutive unexcused absences from a region board meeting or general membership business meeting, the region board will convene to discuss options for removal of the inactive board member. If the vacancy causes the board to fail to meet the minimum requirement of five board members, the region must fill the vacancy according to its rules and regulations. (ACWA Policy & Guideline Q, 3.)

## **ELECTIONS**

All nominations received for the region chair, vice chair and board positions must be accompanied by a resolution of support from each sponsoring member agency, signed by an authorized representative of the Board of Directors. Only one individual may be nominated from a given agency to run for election to a region board. Agencies with representatives serving on the nominating committees should strive not to submit nominations for the region board from their agency. (ACWA Policy & Guideline P, 2.)

Election ballots will be e-mailed to ACWA member agency general managers and presidents.

The nominating committee shall consist of four persons, two from each county.

The nominating committee shall pursue qualified members within the region to run for the region board and consider geographic diversity, agency size and focus in selecting a slate.

A member of the nominating committee cannot be nominated by the committee for an elected position.

*See current region election timeline for specific dates.*

## **ENDORSEMENTS**

ACWA, as a statewide organization, may endorse potential nominees and nominees for appointment to local, regional, and statewide commissions and boards. ACWA's regions may submit a recommendation for consideration and action to the ACWA Board of Directors to endorse a potential nominee or nominee for appointment to a local, regional or statewide commission or board. (ACWA Policy & Guideline P, 3.)

## **COMMITTEE RECOMMENDATIONS & REPRESENTATION**

All regions are given equal opportunity to recommend representatives of the region for appointment to a standing or regular committee of the Association. If a region fails to provide full representation on all ACWA committees, those committee slots will be left open for the remainder of the term or until such time as the region designates a representative to complete the remainder of the term. (ACWA Policy & Guideline P, 4. A.)

At the first region board / membership meeting of the term, regions shall designate a representative serving on each of the standing and regular committees to serve as the official reporter to and from the committee on behalf of the region to facilitate input and communication. (ACWA Policy & Guideline P, 4. B.)

The chair and vice chair will recommend an official alternate for excused committee members.

## **TOURS**



ACWA may develop and conduct various tours for the regions. All tour attendees must sign a “release and waiver” to attend any and all region tours. Attendees agree to follow environmental guidelines and regulations in accordance with direction from ACWA staff; and will respect the rights and privacy of other attendees. (ACWA Policy & Guideline P, 6.)

## **FINANCES**

*See “Financial Guidelines for ACWA Region Events” document.*

## **AMENDING THE REGION RULES & REGULATIONS**

ACWA policies and guidelines can be amended by approval of the ACWA Board of Directors.

The region 10 rules and regulations can be changed at any time with advanced written notice to member agencies.

© 2018 Association of California Water Agencies

**RESOLUTION NO.**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
PLACING IN NOMINATION \_\_\_\_\_ AS A MEMBER OF THE  
ASSOCIATION OF CALIFORNIA WATER AGENCIES  
REGION 10 BOARD OF DIRECTORS**

WHEREAS, The Board of Directors of the Vallecitos Water District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA); and

WHEREAS, Director \_\_\_\_\_ has indicated a desire to serve as a Board member of ACWA Region 10.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Vallecitos Water District does place its full and unreserved support in the nomination of \_\_\_\_\_ for Board member of ACWA Region 10.

BE IT FURTHER RESOLVED that the Board of Directors of the Vallecitos Water District does hereby determine that the expenses attendant with the service of \_\_\_\_\_ in ACWA Region 10 shall be borne by the Vallecitos Water District.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 17<sup>th</sup> day of January, 2018, by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
James Hernandez  
Board of Directors  
Vallecitos Water District

ATTEST:

\_\_\_\_\_  
Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District

**DATE: JANUARY 17, 2018**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: LAFCO CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD**

**BACKGROUND:**

As part of the 2011 Budget Act, the California State Legislature approved the dissolution of the State's 400-plus Redevelopment Agencies (RDAs). The RDAs were officially dissolved as of February 1, 2012. As a result of the elimination of the RDAs, property tax revenues are now being used to pay required payments on existing bonds, other obligations and pass-through payments to local governments. The remaining property tax revenues that exceed the enforceable obligations are now being allocated to cities, counties, special districts, and school and community college districts.

To facilitate the wind-down process at the local level, Successor Agencies (SAs) were established to manage redevelopment projects currently underway, make payments on enforceable obligations and dispose of redevelopment assets and properties. Each SA has an Oversight Board (OB) that supervises its work. The OB is comprised of representatives of the local agencies that serve the redevelopment project area. OB members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area.

**DISCUSSION:**

In September 2015, Senate Bill 107 was passed, mandating the consolidation of all 17 SAs in San Diego County by July 1, 2018. This consolidation will be carried out through a seven-member oversight board and marks the latest act by the Legislature in achieving the planned dissolution of RDA activities in all 58 counties in the state. The legislation directs the oversight board to complete all remaining redevelopment projects and restore incremental property tax revenue, the latter of which presently totals more than \$130 billion in San Diego County. The legislation also provides that one of the seven seats on the OB shall be filled by a special district representative.

LAFCO is in the process of soliciting names of individuals interested in serving as the special district representative on the consolidated oversight board. Only board members from independent special districts that are also enrolled in the Redevelopment Property Tax Trust Fund administered by the County of San Diego Auditor Controller's Office are eligible to be nominated and serve on the oversight board. There are nineteen eligible special districts meeting this criteria; Vallecitos Water District is one of those eligible special districts. A list of the nineteen eligible special districts in San Diego County is included in the attachments.

The deadline to submit nominations to serve on the oversight board is Thursday, February 15, 2018. In order to be considered to serve on the oversight board, a nominee must be an elected or appointed member of the legislative body of one of the nineteen independent special districts. The nomination form (included in the attachments) must be signed by the presiding officer and must include a resume and/or candidate statement for the interested board member.

Vallecitos Water District is under no obligation to submit a nomination form.

LAFCO anticipates that the results of the nomination process will be considered as early as its regular meeting scheduled for Friday, February 16, 2018.

**RECOMMENDATION:**

Determine if any Directors of the Vallecitos Water District are interested in serving on the LAFCO Consolidated Redevelopment Oversight Board. Direct staff to work with the selected Director (if any) to prepare and submit a Nomination Form by Thursday, February 15, 2018.

**ATTACHMENTS:**

- 1 - List of Independent Special Districts in San Diego County Enrolled in Redevelopment Property Tax Trust Fund (RPTTF)
- 2 – Nomination Form for the Special District Representative to the Redevelopment Oversight Board.

Attachment 1

**Independent Special Districts in San Diego County  
Enrolled in Redevelopment Property Tax Trust Fund (RPTTF)**

- Elected or Appointed Board Members are Eligible for Nomination to Oversight Board -

Grossmont Healthcare District  
Lakeside Fire Protection District  
Lakeside Water District  
Leucadia Wastewater District  
Lower Sweetwater Fire Protection District  
North County Cemetery District  
Olivenhain Municipal Water District  
Otay Water District  
Padre Dam Municipal Water District  
Palomar Healthcare District  
Pomerado Cemetery District  
Resource Conservation District of Greater San Diego County  
Rincon del Diablo Municipal Water District  
San Marcos Fire Protection District  
San Miguel Consolidated Fire Protection District  
Santa Fe Irrigation District  
Tri-City Healthcare District  
Vallecitos Water District  
Vista Irrigation District

**NOMINATION OF THE SPECIAL DISTRICT REPRESENTATIVE  
TO THE REDEVELOPMENT OVERSIGHT BOARD**

The \_\_\_\_\_ is  
(Name of Independent Special District)

pleased to nominate \_\_\_\_\_ as a candidate for  
(Name of Candidate)

appointment as the SPECIAL DISTRICT REPRESENTATIVE

As presiding officer or his/her delegated alternate as provided by the governing board, I hereby certify that:

- The nominee is a member of a legislative body of an independent special district with territory within the boundary of the particular RDA Oversight Board to which the individual seeks appointment.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Print Title)

**PLEASE ATTACH RESUME OR CANDIDATE STATEMENT FOR NOMINEE**

- Limit two pages
- Must be submitted with Nomination Form



# 2018 D.C. POLICY FORUM

February 26– 28, 2018 • The St. Regis Washington, D.C.

[www.casaweb.org](http://www.casaweb.org)

## Preliminary Program and speakers are subject to change

### Monday, February 26, 9:00 a.m. – 5:00 p.m.

Location: Astor Ballroom, Lobby Level

8:30 – 9:15 a.m.

Breakfast

Location: Salon Room

9:15 – 9:30 a.m.

Welcome and Introductions

President Paul Bushee, presiding

9:30 – 10:15 a.m.

Opening Address

Norman Ornstein, Scholar, American Enterprise Institute (invited)

10:15 – 11:45 a.m.

Congressional Outlook: Infrastructure Policymaking

**Closed to members of the media.**

- Joe Brown, Professional Staff, Committee on Environment and Public Works, U.S. Senate (invited)
- Mae Stevens, Professional Staff, Office of Senator Ben Cardin (D-MD) (invited)
- Ryan Seiger, Counsel, Committee on Transportation & Infrastructure, U.S. House of Representatives (invited)
- Jonathan Pawlow, Counsel, Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, U.S. House of Representatives

11:45 – 12:15 p.m. Break

12:15 – 1:45 p.m. Luncheon



Speaker:

Edward-Isaac Dove, Chief Washington Correspondent, Politico

1:45 – 3:00 p.m.

U.S. EPA Environmental Actions and Policy Changes

- Andrew Sawyers, Director, Office of Wastewater Management, USEPA (invited)
- Deborah Nagle, Director, Office of Science and Technology (invited)
- Adam Krantz Chief Executive Officer, NACWA (invited)
- Scott Schlesinger, Legislative Director, NRDC (invited)

3:00 – 3:45 p.m.

Infrastructure Initiatives for 2018

Alex Hergott, Council on Environmental Quality, Office of the President (invited)

5:00 – 6:00 p.m. Networking Session/Dinner on your own

### Tuesday, February 27, 8:00 a.m. – 5:00 p.m.

Location: Andrew Jackson Room, Lower Lobby Level

8:30 – 9:00 a.m. Breakfast

9:00 – 9:15 a.m.

Congressman Jeff Denham (Invited)

9:15 – 10:00 a.m.

David Ross, Assistant Administrator, Office of Water, U.S. EPA

10:00 – 10:30 a.m.

Group Preparation for Capitol Hill Visits

11:00 – 5:00 p.m.

Capitol Hill Congressional Visits

6:00 – 8:00 p.m. doors open at 6p.m.

California Water Congressional Reception

**Location: U.S. Botanic Garden Conservatory**

Hosted by: CASA and ACWA

### Wednesday, February 28, 8:00 a.m. – 11:00 a.m.

Location: Astor Ballroom, Lobby Level

8:00 – 9:00 a.m. Closing Breakfast

9:00 – 11:00 a.m.

Joint Session ACWA and CASA

Opening Presentation

The Honorable Dianne Feinstein (Invited)

11:00 a.m. Adjourn



**Feb. 27 - Mar. 1, 2018**

St. Regis Hotel • Washington, DC

**TUESDAY, FEBRUARY 27**

**6:00 – 8:00 p.m.**

**ACWA Congressional Reception in conjunction with the California Association of Sanitation Agencies**  
U.S. Botanic Gardens / 100 Maryland Ave SW

**WEDNESDAY, FEBRUARY 28**

**8:00 – 11:15 a.m.**

**ACWA / CASA Joint Breakfast Program**  
Astor Ballroom / St. Regis Hotel  
*\* Breakfast service ends at 9:30AM*

**8:45 a.m.**

**Welcome:**  
Brent Hastey, ACWA President  
Jeff Moorhouse, CASA President

**Introduction to Conference:**  
Tim Quinn, Executive Director, ACWA  
Bobbie Larson, Executive Director, CASA

**9:00 – 11:15 a.m.**

**Policy Makers Panel:**

**11:30 a.m. – 1:00 p.m.**

**ACWA Luncheon: “Group Leader Updates”**  
Astor Ballroom / St. Regis Hotel

**2:00 p.m.**

**ACWA Group Photo**  
House side steps of the Capitol (South East Side)



**Agenda subject to change without notice.**





**ACWA DC2018**  
Annual Washington D.C. Conference

**Feb. 27 - Mar. 1, 2018**

St. Regis Hotel • Washington, DC

**2:30 – 5:30 p.m.**

**ACWA Congressional Speech Program**  
Congressional Visitor’s Center, SVC-209

**6:00 – 8:00 p.m.**

**ACWA Networking Reception**  
Astor Ballroom/ St. Regis Hotel

**THURSDAY, MARCH 1**

**8:30 – 10:30 a.m.**

**ACWA Breakfast Program**  
Astor Ballroom/ St. Regis Hotel