

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, APRIL 18, 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 APRIL 18, 2018

PRESENTATION

Vallecitos was presented with an “Excellence in Public Information and Communications” (EPIC) award from the California Association of Public Information Officials (CAPIO) for the District’s “Employee Spotlight” Video Program.

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. 5-15)

A. FINANCE/INVESTMENT COMMITTEE MEETING – APRIL 2, 2018

- B. ENGINEERING/EQUIPMENT COMMITTEE MEETING – APRIL 3, 2018
- C. REGULAR BOARD MEETING – APRIL 4, 2018

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

- 1.2 WARRANT LIST THROUGH APRIL 18, 2018 – \$2,898,668.54 (pp. 16-18)

Recommendation: Approve Warrant List

- 1.3 FINANCIAL REPORTS (pp. 19-31)

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

- 1.4 OPERATIONS & MAINTENANCE METRICS QUARTERLY REPORT – MARCH 31, 2018 (pp. 32-39)

- 1.5 APPROVAL OF CONSTRUCTION AGREEMENT FOR FITZPATRICK TOWN HOMES (KB HOME COASTAL) (pp. 40-55)

The project is located north of Richmar Avenue between Marcos Street and N. Twin Oaks Valley Road.

Recommendation: Approve Construction Agreement

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

ACTION ITEMS

- 2.1 CERTIFIED PUBLIC ACCOUNTING FIRM AUDIT CONTRACT (pp. 56)

The District issued a Request for Proposal for audit services and received proposals from seven firms.

Recommendation: Authorize the General Manager to enter into a three-year agreement with DavidFarr Certified Public Accountants for audit services with two 1-year options to extend.

2.2 CONSTRUCTION CONTRACT AWARD OF OPERATIONS BUILDING LOCKER ROOM EXPANSION (pp. 57-61)

The Operations & Maintenance men's locker room is not large enough to accommodate the number of employees utilizing it.

Recommendation:

- 1) **Waive all bid irregularities;**
- 2) **Authorize the General Manager to execute a construction contract in the amount of \$433,425, subject to provisions of the contract.**

2.3 CONSTRUCTION CONTRACT AWARD OF BOARDROOM AUDIOVISUAL AND LIGHTING UPGRADES PROJECT (pp. 62-66)

The audiovisual systems in the District Boardroom have become outdated.

Recommendation:

- 1) **Waive the bid irregularity;**
- 2) **Board to provide direction on whether any Add/Alt bid items should be included in the construction contract with Audio Associates of San Diego;**
- 3) **Authorize the General Manager to execute a construction contract to Audio Associates of San Diego for an amount equal to the Base Bid plus any Add/Alt bid items described above, subject to provisions of the contract;**
- 4) **Increase the budget, if required by the Board, to cover any Add/Alt bid items awarded.**

2.4 FINANCIAL INSTITUTION REGISTRY AND AUTHORIZATION (pp. 67-78)

The District conducts transactions with various financial institutions throughout the year.

Recommendation: **Amend authorizations of financial institutions.**

*****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

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

4.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

5.1 ADJOURNMENT

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

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

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

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 6:00 p.m., Friday, April 13, 2018.

Diane Posvar

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, APRIL 2, 2018 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
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Financial Analyst Arthur
Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

2018/19 BUDGET REVIEW

Finance Manager Owen provided an update on the budget process to date and stated that no changes were made to the operating budget since the March 22 Committee meeting.

Finance Manager Owen facilitated a presentation to the Committee which included:

- Agenda
- Budget Calendar
- Water Sales Estimates
- Water Sales Estimates – 5% Reduction in Demand
- Draft Capital Budget
- Draft Capital Budget Page
- Vehicles and Equipment
- Next Steps – Budget Calendar

Financial Analyst Arthur discussed water sales estimates and water purchases. In regard to water purchases, more information on water costs from the San Diego County Water Authority should be available by April 17 or soon thereafter. For illustrative purposes, he used the current year's numbers plus 4.5%. The numbers are also based on a conservative water purchase estimate of \$32.7 million.

Financial Analyst Arthur noted if usage decreases 5%, that doesn't necessarily mean revenues will decrease 5% as well. The reason for this is that 17% of the District's customer water usage is in Tier 3. In the event of a drought, most of the decrease would be in Tier 3, and 17% in sales makes up 31% of revenue. He demonstrated a sensitivity analysis showing the effects of a 5% decrease in water sales.

General discussion took place regarding the District's reserve policy. The policy may be discussed at a future Committee meeting to consider what the reserve floor, ceiling and target levels should be.

Finance Manager Owen reviewed the Comprehensive Project List which includes all Capital Improvement Program (CIP) project requests that have been submitted. The two largest carryover CIP projects are the Encina Parallel Land Outfall (\$13.7 million) and City of San Marcos Joint Projects (\$3.2 million). There are 12 new project requests totaling \$2.4 million.

District Engineer Gumpel provided an overview of the process engineering staff uses to prioritize project requests, including operations, CIP, on-going and future projects, and how emergency projects can alter the CIP project schedule, which he reviewed in detail. The CIP project schedule for 2018/2019 includes data on planning, design, bid/legal review/Board approval/construction agreement, and construction.

District Engineer Gumpel stated there is \$22 million in Master Plan identified future projects which does not include funds for replacement projects. The majority of operations based projects are replacement projects. Staff is creating an asset management program to assist in determining when to replace infrastructure to avoid expensive emergency repairs.

Staff reviewed the Capital Projects List for FY 2017/18 and draft for FY 2018/19.

General discussion took place regarding the Encina Land Outfall project. District Engineer Gumpel provided background on the project, explaining that the \$44.7 million cost of the project actually covers five phases spread out in five-year periods, with estimated completion after 2035.

The Committee did not identify any specific projects for further discussion.

In reviewing the 2018/19 capital budget for vehicles and equipment, Operations & Maintenance Manager Pedrazzi stated the Peterbilt dump truck was ordered last summer but is backordered until September. The District does not currently have one and they are not available for rental. The larger dump truck would save on labor, return trips, and fuel.

General discussion took place regarding the audiovisual upgrade for the Board room.

Finance Manager Owen stated the next Committee meeting is scheduled for Wednesday, April 25 at which the Committee will review the finalized capital budget and the draft proposed budget, and any Board requested items. Staff will then revise and refine the first draft proposed budget. A Board workshop is scheduled for Monday, May 21 at which the proposed budget will be reviewed. The recommended budget will be presented to the Board for approval on May 30.

AUDIT PROPOSAL UPDATE

Finance Manager Owen stated staff received and evaluated seven proposals for auditing services for the years ending June 30, 2018, 2019, and 2020 with the option for two one-year extensions. Staff interviewed the top two firms and unanimously selected DavisFarr LLP Certified Public Accountants to be the top candidate.

Staff asked the Committee to recommend the Board approve a contract with DavisFarr LLP Certified Public Accountants at the April 18 Board meeting.

The consensus of the Committee was to support the selection of DavisFarr LLP Certified Public Accountants.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:28 p.m.

MINUTES OF A MEETING OF THE
ENGINEERING/EQUIPMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
TUESDAY, APRIL 3, 2018 AT 1:30 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Hernandez called the meeting to order at the hour of 1:32 p.m.

Present: Director Hernandez
Director Elitharp
General Manager Pruim
District Engineer Gumpel
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Administrative Secretary Johnson

ITEMS FOR DISCUSSION

DEVELOPMENT UPDATE

District Engineer Gumpel stated staff intends to provide the Committee with development updates on a quarterly basis; however, at times there may not be much to report due to the sometimes-slow pace of development. At a minimum, semi-annual or annual updates will be provided.

Development Services Senior Engineer Scholl reviewed a spreadsheet listing development projects and a map indicating where the projects are located. The projects are grouped into projects currently under construction, in plan check, and in planning. Project information includes acreage, project type, dwelling units, water and sewer EDUs, and both proposed and paid-to-date capacity. Updates were provided for each project.

General discussion took place.

Staff will provide the project status map to the Board.

CIP QUARTERLY UPDATE

District Engineer Gumpel stated a Capital Improvement Program (CIP) update is provided to the Board annually. The next annual update will be presented to the Board at the second Board meeting in August. Quarterly updates will be provided to the Committee.

Capital Facilities Senior Engineer Hubbard provided an update on second quarter CIP projects, accessing information that is updated quarterly on the District's website and is

available for public access. Specific projects discussed included the North and South Pressure Reducing Stations, LS1 Wet Well Room Repairs, Nursery Valve Relocation, Rock Springs Sewer, Montiel Gravity Outfall, Interceptor Phase 2, and Schoolhouse Tank Refurbishment.

LOCKER ROOM PROJECT UPDATE

Capital Facilities Senior Engineer Hubbard provided details of the bids received for the locker room project. Crew Builders submitted the lowest bid in the amount of \$352,195 for the smaller redesigned 522 SF expansion. A separate alternate bid amount was included for a larger 783 SF expansion that would include more lockers, showers and sinks, and would bring the total cost for the larger expansion to \$452,300.

General discussion took place regarding whether the smaller or larger expansion should be recommended to the Board. For the extra money, the larger expansion would provide more space and extra showers, sinks and plumbing, while staying within the project budget and realizing a small surplus. Full-sized lockers will replace half-sized lockers, a necessity for stowing personal protection equipment which takes up a lot of space.

The consensus of the Committee and staff was to recommend the Board approve the larger locker room expansion project.

BOARD ROOM UPGRADE

Capital Facilities Senior Engineer Hubbard stated the Board approved upgrading the District's outdated audiovisual systems as part of the FY 2015/16 budget. At that time, in an effort to reduce budget costs, the Audiovisual Upgrade Budget was spread over two years, FY 2015/16 and FY2016/17, and upgrades to the Board room were postponed until FY 2017/18. Upgrades to the training room, the Meadowlark Reclamation Facility (MRF) conference and break rooms, and four District conference rooms were completed in September 2016.

Bids for the Board room upgrades are due on April 5. The project will include the addition of screens on the back wall behind the dais, monitors for the Board, General Manager, Legal Counsel, Executive Secretary, and presenters at the podium. The stations for the Board will have a voting system as well. Other upgraded equipment includes microphones, speakers, cameras, lighting, a portable table for staff presentations, a mobile podium, and two portable screens for the sides of the Board room. In addition to Board meetings, the Board room is used for other events such as training and the District's Water Academy. The functionality of the room will be greatly improved with the audiovisual upgrades. Additional improvements will be made for recording and archiving presentations, streaming capability, a wireless microphone, and video conferencing.

The Committee did not make a recommendation pending the results of the bid opening on April 5. This item will be presented at the April 18 Board meeting.

SEPTAGE RECEIVING

District Engineer Gumpel discussed the possibility of the District opening a site to accept septage from septage haulers. Of the many issues to be considered, the two biggest issues are the facility location and feasibility of the project. He stated the District could not handle the high concentration of the septage at MRF. It would have to be downstream of Lift Station No. 1. The District has an existing vector dump station for sewage/dirty water that is downstream of Lift Station No.1 and would require minor piping to connect directly to the outfall; however, it would have to be expanded to handle septage which is different from sewage. There would be sufficient space at that location and a circulation route that could accommodate large vehicles.

District Engineer Gumpel stated there are other issues to be considered. Legally, water agencies are exempt from City regulations when installing water facilities regardless of land use code. However, land use bodies have the right to deny sewer facilities. In order for the District to expand the vector dump site to accept septage, the cooperation of the City of San Marcos would be necessary. Logistically, traffic routing on San Marcos Boulevard is another issue as well as the proximity of schools within the radius of the affected area. Environmental concerns/comments from the City of San Marcos and the school district could kill the project. Can the District do this with Encina Wastewater Authority (EWA), and are we talking about septage just within the District's service area or EWA's or anyone in North County? If all the concerns are met, a study would be necessary to determine what facilities would need to be built, what testing facilities are needed, and what the payback would be. Financially, the District would also incur higher treatment costs for septage which is a higher concentration of solids than sewage, and would have to determine how to build that into its rate structure. Labor to man the facility is another consideration.

The Committee did not make a recommendation on this matter.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 3:45 p.m.

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, APRIL 4, 2018, 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 5:00 p.m.

Director Martin led the pledge of allegiance.

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

Staff Present: General Manager Pruiam
Legal Counsel Norvell
Administrative Services Manager Emmanuel
District Engineer Gumpel
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF APRIL 4, 2018

18-04-01 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Regular Board Meeting of April 4, 2018.

PRESENTATION

Chris Palmer, Public Affairs Field Coordinator with the California Special Districts Association, presented the Board with the “District of Distinction” award accreditation by the Special District Leadership Foundation.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating that during a recent report on the Newland Sierra dispute, a reporter indicated he reviewed the draft EIR. Mr. Hunsaker requested the draft EIR be provided to him on a CD for review. He also inquired on conservation and rationing that is forth coming. Mr. Hunsaker further stated that AB744 requires each individual meter to a single-family dwelling or mobile home resident with a separate meter be subject to mandatory cutbacks. SB7X mandates that

sometime this year all new apartment dwellings are to be on individual meters. He further stated there is nothing that limits the District requiring individual meters for every apartment. He thanked the Board.

CONSENT CALENDAR

18-04-02 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to approve the Consent Calendar as presented with Item 1.3 being pulled for discussion.

1.1 Approval of Minutes

- A. Regular Board Meeting – March 21, 2018
- B. Finance/Investment Committee Meeting – March 22, 2018

1.2 Warrant List through April 4, 2018 - \$3,026,300.52

1.3 Spring 2018 Between the Pipes – Vallecitos Water District Quarterly Newsletter

General Manager Pruim stated that the Board has been provided with an updated copy which removed several photos; no substantive changes were made to the newsletter.

18-04-03 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to approve the modifications to the Vallecitos Water District Quarterly Newsletter.

ACTION ITEMS

ACWA “NO DRINKING WATER TAX” CAMPAIGN SUPPORT

General Manager Pruim stated Senator Monning has introduced SB 623 with the intent to raise funds to help disadvantaged communities improve the water systems which would allow their members the ability to access safe, reliable water. One of the key provisions of the bill would impose a tax on water. Local agencies would have to add a surcharge/tax to every customer’s bill depending on the size of their meter. Based on the number of VWD’s meters and accounts, it would be over \$300,000 per year that would be collected from customers for transmission to Sacramento.

General Manager Pruim further stated that in addition to Senator Monning’s bill, the Governor’s office has introduced a budget trailer bill with similar provisions. The Association of California Water Agencies (ACWA) has initiated a campaign to fight the Senate bill and the budget trailer bill. The sentiment is that placing a tax on water is not

the best way to generate the funding. Based on the expected level of effort and the importance, ACWA is looking for contributions from its member agencies. The donation amount is based on agency size. Based on VWD's size, ACWA is recommending a \$10,000 contribution.

Mike Hunsaker, member of the public, addressed the Board stating that whatever letter is written, he would like it be noted that this is not a tax on water, it is a tax on connections. The areas that most notably have the poorest water situation are in the central valley. He further commented on utility bills and the lack of affordable housing.

General discussion followed.

18-04-04 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to authorize a contribution to ACWA in the amount of \$10,000.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Metropolitan Water District (MET) was supportive in assisting with the Water Fix project by providing funding for a two-tunnel system. It appears it has now become a one tunnel system. On April 10, the MET Board will be undertaking the item to determine how much they want to fund. The fix would most likely be \$10 - \$11 billion. MET has not received a lot of support from the agricultural community in the central portion of the state. MET has proposed to take the lead on this project.
- April 1st ended the water year. The statewide results for the last snow survey show the snowpack was at 52% of the snow water equivalent. Statewide, the surface water reservoirs are at 107% of normal.
- Staff recently conducted bid openings on the locker room project and tomorrow will be the bid opening for the Board room project.

DISTRICT LEGAL COUNSEL

Legal Counsel Norvell reported on SB 623 and SB 998 stating they are being tracked. SB 998 would place limitations on water agencies' ability to discontinue water service for delinquent bills. SB 998 passed its first committee on an 8-1 vote and moves to its second committee. This bill will place certain limitations and requirements on the District; would require a written termination policy for how the District plans to administer this area; and would include termination procedures and restrictions. In addition, there

would be a waiver of re-connection fees for certain low-income residents and a cap on reconnection fees for all residents regardless of income.

The President signed an omnibus spending bill adopted by Congress. The bill includes increased amounts for certain water project funding that includes the clean water and drinking water state revolving funds as well as the new water infrastructure finance and innovation program, which provides long-term low-income funds for certain projects.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated that the SDCWA Board adopted a resolution authorizing the General Manager to file for a Cal-Fed Water Use Efficiency grant application. They are seeking a grant in the amount of \$500,000 to apply towards the sustainable landscape incentive program. The Board adopted positions on various bills, specifically adopted a position of support on AB 1944 – San Luis Rey Valley Groundwater Basin; a position of oppose unless amended on SB 998 – water systems shutoff; a position of support on Prop. 68 – would receive \$200,000 for the 10-year Salton Sea management program and \$260 million for groundwater investment and drought issues. The next Board meeting will be held on April 12.

ENCINA WASTEWATER AUTHORITY

President Hernandez stated the Capital Improvement Committee met on March 21. Discussion items were odor control issues and the septage report.

Director Elitharp stated the Policy and Finance Committee will meet on April 10th.

STANDING COMMITTEES

Director Martin stated the Finance Committee met on April 2 and the minutes were provided in the Board agenda packet.

Director Sannella also reported on the Finance Committee meeting stating an update on the RFP process for auditing services was provided. A recommendation will be coming forward to the Board in the near future.

Director Hernandez stated the Engineering Committee met on April 3. The topics included an update on development, CIP quarterly report, locker room project, Board room upgrade and receiving septage. He requested staff evaluate VWD receiving septage from north county haulers. The Committee recommended the locker room project be presented to the Board for award of contract.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Martin, Elitharp and Hernandez reported on their attendance to the WaterReuse Conference.

OTHER BUSINESS

Director Evans stated the SDCWA has been preparing an interim long-range water demand forecast reset for dryer scenarios. They have currently provided three presentations and suggested that SDCWA staff provide a modified presentation at a future Board meeting. She further stated that it would be of interest to have SDCWA staff provide a quick presentation on how Metropolitan Water District prepares their budget and why there was so much confusion and how different it is.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Hernandez requested a monthly report on Council fees be placed on the agenda in May.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 5:55 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, April 18, 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:

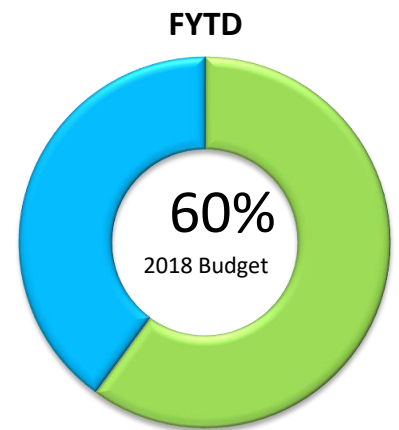
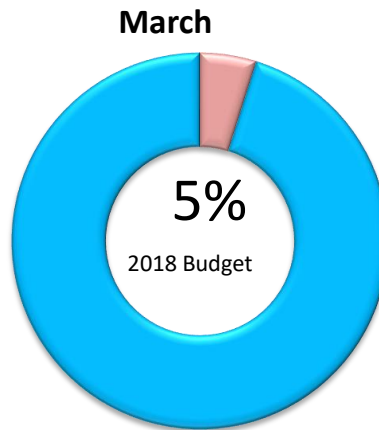
Glenn Pruij, Secretary
Board of Directors
Vallecitos Water District

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
March 31, 2018**

Summary

March Disbursements	\$	3,365,763	*
YTD Disbursements	\$	41,783,714	*
FY2018 Budget	\$	69,615,000	

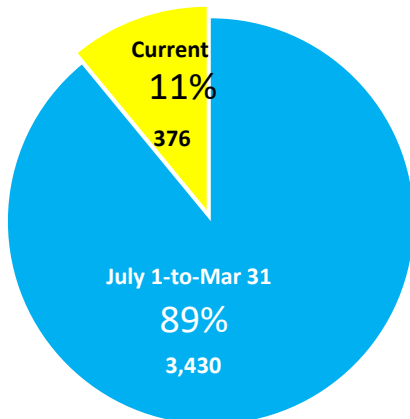
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$24.2M
ENCINA WASTEWATER AUTHORITY	\$4.5M
PUBLIC EMPLOYEES RETIRE SYSTM	\$3.0M
ACWA/JOINT POWERS INSURANCE	\$2.1M
SAN DIEGO GAS & ELECTRIC	\$1.1M
OLIVENHAIN MWD	\$715K
SYLVESTER ROOFING CO INC	\$359K
PENCCO, INC.	\$265K
ATOM ENGINEERING	\$191K
AQUA-METRIC SALES CO	\$177K

VALLECITOS WATER DISTRICT
WARRANTS LIST
April 18, 2018

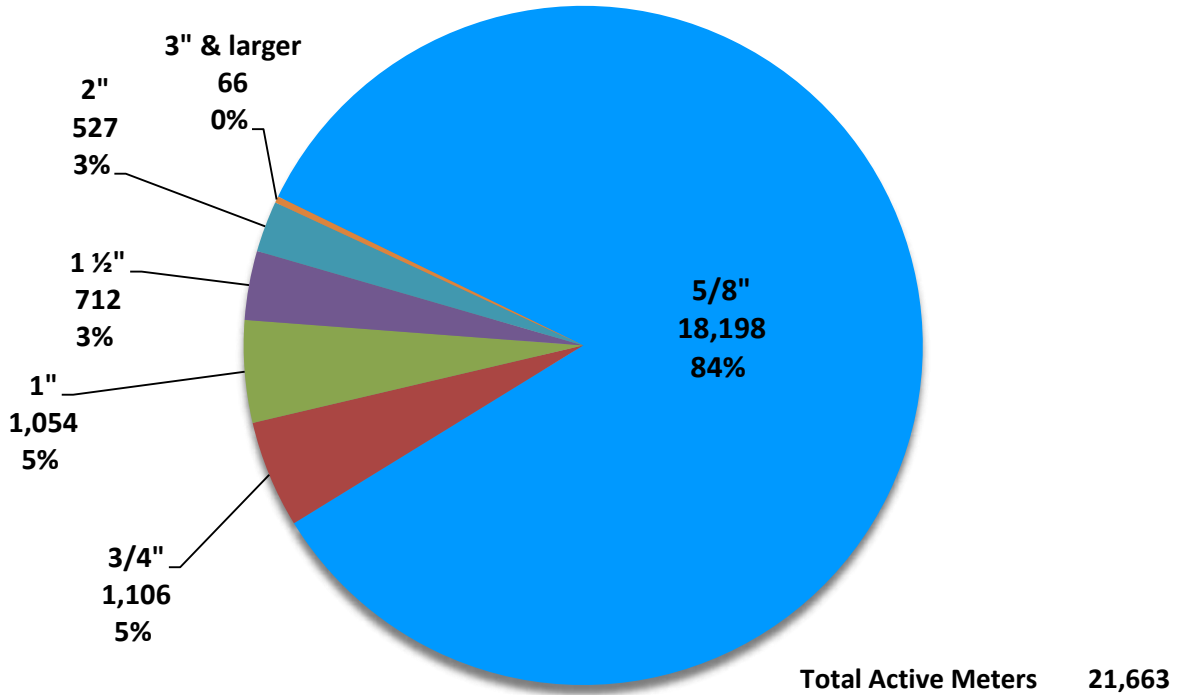
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Al's Towing Inc.	Forklift Transport MRF	113364	210.00
State Board of Equalization	Annual Use Tax Payment - 2017	113365	15,272.00
Garnishments	Payroll Garnishments	113366 through	-
Pipette.Com	Meter Recalibration	113369	57.00
Action Mail	Spring Splash Prj 20181-43	113370	6,762.62
ACWA/Joint Powers Insurance	Property Insurance Renewal 18-19	113371	49,169.00
Advanced Calibration Designs Inc	Chlorine Calibration Unit MRF	113372	1,563.00
All Star Signs, Inc	Name Plates 5	113373	53.88
Avritek	E-Waste Hard Drive Disposal	113374	951.50
B & C Crane Service Inc	Crane Rental Prj 20181-39	113375	797.50
Boot World Inc	Safety Boots	113376	295.42
Bryan Gallego	Collection Cert CWEA	113377	180.00
Cal Atlantic Homes	Closed Account Refund	113378	336.85
Clifford Chandler & Cherly Campbell	Closed Account Refund	113379	32.93
Council of Water Utilities	Meeting 4-17-18, Elitharp, Evans, Hernandez, Martin, Sannella	113380	270.00
County of San Diego	Inspection Svcs	113381	143.00
Craig Elitharp	WateReuse Conference 3-24-18	113382	1,732.18
CS-Amsco	8 In. Valves 3 MRF	113383	2,052.25
CWEA	Collection Cert Renewal J Aceves	113384	90.00
Daniel Goulding	Closed Account Refund	113385	127.96
David & Nancy Winn	Overpayment Refund	113386	6,172.27
Derik Hunt	Closed Account Refund	113387	114.81
DirecTV Inc	Satellite Svc Apr	113388	75.79
Dodge Data & Analytics LLC	Locker Room Expansion Prj 20161-5	113389	1,605.00
Donna Tackett	Closed Account Refund	113390	38.72
Craig Durban	Collection Cert Renewal	113391	95.00
EDCO Waste & Recycling Serv	Trash Svc Mar	113392	873.64
Emcor Service	HVAC Components, Chilled Water Pump Control, Fan Motor Replacement	113393	7,935.00
Ewing Irrigation Products	PVC Supplies	113394	536.65
Gallade Chemical Inc.	Muriatic Acid	113395	205.57
George Spear	Closed Account Refund	113396	260.61
Green Thumb Nursery	Gift Cards 3 Prj 20181-47	113397	400.00
Hach Company	Meter Calibration Testing - MRF	113398	833.13
Home Depot Credit Services	Hardware Supplies Mar	113399	2,011.89
Interstate Batteries	Gel Cell Batteries 18	113400	348.95
Jesse Halbig	Drivers License Renewal, CWEA Exam	113401	210.00
JCI Jones Chemicals Inc	Chlorine	113402	2,043.21
Ken Weinberg	Local Resource Program Application	113403	5,130.00
Knight Security & Fire Systems	Answering, Monitoring, Patrol Svc, Apr	113404	588.19
Eileen Koonce	Interview Panel SDCWA 3-29-18	113405	30.63
Law Offices of Jeffrey G Scott	Legal Fees Mar	113406	6,345.90
Left Coast Window Cleaning	Cleaning Svcs Mar & Apr	113407	1,106.26
Lennar Homes	Closed Account Refund	113408	5,623.64
Mallory Safety & Supply, LLC	Safety Supplies	113409	824.84
Manpower Temp Services	Cust Svc Reps 2 We 3-25-18 & 4-1-18	113410	4,143.16
Marilyn F. James TTE	Closed Account Refund	113411	57.79
Hal Martin	WateReuse Conference 3-24-18	113412	508.68
Mellisa Jae	Closed Account Refund	113413	38.99
Michael Baker International, Inc.	Montiel Gravity Prj 20161-3	113414	5,002.50
Nth Generation Computing, Inc.	Datalert Licenses 25 FY18-19	113415	4,512.50
Pat Baihaghi	Closed Account Refund	113416	50.00
Pitney Bowes	Mail System Lease Feb - Apr	113417	641.16
Pitney Bowes	Adhesive For Postage Machine	113418	82.42
Plumbers Depot Inc	Smart Covers 5 - Replacing Flow Meters	113419	25,694.20
Ferguson Enterprises, Inc	Dechlorinator - Water Flusing	113420	2,464.91
Renee Dolder	Closed Account Refund	113421	89.28
S.E. Pipeline Construction, Inc.	Closed Account Refund	113422	644.30
Safe Hearing America Inc	Mobile Hearing Testing	113423	954.70
SDG&E	Power Mar	113424	9,910.68

VALLECITOS WATER DISTRICT
WARRANTS LIST
April 18, 2018

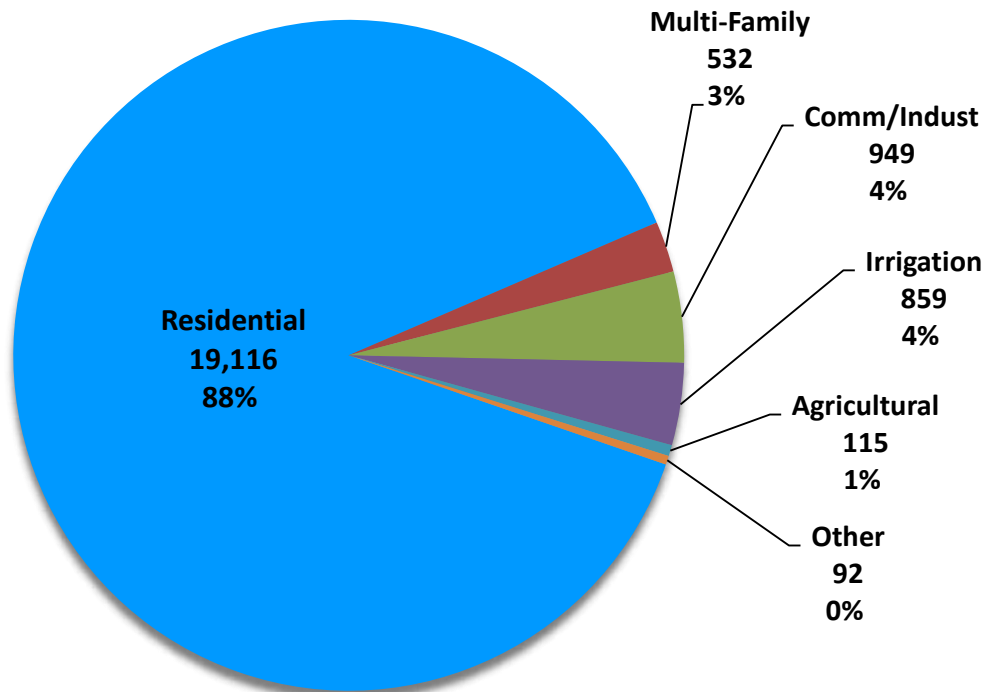
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Signarama	Banners 3 Prj 20181-43	113425	644.65
Six To Six Equipment Rentals	Boom Lift Rental	113426	460.00
Southern Counties Lubricants, LLC	Sulfend RT	113427	6,951.37
Specialty Seals & Accessories	Mechanical Seal Pump Rebuild - MRF	113428	720.52
Stacy Poundis	Closed Account Refund	113429	80.63
Standard Insurance Company	LTD, LIFE, ADD, Apr	113430	6,075.91
Staples Advantage	Office Supplies	113431	991.91
State Board of Equalization	Storage Tank Fees Jan - Mar	113432	165.62
State Water Resources Control	Water Distribution Cert D Joiner	113433	80.00
Steve Taylor	Closed Account Refund	113434	88.32
Sutton Tree Service Inc	Tree Trimming LS1	113435	950.00
Traffic Supply Inc	Traffic Cones 50	113436	896.78
Union Bank FKA 1st Bank Card	Meetings & Travel Mar	113437	1,222.08
Union Bank FKA 1st Bank Card	Meetings & Travel Mar	113438	356.57
Union Bank FKA 1st Bank Card	Meetings & Travel Mar	113439	3,216.03
Union Bank FKA 1st Bank Card	Meetings & Travel Mar	113440	2,439.38
Univar USA Inc	Sodium Bisulfite	113441	864.98
UPS	Shipping Svcs Mar	113442	48.57
Vaughan's Indust Repair Inc.	Pump Rebuild NTO PS Prj 20181-17, Pump Rebuild Wulff PS Prj 20181-18	113443	21,397.11
Vector Resources, Inc.	Video Management Software SCADA	113444	555.59
Verizon Wireless	Cell Phone Mar	113445	1,637.40
Viasat Inc	Internet Svc Mar	113446	100.76
Xerox Corporation	Copier Lease Feb & Mar	113447	5,313.48
ACWA/Joint Powers Insurance	No Drinking Water Tax Campaign	113448	10,000.00
APGN Inc.	Filters For Blower 15	113449	1,509.66
Jeffrey Colwell	Video Production Prj 20181-44	113450	245.00
Diamond Environmental Services	Portable Rest Room Rental Mahr	113451	364.69
Electrical Sales Inc	Supplies -Forklift Charging Station/Upgrade	113452	2,726.08
Matheson Tri-Gas Inc	Welding Supplies	113453	584.52
Ostari Inc	IT Support Mar	113454	9,875.50
Pacific Pipeline Supply	Pipe Fitting Restraints 8	113455	371.52
Total Disbursements (89 Checks)			259,236.69
 WIRES			
San Diego County Water Authority	March Water Bill	Wire	1,811,844.95
CalPERS CERBT	OPEB funding March 28, 2018	Wire	200,000.00
CalPERS CERBT	OPEB funding April 30, 2018	Wire	200,000.00
Public Employees Retirement System	Retirement Contribution - April 11, 2018 Payroll	Wire	66,832.06
Total Wires			2,278,677.01
 PAYROLL			
Total direct deposits		Wire	229,062.15
VWD Employee Association		113366	612.00
Garnishments		113367 through 113368	970.14
IRS	Federal payroll tax deposit	Wire	90,003.34
Employment Development Department	California payroll tax deposit	Wire	17,410.96
CalPERS	Deferred compensation withheld	Wire	16,253.97
VOYA	Deferred compensation withheld	Wire	6,442.28
Total April 11, 2018 Payroll Disbursements			360,754.84
 TOTAL DISBURSEMENTS			2,898,668.54

Vallecitos Water District
 Active Water Meters
 March 31, 2018

Active Meters by Size as of March 31, 2018

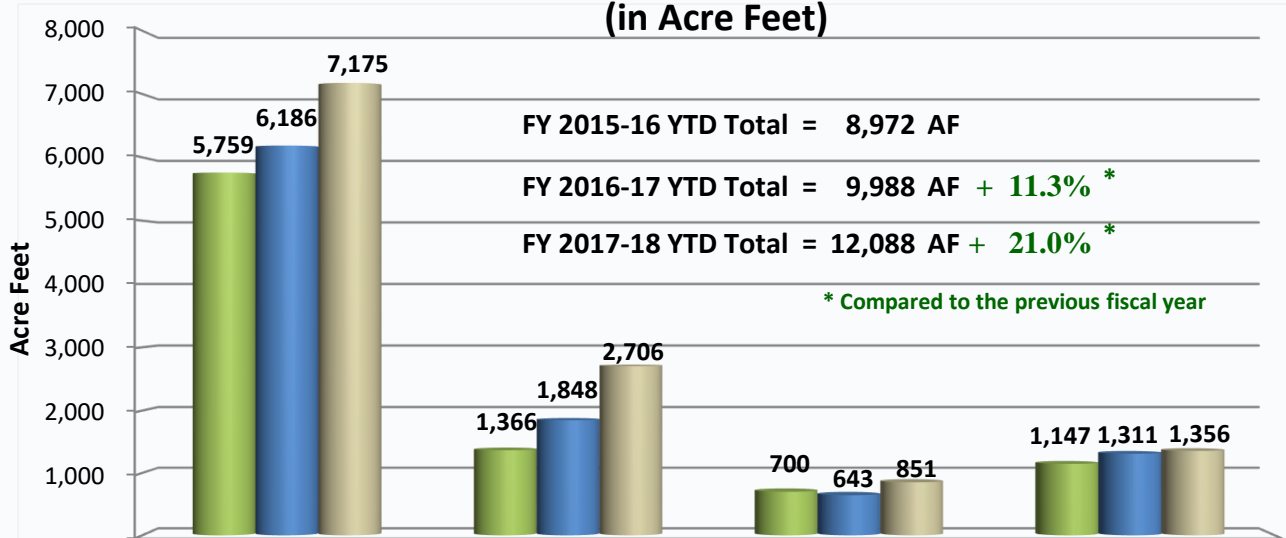


Active Meters by Type as of March 31, 2018



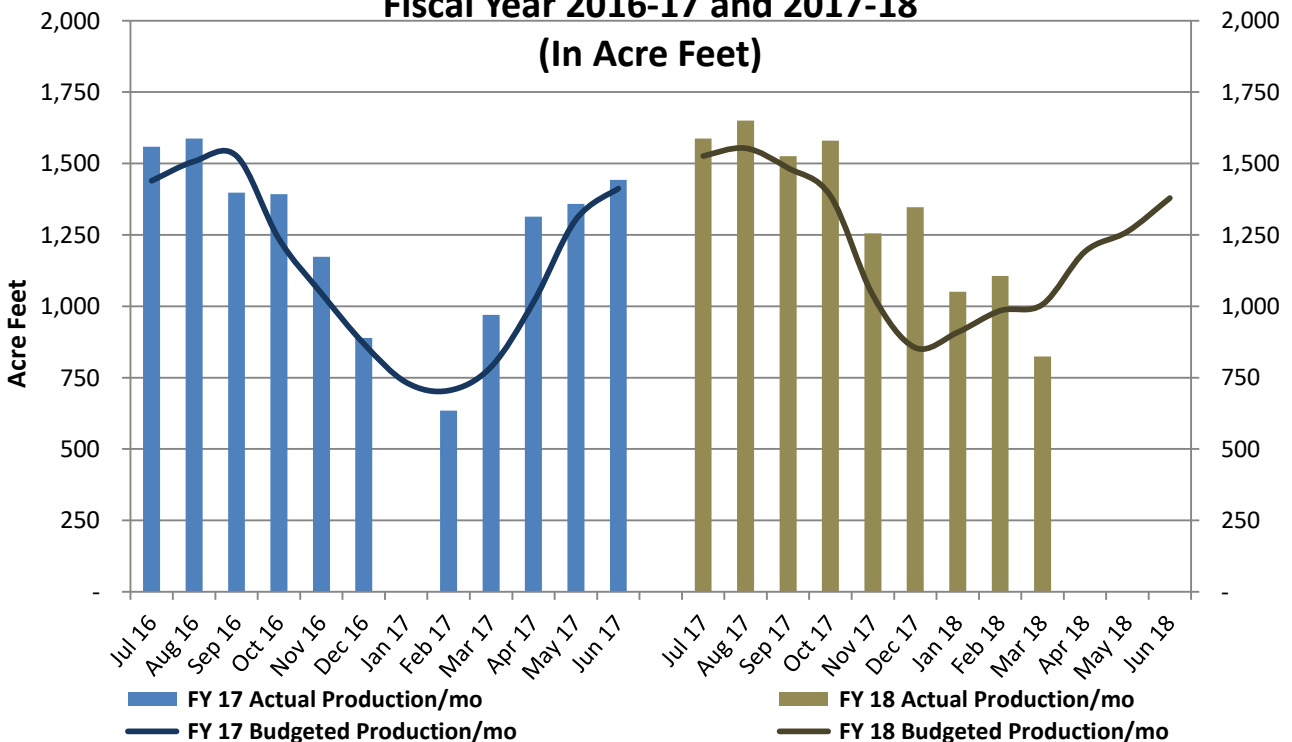
Vallejos Water District
 Water Production/Sales
 March 31, 2018

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	5,759	1,366	700	1,147
FY 2016-17	6,186	1,848	643	1,311
FY 2017-18	7,175	2,706	851	1,356

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



OVERVIEW

With the third quarter complete, the District's water fund has a net operating income of \$3.2 million (before depreciation) while the sewer fund has a net operating income of \$6.7 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

Water is higher than anticipated during the first three quarters of Fiscal Year 2018 as discussed below.

Revenues: As demonstrated in the table below: water sales are 91% of total budget with three quarters of the fiscal year over due to increased demand. Ready to Serve (RTS) performed as expected. Pumping Cost Recovery is high as a result of rate increases effective July 1, 2017. Other revenues are high as a result of the District receiving a retrospective premium reimbursement from JPIA.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 24,866,000	\$ 22,686,734	91%
Ready to Serve	13,623,000	10,352,292	76%
Pumping Cost Recovery	250,000	249,246	100%
Other	680,000	632,812	93%
Total	\$ 39,419,000	\$ 33,921,084	86%

Expenses: Water Purchases are somewhat high in response to Water Sales. Operating 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	\$ 22,643,905	79%
Operating	4,488,000	2,984,379	66%
Supporting	3,932,000	2,755,152	70%
General & Admin	2,812,000	2,297,800	82%
Total	\$ 39,763,000	\$ 30,681,236	77%

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. Other revenues are high as a result of the District receiving a retrospective premium reimbursement from JPIA.

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 17,510,000	\$ 13,532,213	77%
Reclaimed	2,055,000	1,545,207	75%
Other	78,000	106,502	137%
Total	\$ 19,643,000	\$ 15,183,922	77%

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	\$ 4,116,316	65%
Operating	2,744,000	1,626,121	59%
Supporting	2,674,000	1,688,875	63%
General & Admin	1,455,000	1,005,094	69%
Total	\$ 13,217,000	\$ 8,436,406	64%

RESERVES AND FUNDS:

The following is a summary of the replacement reserves and capacity funds as of March 31, 2018.

Water:		
Revenues	Replacement	Capacity
FY 17/18 Operating Transfers	3,239,848	-
Capital Facility Fees	-	2,429,932
Property tax & Other	1,533,959	-
<i>Total Revenue</i>	<i>4,773,807</i>	<i>2,429,932</i>
Distributions		
Capital Projects	1,036,397	127,545
Debt Service	-	572,909
<i>Total Distributions</i>	<i>1,036,397</i>	<i>700,454</i>
Net Increase/(Decrease)	3,737,410	1,729,478
Beginning Balance	29,885,306	(9,889,055)
Ending Balance	33,622,716	(8,159,577)
Less: Operating Reserves	5,539,100	-
Reserves/Restricted Funds	\$ 28,083,616	\$(8,159,577)
Replacement Reserve Floor	\$ 6,721,600	
Replacement Reserve Ceiling	\$ 28,785,100	
Wastewater:		
Revenues	Replacement	Capacity
FY 17/18 Operating Transfers	6,747,516	-
Capital Facility Fees	-	2,651,622
Property tax & Other	1,507,714	-
<i>Total Revenue</i>	<i>8,255,230</i>	<i>2,651,622</i>
Distributions		
Capital Projects	3,660,047	278,713
Debt Service	-	1,782,083
<i>Total Distributions</i>	<i>3,660,047</i>	<i>2,060,796</i>
Net Increase/(Decrease)	4,595,183	590,826
Beginning Balance	45,384,737	(6,501,911)
Ending Balance	49,979,920	(5,911,085)
Less: Operating Reserves	6,518,000	-
Reserves/Restricted Funds	\$ 43,461,920	\$(5,911,085)
Replacement Reserve Floor	\$ 15,472,900	
Replacement Reserve Ceiling	\$ 46,161,000	

DATE: APRIL 18, 2018
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the nine months ended March 31, 2018 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 9-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 Nine Months Ended March 31, 2018

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Water Sales	\$ 22,686,734	\$ 16,479,037	\$ 6,207,697	37.7%	\$ 18,469,000	\$ 4,217,734	22.8%
Ready-to-serve	10,352,292	10,349,564	2,728	0.0%	10,214,000	138,292	1.4%
Pumping charges	249,246	120,540	128,706	106.8%	187,000	62,246	33.3%
Late & lock charges	348,585	328,014	20,571	6.3%	346,000	2,585	0.7%
Backflow fees	68,439	66,309	2,130	3.2%	73,000	(4,561)	-6.2%
Other revenue	215,788	156,032	59,756	38.3%	89,800	125,988	140.3%
Total Revenue	33,921,084	27,499,496	6,421,588	23.4%	29,378,800	4,542,284	15.5%
Expenses							
Water costs	22,643,905	19,475,878	3,168,027	16.3%	20,454,000	2,189,905	10.7%
Pumping costs	560,062	427,935	132,127	30.9%	505,000	55,062	10.9%
Water quality	109,404	66,649	42,755	64.1%	132,000	(22,596)	-17.1%
Water treatment	323,258	343,738	(20,480)	-6.0%	333,000	(9,742)	-2.9%
Tanks & reservoirs	245,058	220,232	24,826	11.3%	312,000	(66,942)	-21.5%
Trans & distribution	1,045,998	1,337,014	(291,016)	-21.8%	1,375,000	(329,002)	-23.9%
Services	176,948	110,008	66,940	60.9%	185,000	(8,052)	-4.4%
Meters	491,686	466,979	24,707	5.3%	472,000	19,686	4.2%
Backflow prevention	31,965	58,129	(26,164)	-45.0%	48,000	(16,035)	-33.4%
Customer accounts	421,010	410,500	10,510	2.6%	459,000	(37,990)	-8.3%
Building & grounds	289,898	294,703	(4,805)	-1.6%	271,000	18,898	7.0%
Equipment & vehicles	197,705	202,343	(4,638)	-2.3%	228,000	(30,295)	-13.3%
Engineering	1,063,128	1,008,368	54,760	5.4%	1,042,000	21,128	2.0%
Safety & compliance	173,527	164,723	8,804	5.3%	196,000	(22,473)	-11.5%
Information Technology	609,884	586,234	23,650	4.0%	751,000	(141,116)	-18.8%
General & administrative	2,297,800	2,134,883	162,917	7.6%	2,109,000	188,800	9.0%
Total Expenses	30,681,236	27,308,316	3,372,920	12.4%	28,872,000	1,809,236	6.3%
Net Operating Income	\$ 3,239,848	\$ 191,180	3,048,668	1594.7%	\$ 506,800	2,733,048	539.3%

Explanation of Significant Variances

Water Sales has a favorable prior year and budget variance as a result of greater than anticipated increases in demand.

The favorable variance to prior year in **Pumping cost recovery** is the result of rate increases effective July 1, 2017.

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

Vallecitos Water District
Sewer Revenue and Expense Report
For the Nine Months Ended March 31, 2018

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$ 13,532,213	\$ 13,093,525	\$ 438,688	3.4%	\$ 13,130,000	\$ 402,213	3.1%
Reclaimed water sales	1,545,207	1,451,889	93,318	6.4%	1,540,000	5,207	0.3%
Other revenue	106,502	78,731	27,771	35.3%	56,000	50,502	90.2%
Total Revenue	15,183,922	14,624,145	559,777	3.8%	14,726,000	457,922	3.1%
Expenses							
Collection & conveyance	1,372,588	1,445,998	(73,410)	-5.1%	1,692,000	(319,412)	-18.9%
Lift stations	144,224	272,460	(128,236)	-47.1%	234,000	(89,776)	-38.4%
Source Control	109,309	107,676	1,633	1.5%	133,000	(23,691)	-17.8%
Effluent disposal	2,128,682	2,032,337	96,345	4.7%	2,152,000	(23,318)	-1.1%
Meadowlark	1,987,634	2,194,478	(206,844)	-9.4%	2,606,000	(618,366)	-23.7%
Customer Accounts	293,195	285,486	7,709	2.7%	342,000	(48,805)	-14.3%
Building & grounds	187,403	165,527	21,876	13.2%	192,000	(4,597)	-2.4%
Equipment & vehicles	148,009	140,668	7,341	5.2%	171,000	(22,991)	-13.4%
Engineering	415,212	423,865	(8,653)	-2.0%	532,000	(116,788)	-22.0%
Safety & compliance	112,910	113,681	(771)	-0.7%	142,000	(29,090)	-20.5%
Information technology	532,146	487,670	44,476	9.1%	623,000	(90,854)	-14.6%
General & administrative	1,005,094	928,935	76,159	8.2%	1,090,000	(84,906)	-7.8%
Total Expenses	8,436,406	8,598,781	(162,375)	-1.9%	9,909,000	(1,472,594)	-14.9%
Net Operating Income	\$ 6,747,516	\$ 6,025,364	722,152	12.0%	\$ 4,817,000	1,930,516	40.1%

Explanation of Significant Variances

Lift stations has a favorable prior year variance resulting from lower staffing levels and a favorable budget variance resulting from greater than anticipated decreases in outside services and materials used during the year thus far.

The **Meadowlark** favorable budget variance is due to budgeted repairs that have not yet been performed, timing of chemical purchases, and less than anticipated plant labor to date.

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

Variances are considered significant if they exceed \$75000 and 20%.

VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE NINE MONTHS ENDED MARCH 31, 2018

	110 Water Replacement	120 Capacity	210 Wastewater Replacement	220 Capacity	Total
BEGINNING BALANCE	\$ 29,885,306	\$ (9,889,055)	\$ 45,384,737	\$ (6,501,911)	\$ 58,878,989
REVENUES					
FY 17/18 Operating Transfers	3,239,848		6,747,516		9,987,364
Capital Facility Fees	-	2,429,932	-	2,651,622	5,081,554
Property Tax	806,609	-	643,746	-	1,450,355
RDA pass-through	421,847	-	421,847	-	843,694
Investment Earnings	227,554	-	352,960	-	580,514
Payment on Land Sale to City	70,573	-	70,573	-	141,146
Annexation Fees	7,376	-	18,588	-	25,964
TOTAL REVENUES	<u>4,773,807</u>	<u>2,429,932</u>	<u>8,255,230</u>	<u>2,651,622</u>	<u>18,110,591</u>
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Authority Five Year Plan	-	-	2,484,958	-	2,484,958
Main Facility Roof Replacement	183,460	-	176,265	-	359,725
Lift Station 1 Wet Well Room Repairs	-	-	187,933	-	187,933
North Vista Pressure Reducing Station Upgrade	176,938	-	-	-	176,938
Nursery Valve Relocation	-	-	174,483	-	174,483
San Marcos interceptor sewer	-	-	43,283	96,338	139,621
South Vista Pressure Reducing Station Upgrade	131,205	-	-	-	131,205
Water & Sewer Master Plan	-	60,285	-	60,283	120,568
Montiel Gravity Outfall	-	-	43,283	52,901	96,185
Rock Springs Sewer Replacement	-	-	32,420	39,624	72,044
Mountain Belle Tank - Valve Replacement	60,428	-	-	-	60,428
Expansion of the Men's Locker Room in Building B	29,867	-	28,696	-	58,563
MRF - Influent Pumps & Motors	-	-	57,905	-	57,905
City of San Marcos Joint Projects	34,558	-	22,096	-	56,654
District Wide Valve Replacement	54,449	-	-	-	54,449
Fulton Road And Nctd Sewer Line Rehabilitation	-	-	40,139	-	40,139
Fire Services - Backflow Preventer Upgrades	36,294	-	-	-	36,294
South Lake Pump Station Valves	36,194	-	-	-	36,194
Refurbish Pumps At North Twin Oaks Pump Station	31,557	-	-	-	31,557
Palos Vista Pump Station Motor Replacement	30,599	-	-	-	30,599
Wulff Pump Station Pumps & Motors	29,235	-	-	-	29,235
Gates For Twin Oaks Reservoir Access Road	-	26,058	-	-	26,058
MRF Refurbish Backwash Pumps And Motors	-	-	23,908	-	23,908
Palos Vista Pump Station Generator	21,980	-	-	-	21,980
Tertiary Filter Media	-	-	21,151	-	21,151
Laurels Sewer Lining	-	-	19,535	-	19,535
Moymo Solids Pump Rotor Replacment MRF	-	-	19,136	-	19,136
Schoolhouse Tank Refurbishment	18,621	-	-	-	18,621
HVAC Pump and Motor Replacement	8,541	-	8,206	-	16,747
MRF - Failsafe Line De-Chlorination System	-	-	15,789	-	15,789
Coronado Hills Chlorine Injection System	15,449	-	-	-	15,449
Audiovisual Upgrade	7,754	-	7,450	-	15,204
Palomar Tank - Valve Replacement	11,224	-	-	-	11,224
All other capital projects	17,652	4,998	8,453	4,667	35,769
Capital Budget - Vehicles/Mobile Equipmnt	100,391	-	244,959	-	345,350
Debt Service	-	572,909	-	1,782,083	2,354,991
Interest Expense	-	36,204	-	24,900	61,104
TOTAL DISTRIBUTIONS	<u>1,036,397</u>	<u>700,454</u>	<u>3,660,047</u>	<u>2,060,796</u>	<u>7,457,694</u>
ENDING BALANCE	\$ 33,622,716	\$ (8,159,577)	\$ 49,979,920	\$ (5,911,085)	\$ 69,531,886
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>\$ 28,083,616</u>	<u>\$ (8,159,577)</u>	<u>\$ 43,461,920</u>	<u>\$ (5,911,085)</u>	<u>\$ 57,474,786</u>
Replacement reserve floor	<u>\$ 6,721,600</u>		<u>\$ 15,472,900</u>		
Replacement reserve ceiling	<u>\$ 28,785,216</u>		<u>\$ 46,161,000</u>		

**VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR MARCH 2018**

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 March follows:

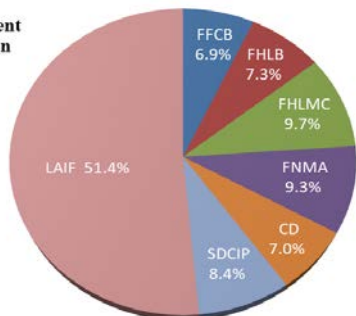
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
03/05/18	Deposit	LAIF	650,000	Open	1.52%
03/09/18	Deposit	LAIF	800,000	Open	1.52%
03/15/18	Withdrawal	LAIF	(650,000)	Open	1.52%
03/20/18	Deposit	LAIF	700,000	Open	1.52%
03/23/18	Deposit	LAIF	400,000	Open	1.52%
Change in investments during the month			<u>\$ 1,900,000</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	1.502%
Weighted average days to maturity	306

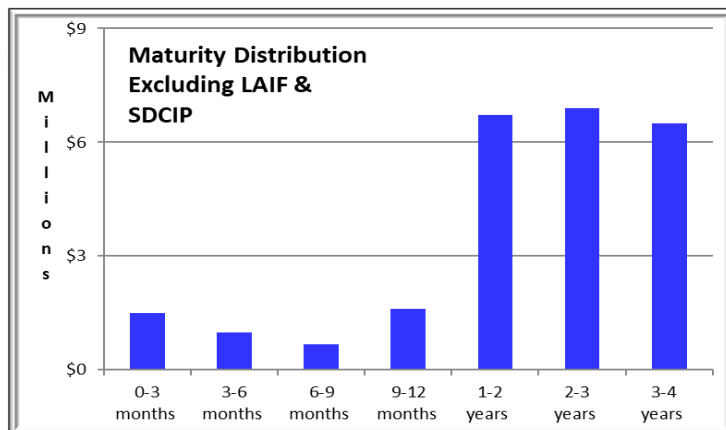
The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of December 31, 2017. The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for February 28, 2018. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

Portfolio Snapshot:

Investment Allocation

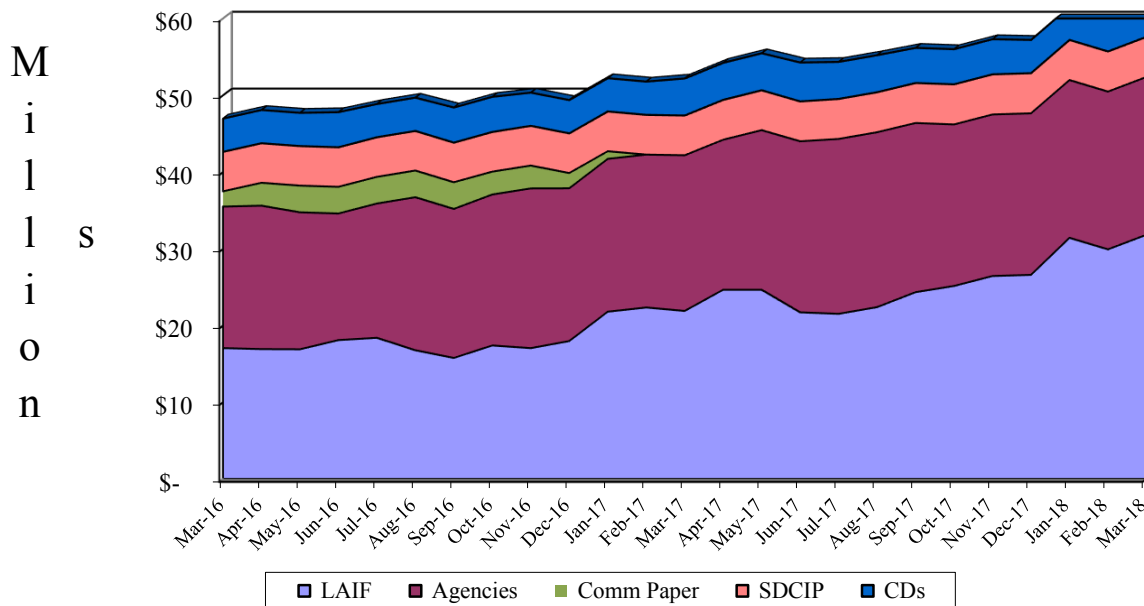


Agencies 33.2%



Safety

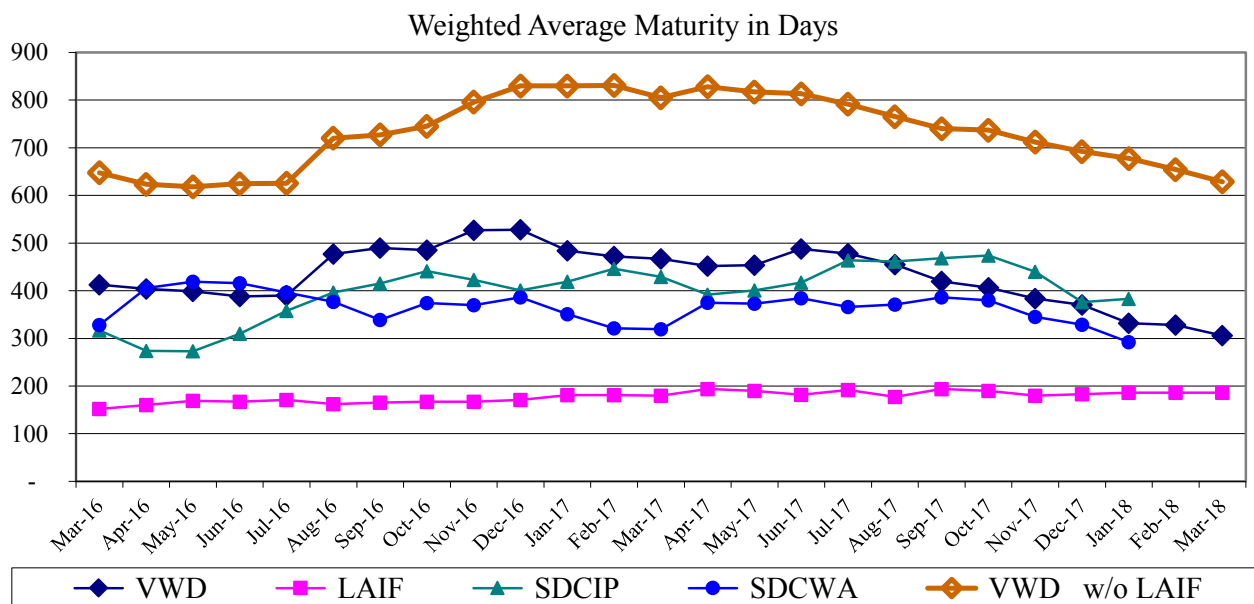
Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by adopted Board policy and with in limits established in the policy. Credit risk is the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



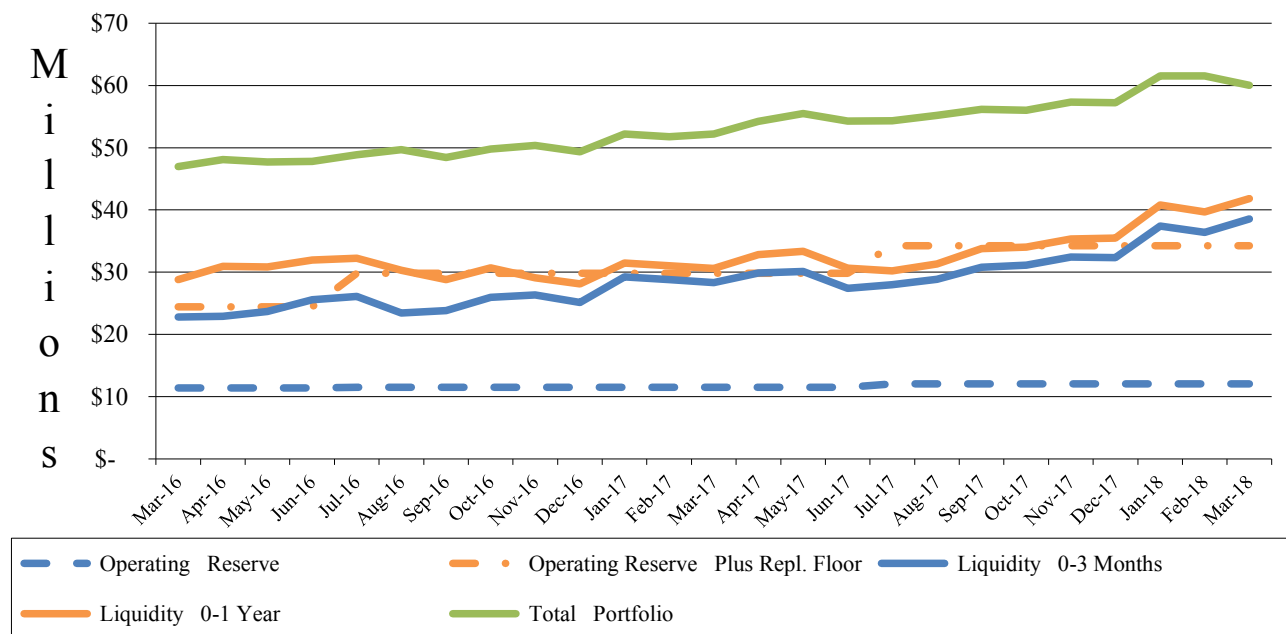
The graph above represents investment levels in the State of California’s Local Agency Investment Fund (LAIF), federal agency obligations, commercial paper, FDIC backed corporate notes, the San Diego County Investment Pool (SDCIP), and certificates of deposit.

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 \$31.9 million available the same day. But for comparative purposes LAIF is eliminated from the District's portfolio and shown separately.

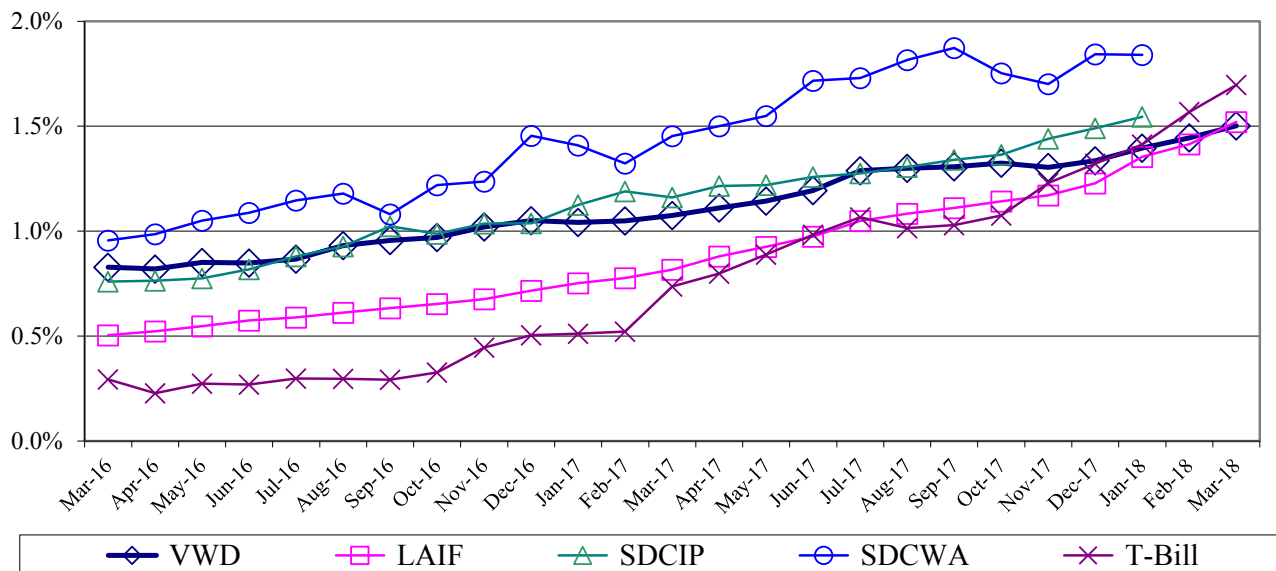


The graph below trends the *relationship of liquidity to adopted reserve levels*. District staff is sensitive to this relationship, but also recognizes the risk of being too liquid if rates fall further.



Yield

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



Investment/Debt Management

On July 9, 2015, the District refunded most of its 2007 Certificates of Participation with Revenue Bonds containing interest rates ranging between 4% and 5%. The District is obligated to transfer semi-annual debt service payments each June 25th (maximum of \$3.9 million in year 2030) and each December 26th (maximum of \$980,000 in year 2021) to the trustee for payment to bondholders for the 2015 Revenue Bonds. Staff targets these dates for maturities and proposes user rates that, given all other budget assumptions, satisfy debt service coverage requirements. On November 12, 2008, the District secured a private placement, variable rate loan (currently at 2.44403%) 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

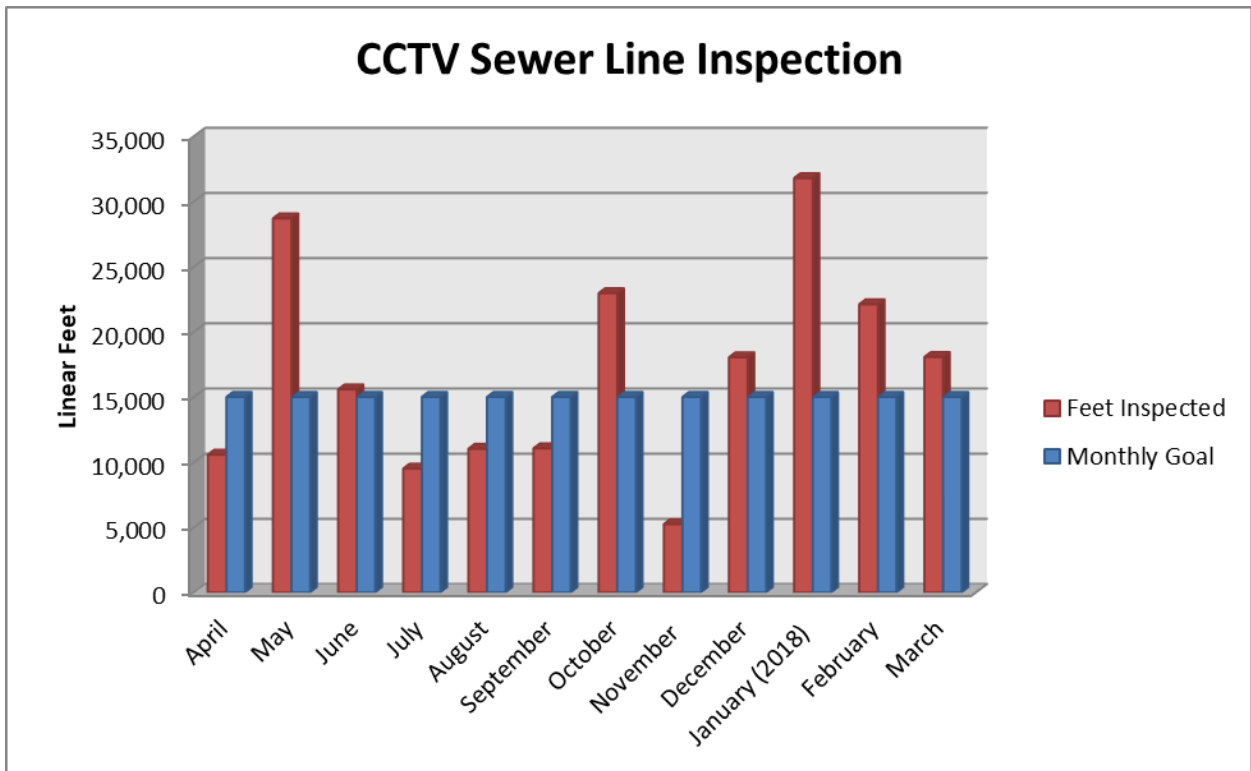
Staff is sensitive to the need to maintain minimum liquidity and invests to ensure that a portion of the portfolio equal to the operating reserves matures within three months, and a portion of the portfolio equal to the operating reserves plus the replacement reserve floors matures within one year. Staff 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 (100% in federal agency obligations, 100% in LAIF, 100% in other local government investment pools, 25% in FDIC-backed corporate notes, 25% in commercial paper, 20% in certificates of deposit).

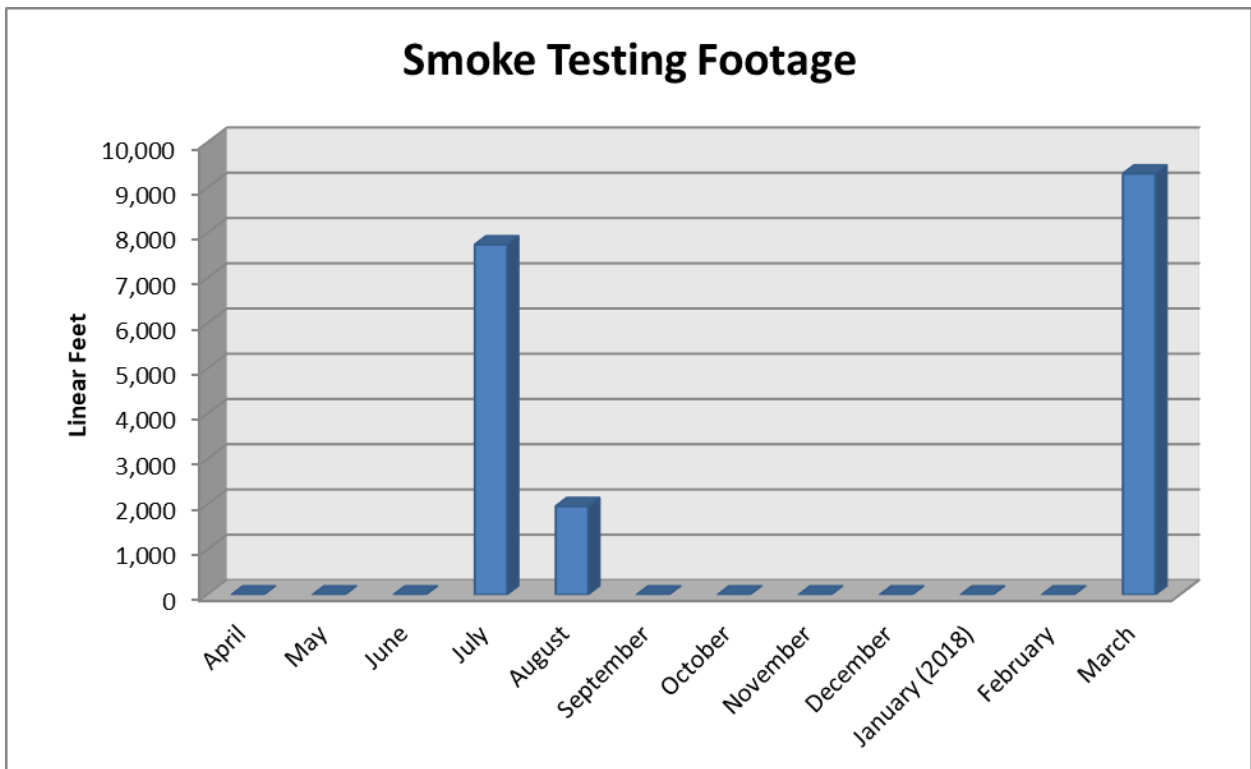
By Fund							Replacement		Capacity		Total
Reference	S&P	Coupon	Yield	Settled	Callable	Matures	Water 110	Sewer 210	Water 120	Sewer 220	
FFCB	AA+	0.930	0.930	10/21/15	04/30/18	04/13/18	499,705	-	-	-	499,705
Am Exp CD		1.100	1.100	04/29/15	na	04/30/18	245,000	-	-	-	245,000
FNMA	AA+	0.875	1.090	11/12/15	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	04/25/18	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	1.375	07/07/17	06/28/18	06/28/19	-	500,000	-	-	500,000
FHLMC(s)	AA+	1.250	1.500	06/28/16	06/28/08	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	1.500	08/30/16	05/28/18	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	04/28/18	10/28/19	500,000	-	-	-	500,000
FHLMC(s)	AA+	1.250	1.250	08/22/16	05/22/18	11/22/19	-	750,000	-	-	750,000
FNMA	AA+	1.350	1.350	06/30/16	06/30/18	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	06/30/18	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	05/29/18	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	05/24/18	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	1.600	06/27/17	06/22/18	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	04/28/18	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	05/26/18	02/26/21	-	514,000	-	-	514,000
Wells Fargo CD(s)		1.150	1.150	03/04/16	06/04/18	03/04/21	-	243,000	-	-	243,000
FHLB(s)	AA+	1.500	1.750	04/06/17	06/22/18	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	04/27/18	07/27/21	-	500,000	-	-	500,000
JPM Chase CD		1.650	1.650	08/16/16	05/16/18	08/16/21	-	245,000	-	-	245,000
FHLMC	AA+	1.600	1.600	08/25/16	05/25/18	08/25/21	1,000,000	-	-	-	1,000,000
FHLB	AA+	1.625	1.625	09/30/16	06/30/18	09/30/21	-	1,000,000	-	-	1,000,000
FNMA	AA+	1.550	1.550	10/31/16	04/28/18	10/28/21	1,000,000	-	-	-	1,000,000
FHLMC	AA+	1.875	1.875	11/30/16	05/26/18	11/26/21	-	1,000,000	-	-	1,000,000
SDCIP	AAA	na	1.545	Various	na	Open	-	5,212,632	-	-	5,212,632
LAIF		na	1.521	Various	na	Open	15,921,883	15,934,957	-	-	31,856,840
Total Cost							26,795,574	35,139,770	-	-	61,935,344
Unrealized Gain/(Loss)							(213,268)	(286,505)	-	-	(499,773)
Market Value							\$ 26,582,306	\$ 34,853,265	\$ -	\$ -	\$ 61,435,571

By Investment Type					Total					
Reference	Settled	Coupon	Yield	Matures	CDs	Agencies	LGIPs	LAIF	Cost	Market
FFCB	10/21/15	0.930	0.930	04/13/18	-	499,705	-	-	499,705	499,870
Am Exp CD	04/29/15	1.100	1.100	04/30/18	245,000	-	-	-	245,000	244,968
FNMA	11/12/15	0.875	1.090	05/21/18	-	497,325	-	-	497,325	499,420
Synchrony CD	06/13/14	1.600	1.600	06/13/18	245,000	-	-	-	245,000	244,978
Goldman CD	08/19/15	1.700	1.700	08/20/18	245,000	-	-	-	245,000	244,980
GE Cap CD	09/05/14	1.800	1.800	09/05/18	245,000	-	-	-	245,000	245,059
FHLB	06/29/15	1.200	1.260	09/26/18	-	499,050	-	-	499,050	498,055
Capital 1 CD	10/13/15	1.650	1.650	10/09/18	179,000	-	-	-	179,000	178,898
Ally Bank CD	10/29/15	1.600	1.600	10/29/18	245,000	-	-	-	245,000	244,801
Sallie Mae CD	12/09/15	1.600	1.600	12/10/18	245,000	-	-	-	245,000	244,564
FHLB	02/08/17	1.240	1.240	01/23/19	-	500,000	1.240	-	500,000	496,475
FNMA	07/25/16	1.000	1.000	01/25/19	-	499,900	-	-	499,900	495,675
FFCB	03/07/17	1.150	1.396	02/22/19	-	365,260	-	-	365,260	363,807
BMW Bk CD	03/10/17	1.350	1.350	03/11/19	245,000	-	-	-	245,000	243,395
Whitney Bank CD	04/20/17	1.650	1.650	04/22/19	245,000	-	1.650	-	245,000	243,839
Enerbank CD	06/18/15	1.500	1.579	05/15/19	232,301	-	-	-	232,301	231,360
FFCB	05/26/17	1.180	1.180	06/13/19	-	497,500	-	-	497,500	493,900
FHLB(s)	07/07/17	1.125	1.375	06/28/19	-	500,000	-	-	500,000	497,210
FHLMC(s)	06/28/16	1.250	1.500	06/28/19	-	750,000	-	-	750,000	746,295
FFCB	07/12/16	1.080	1.080	07/12/19	-	499,675	-	-	499,675	492,460
FHLMC(s)	08/30/16	1.125	1.500	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	244,076
FHLMC	09/25/15	1.250	1.317	10/02/19	-	498,665	-	-	498,665	492,505
FHLB	10/28/16	1.190	1.190	10/28/19	-	500,000	-	-	500,000	490,800
FHLMC(s)	08/22/16	1.250	1.250	11/22/19	-	750,000	-	-	750,000	742,575
FNMA	06/30/16	1.350	1.350	12/30/19	-	500,000	-	-	500,000	492,090
Key Bank CD	03/08/17	1.700	1.700	03/09/20	245,000	-	-	-	245,000	241,205
FNMA	10/19/16	1.300	1.300	03/30/20	-	500,000	-	-	500,000	489,945
FHLB	04/28/17	1.670	1.670	04/28/20	-	750,000	-	-	750,000	739,365
FNMA	05/27/16	1.500	1.500	05/29/20	-	750,000	-	-	750,000	736,440
HSBC Bank CD	09/16/16	1.400	1.400	07/08/20	244,510	-	-	-	244,510	238,520
FHLB	11/22/16	1.200	1.200	07/13/20	-	492,970	-	-	492,970	486,925
FNMA	08/24/16	1.400	1.400	08/24/20	-	1,000,000	-	-	1,000,000	977,190
Discover CD	10/26/16	1.500	1.500	10/26/20	245,000	-	-	-	245,000	236,861
FFCB	11/04/16	1.380	1.380	11/02/20	-	499,600	-	-	499,600	486,330
FFCB	12/07/16	1.770	1.770	12/07/20	-	249,438	-	-	249,438	245,580
FHLMC(s)	06/27/17	1.400	1.600	12/22/20	-	750,000	-	-	750,000	745,320
Northern Bk & Trust	06/29/17	1.850	1.850	12/29/20	245,000	-	-	-	245,000	239,960
FNMA	10/28/16	1.400	1.400	01/28/21	-	500,000	-	-	500,000	485,780
FFCB	11/18/16	1.620	1.620	02/17/21	-	149,667	-	-	149,667	145,532
FHLMC(s)	02/26/16	1.250	1.250	02/26/21	-	514,000	-	-	514,000	507,760
Vells Fargo CD(s)	03/04/16	1.150	1.150	03/04/21	243,000	-	-	-	243,000	241,608
FHLB(s)	04/06/17	1.500	1.750	03/22/21	-	274,381	-	-	274,381	271,299
FFCB	04/12/16	1.620	1.620	04/12/21	-	749,925	-	-	749,925	728,865
FFCB	05/03/17	1.990	1.990	05/03/21	-	750,000	-	-	750,000	738,030
Comenty Bk CD	06/30/16	1.650	1.650	06/30/21	245,000	-	-	-	245,000	236,834
FNMA	07/27/16	1.500	1.500	07/27/21	-	500,000	-	-	500,000	481,880
JPM Chase CD	08/16/16	1.650	1.650	08/16/21	245,000	-	-	-	245,000	235,391
FHLMC	08/25/16	1.600	1.600	08/25/21	-	1,000,000	-	-	1,000,000	967,830
FHLB	09/30/16	1.625	1.625	09/30/21	-	1,000,000	-	-	1,000,000	964,910
FNMA	10/31/16	1.550	1.550	10/28/21	-	1,000,000	-	-	1,000,000	963,200
FHLMC	11/30/16	1.875	1.875	11/26/21	-	1,000,000	-	-	1,000,000	971,150
SDCIP	Various		1.545	Open	-	-	5,212,632	-	5,212,632	5,177,000
LAIF	Various		1.521	Open	-	-	-	31,856,840	31,856,840	31,796,106
Total Cost					4,328,811	20,537,061	5,212,632	31,856,840	61,935,344	
Unrealized Gain/(Loss)					(47,513)	(355,894)	(35,632)	(60,734)	(499,773)	
Market Value					\$ 4,281,298	\$ 20,181,167	\$ 5,177,000	\$ 31,796,106	\$ 61,435,571	\$ 61,435,571
Percentage of Portfolio					7.0%	33.2%	8.4%	51.4%		
Investment Policy Limits					20.0%	100.0%	100.0%	100.0%		

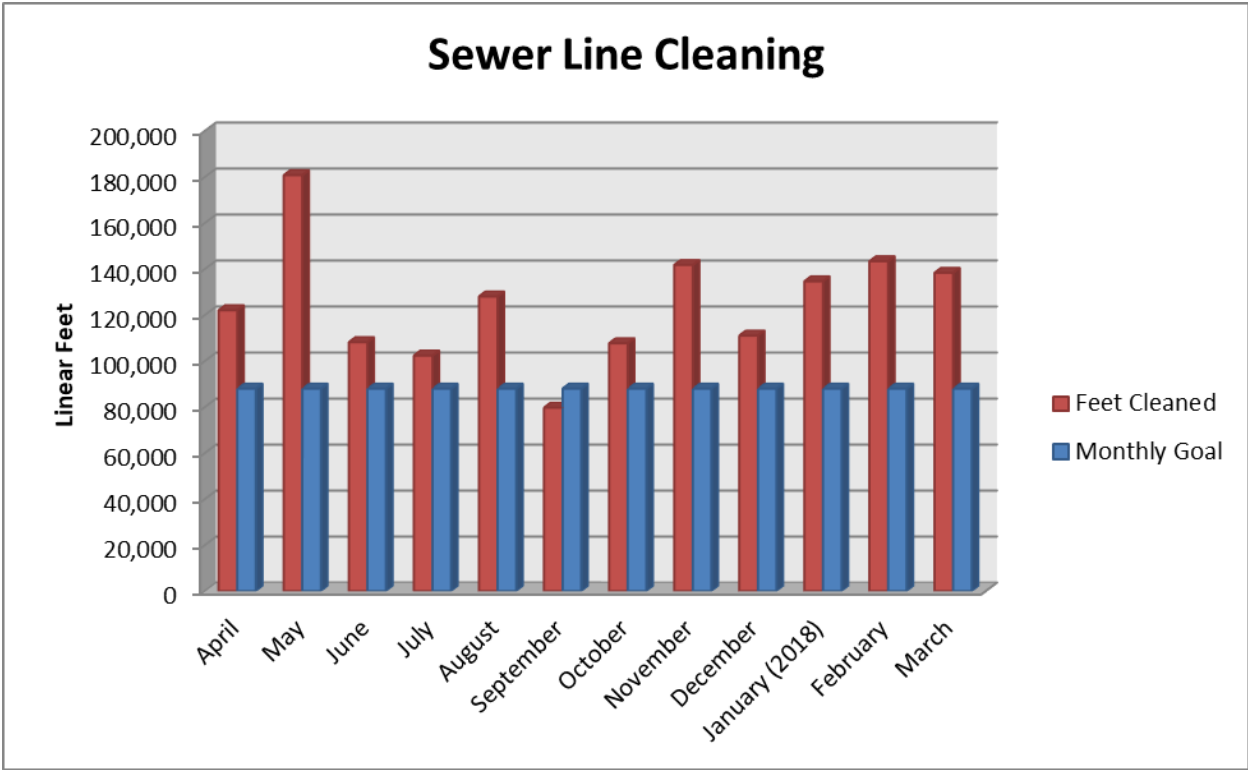
Quarterly O&M Metrics Report



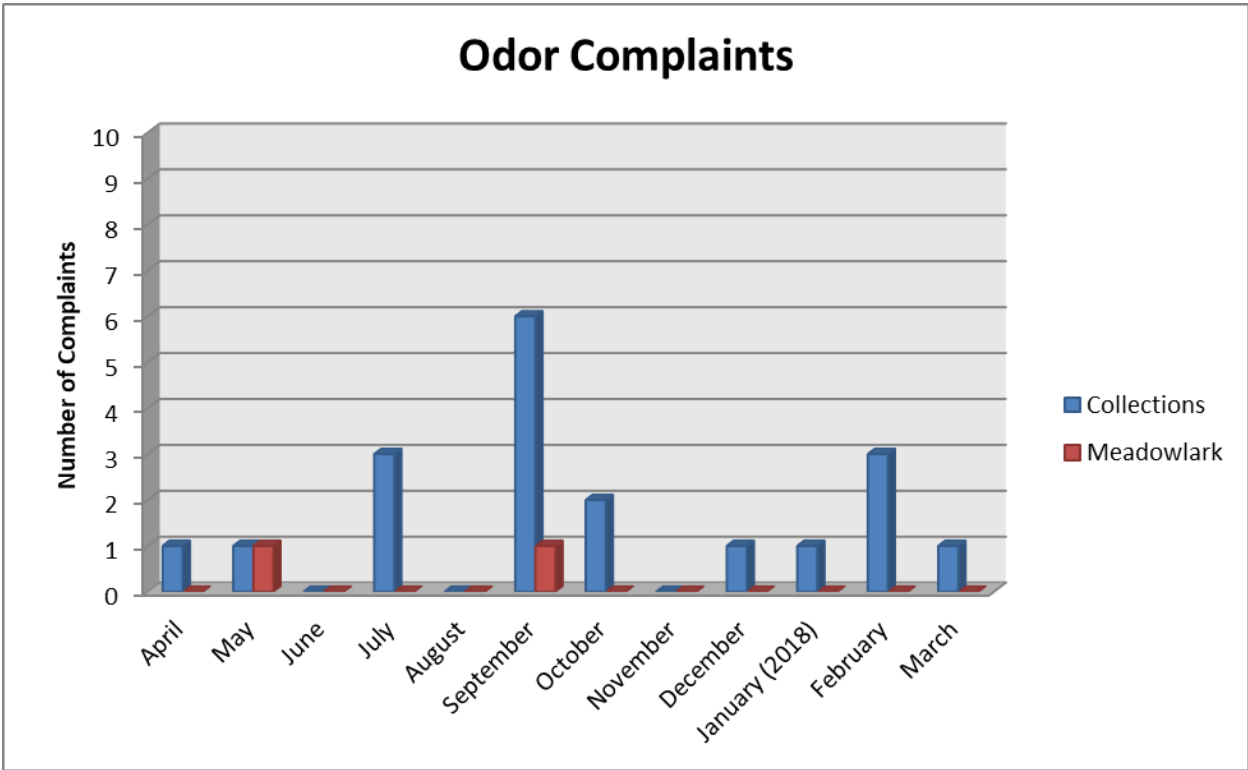
CCTV Sewer Line Inspection Totals in Feet
 (Goal is to inspect 180,000 feet of gravity lines per year. Total for 2018 = 71,963 ft)



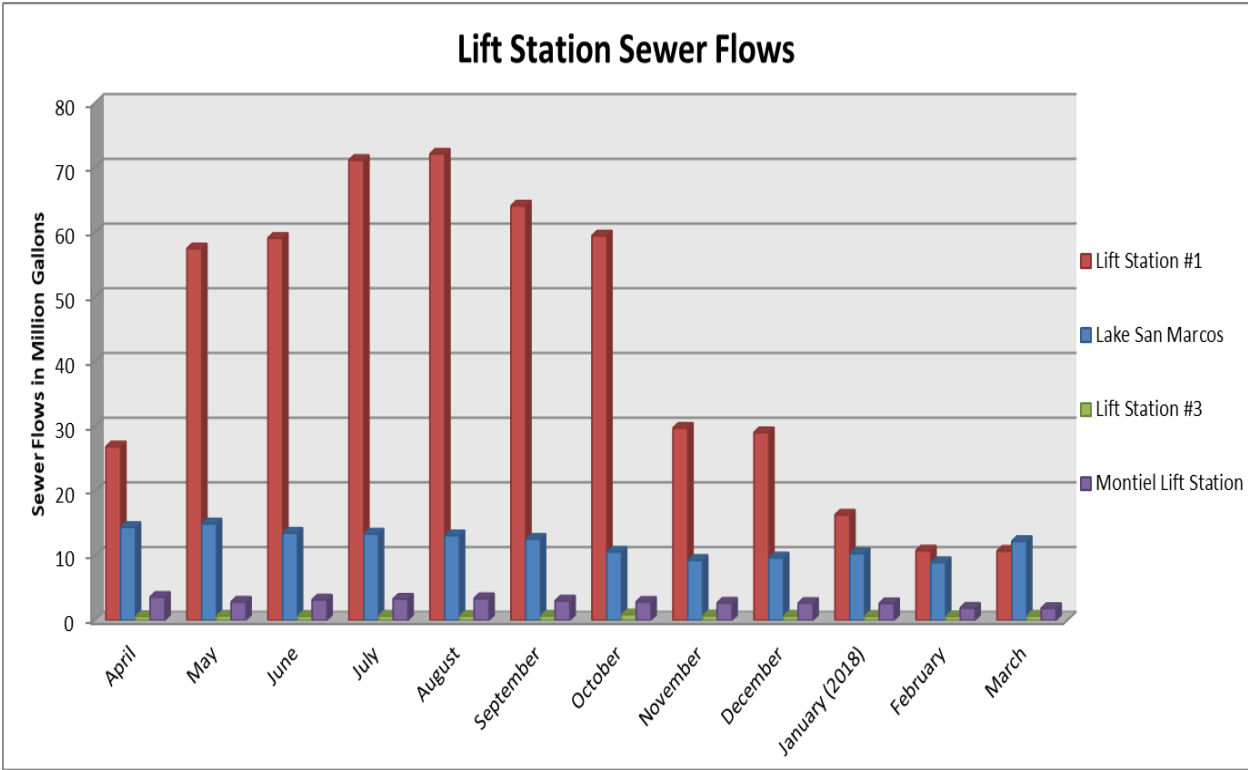
Smoke Testing of Sewer Lines in Feet
 (Goal is to Smoke Test 3 areas per year based on suspected I&I)



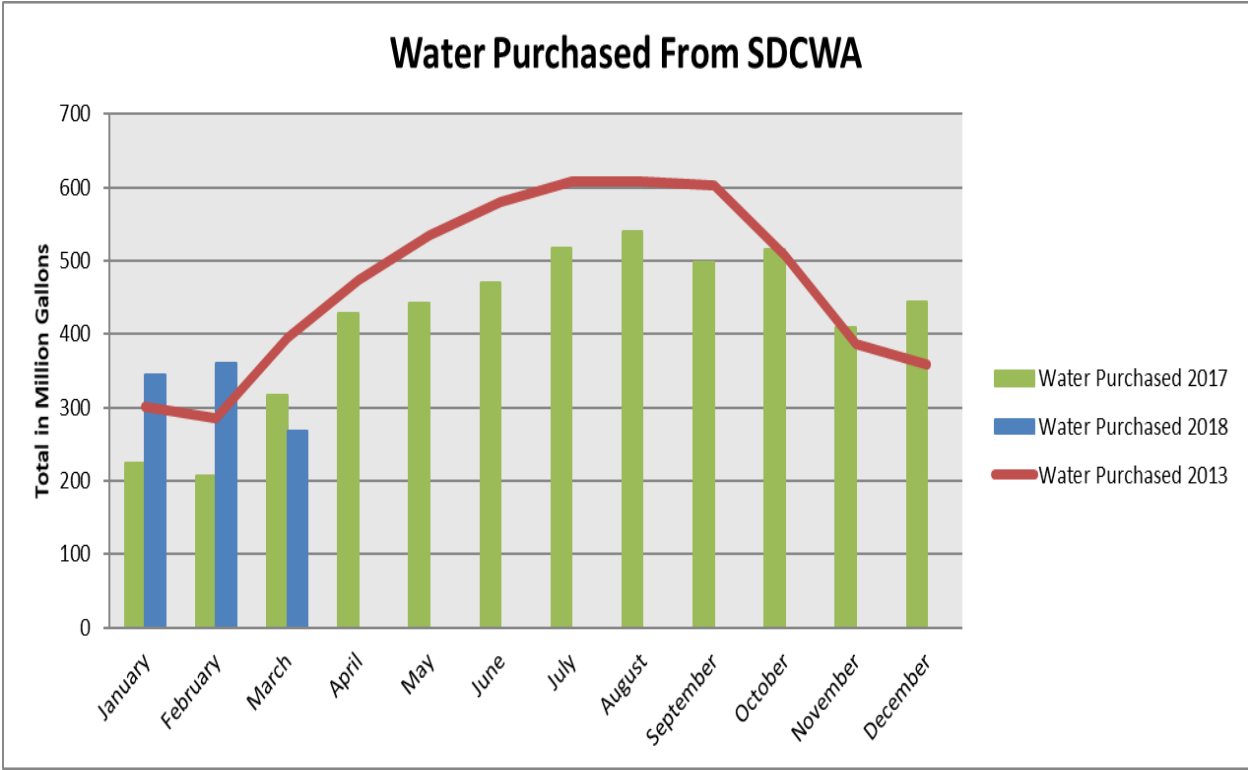
Sewer Line Cleaning Totals in Feet
(Goal is to clean 1,000,000 ft of gravity lines per year. Total for 2018 = 416,399 ft)



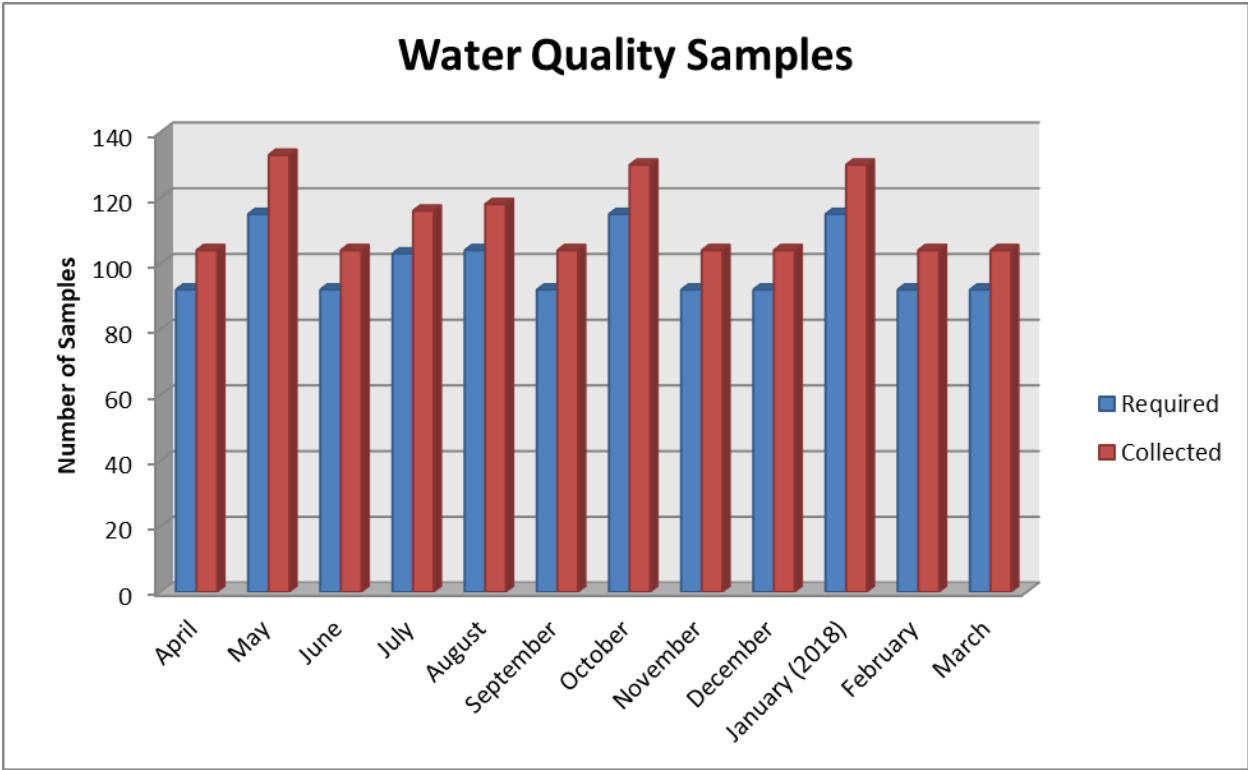
Customer Sewer Odor Complaints



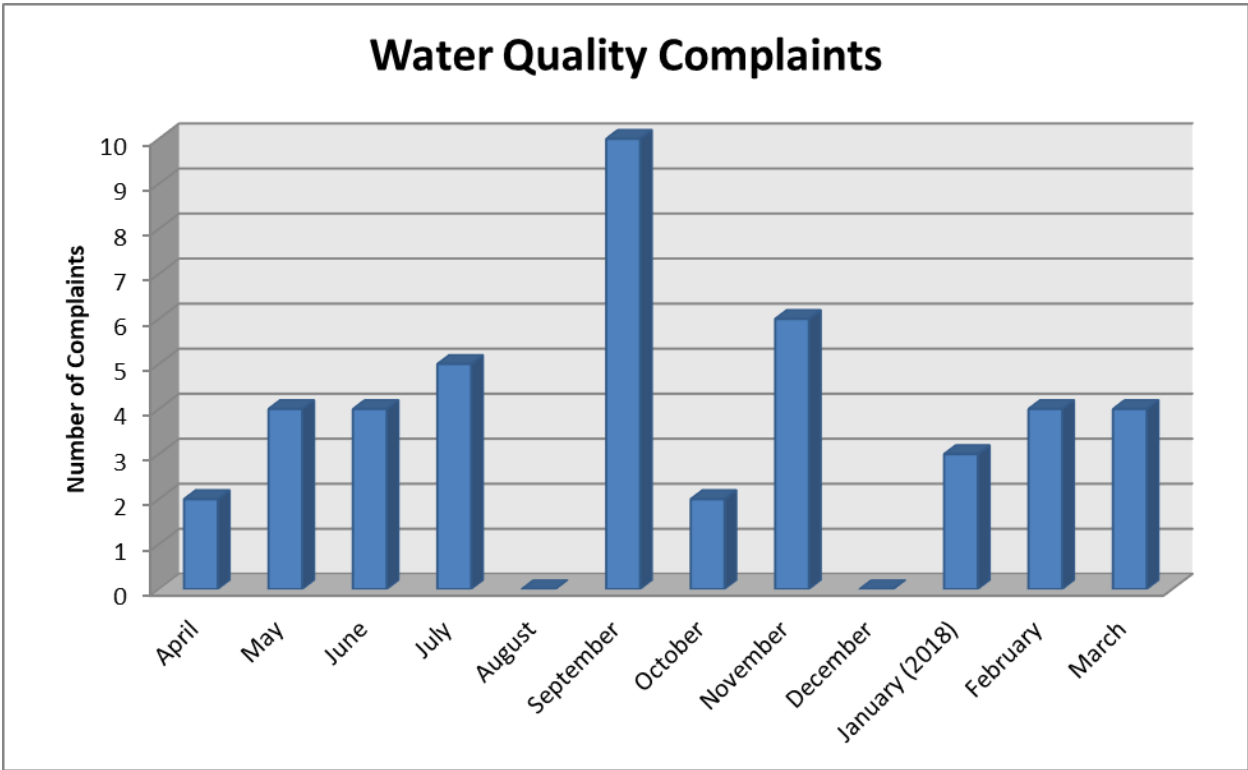
Sewer Flows Pumped from District Lift Stations



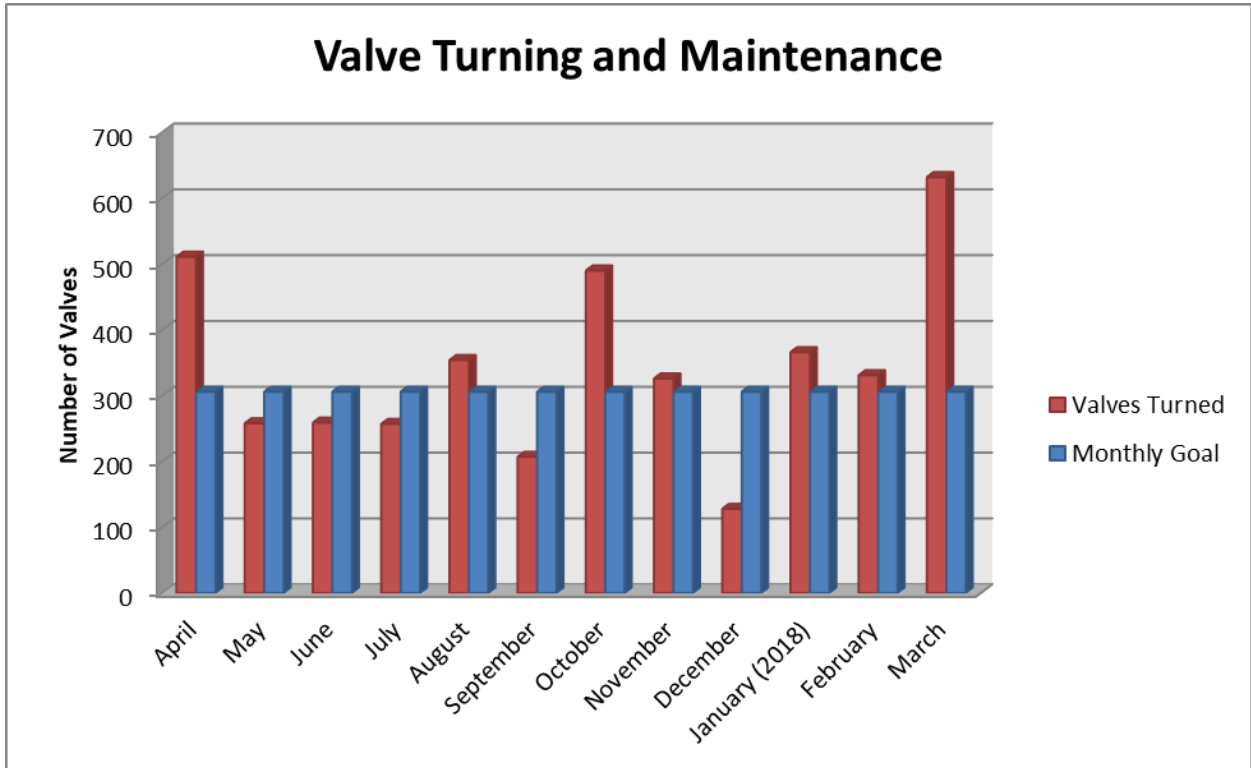
Water Purchased from the San Diego County Water Authority
(Includes water from the desalination and OMWD plants)



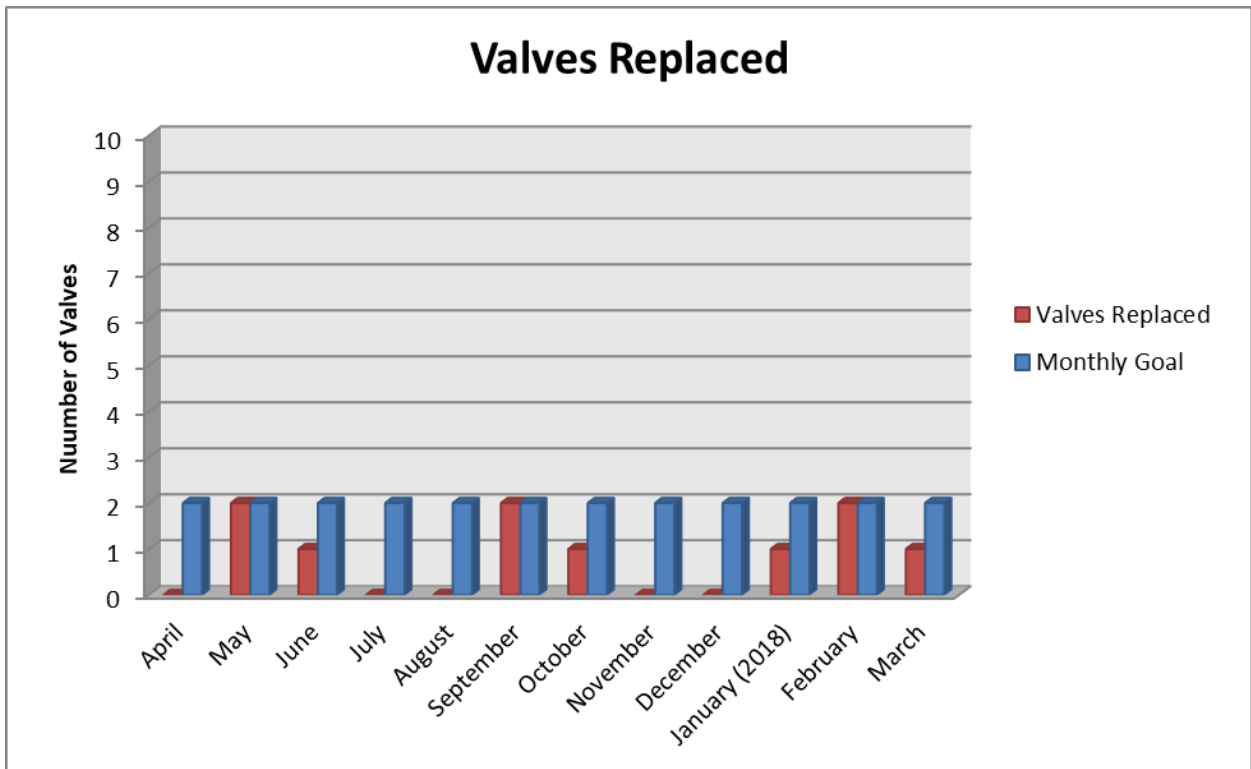
Bacteriological Water Quality Samples



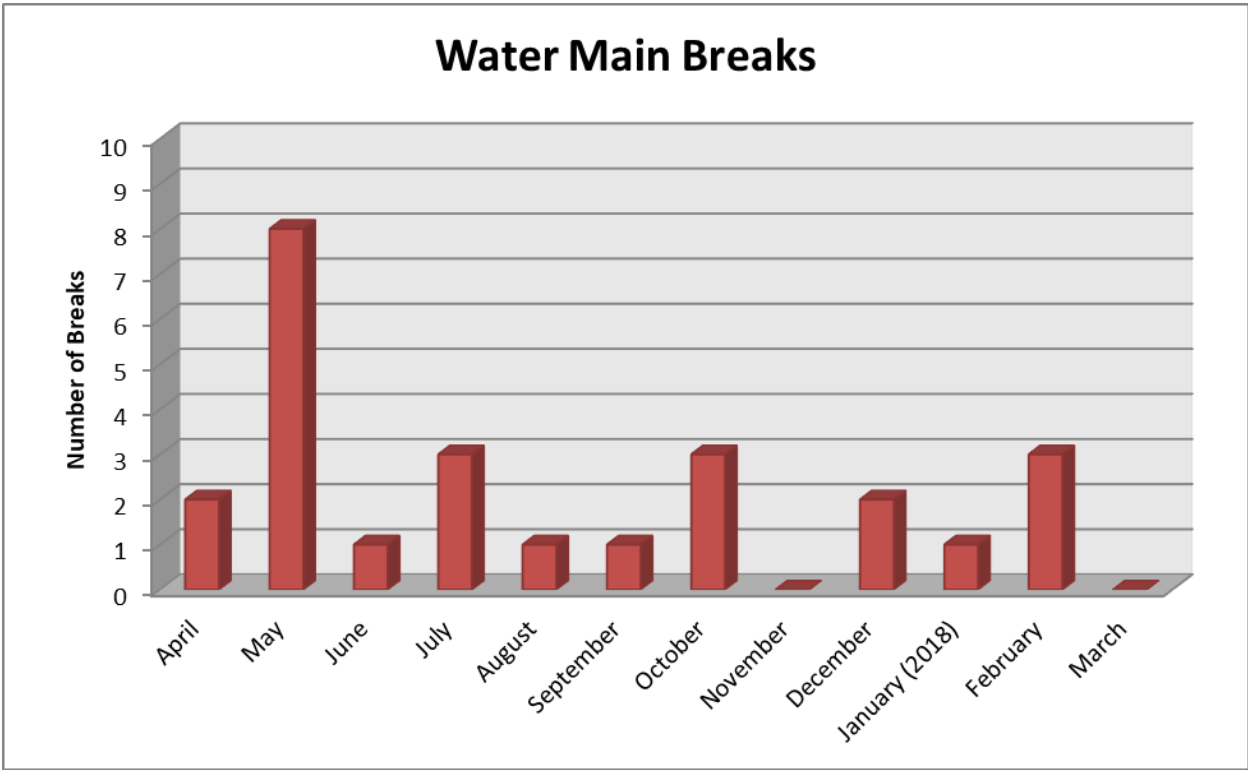
Customer Water Quality Complaints



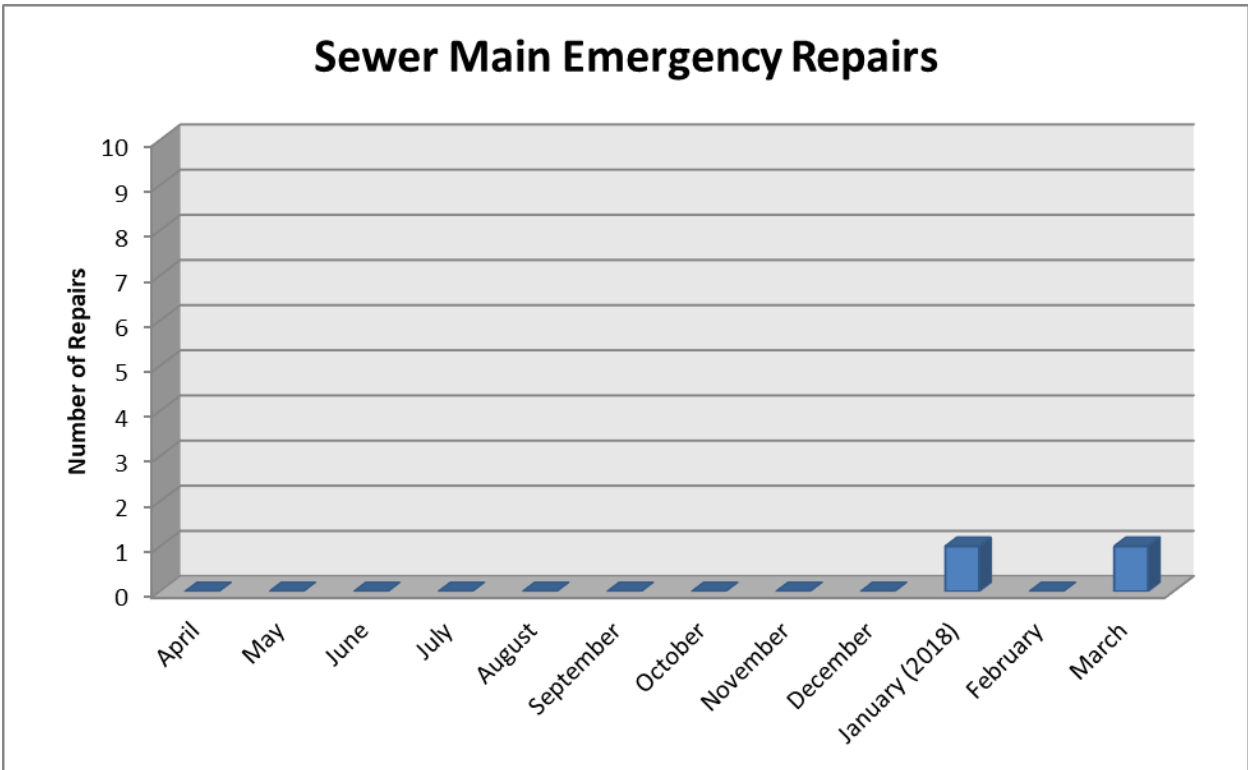
Water Valves Turned in the Distribution System
 (Goal is to turn 50% of all valves every year or an average of 306/Month. 2018 = 18%)



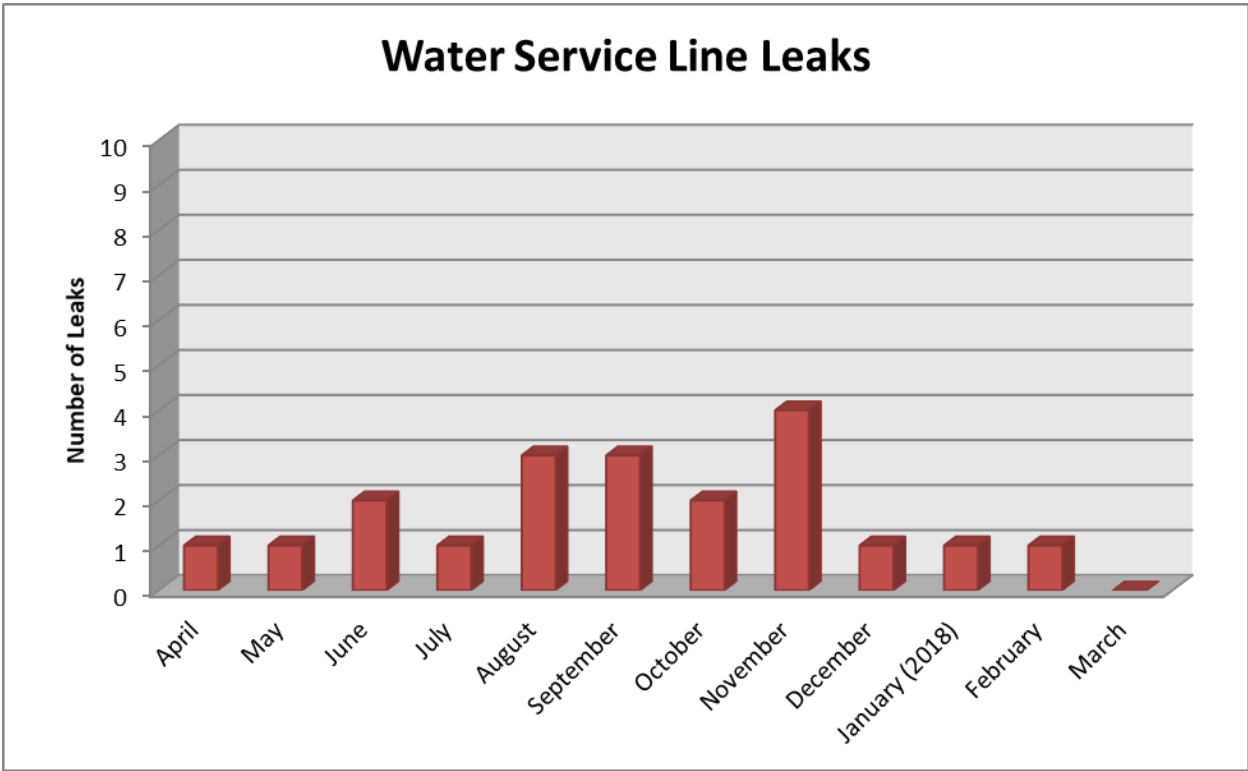
Water Valves Replaced in the Distribution System
 (Goal is to replace 20 valves every fiscal year or around 2 per month. Total 2017/18 = 7)



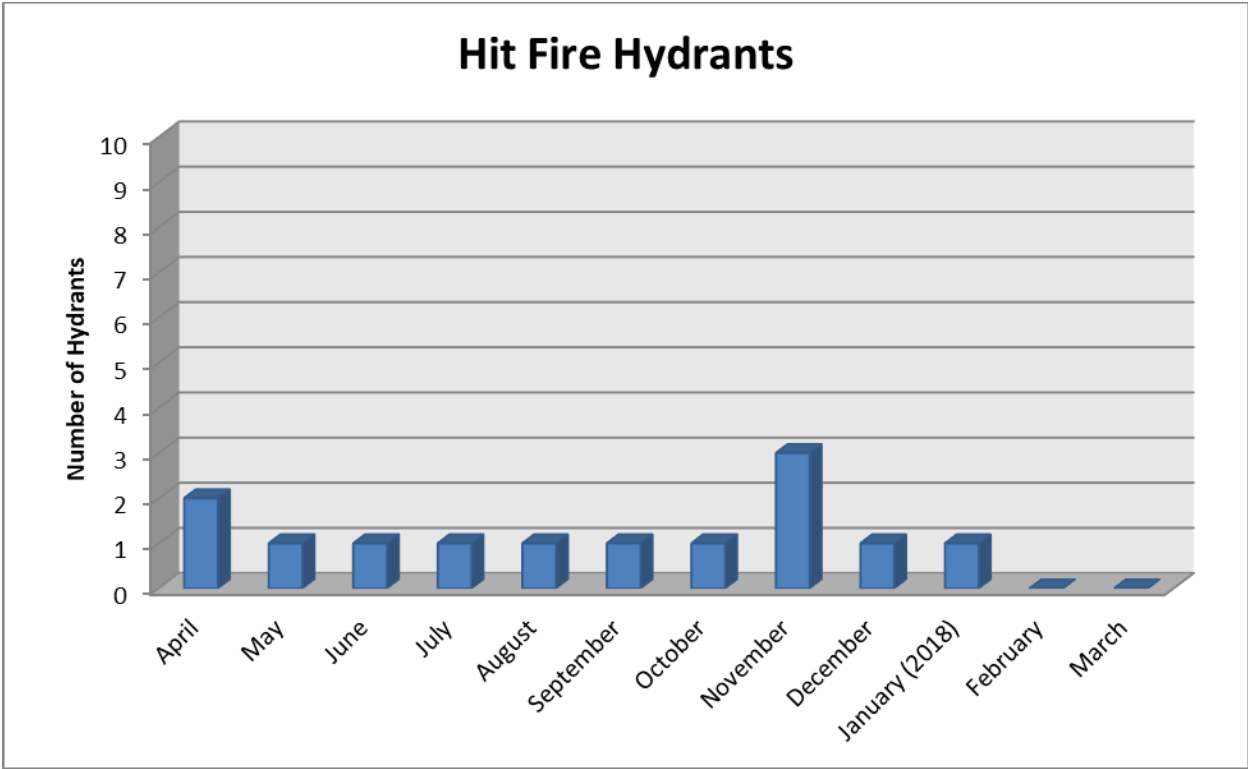
Water Mainline Breaks in the Distribution System



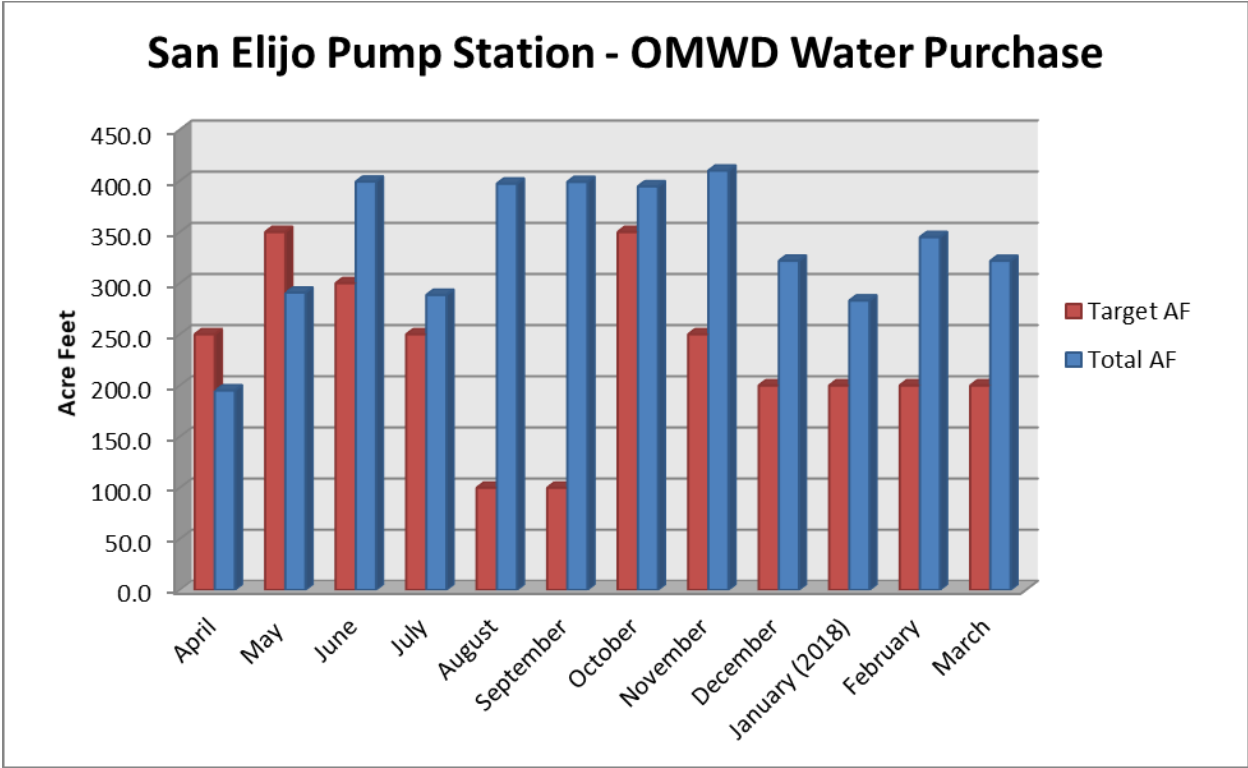
Sewer Main Emergency Repairs in the Collections System



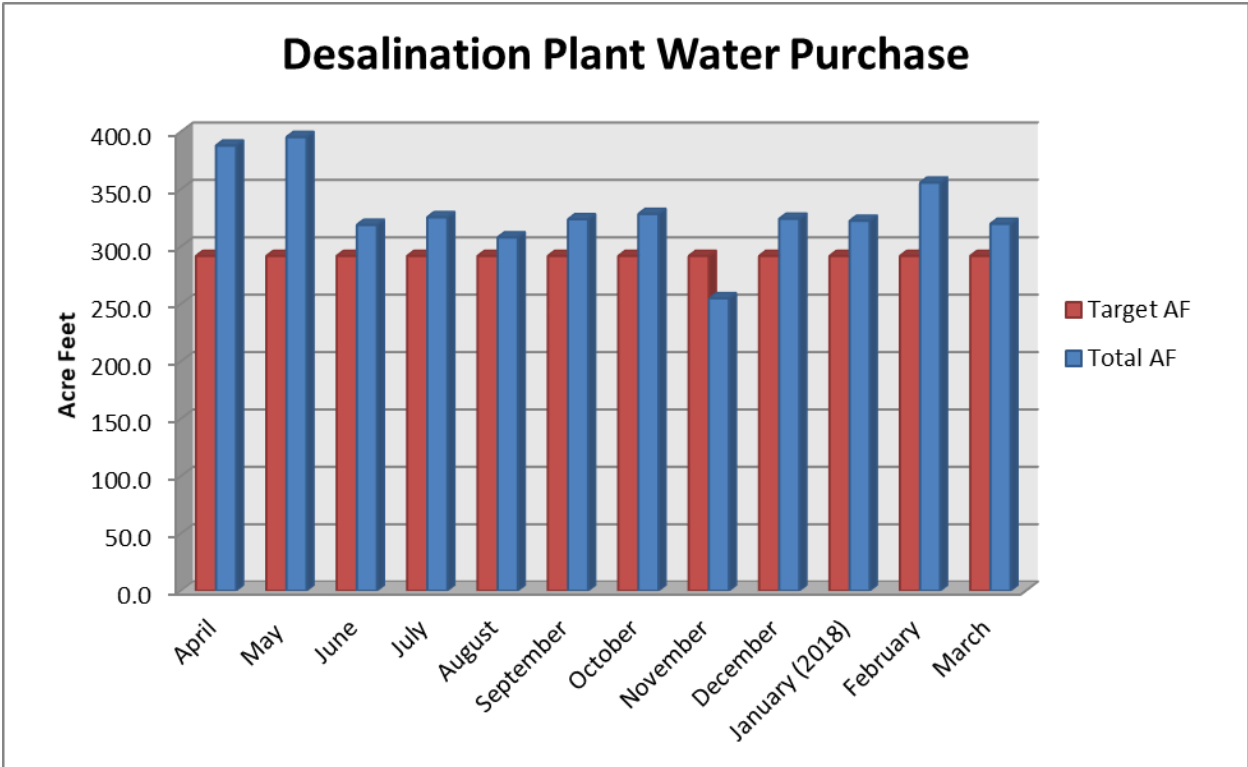
Water Service Line Leaks in the Distribution System



Fire Hydrants Hit in the Distribution System



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



Acre Feet (AF) of Water Purchased from the Carlsbad Desalination Plant

DATE: APRIL 18, 2018
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR FITZPATRICK TOWN HOMES APN 220-100-72 & 220-100-73 (KB HOME COASTAL)

BACKGROUND:

KB Home Coastal, owner of the project, has completed the plan check process with the District. The project is located north of Richmar Avenue between Marcos Street and N. Twin Oaks Valley Road.

DISCUSSION:

A Construction Agreement is typically entered between a developer and the District to ensure that the required public facilities are constructed to support the demands of the development.

The project will construct approximately 255 feet of 8-inch diameter PVC water main and 215 feet of 8-inch diameter PVC sewer main. Upon completion of the water and sewer facilities, water and sewer service will be available to 3 Single Family lots.

All engineering fees and inspection deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are due and payable prior to issuance of the final building inspection and/or utility release per Resolution 1441.

The owner has submitted standard surety bonds to guarantee completion of the project. The following bond amounts have been reviewed and approved by staff:

Labor and Materials	\$96,933.50
Faithful Performance	\$96,933.50

FISCAL IMPACT:

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

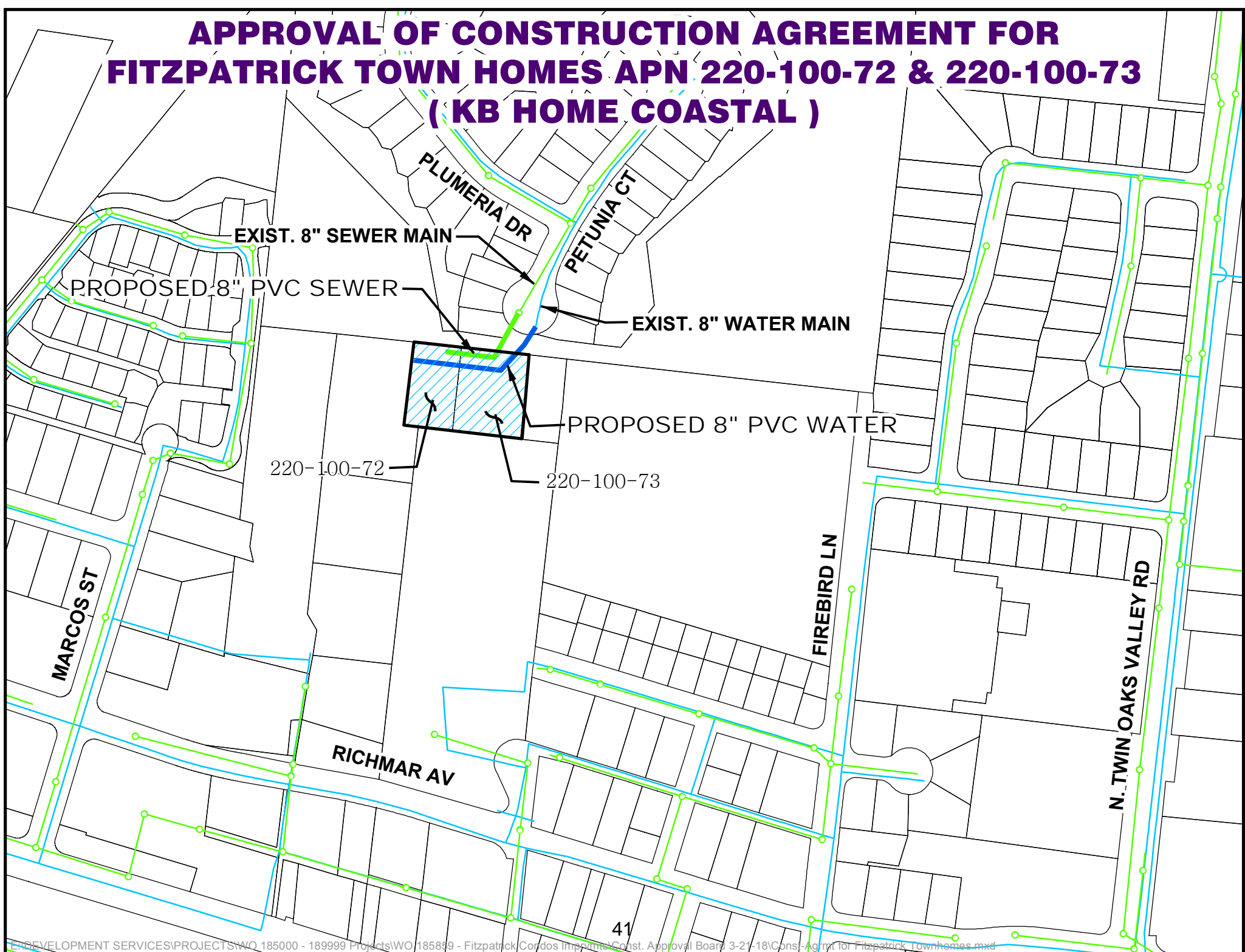
RECOMMENDATION:

Approve the construction agreement for Fitzpatrick Town Homes.

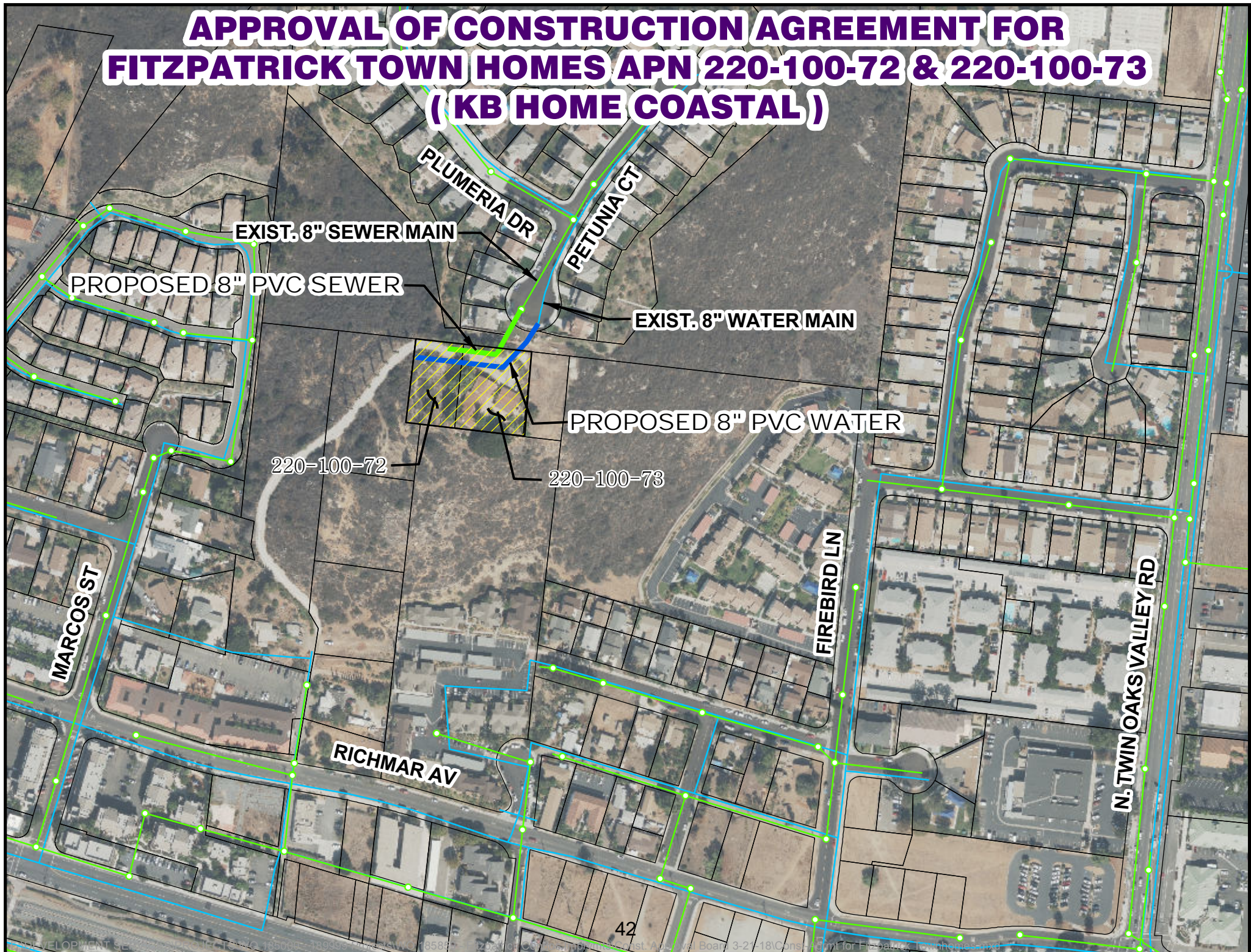
ATTACHMENTS:

2 Map Exhibits – 1 Plat Map & 1 Aerial
Construction Agreement

APPROVAL OF CONSTRUCTION AGREEMENT FOR FITZPATRICK TOWN HOMES APN 220-100-72 & 220-100-73 (KB HOME COASTAL)



APPROVAL OF CONSTRUCTION AGREEMENT FOR FITZPATRICK TOWN HOMES APN 220-100-72 & 220-100-73 (KB HOME COASTAL)



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE
DEDICATED TO THE VALLECITOS WATER DISTRICT**

THIS AGREEMENT is entered into by and between VALLECITOS WATER DISTRICT (“DISTRICT”), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **KB HOME COASTAL** (“DEVELOPER”), a California Corporation.

RECITALS

1. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **1.36** acres commonly described as Tax Assessor's Parcel Nos. **220-100-72 & 220-100-73** (“PROJECT”).

2. DEVELOPER has requested that DISTRICT provide water and/or sewer service to parts of the PROJECT upon payment of applicable fees, construction and installation by DEVELOPER of the water and/or sewer facilities (“FACILITIES”) necessary to serve the PROJECT and acceptance of the FACILITIES by the DISTRICT.

3. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **Excel Engineering** – 440 State Pl. Escondido, CA 92029 and are identified as **Improvement Plans for Fitzpatrick Townhomes – Petunia Court (WO# 185859)**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before _____, 201___. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

COVENANTS

4. CONDITIONS PRECEDENT TO EXECUTION OF AGREEMENT. Each of the following items is an express condition precedent to the obligation of the DISTRICT to execute this Agreement:

4.1 FEES AND CHARGES. DEVELOPER shall pay all fees and charges due as established by the DISTRICT in its discretion from time to time. All Capital Facility and Connection fees are non-refundable.

4.2 ENVIRONMENTAL REVIEW. DEVELOPER shall provide the DISTRICT with all environmental documents previously utilized to obtain approvals for the PROJECT. In the event that the DISTRICT determines additional environmental review is necessary, all fees and costs to prepare this additional environmental review shall be borne solely by the DEVELOPER.

4.3 APPROVED PLANS AND SPECIFICATIONS. DEVELOPER shall prepare and submit to the DISTRICT a set of plans and specifications for the FACILITIES. The plans and specifications for the FACILITIES include DISTRICT's standard specifications and applicable special provisions and are incorporated herein by reference as if set forth in full. Approval of these plans and specifications by the DISTRICT shall be a condition precedent to the obligations of the DISTRICT to execute this Agreement. Approval of these plans and specifications by the DISTRICT shall not relieve the DEVELOPER of liability for any improper design or construction of the FACILITIES.

4.4 CHANGES TO PLANS AND SPECIFICATIONS. DISTRICT, without liability to DISTRICT, DISTRICT's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original DISTRICT estimated cost of the work as may be determined necessary or desirable by DISTRICT in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high water tables requiring dewatering.

5. COMMERCIAL GENERAL LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall provide and maintain the following commercial general liability and automobile liability insurance:

5.1 COVERAGE. Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

- A. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001);
- B. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto).

5.2 LIMITS. The DEVELOPER shall maintain limits no less than the following:

- A. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
- B. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.

5.3 REQUIRED PROVISIONS. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- A. DISTRICT, its directors, officers, employees, and authorized volunteers are to be given insured status (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of the DEVELOPER; products and completed operations of the DEVELOPER; premises owned, occupied or used by the DEVELOPER; and automobiles owned, leased, hired or borrowed by the DEVELOPER. The coverage shall contain no special limitations on the scope of protection afforded to DISTRICT, its directors, officers, employees, or authorized volunteers.
- B. For any claims related to this project, the DEVELOPER's insurance shall be primary insurance as respects DISTRICT, its directors, officers, employees, or authorized volunteers. Any insurance, self-insurance, or other

coverage maintained by DISTRICT, its directors, officers, employees, or authorized volunteers shall not contribute to it.

C. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to DISTRICT, its directors, officers, employees, or authorized volunteers.

D. The DEVELOPER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

E. Each insurance policy required by this agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the DEVELOPER, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to DISTRICT.

Such liability insurance shall indemnify the DEVELOPER and his/her sub-DEVELOPER's against loss from liability imposed by law upon, or assumed under contract by, the DEVELOPER or his/her sub-DEVELOPER's for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.

The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support. Additionally, the automobile liability policy shall cover all owned, non-owned, and hired automobiles.

All of the insurance shall be provided on policy forms and through companies satisfactory to DISTRICT.

6. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductible or self-insured retention must be declared to and approved by DISTRICT. At the option of DISTRICT, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

7. ACCEPTABILITY OF INSURANCE. Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by DISTRICT.

8. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. The DEVELOPER and all sub-DEVELOPERs shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or

about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The DEVELOPER shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

9. RESPONSIBILITY FOR WORK. Until the completion and final acceptance by DISTRICT of all the work under and implied by this agreement, the work shall be under the DEVELOPER's responsible care and charge. The DEVELOPER shall rebuild, repair, restore and make good all injuries, damages, re-erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

10. EVIDENCE OF INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall file with DISTRICT a certificate of insurance (Accord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this agreement. Such evidence shall include an additional insured endorsement signed by the insurer's representative and evidence of waiver of rights of subrogation against DISTRICT (if builder's risk insurance is applicable). Such evidence shall also include confirmation that coverage includes or has been modified to include **Required Provisions, A-E**.

The DEVELOPER shall, upon demand of DISTRICT, deliver to DISTRICT such policy or policies of insurance and the receipts for payment of premiums thereon.

11. CONTINUATION OF COVERAGE. If any of the required coverage expires during the term of this agreement, the DEVELOPER shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT (if builder's risk insurance is applicable) to DISTRICT at least ten (10) days prior to the expiration date.

12. SUB-DEVELOPERS. In the event that the DEVELOPER employs other DEVELOPERS (sub-DEVELOPERS) as part of the work covered by this agreement, it shall be the DEVELOPER's responsibility to require and confirm that each sub-DEVELOPER meets the minimum insurance requirements specified above.

13. SECURITY. Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$ 96,933.50**. Each payment and performance bond shall represent 100% of the estimated construction costs of the FACILITIES. Bonds shall be furnished by surety companies satisfactory to the DISTRICT. Surety companies, to be acceptable to the DISTRICT, must have an acceptable rating from Best's Key Rating Guide, authorized to do business and have an agent for service of process in California.

If at any time a surety on any such bond is declared as bankrupt or loses its right to do business in the state of California for any reason, DEVELOPER shall, within ten (10) days after notice from the DISTRICT, substitute acceptable bonds in such form and sum and signed by such other surety or sureties as may be satisfactory to the DISTRICT in its sole discretion. The premium on such bonds shall be paid by the DEVELOPER.

In the event the PROJECT is sold, transferred or assigned the performance and payment bonds shall remain in effect unless new bonds acceptable to the DISTRICT have been provided.

The performance and the payment bonds must remain in effect throughout the period for performance of the work until the work is accepted by formal action of the Board of Directors of the DISTRICT.

In lieu of providing these performance and payment bonds, DEVELOPER may provide the DISTRICT with a cash deposit to replace either or both of these bonds, or may provide the DISTRICT with an Instrument of Credit, or Irrevocable Letter of Credit on a form acceptable to the DISTRICT. No substitution or modification of the DISTRICT's standard Instrument of Credit or Irrevocable Letter of Credit shall be accepted without approval of the DISTRICT.

14. DEVELOPER'S FAILURE TO PROVIDE INSURANCE OR BONDS. In the event any insurance or security provided to the DISTRICT in accordance with this Agreement is terminated or canceled for any reason, or is limited in the scope of coverage required by this Agreement, DEVELOPER shall have thirty (30) consecutive days from written notice from DISTRICT to procure the required insurance or security. The failure of DEVELOPER to present alternative insurance or security acceptable to DISTRICT within this thirty- (30-) day period shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement or sue DEVELOPER for damages at the election of the DISTRICT.

15. EASEMENTS. Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to DISTRICT, in no case less than twenty (20) feet without specified approval of the Board of Directors; (2) be free and clear of all liens and/or encumbrances which could affect title to the easement; and (3) have recorded subordination agreements for all trust deeds or other liens to insure that the DISTRICT

has prior rights in any easements being conveyed to the DISTRICT. DEVELOPER shall procure a policy of title insurance in favor of the DISTRICT covering easements to be granted in amounts determined by the DISTRICT subject only to those conditions of record acceptable to the DISTRICT. All fees and costs to procure easements required by the DISTRICT shall be borne solely by DEVELOPER. Nothing in this Agreement shall obligate the DISTRICT to exercise its condemnation authorities to acquire any easement determined necessary by the DISTRICT. All easements being conveyed to the DISTRICT must be in a recordable form acceptable to the DISTRICT prior to approval of plans and specifications by the DISTRICT.

16. QUALIFIED SERVICE COMMITMENT. Nothing in this Agreement is intended to limit the power of the DISTRICT to restrict the use of water as provided by California Water Code §§ 350 et seq., and §§ 31026 et seq. DEVELOPER is advised and understands that the ability of the DISTRICT to provide water service to the PROJECT is dependent upon the continuing availability of water imported to the DISTRICT from other agencies. In the event of a water shortage, threatened water shortage, or an emergency, water service to DEVELOPER's project may not be available or may be curtailed or restricted. Consequently, the DISTRICT cannot guarantee that water will be available at the time service is requested. The declaration of a water shortage, threatened water shortage or emergency shall be exercised in the sole discretion of the DISTRICT. DEVELOPER agrees that the DISTRICT shall not be liable for any damages, costs, fees, or expenses of any kind, caused by any curtailment, restriction, or termination of potable water service determined necessary by the DISTRICT.

17. CONSTRUCTION OF FACILITIES. DEVELOPER shall not commence construction of any FACILITIES required by this Agreement until DEVELOPER has received written authorization from the DISTRICT to proceed. All work performed on the FACILITIES shall be done in strict compliance with the approved plans and specifications and in a good and workmanlike manner as determined by the DISTRICT in its sole discretion. All work performed on the FACILITIES by DEVELOPER shall be subject to inspection by the DISTRICT's designated representatives and DEVELOPER shall comply with all instructions given by the DISTRICT's representative during construction of the work. All fees and costs to construct the FACILITIES shall be borne by DEVELOPER.

18. COMPLIANCE WITH APPLICABLE LAW. DEVELOPER shall insure that all work performed on the project is performed in a manner which complies with all applicable federal and state laws and all county and local government rules and regulations, including all rules and regulations of DISTRICT, as these rules and regulations may be modified or changed from time to time. DEVELOPER shall be solely responsible for obtaining and paying for all permits, licenses

and approvals necessary to construct the FACILITIES. DEVELOPER shall provide verification that permits, licenses and approvals have been obtained promptly upon demand from DISTRICT.

19. PREVAILING WAGES. DEVELOPER is aware of the provisions of California Labor Code §§ 1770 et seq., which requires the payment of prevailing wage rates and the performance of other requirements if it is determined that DEVELOPER's contract with its contractor to construct the FACILITIES is a public works contract. DEVELOPER agrees to hold the DISTRICT and its officers, employees and agents harmless from any claim of liability, including costs of defense and attorney's fees, arising from any alleged failure to comply with these provisions of the Labor Code.

DEVELOPER, and not the DISTRICT, shall be liable for insuring that prevailing wages, as set by the Director of the Department of Industrial Relations, have been paid for all work performed in accordance with this contract. In the event of any claim, DEVELOPER shall provide the DISTRICT with all information in DEVELOPER's possession concerning the claim within ten (10) consecutive days following written demand from the DISTRICT.

20. UTILIZATION OF A PORTION OF WORK. DISTRICT shall have the right upon written notification to the DEVELOPER to utilize such portions of the work DISTRICT deems sufficiently complete to be utilized or placed into service.

21. ACCEPTANCE OF WORK. Upon completion of the FACILITIES required by this Agreement to the satisfaction of the DISTRICT, the FACILITIES which have been constructed shall be presented to the Board of Directors of the DISTRICT for dedication and the filing of a Notice of Completion. The DISTRICT shall have no obligation to accept the FACILITIES or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the DISTRICT in its sole discretion. Upon recordation of a Notice of Completion, all right, title, ownership and interest in the FACILITIES shall be deemed to have been transferred to the DISTRICT. DEVELOPER shall not allow any part of PROJECT to be occupied prior to acceptance of FACILITIES by DISTRICT.

22. WATER SERVICE MAINTENANCE AFTER ACCEPTANCE OF WORK. Due to the uncertainty of prompt sale/construction/occupancy of the project's lots and based on the need to provide adequate flow to residences, DEVELOPER shall be responsible for periodic flushing of the services within the subdivision until such time as the subdivision is sold. The DISTRICT and DEVELOPER will cooperate to provide manpower and schedule work.

23. LIABILITY FOR WORK PRIOR TO FORMAL ACCEPTANCE. Until the Board of Directors of the DISTRICT has formally accepted all work performed in accordance with this Agreement, DEVELOPER shall be solely responsible for all damage to the work regardless of

cause and for all damages or injuries to any person or property from any cause excepting injury or damage caused by the sole or active negligence of DISTRICT, its agents, servants or employees.

24. LIABILITY AFTER ACCEPTANCE OF WORK. After the Board of Directors of the DISTRICT has accepted the FACILITIES by formal action of the Board, DEVELOPER and DEVELOPER's successors in interest shall remain liable for all injuries or damage to persons or property including damage to the work itself, arising from or related to design or construction of the FACILITIES.

25. RELEASE OF SECURITY. Forty (40) days after the Notice of Completion has been filed by the DISTRICT, the DISTRICT shall release any security previously provided by DEVELOPER, as long as no claims have been filed. The security shall not be released until the DISTRICT has received a warranty bond or alternative security acceptable to the DISTRICT covering 25% of the original performance bond or alternative security amount. DISTRICT must have warranty bond prior to Board acceptance of the project. This new security shall remain in effect until the warranty period has expired One (1) year from final Board Acceptance and DEVELOPER has corrected all defects noted by the DISTRICT during the warranty period.

26. WARRANTY. DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee required by this section. This section does not in any way limit liability of the DEVELOPER for any design defects or defects in the work subsequently discovered by the DISTRICT.

27. INDEMNITY. DEVELOPER shall be solely responsible and liable for design defects or defects in work performed to construct the FACILITIES required by this Agreement. This shall include liability and responsibility for injury or damage to the work itself. DEVELOPER hereby agrees to hold harmless, indemnify and defend the DISTRICT, the DISTRICT's representatives and each of the DISTRICT's officers, employees and agents from any and all claims, suits or

action of every name, kind and description brought for or on account of injuries to or death of any person or damage to any property resulting from design or construction of the FACILITIES except where the injury or damage has been caused by the sole and active negligence of the DISTRICT, its agents, servants or employees. In the event that any suit is instituted naming the DISTRICT as a party, the DISTRICT shall be entitled to appoint its own independent counsel to represent the DISTRICT; and DEVELOPER agrees to pay all attorney's fees and litigation costs associated with this defense. This indemnity shall extend to any claims arising because DEVELOPER has failed to properly secure any necessary easement, land right, contract or approval

28. AS-BUILT DRAWINGS. Prior to acceptance of the work by the Board of Directors of the DISTRICT, DEVELOPER shall provide the DISTRICT with two (2) blueprint copies of "as-built" drawings. Upon approval of the blueprint copies the DISTRICT will require a bonded mylar or original drawing, disk and certification by a licensed engineer in the state of California as to the accuracy and completeness of the "as-built" drawings.

29. CASH DEPOSITS. DEVELOPER shall provide the DISTRICT with an initial cash deposit in the amount of **\$ 12,208.00** to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to **\$ 1,000.00**, DEVELOPER agrees to deposit such additional sums as the DISTRICT may determine from time to time to cover all fees and costs of the DISTRICT. Prior to final acceptance of the project, a final accounting will be forwarded to the developer for payment. Additional deposits for additional inspections after acceptance of the project may be requested.

30. MISCELLANEOUS PROVISIONS.

30.1 VENUE. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

30.2 MODIFICATION. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

30.3 ATTORNEY'S FEES. In the event of any legal or equitable proceeding to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to all reasonable attorney's fees and costs in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

- 30.4 ENTIRE AGREEMENT.** This Agreement, together with all the exhibits attached to this Agreement, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda or agreements are in conflict with this Agreement are intended to be replaced in total by this Agreement and its exhibits.
- 30.5 ASSIGNMENTS.** DEVELOPER shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior consent of the DISTRICT, which consent shall not be unreasonably withheld. Any purported assignment without the DISTRICT's prior written consent shall be void.
- 30.6 BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs and assigns.
- 30.7 UNENFORCEABLE PROVISIONS.** The terms, conditions and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 30.8 REPRESENTATION OF CAPACITY TO CONTRACT.** Each of the parties to this Agreement represents and warrants that he has the authority to execute this Agreement on behalf of the entity represented by that individual.
- 30.9 OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT COUNSEL.** DEVELOPER has been advised and understands that this Agreement has been prepared by The Law Offices of Jeffrey G. Scott, general counsel, who represents only the DISTRICT. DEVELOPER warrants and represents that DEVELOPER has been advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.
- 30.10 NO WAIVER.** The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term,

covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.

30.11 NOTICES. All letters, statements or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

30.12 EFFECTIVE DATE. The effective date of this Agreement, executed in counterparts in the North County Judicial District, County of San Diego, State of California, is _____.

**“DISTRICT”
VALLECITOS WATER DISTRICT**

By: _____
Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

Dated: _____

“DEVELOPER”

Name: _____

Title: _____

Company: _____

Signature*: _____

Dated: _____

*Acknowledgment of the signature(s) of authorized representative(s) of DEVELOPER executing this Construction Agreement, by a Notary Public, is required. Attach acknowledgment to this page.

DATE: APRIL 18, 2018
T0: BOARD OF DIRECTORS
SUBJECT: CERTIFIED PUBLIC ACCOUNTING FIRM AUDIT CONTRACT

BACKGROUND:

The District is required to have an annual audit per California Government Code Section 26909. The contract with the previous Certified Public Accounting firm expired after completion of the June 30, 2017 audit. On February 26, 2018, the District issued a Request for Proposal (RFP) for audit services and received proposals from seven firms.

DISCUSSION:

The RFP specified the District's intent to contract with a qualified certified public accounting firm to perform annual audits and issue opinions on the District's financial statements for a three-year period for years ending June 30, 2018, 2019 and 2020 with the option to extend for two years at the District's discretion. The deadline for firms to reply was March 1, 2018 at 3:00 PM.

The seven proposals received were reviewed by staff for completeness; professional presentation of proposal; independence; license to practice; number of water district references; results of most recent completed peer review; disciplinary actions; break down of hours by audit staff; relevant government audit experience; audit approach and cost.

The two highest rated firms were interviewed on March 26, 2018. Staff met with the Finance and Investment Committee (Committee) on April 2, 2018, and based on the results of the interviews, requested that the Committee recommend the Board of Directors consider approving a contract with DavisFarr Certified Public Accountants to provide audit services over the next three fiscal years.

FISCAL IMPACT:

The Fiscal Impact will be \$72,650 over three years which is \$12,200 lower than the previous auditors of the District. Staff budgets for audit fees in each year's operating budget.

RECOMMENDATION:

Staff and the Finance and Investment Committee recommend DavisFarr Certified Public Accountants to the full Board of Directors for the District's audit needs. Authorize the General Manager to enter into a three-year agreement with DavisFarr Certified Public Accountants for audit services with two 1-year options to extend.

DATE: APRIL 18, 2018
TO: BOARD OF DIRECTORS
SUBJECT: CONSTRUCTION CONTRACT AWARD OF OPERATIONS BUILDING LOCKER ROOM EXPANSION

BACKGROUND:

The Operations & Maintenance (O&M) men’s locker room located in Building B is not large enough to accommodate the number of employees utilizing it. The proposed expansion would increase the size of the locker room, increase the number of lockers, and add 2 sinks and showers. This would provide adequate space for current O&M staff and account for future growth.

A plan for a 783 SF expansion with shower and sink facilities was developed with Jeff Katz Architecture (JKA) and on June 28, 2017, the District received only one bid for the project in the amount of \$613,046, putting the project approximately \$136,000 over budget. Analysis of the true construction cost of the project was not possible due to receiving only one bid. Specifying concrete tilt-up construction method likely reduced the number of potential bidders. The Engineering/Equipment Committee and full Board expressed a desire to reduce the construction cost and to re-bid the project.

Upon direction from the Engineering/Equipment Committee, in September 2017, JKA received a \$22,935 amendment to their contract to redesign the expansion project for a smaller 522 SF footprint without shower and sink facilities, but with an alternate bid for the original 783 SF size design. Both redesigned plans feature more traditional exterior wall and roof systems, lower the height of the construction, and eliminate many of the modifications to the existing locker room. Also, HVAC and fire sprinkler system expansions were added to the bid to get a more competitive overall price. The Engineering/Equipment Committee was updated monthly from September through November 2017 on the redesign progress of the project.

On March 27, 2018 at 2:00 p.m., District staff received and opened bids from 3 contractors for this re-bid project with bid results as follows:

<u>Bidder</u>	<u>Base Amount (522 SF)</u>	<u>Alternate Amount (783 SF)</u>
Crew Builders	\$352,195.00	\$452,300.00
Otero Construction	\$383,710.08	\$563,388.38
MW Services	\$522,714.43	\$789,083.87

DISCUSSION:

Staff and Counsel have reviewed the bids and determined that there were several minor irregularities in Crew Builders’ bid. Irregularities and explanations are listed below:

- Crew Builders listed ‘N/A’ in the amount for Specialty Systems, which includes work to install lockers, benches, coat hangers, and other finish specialty items. The

cost to perform this work was included in another similar bid item and verified with Crew Builders.

- Crew Builders listed a total price of \$452,300 for the alternate bid, but a summation of bid items resulted in a total of \$433,425, a difference of \$18,875. Crew Builders noticeably priced the Roofing System for the alternate bid (larger roof) at much lower than the base bid item (smaller roof) and explained that a mistake had occurred with this bid item. Crew Builders has stated that the Roofing System line item price for the alternate bid should be \$18,875 higher than submitted, which would result in the total price that was submitted, \$452,300. The \$18,875 correction would result in an irregularity in the bid process. Crew Builders has agreed to accept the tabulated bid amount of \$433,425 to avoid any irregularities or challenges.
- Page 11 of the bid form is unsigned; however, a bid bond was included with the bid, validating the submission of the bid.

Staff and Counsel completed the evaluation of qualifications and irregularities, and determined that Crew Builders was the lowest responsive, responsible bidder.

The Engineering & Equipment Committee and staff met April 3, 2018 and evaluated the square foot price of the original design in June 2017 versus the current re-design:

	<u>Bid Price</u>	<u>Sq. Ft.</u>	<u>Cost per Sq. Ft.</u>
Original design (June 2017)	\$613,046	783 SF	\$782.95/SF
Crew Builders (base bid)	\$352,195	522 SF	\$674.70/SF
Crew Builders (alternate bid)	\$433,425	783 SF	\$553.54/SF

Comparing costs, the original June 2017 bid versus the new alternate bid submitted by Crew Builders, the District has saved \$179,621 on construction costs because of architectural design changes in 2017.

Differences in the two designs are as follows:

	<u>Base Design</u>	<u>Alternate Design</u>
Building Square Footage	522 SF	783 SF
Metal lockers	68 EA	77 EA
Solid Surface Counters	0 EA	1 EA
Sinks with plumbing system	0 EA	2 EA
Showers with plumbing system	0 EA	2 EA
Bid Price	\$352,195	\$433,425
Price per Square Foot	\$674.70/SF	\$553.54/SF

In reviewing the square footage cost difference between the base bid and the alternate bid, the Engineering & Equipment Committee and staff realize a cost benefit to building the larger improvement. The Engineering/Equipment Committee and staff recommend selecting the alternate bid of \$433,425 for project award.

Staff will perform construction management and inspection. Special inspection services shall be performed by Christian Wheeler Engineering and JKA.

FISCAL IMPACT:

The total estimated cost and budget summary are as follows:

Budget	\$810,000
Construction	\$433,425
Change Order (10%)	\$ 43,342
Special Inspection Services	\$ 20,000
Design Consultant (JKA)	\$ 89,735
Staff & Overhead	<u>\$177,850</u>
Total	\$764,352
Budget Surplus	\$45,648

RECOMMENDATIONS:

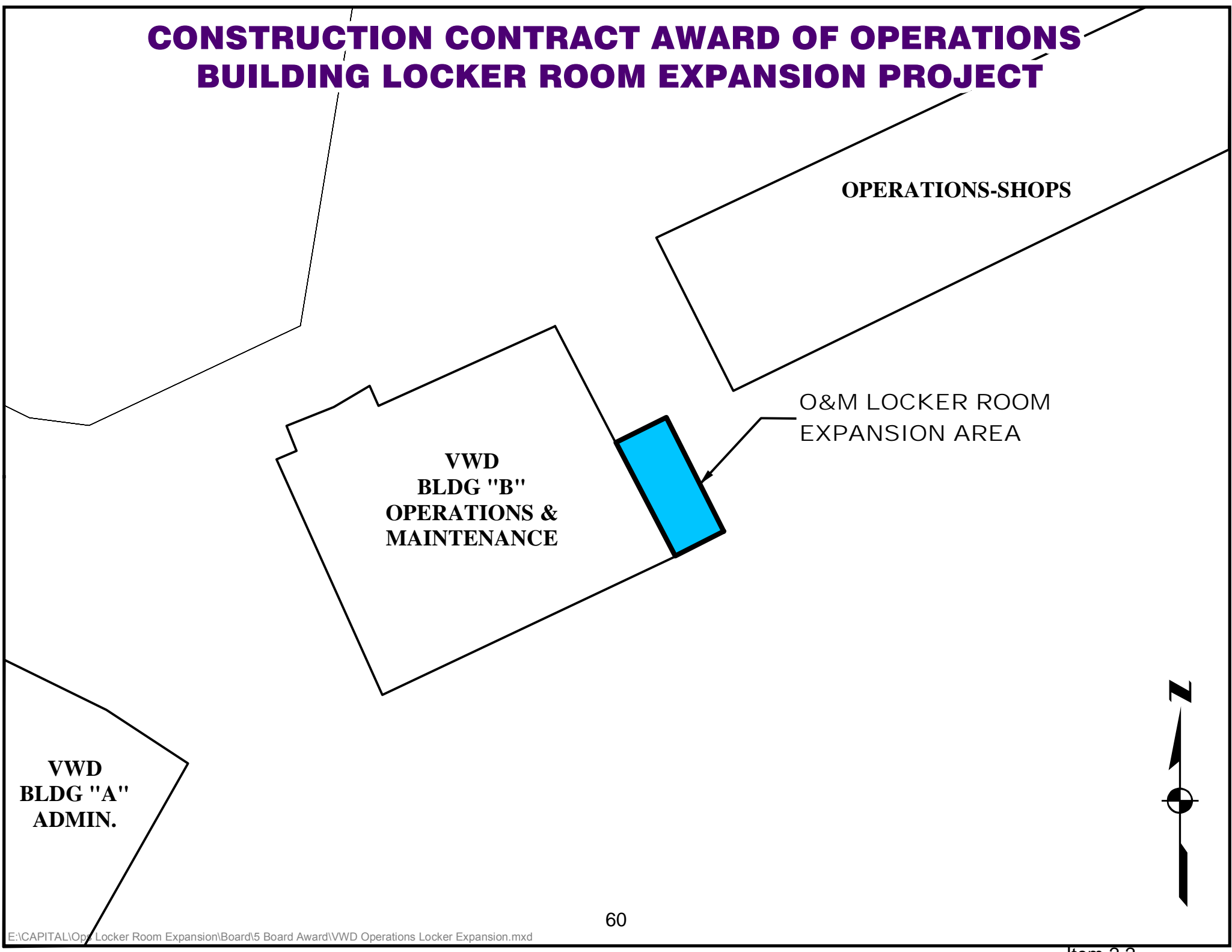
Recommendations for the Operations Building Locker Room Expansion Project are as follows:

1. Waive all irregularities as described above.
2. Authorize the General Manager to execute a construction contract with Crew Builders in the amount of \$433,425, subject to provisions of the contract.

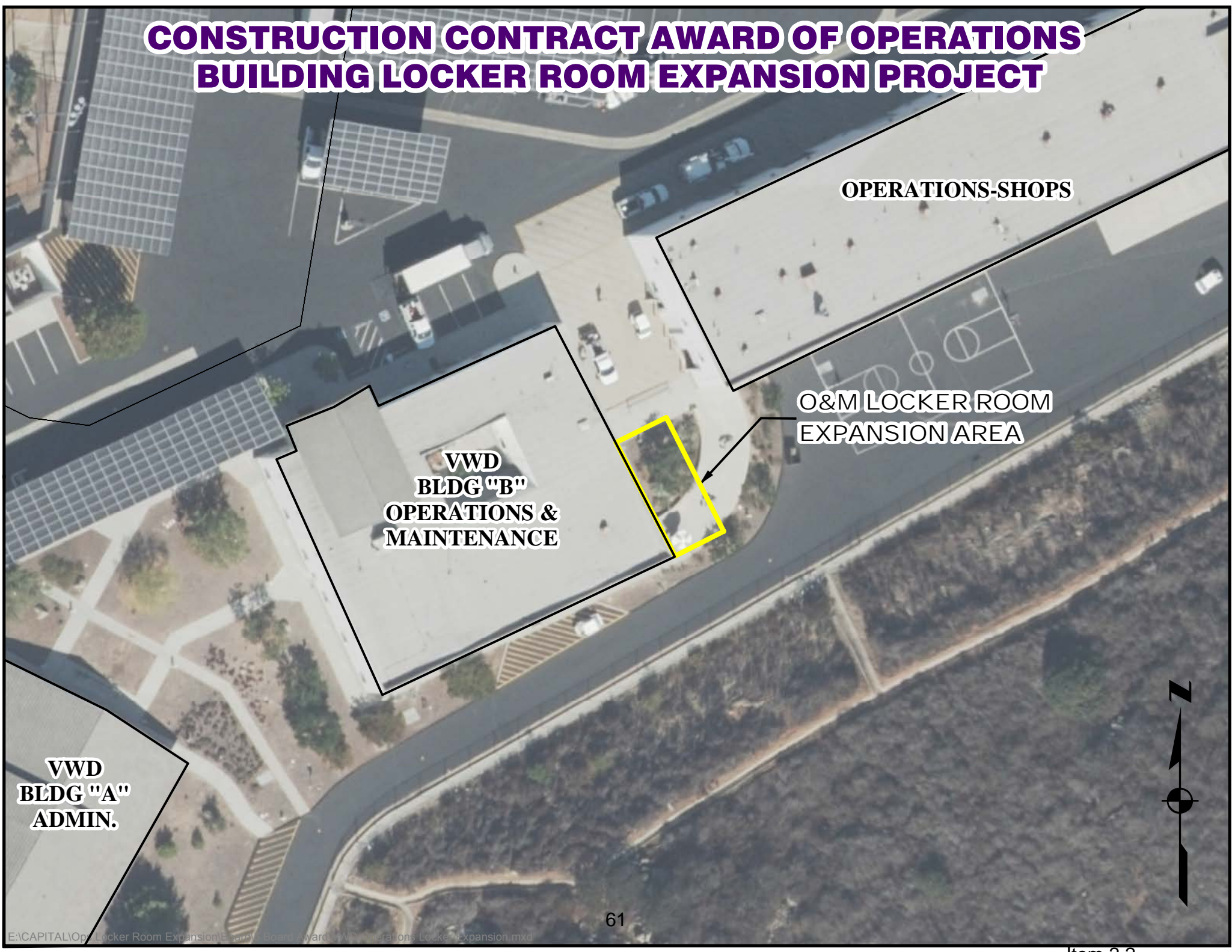
ATTACHMENTS:

Plat and Aerial Exhibit

CONSTRUCTION CONTRACT AWARD OF OPERATIONS BUILDING LOCKER ROOM EXPANSION PROJECT



CONSTRUCTION CONTRACT AWARD OF OPERATIONS BUILDING LOCKER ROOM EXPANSION PROJECT



OPERATIONS-SHOPS

**O&M LOCKER ROOM
EXPANSION AREA**

**VWD
BLDG "B"
OPERATIONS &
MAINTENANCE**

**VWD
BLDG "A"
ADMIN.**



DATE: APRIL 18, 2018
TO: BOARD OF DIRECTORS
SUBJECT: CONSTRUCTION CONTRACT AWARD OF BOARDROOM AUDIOVISUAL AND LIGHTING UPGRADES PROJECT

BACKGROUND:

The audiovisual systems in the District Boardroom were originally installed with the construction of Building A in 1997 and have become outdated. Upgrading the current audiovisual systems is supported by the District's Strategic Plan, Strategic Focus Area Strategy 3.1, Continuous Organizational Improvement goal. A Fiscal Year (FY) 2015/2016 budget request was made to upgrade the existing audiovisual technology and create consistency between other rooms in the building.

On June 17, 2015, the Board adopted the FY 2015/2016 budget. In efforts to reduce budget costs, as requested by the Board at the May 27, 2015 Workshop meeting, the Audiovisual (AV) Upgrade Budget was to be spread over two years, FY 2015/2016 and FY 2016/2017, and upgrades to the Boardroom were postponed until FY 2017/2018. AV upgrades to the Training Room, the Meadowlark Reclamation Facility (MRF) Conference Room, the MRF Break Room, and four (4) District Conference Rooms were completed in September 2016.

The project includes upgrades to video displays, AV sources, audio equipment, archival video recording and streaming, AV control system. The following is a general list of equipment to be installed per the Base Bid:

- Two 82" LCD monitors located on the front wall, behind the Board members
- Two portable 82" LCD monitors to be located at that left and right sides of the room
- Five 21.5" LCD monitor/Microphone/Speaker/Voting station for each Board member
- Five 21.5" LCD monitor/Microphone/Speaker station for each executive staff member and support staff
- Three 21.5" LCD monitors to be located at the AV control position for monitoring the content being recorded and dedicated to local presentation computers
- Two cameras – One ceiling mounted at the front of the room and one wall mounted at the back of the room
- Eight ceiling speakers
- LED ceiling mounted track lighting with twenty-four lights
- Portable staff table located on the left side of the room adjacent to Counsel with two 21.5" LCD monitor/Microphone/Speaker stations
- Portable podium with one 21.5" LCD monitor/Microphone/Speaker
- AV equipment including video recording system and related equipment
- Support infrastructure including conduit, wiring, cable, mounting, etc.
- Support programming, integration, controls, etc.

A separate Additive/Alternative (Add/Alt) Bid Amount was included in the Contract Documents for the following:

- Two additional cameras in the back corners of the room
- Videoconferencing equipment
- One additional 82" LCD monitor located on the back wall for presenters and/or Board members
- Wireless mic system

The basis for the award of the project is the Base Bid Amount, however, one or all of the Additive/Alternate Bid Amount may be included at the discretion of the District.

On April 5, 2018 at 2:00 p.m., District staff received and opened bids from 3 contractors with bid results as follows:

<u>Bidder</u>	<u>Base Bid Amount</u>	<u>Add/Alt Bid Amount</u>	<u>Total</u>
Audio Associates of SD	\$243,349.00	\$52,016.00	\$295,365.00
Western Audio Visual	\$275,660.65	\$46,132.74	\$321,793.39
Audio Visual Innovations	\$294,285.56	\$43,859.03	\$338,144.59

DISCUSSION:

Staff and Counsel completed the review of the bids and determined that there was a minor irregularity in Audio Associates of San Diego's bid. The irregularity consists of the fact that they did not include the three signed addenda with their bid documents, however, they did acknowledge receipt of all three addenda in the bid form validating these changes.

Staff and Counsel completed the evaluation of qualifications and the irregularity, and determined that Audio Associates of San Diego was the lowest responsive, responsible bidder.

Staff has evaluated Audio Associates of San Diego's price of \$52,016 for the Add/Alt Bid Amount for the enhanced upgrades to the Boardroom. Individual items and prices are as follows:

<u>Add/Alt Items</u>	<u>Amount</u>
1. Additional Two Cameras	\$16,170
2. Videoconferencing Equipment	\$20,287
3. Rear Wall LCD Display	\$8,715
4. Wireless Mic System	\$6,844

After review of the budget, staff is looking for Board direction on inclusion of any Add/Alt items to the project award. As shown in the Fiscal Impact section below, the inclusion of any additive/alternative items would require additional project funding.

FISCAL IMPACT:

The total estimated cost and budget summary are as follows:

Budget	\$750,000
Cost of Previous Upgrades	<u>\$436,430</u>
Budget Remaining	\$313,570
Construction (Base Bid Only)	\$243,349
10% Contingency	\$ 24,335
Design	\$ 9,900
Miscellaneous	\$ 12,958
Staff & Overhead	<u>\$ 20,393</u>
Total	\$310,935
Budget Surplus	\$2,635

RECOMMENDATION:

Recommendations for the Boardroom Audiovisual and Lighting Upgrades Project are as follows:

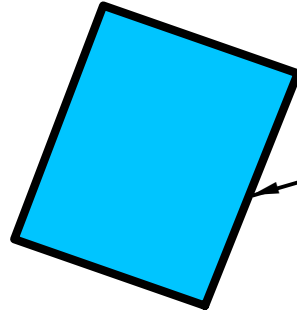
1. Waive the bid irregularity as described above.
2. Board to provide direction on whether any Add/Alt bid items should be included in the construction contract with Audio Associates of San Diego.
3. Authorize the General Manager to execute a construction contract to Audio Associates of San Diego for an amount equal to the Base Bid plus any Add/Alt bid items described above, subject to provisions of the contract.
4. Increase the budget, if required by the Board, to cover any Add/Alt bid items awarded.

ATTACHMENTS:

Plat and Aerial Exhibit

CONSTRUCTION CONTRACT AWARD OF VWD BOARDROOM AUDIOVISIAL AND LIGHTING UPGRADES PROJECT

VWD
BLDG "A"
ADMIN.



BOARDROOM AUDIOVISUAL
AND LIGHTING UPGRADE

VWD
BLDG "A"
ADMIN.



CONSTRUCTION CONTRACT AWARD OF VWD BOARDROOM AUDIOVISUAL AND LIGHTING UPGRADES PROJECT

VWD
BLDG "A"
ADMIN.

BOARDROOM AUDIOVISUAL
AND LIGHTING UPGRADE

VWD
BLDG "A"
ADMIN.

66



DATE: APRIL 18, 2018
TO: BOARD OF DIRECTORS
SUBJECT: FINANCIAL INSTITUTION REGISTRY AND AUTHORIZATION

DISCUSSION:

The District conducts transactions with various financial institutions throughout the year. This report is to present a registry of financial institutions and staff authorized to transact business on behalf of the District. This report also serves to notify the Board of Directors of new financial institutions where a resolution is required by the institution naming specific staff members authorized to transact business on behalf of the District. This item was last before the Board on December 7, 2016.

Between December 2016 and April 2018, the following changes are occurring:

- Removal of authorized staff for financial institutions due to retirement
- Title change for the Finance Manager from Accounting Supervisor
- Addition of one authorized signor, District Engineer, on the general checking account at Union Bank
- Addition of Finance Manager Douglas Westley Owen signature to Union Bank Trust and Custody authorizations

Existing financial institutions and authorized staff are listed in table A below inclusive of redlined changes.

FISCAL IMPACT:

None.

RECOMMENDATION:

Staff recommends adopting the following resolutions changing authorizations of financial institutions as exhibited in Table A:

- Local Agency Investment Fund
- San Diego County Investment Pool
- Union Bank General Checking Account
- Union Bank Trust and Custody Services

TABLE A

FINANCIAL INSTITUTION:	AUTHORIZED STAFF:	TITLE:
Local Agency Investment Fund	Glenn Pruum	General Manager
Local Agency Investment Fund	Tom Seaglione	Assistant General Manager
Local Agency Investment Fund	Douglas Westley Owen	Finance Manager
SD County Investment Pool	Glenn Pruum	General Manager
SD County Investment Pool	Tom Seaglione	Interim Assistant General Manager
SD County Investment Pool	John Fuseo	Finance Manager
<i>SD County Investment Pool</i>	<i>Douglas Westley Owen</i>	<i>Finance Manager</i>
Union Bank - General Checking Account	Glenn Pruum	General Manager
Union Bank - General Checking Account	Tom Seaglione	Assistant General Manager
Union Bank - General Checking Account	Rhondi Emmanuel	Administrative Services Manager
Union Bank - General Checking Account	John Fuseo	Finance Manager
Union Bank - General Checking Account	Ed Pedrazzi	Operations & Maintenance Manager
<i>Union Bank - General Checking Account</i>	<i>James Gumpel</i>	<i>District Engineer</i>
Union Bank Trust & Custody	Glenn Pruum	General Manager
Union Bank Trust & Custody	Tom Seaglione	Assistant General Manager
Union Bank Trust & Custody	John Fuseo	Finance Manager
<i>Union Bank Trust & Custody</i>	<i>Douglas Westley Owen</i>	<i>Finance Manager</i>

ATTACHMENTS:

- Local Agency Investment Fund Resolution
- San Diego County Investment Pool Resolution
- Union Bank General Checking Account Resolution
- Union Bank Trust and Custody Services Resolution

RESOLUTION NO. ~~1527~~

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT AUTHORIZING INVESTMENT OF VALLECITOS WATER DISTRICT MONIES IN LOCAL AGENCY INVESTMENT FUND AND REPEAL RESOLUTION NO. 1503

WHEREAS, pursuant to Chapter 730 of the Statutes of 1976, Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund, in accordance with the provisions of Section 16429.1 of the Government Code for the purposes of investment as stated therein, is in the best interests of the Vallecitos Water District.


NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize the deposit and withdrawal of Vallecitos Water District monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.


BE IT FURTHER RESOLVED that the following District officers, or their successors in office, shall be authorized to order the deposit or withdrawal of monies between the Local Agency Investment Fund and Union Bank:

NAME	TITLE
Glenn Pruim	General Manager
Tom Scaglione	Assistant General Manager
Douglas Westley Owen	Accounting Supervisor Finance Manager

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the ~~24th~~ 18th day of ~~February~~ April, 2018, by the following roll call vote:

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


James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT
AUTHORIZING INVESTMENT OF VALLECITOS WATER DISTRICT MONIES IN LOCAL
AGENCY INVESTMENT FUND AND REPEAL RESOLUTION NO. 1527**

WHEREAS, pursuant to Chapter 730 of the Statutes of 1976, Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund, in accordance with the provisions of Section 16429.1 of the Government Code for the purposes of investment as stated therein, is in the best interests of the Vallecitos Water District.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize the deposit and withdrawal of Vallecitos Water District monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED that the following District officers, or their successors in office, shall be authorized to order the deposit or withdrawal of monies between the Local Agency Investment Fund and Union Bank:

NAME	TITLE
Glenn Pruim	General Manager
Douglas Westley Owen	Finance Manager

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 18th day of April, 2018, by the following roll call vote:

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

James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO. 1504

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT AUTHORIZING
DEPOSIT OF EXCESS FUNDS IN THE SAN DIEGO COUNTY
TREASURER'S POOLED MONEY FUND FOR INVESTMENT PURPOSES
AND REPEAL RESOLUTION NO. 1489**

WHEREAS, California Government Code Section 53684 was amended to allow public agencies to deposit excess money in the San Diego County Treasurer's Pooled Money Fund for investment purposes; and

WHEREAS, The Board of Directors of the Vallecitos Water District does hereby find that the deposit and withdrawal of money in the San Diego County Treasurer's Pooled Money Fund, in accordance with the provisions of California Government Code Section 53684 for the purpose of investment as stated therein, are in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Vallecitos Water District hereby authorizes the deposit and withdrawal of the District's monies in the San Diego County Treasurer's Pooled Money Fund in accordance with the provisions of California Government Code Section 53684 for the purpose of investment as stated therein.

BE IT FURTHER RESOLVED that the General Manager, Assistant General Manager and Finance Manager, be authorized to order the deposit or withdrawal of monies between the San Diego County Treasurer's Pooled Money Fund and Union Bank by means of bank wire transactions with the balance of District funds in the San Diego County Treasurer's Pooled Money Fund not to exceed annual investment policy limitations.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the ~~7th~~-~~18th~~ day of ~~December~~April, ~~2016~~-~~2018~~ by the following roll call vote:

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

Craig Elitharp~~James Hernandez~~, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Prum, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT AUTHORIZING
DEPOSIT OF EXCESS FUNDS IN THE SAN DIEGO COUNTY
TREASURER'S POOLED MONEY FUND FOR INVESTMENT PURPOSES
AND REPEAL RESOLUTION NO. 1504**

WHEREAS, California Government Code Section 53684 was amended to allow public agencies to deposit excess money in the San Diego County Treasurer's Pooled Money Fund for investment purposes; and

WHEREAS, The Board of Directors of the Vallecitos Water District does hereby find that the deposit and withdrawal of money in the San Diego County Treasurer's Pooled Money Fund, in accordance with the provisions of California Government Code Section 53684 for the purpose of investment as stated therein, are in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Vallecitos Water District hereby authorizes the deposit and withdrawal of the District's monies in the San Diego County Treasurer's Pooled Money Fund in accordance with the provisions of California Government Code Section 53684 for the purpose of investment as stated therein.

BE IT FURTHER RESOLVED that the General Manager, Assistant General Manager and Finance Manager, be authorized to order the deposit or withdrawal of monies between the San Diego County Treasurer's Pooled Money Fund and Union Bank by means of bank wire transactions with the balance of District funds in the San Diego County Treasurer's Pooled Money Fund not to exceed annual investment policy limitations.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 18th day of April, 2018 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Prui, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO. ~~1505~~

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT AUTHORIZING DRAWS AND THE USE OF FACSIMILE SIGNATURES FOR FUNDS DRAWN UPON VALLECITOS WATER DISTRICT DEPOSIT ACCOUNTS WITH UNION BANK AND REPEAL AND REPLACE RESOLUTION NO. 1490

WHEREAS, pursuant to California Water Code Section 30581, the Board of Directors desires to authorize the General Manager, Assistant General Manager, Administrative Services Manager, Finance Manager and Operations & Maintenance Manager to draw upon Vallecitos Water District (VWD) deposit accounts by way of disbursement; and,

WHEREAS, due to the volume of checks generated it is advantageous to use facsimile signatures as a time saving method.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize Union Bank, as designated depository of VWD, to honor all checks, drafts or other orders for payment of money drawn in the District's name on its accounts when bearing the facsimile or live signature of any two of the following:

- Glenn Pruim, General Manager; or
- ~~Tom Scaglione, Assistant General Manager; or~~
- Rhondi Emmanuel, Administrative Services Manager; or
- ~~John Fusco, Finance Manager~~
- Ed Pedrazzi, Operations & Maintenance Manager
- James Gumpel, District Engineer

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 18th day of April, 2018, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

James Hernandez, Board President
Board of Directors
Vallecitos Water District

ATTEST:

Glen Pruim, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT AUTHORIZING DRAWS AND THE USE OF FACSIMILE SIGNATURES FOR FUNDS DRAWN UPON VALLECITOS WATER DISTRICT DEPOSIT ACCOUNTS WITH UNION BANK AND REPEAL AND REPLACE RESOLUTION NO. 1505

WHEREAS, pursuant to California Water Code Section 30581, the Board of Directors desires to authorize the General Manager, Administrative Services Manager, Operations & Maintenance Manager and District Engineer to draw upon Vallecitos Water District (VWD) deposit accounts by way of disbursement; and,

WHEREAS, due to the volume of checks generated it is advantageous to use facsimile signatures as a time saving method.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby authorize Union Bank, as designated depository of VWD, to honor all checks, drafts or other orders for payment of money drawn in the District's name on its accounts when bearing the facsimile or live signature of any two of the following:

- Glenn Prui, General Manager; or
- Rhondi Emmanuel, Administrative Services Manager; or
- Ed Pedrazzi, Operations & Maintenance Manager; or
- James Gumpel, District Engineer

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 18th day of April, 2018, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Prui, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO. 1506

**BANK RESOLUTION BY VALLECITOS WATER DISTRICT
BOARD OF DIRECTORS AUTHORIZING PERSONS TO
DIRECT UNION BANK TRUST AND CUSTODY SERVICES
AND REPEAL RESOLUTION NO. 1491**

RESOLVED, that any one (“Senior Officer”) of the following, acting alone, is authorized, in the name and on behalf of Vallecitos Water District (Client) from time to time, by telephonic, electronic, oral or written means, to (a) execute on behalf of Client and deliver to Investment Services the foregoing Agreement, and (b) to delegate one or more agents or employees of Client (“Authorized Representative”) the authority, acting alone or in combination, to take any or all of the following actions:

- (i) to enter into, execute, or modify upon such terms as such Authorized Representatives shall approve any oral or written agreement with Investment Services relating to any securities or safekeeping transactions or issue,
- (ii) to confirm any securities or safekeeping transaction or issue,
- (iii) to accept or direct the transfer to Client or to any third party or accept or dispose of any funds payable to Client pursuant to a securities or safekeeping transaction or issue (“Payment Instructor”),
- (iv) and to verify any payment instruction.

AUTHORIZED PERSONS: The names and genuine signatures, manual or facsimile, of the authorized persons, are as follows:

NAME: GLENN PRUIM

TITLE: GENERAL MANAGER

SIGNATURE:

NAME: ~~TOM SCAGLIONE~~ DOUGLAS WESTLEY OWEN

TITLE: ~~ASSISTANT GENERAL~~ FINANCE MANAGER

SIGNATURE:

~~NAME: JOHN J. FUSCO~~

~~TITLE: FINANCE MANAGER~~

~~SIGNATURE:~~

BE IT FURTHER RESOLVED, that the authority given under this Resolution shall be retroactive and any and all acts so authorized that are performed prior to the formal adoption hereof are hereby approved and ratified. In the event two or more resolutions of Client are concurrently in effect, the provisions of each shall be cumulative, unless the most recent shall specifically provide otherwise. The authority given hereby shall remain in full force and effect, and Investment Services is authorized and requested to rely and act thereon, until Union Bank Investment Services receives a certified copy of a further resolution of Client amending, rescinding or revoking this Resolution.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the ~~7TH~~ 18th day of ~~December~~ April, ~~2016~~ 2018 by the following roll call vote:

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

~~Craig Elitharp~~ James Hernandez, _____
President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruij, Secretary
Board of Directors
Vallecitos Water District

RESOLUTION NO.

**BANK RESOLUTION BY VALLECITOS WATER DISTRICT
BOARD OF DIRECTORS AUTHORIZING PERSONS TO
DIRECT UNION BANK TRUST AND CUSTODY SERVICES
AND REPEAL RESOLUTION NO. 1506**

RESOLVED, that any one (“Senior Officer”) of the following, acting alone, is authorized, in the name and on behalf of Vallecitos Water District (Client) from time to time, by telephonic, electronic, oral or written means, to (a) execute on behalf of Client and deliver to Investment Services the foregoing Agreement, and (b) to delegate one or more agents or employees of Client (“Authorized Representative”) the authority, acting alone or in combination, to take any or all of the following actions:

- (i) to enter into, execute, or modify upon such terms as such Authorized Representatives shall approve any oral or written agreement with Investment Services relating to any securities or safekeeping transactions or issue,
- (ii) to confirm any securities or safekeeping transaction or issue,
- (iii) to accept or direct the transfer to Client or to any third party or accept or dispose of any funds payable to Client pursuant to a securities or safekeeping transaction or issue (“Payment Instructor”),
- (iv) and to verify any payment instruction.

AUTHORIZED PERSONS: The names and genuine signatures, manual or facsimile, of the authorized persons, are as follows:

NAME: GLENN PRUIM

TITLE: GENERAL MANAGER

SIGNATURE:

NAME: DOUGLAS WESTLEY OWEN

TITLE: FINANCE MANAGER

SIGNATURE:

BE IT FURTHER RESOLVED, that the authority given under this Resolution shall be retroactive and any and all acts so authorized that are performed prior to the formal adoption hereof are hereby approved and ratified. In the event two or more resolutions of Client are concurrently in effect, the provisions of each shall be cumulative, unless the most recent shall specifically provide otherwise. The authority given hereby shall remain in full force and effect, and Investment Services is authorized and requested to rely and act thereon, until Union Bank Investment Services receives a certified copy of a further resolution of Client amending, rescinding or revoking this Resolution.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 18th day of April, 2018 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Prum, Secretary
Board of Directors
Vallecitos Water District