

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 20, 2018, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – VICE PRESIDENT MARTIN

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 JUNE 20, 2018

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. 5-14)

- A. CLOSED SESSION BOARD MEETING – JUNE 6, 2018
- B. REGULAR BOARD MEETING – JUNE 6, 2018

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JUNE 20, 2018 – \$6,302,110.11 (pp. 15-18)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 19-34)

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

1.4 CONSTRUCTION CONTRACT AWARD FOR SOLAR PANEL INVERTER REPLACEMENT (pp. 35-38)

The two existing central inverters are no longer working. The project will replace both inverters and will include a new Data Acquisition System.

Recommendation:

- 1) Waive all irregularities
- 2) Authorize the General Manager to execute a construction contract with Baker Electric in the amount of \$154,165.60, subject to provisions of the contract

1.5 APPROPRIATIONS LIMIT FOR FISCAL YEAR 2018/19 (pp. 39-41)

Article XII B of the California constitution (Proposition 4) requires the District establish an appropriations limit.

Recommendation: Adopt Resolution

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

ACTION ITEMS

2.1 STUDY UPDATE FOR THE DISTRICT WIDE SOLAR PROJECT (pp. 42-43)

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

Recommendation: For information and discussion only

2.2 RESOLUTION ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019 COLLECTED ON THE TAX ROLL (pp. 44-45)

The District is required to hold a Public Hearing for the collection of sewer service fees for Improvement District "A".

Recommendation: Adopt Resolution authorizing collection of Improvement District "A" sewer service fees and set Public Hearing for the Regular Board meeting on July 18, 2018

2.3 CONSUMER CONFIDENCE REPORT (pp. 46-53)

The 2017 Water Quality Report is provided to customers in the Vallecitos Water District.

Recommendation: Approve the 2017 Water Quality Report

2.4 SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS SUNDOWNER BUSINESS MIXER – PER DIEM/EXPENSE REIMBURSEMENT APPROVAL (pp. 54)

The San Marcos Chamber of Commerce is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 203.

Recommendation: Request Board direction

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

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

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

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

*******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 5:00 p.m., Friday, June 15, 2018.

Diane Posvar

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 6, 2018, AT 4:30 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Vice President Martin called the Closed Session meeting to order at the hour of 4:30 p.m.

General Manager Pruim led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Sannella
Director Martin

Absent: Director Hernandez

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

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF JUNE 6, 2018

18-06-01 MOTION WAS MADE by Director Sannella, seconded by Director Elitharp, and carried unanimously, with Director Hernandez absent, to adopt the agenda for the Closed Session Meeting of June 6, 2018.

PUBLIC COMMENT

None.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – SIGNIFICANT EXPOSURE TO LITIGATION (PER GOVERNMENT CODE SECTION 54956.9(c)) ONE (1) POTENTIAL CASE

18-06-02 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, with Director Hernandez absent, to move into Closed Session pursuant to Government Code Section 54956.9(c).

REPORT AFTER CLOSED SESSION

The Board reconvened to Open Session at the hour of 5:04 p.m. There was no reportable action from the Closed Session.

ADJOURNMENT

There being no further business to discuss, Vice President Martin adjourned the Closed Session Meeting of the Board of Directors at the hour of 5:05 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 6, 2018 at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, Vice President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 6, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Vice President Martin called the Regular meeting to order at the hour of 5:08 p.m.

Director Elitharp led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Sannella
Director Martin

Absent: Director Hernandez

Staff Present: General Manager Prui
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Public Information/Conservation Supervisor Robbins
Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 6, 2018

18-06-03 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, with Director Hernandez absent, to adopt the agenda for the Regular Board Meeting of June 6, 2018.

PRESENTATION

Vice President Martin presented Jeremy Scott, Senior Wastewater Collections Systems Worker, and Dennis Richardson, Wastewater Collections Systems Worker II, with the H.R. LaBounty Safety Award from ACWA/Joint Powers Insurance Authority for creating and installing a restraint system to protect employees from potential hazardous falls while performing monthly maintenance on a solids wet well. Matt Wiese, Senior Wastewater Treatment Plant Operator, also received the award but was unable to attend the presentation.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating he is the President of the Twin Oaks Valley Property Owners Association. He commented on AB 1668 stating he believes it will be problematic and looked forward to General Manager Prui's insights of the bill and its challenges. He noted that the indoor residential limit

will be targeted at 55 gallons per day. The biggest challenge will be apartments as they are largely on master meters with no individual accountability. SB7X requires the elimination of master meters in new construction sometime this year. He would appreciate knowing when that is going to begin. He expressed his concerns regarding the average apartment water usage being well over the 55 gallons per day limit, water waste, excessive water use, and leaks in apartments.

CONSENT CALENDAR

Vice President Martin stated he received a request for discussion of Item 1.3.

18-06-04 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Hernandez absent, to approve the Consent Calendar as presented with the exception of Item 1.3.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – May 16, 2018
- B. Regular Board Meeting – May 16, 2018
- C. Board Workshop Meeting – May 21, 2018
- D. Board Workshop Meeting – May 22, 2018

1.2 Warrant List through June 6, 2018 - \$1,288,773.79

1.3 Approval of Construction Agreement for Rancho Coronado MU-4 Sunstone Drive Improvements (Brookfield Rancho Coronado, LLC)

1.4 Approval of Construction Agreement for Rancho Coronado MU-4 Site Phase 1 (Brookfield Rancho Coronado, LLC)

1.5 Approval of Construction Agreement for Rancho Coronado MU-4 Site Phase 2 (Brookfield Rancho Coronado, LLC)

Mike Hunsaker, member of the public, addressed the Board regarding Item 1.3, stating he appreciated receiving the information regarding the number of units in the development and amount of facility fees that are paid. He noted that water facility fees are much higher than wastewater treatment fees, but this development is paying far less for water than it is for waste treatment, and questioned the number of units on the two-acre parcel. He thanked the Board.

District Engineer Gumpel stated Items 1.3, 1.4, and 1.5 relate to the entire development which totals 4.1 to 4.3 acres with approximately 200 total units. The capital facilities fees for sewer are considerably higher than for water as indicated in Items 1.4 and 1.5 and were separated at the developer's request for phasing of the project. Item 1.3

addresses the main line for slope irrigation of the project.

18-06-05 MOTION WAS MADE by Director Sannella, seconded by Director Evans, and carried unanimously, with Director Hernandez absent, to approve Item 1.3 of the Consent Calendar as presented.

ACTION ITEMS

DISPOSITION OF DISTRICT VEHICLE #9

Public Information/Conservation Supervisor Robbins provided background on District vehicle #9, a 1946 "Willys" CJ2A Jeep, its historical relevance to the District, and its current condition. He stated that at a meeting of the Public Awareness/Personnel/Policy Committee on February 12, 2018, President Hernandez and Director Evans expressed interest in using the District's Jeep for public outreach purposes.

Public Information/Conservation Supervisor Robbins further stated the District mechanics estimate the Jeep would require approximately \$10,000 of maintenance for it to run properly, be street legal and meet safety standards. Given the condition of the vehicle, the amount of money it would cost to address maintenance and safety issues, and the fact that the vehicle is not currently being utilized, staff is seeking direction regarding the future of this vehicle. Several suggestions for the Jeep were offered such as continuing to store it as it is currently, selling it as surplus property, donating it to a non-profit organization, budgeting funds to update and maintain it, or display it in the lobby of the District office as a historical piece.

Staff recommended the Jeep be moved to the lobby of the District office to serve as a historical display. The Jeep has too much market value to donate and too much historic/sentimental value to sell; however, it doesn't have enough worth as a parade vehicle to continue the required ongoing maintenance.

General discussion took place during which Director Evans suggested staff research the costs involved in either donating the vehicle or moving it to the District garden area. General Manager Pruum suggested this item be delegated to the Public Awareness/Personnel/Policy Committee for discussion before bringing it back to the Board for further consideration.

ADOPTION OF RESOLUTION BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING ENCINA WASTEWATER AUTHORITY'S FISCAL YEAR 2019 OPERATING AND CAPITAL IMPROVEMENT BUDGET

General Manager Pruum stated Vallecitos Water District is a member agency of the Encina Wastewater Authority (EWA) and is a party to the Encina Joint Powers Basic

Agreement, entered into on July 13, 1961, for the acquisition, construction, ownership, operation, and maintenance of the Encina Joint Sewer System. The Encina Basic Agreement requires unanimous approval of the EWA budget by member agencies prior to the budget becoming effective. The EWA Board will be considering final budget adoption at its meeting scheduled for June 27, 2018.

General Manager Pruim further stated the fiscal year ending 2019 budgets of EWA, as unanimously approved by the EWA Board of Directors and the Joint Advisory Committee on April 25, 2018, are approximately \$22.1 million for the total capital budget and \$16.0 million for the total operating budget. Vallecitos' share of EWA's operating and capital budgets (\$7.6 million) has been incorporated into the District's recommended 2018/2019 budget which the Board will also consider at this meeting.

Staff recommended the Board adopt a resolution approving the Encina Wastewater Authority's Fiscal Year 2019 Operating and Capital Improvement Budgets.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board inquiring if the increasing amount of brewery waste is contributing to the increase of solids being delivered to EWA.

General Manager Pruim stated that EWA staff is aware of the growing number of local breweries and part of EWA's expansion of the solids handling capacity of the plant is intended to address this issue and other high-solids producing businesses.

18-06-06 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Hernandez absent, to adopt the resolution.

Resolution No. 1538 - the roll call vote was as follows:

AYES: Elitharp, Evans, Sannella, Martin

NOES:

ABSTAIN:

ABSENT: Hernandez

VALLECITOS WATER DISTRICT RECOMMENDED FISCAL YEAR 2018/2019 BUDGET

Finance Manager Owen stated the Board's recommendations discussed at the May 21 Board budget workshop have been incorporated into the recommended Fiscal Year (FY) 2018/2019 Budget. He reviewed the budget process which began in December 2017 and included staff budget requests, compiling FY 2018 projections, payroll

estimates, drafting the operating and capital improvement budgets and incorporating Board requested items. The budget calendar included several Finance/Investment Committee meetings and a Board workshop for the purpose of reviewing, refining and revising the budget.

Finance Manager Owen reviewed the operating expenses and salary and benefits of the recommended FY 2018/2019 Budget.

Financial Analyst Arthur reviewed projected water purchases of approximately 16,700 acre feet in the amount of \$32.25 million, which is an approximate 3.4% increase over the current FY 2017/2018. He also discussed sewer revenues which are flat due to no changes to the sewer rates in the previous year. Sewer revenue is projected to be approximately \$17.9 million assuming 0.3% growth.

Finance Manager Owen continued his review of the recommended FY 2018/2019 Budget which included the capital improvement budget and reserves balance.

Staff recommended the Board adopt the recommended FY 2018/2019 Budget.

General discussion took place.

18-06-07 MOTION WAS MADE by Director Elitharp, seconded by Director Evans, and carried unanimously, with Director Hernandez absent, to approve the recommended Fiscal Year 2018/2019 Budget.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Two “open house” public outreach events took place at Stargaze Court and River Run Circle this week to educate interested customers about the water main rehabilitation projects that will be starting soon in those areas. The events were well received by the public.
- The contract for the Boardroom audiovisual and lighting upgrade project has been awarded. A pre-construction meeting has been scheduled and the construction schedule is being prepared.
- He provided an update on the Golden Door lawsuit against the District regarding its water supply assessment for the Newland Sierra project. The Court of Appeals denied Golden Door’s claim and determined that the proper venue for the claim is the California Environmental Quality Act process. Golden Door’s ability to appeal to the State Supreme Court has lapsed. The San Diego County Planning Commission will hear the environmental impact report (EIR) for the

Newland Sierra project on June 28-29, and assuming it is approved, the Board of Supervisors will consider the certification of the EIR for the project in September. The lawsuit against the District has concluded and all of the District's legal costs have been reimbursed by Newland Sierra.

- Diamond Environmental Services was indicted by the Environmental Protection Agency for illegal discharge of sewage they collected into municipal sewer facilities. At the sentencing trial in May, the company and three of its top officials were all found guilty. The CEO will be serving five months in federal prison with three years' probation and was fined \$15,000. The COO received five years' probation and 200 hours of community service. The company is on five years' probation, was collectively fined \$2.64 million, must pay restitution to five agencies including Vallecitos in the amount of \$2.25 million, and must forfeit illegal profits of \$2.2 million. The District's share of the \$2.25 million has not been determined.
- Governor Brown signed AB 1668 and SB 606 which impose new or expanded requirements on California water agencies and suppliers, are primarily related to water use efficiency, and require the State Water Resources Control Board (SWRCB) to work with the Department of Water Resources (DWR) to establish long-term urban water use efficiency standards by June 30, 2022. There will be components for indoor and outdoor residential use, water loss and other categories. The indoor use limit will start at 55 gallons per person per day from the date of institution through January 1, 2025. After that date, the limit will decrease toward 50 gallons per capita per day. Numbers for outdoor use standards have not been determined; however, a process has been established which requires the DWR to conduct landscape and climate studies throughout the state by 2021 to help develop the standards. Study results will be made available to the SWRCB and water agencies that supply water to customers for the development of water use objectives. Water agencies will be required to prepare annual reports on how they are complying with the standards, five-year drought risk assessments, and water shortage contingency plans must be incorporated into urban water management plans. Beginning in 2027, suppliers who violate the standards are subject to fines of up to \$1,000 per day during non-drought years and up to \$10,000 per day during declared drought emergency conditions.
- The City of San Marcos Chamber of Commerce has scheduled its fourth annual "Meet Your Elected Officials" event for Thursday, July 26 at the San Marcos Community Center.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin commented that in regard to AB 1668 and SB 606, he believes the state will not manage the implementation and enforcement of the regulation but will look to the local agencies to do so.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the SDCWA awarded \$1,000 to the Del Mar Fair last week for an exhibit in the garden section that portrays water wise usage and irrigation.

Director Evans reported on the May 24 Board meeting at which the Board adopted a resolution calling for a public hearing in June on a rate increase. Funds were transferred from reserves to keep the increase to less than 2%. Discussion took place regarding rumors of some form of harassment at SDCWA, which the Board is currently investigating, and how to move forward to a resolution of the ongoing litigation.

ENCINA WASTEWATER AUTHORITY

Director Elitharp stated the Policy and Finance Committee will meet on June 12.

STANDING COMMITTEES

Vice President Martin commented on the Finance/Investment Committee's involvement with the budget process and expressed his appreciation to everyone involved.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Sannella and Evans reported on their attendance to the San Diego Chapter California Special Districts Association quarterly dinner meeting on May 17.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Vice President Martin stated the District received a plaque of appreciation from the San Marcos Boys and Girls Club for its contribution to their annual charity auction.

Director Evans commented that she received praise for District staff for recent work done at Discovery Lake.

Vice President Martin asked if uniform type shirts are provided to all District staff. General Manager Pruiim stated no; however, he is considering providing shirts for the Board and staff who make presentations on the District's behalf.

ADJOURNMENT

There being no further business to discuss, Vice President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 6:26 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 20, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Hal J. Martin, Vice President
Board of Directors
Vallecitos Water District

ATTEST:

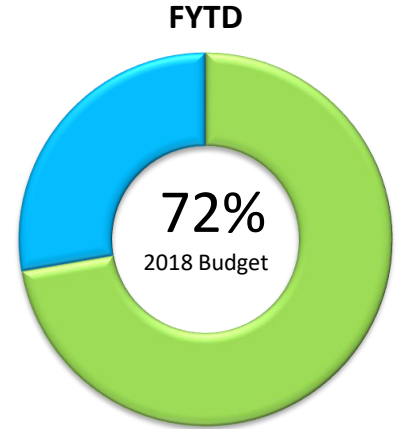
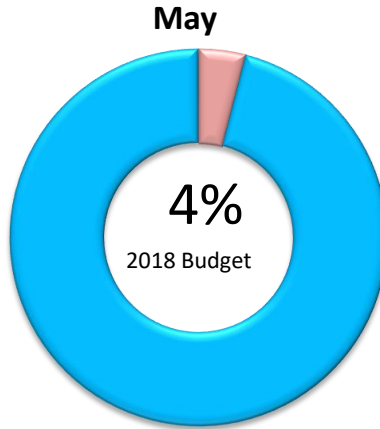
Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District

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

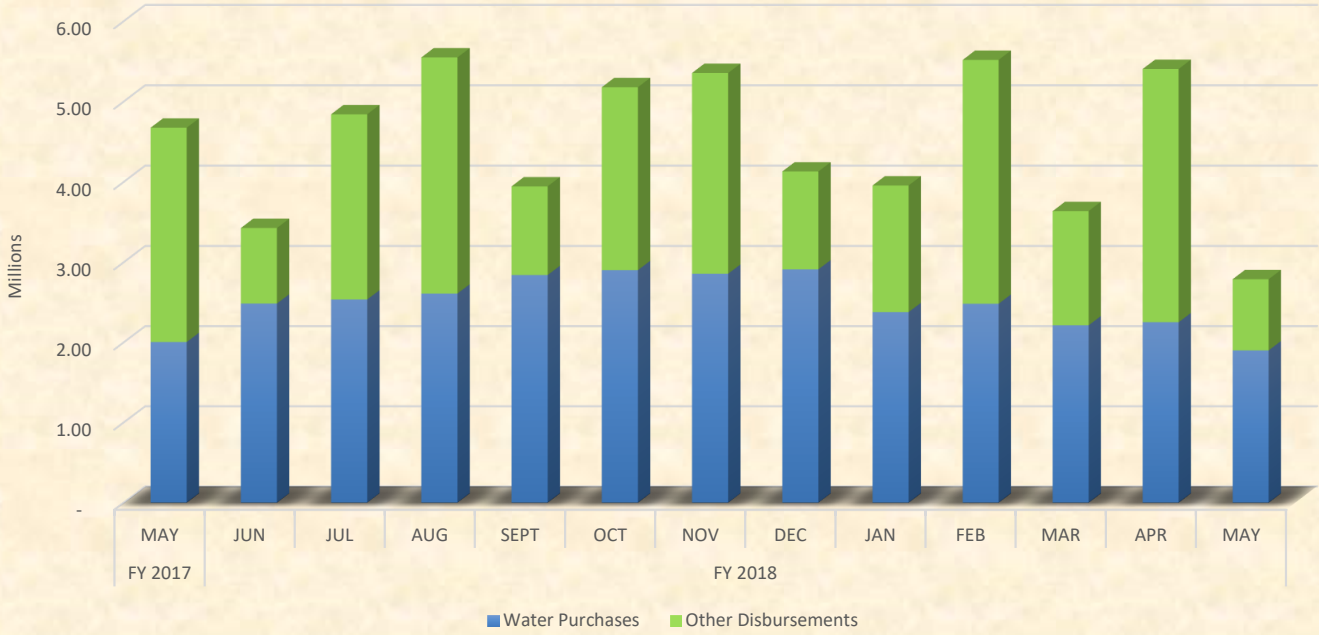
Summary

May Disbursements	\$ 2,789,507 *
YTD Disbursements	\$ 50,317,433 *
FY2018 Budget	\$ 69,615,000

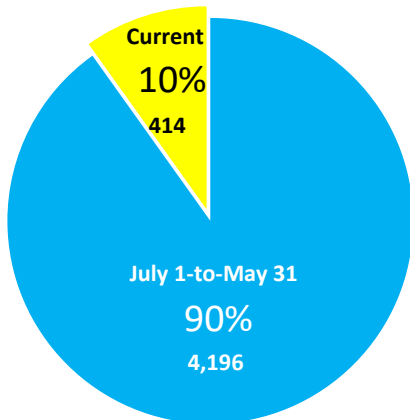
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$28.6M
ENCINA WASTEWATER AUTHORITY	\$6.2M
PUBLIC EMPLOYEES RETIRE SYSTM	\$3.6M
ACWA/JOINT POWERS INSURANCE	\$2.4M
SAN DIEGO GAS & ELECTRIC	\$1.3M
OLIVENHAIN MWD	\$889K
SYLVESTER ROOFING CO INC	\$359K
ATOM ENGINEERING	\$314K
PENCCO, INC.	\$313K
AQUA-METRIC SALES CO	\$178K

VALLECITOS WATER DISTRICT

WARRANTS LIST

June 20, 2018

PAYEE	DESCRIPTION	CHECK#	AMOUNT	
CHECKS				
Garnishments	Payroll Garnishments	113824 through	113827	-
Adam & Alexa Kipp	Closed Account Refund		113828	127.11
American Water Works Assn	Membership Renewal E Pedrazzi		113829	80.00
Anthony Alaam	Closed Account Refund		113830	28.88
Applied Best Practices, LLC	Bond Continuing Disclosure		113831	685.50
Arthur A Brown Plumbing	Svc - Kitchen Sink MRF		113832	150.00
AT&T	Phone Svc May		113833	2,655.73
AT&T	Internet Svc June		113834	55.00
Boncor Water Systems	Soft Water & Drinking Water Svc May		113835	1,726.00
CA Dept of Forestry/Fire Protection	Crew Work Mar		113836	1,142.00
CalDesal	Membership Renewal 18-19		113837	1,000.00
Christina & Ivan Carmosino	Closed Account Refund		113838	82.06
Core Logic Information Solutions Inc	Real Quest Svc For Engineering Maps Apr		113839	200.00
Council of Water Utilities	Meeting 6-19-18, Elitharp, Martin, Sannella, Pruum		113840	180.00
County of San Diego	Admin Fee Prj 20181-8		113841	50.00
CWEA	Cert Renewal D McDougale		113842	85.00
CWEA	Cert Renewal D Richardson		113843	90.00
CWEA	Membership Renewal R Salazar		113844	180.00
David Hernandez	Self Improvement Program & Water Dist Cert Renewal SWRCB		113845	291.00
DirecTV Inc	Satellite Svc May		113846	241.52
Douglas & Lisa Palmieri	Closed Account Refund		113847	60.56
Craig Durban	Membership Renewal CWEA		113848	180.00
EDCO Waste & Recycling Serv	Trash Svc May		113849	873.64
Fabiola Real	Self Improvement Program		113850	188.21
Guangli Yang	Closed Account Refund		113851	97.96
Harvey, Inc	Closed Account Refund		113852	790.91
Home Depot Credit Services	Hardware Supplies May		113853	1,602.76
Jessica Lord	Closed Account Refund		113854	77.80
JCI Jones Chemicals Inc	Chlorine		113855	6,129.63
Knight Security & Fire Systems	Answering & Patrol Svc June, Annual Patrol Alarm Response 18-19		113856	888.19
Lawnmowers Plus Inc	Hardware Supplies		113857	94.81
Leanna & Timothy Long	Closed Account Refund		113858	51.03
Left Co Window Cleaning	Janitorial Svcs June - MRF		113859	553.13
Lito Santos	Self Improvement Program		113860	893.93
Loren Boston	Closed Account Refund		113861	117.72
Margaret & Robert Jepsen	Closed Account Refund		113862	70.03
Medina Construction	Asphalt Extension & Seal Coating LS1		113863	14,485.60
Mike Arthur	MAFO Meeting 5-15-18		113864	16.46
Occu Med LTD	Medical Svcs		113865	84.00
Ofelia Cisneros Torres	Closed Account Refund		113866	75.58
Pencco, Inc.	Poly Chemical Tank Prj 20181-35, Trioxyn		113867	53,591.37
Recycled Aggregate Materials Co Inc	Concrete Recycling		113868	295.00
SDG&E	Power May		113869	18,913.93
Shean Siegmund	Closed Account Refund		113870	63.27
Shred-It US JV LLC	Shredding Svcs May		113871	174.01
Six To Six Equipment Rentals	Boom Lift Rental		113872	510.00
Smart & Final	Office Supplies		113873	98.08
Southern Counties Lubricants, LLC	Oil - To Refill Bulk Oil Tanks, Diesel Fuel		113874	5,744.10
Standard Insurance Company	LTD, LIFE, ADD, June		113875	6,265.48
Staples Advantage	Office Supplies		113876	2,575.18
State Water Resources Control	Water Distribution Cert R Salazar		113877	120.00

VALLECITOS WATER DISTRICT

WARRANTS LIST

June 20, 2018

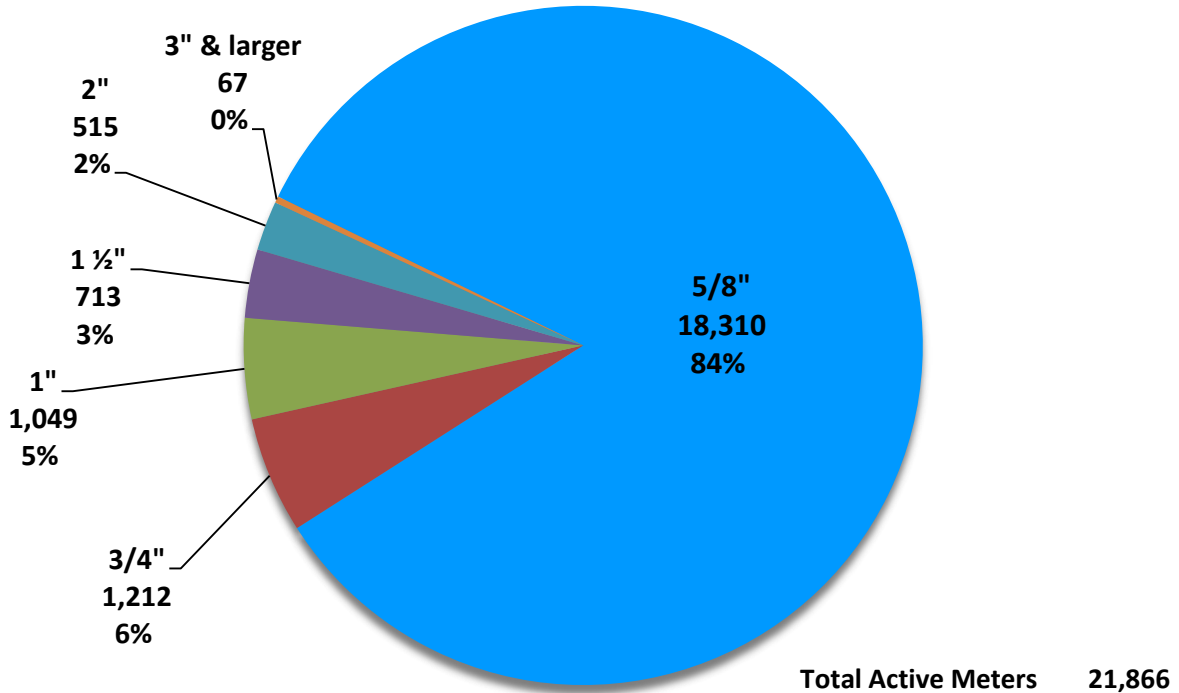
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Union Bank FKA 1st Bank Card	Meetings & Travel May	113878	3,417.46
Union Bank FKA 1st Bank Card	Meetings & Travel May	113879	500.35
Union Bank FKA 1st Bank Card	Meetings & Travel May	113880	4,455.20
Univar USA Inc	Sodium Hypo Liquichlor, Sodium Bisulfite	113881	4,557.06
Verizon Wireless	Cell Phone Svc May	113882	1,691.25
Visser Construction Inc	Equipment Storage, Fuel Island & Truck Wash Roofing Prj 20181-14	113883	29,178.50
E.H. Wachs Company	Circuit Board	113884	704.76
Wendy & Ged Woelke	Closed Account Refund	113885	28.36
ActiveG	Power Sync - Integration of GIS & Maximo Systems	113886	4,425.00
APGN Inc.	Annual Svc - Aeration Blowers	113887	7,450.00
Backflow Solutions, Inc.	Backflow Tests, May - Qty 367	113888	4,752.65
Bentley Systems Inc	Water/Sewer Gems Subscription July-Sept	113889	3,731.25
Boot Barn	Safety Boots R Crawford	113890	145.45
CCI	Water Treatment May	113891	220.00
CDW Government Inc	Dell Docking Stations 2, Power Cords 16, Iphone Case	113892	846.51
Chandler Asset Management, Inc.	Investment Management Svcs May	113893	2,119.30
Jeffrey Colwell	Video Production Prj 20181-44	113894	638.75
Core & Main LP	Gaskets, Hydrant Adapters - For Water Ops Testing, Hydrant Supplies	113895	1,037.01
Department Of Water Resources	Annual Dam Fees 18-19	113896	36,932.00
Diamond Environmental Services	Portable Restroom Rental MRF	113897	319.69
Doane & Hartwig Water Systems Inc	Chlorine Sensor Calibration MRF, Hardware Supplies	113898	864.35
Electrical Sales Inc	Variable Frequency Drive Replacement MRF, Hardware Supplies	113899	1,613.80
Employment Screening Services Inc	Employment Screening	113900	33.00
Ewing Irrigation Products	PVC Supplies	113901	279.87
Ferguson Enterprises, Inc	South Lake Valve Supplies Prj 20181-19, Air Vac Can	113902	935.28
Free Builders Supply	Rapidset Concrete	113903	956.47
George & Krogh Welding Inc	Monorail Fabrication MRF	113904	2,779.95
Grainger Inc	Storage Bin Cabinet MRF, Air Mattresses 10 EOC, CL2 Analyzer Double Peak	113905	6,282.64
Hach Company	Lab Supplies	113906	302.26
Harrington Industrial	Hardware Supplies Prj 20181-40	113907	167.29
Huntington & Associates, Inc.	Valve Repair Kit	113908	533.00
Lantelligence, Inc.	SIP Device Licenses 6 -Icloud - Phone System	113909	180.63
Mallory Safety & Supply, LLC	Safety Supplies	113910	349.08
Manpower Temp Services	Customer Service Rep Week Ending: 5-6, 5-13, 5-20, & 5-27	113911	3,755.19
McMaster-Carr Supply Co	Hardware Supplies	113912	72.20
Mission Resource Conservation District	Water Use Evaluations 8 Prj 20181-46	113913	500.00
Old Castle Precast Inc	Cement Pad - Coronado Hills Vault Prj 20181-15	113914	3,109.00
Olympic Coatings California	Powder Coating Svcs - Sage Canyon Tank & Lake San Marcos Lift Station	113915	328.10
One Source Distributors LLC	Wet Well PLC Upgrades - MRF	113916	1,295.03
Pacific Pipeline Supply	Valve Gate Prj 20161-4, Air Vac Cans 3, Valves 3	113917	2,677.81
PDQ Connect Inc	Back Gate Radios 2	113918	129.35
Power Seal	Repair Clamps 2	113919	448.20
Safe Hearing America Inc	Svcs - Data Processing OSHA	113920	175.00
Schmidt Fire Protection Co Inc	Quarterly Maintenance - Fire Sprinklers	113921	603.00
T.S. Industrial Supply	Hardware Supplies	113922	327.56
Trench Shoring Co	Trench Plate Rental Prj 20181-15	113923	301.50
Tuff Shed Inc	Shed - Coronado Hills Tank Prj 20181-15	113924	2,145.41
Underground Service Alert	Underground Svc Alert May	113925	335.05
Unifirst Corporation	Uniform Delivery	113926	1,298.18
Valley Chain & Gear Inc	Hardware Supplies	113927	45.47
Walters Wholesale Electric	Hardware Supplies Prj 20171-11	113928	52.85
Total Disbursements (101 Checks)			<u>264,759.24</u>

VALLECITOS WATER DISTRICT
WARRANTS LIST
June 20, 2018

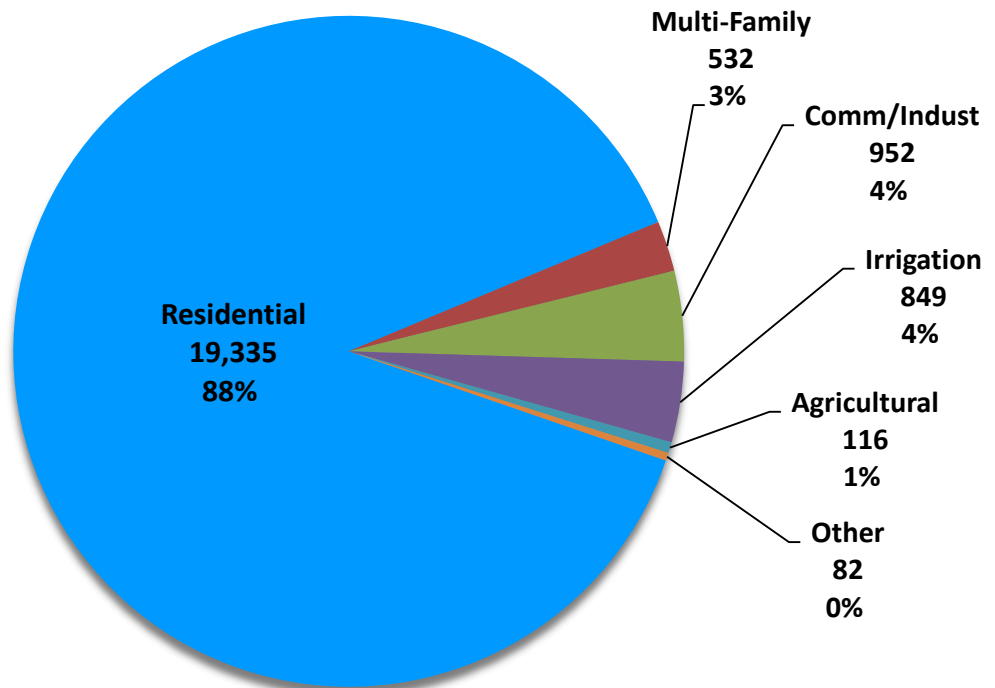
PAYEE	DESCRIPTION	CHECK#	AMOUNT
WIRES			
San Diego County Water Authority	May Water Bill	Wire	2,529,388.05
CalPERS CERBT	OPEB funding June 28, 2018	Wire	60,000.00
Public Employees Retirement System	Retirement Contribution - June 6, 2018 Payroll	Wire	64,846.15
Union Bank	Union Bank debt payment - Principal	Wire	1,905,000.00
Union Bank	Union Bank debt payment - Interest	Wire	<u>1,123,350.00</u>
Total Wires			<u>5,682,584.20</u>
PAYROLL			
Total direct deposits		Wire	226,782.27
VWD Employee Association		113824	600.00
Garnishments		113825 through 113827	1,270.14
IRS	Federal payroll tax deposit	Wire	88,339.02
Employment Development Department	California payroll tax deposit	Wire	17,088.72
CalPERS	Deferred compensation withheld	Wire	14,140.69
VOYA	Deferred compensation withheld	Wire	<u>5,559.91</u>
Total June 6, 2018 Payroll Disbursements			<u>353,780.75</u>
Total direct deposits		Wire	574.70
IRS	Federal payroll tax deposits	Wire	341.61
Employment Development Department	California payroll tax deposit	Wire	<u>69.61</u>
Special Payroll Disbursements (i.e., final checks, accrual payouts, etc.)			<u>985.92</u>
Total Payroll Disbursements			<u>354,766.67</u>
TOTAL DISBURSEMENTS			<u><u>6,302,110.11</u></u>

Vallecitos Water District
 Active Water Meters
 May 31, 2018

Active Meters by Size as of May 31, 2018

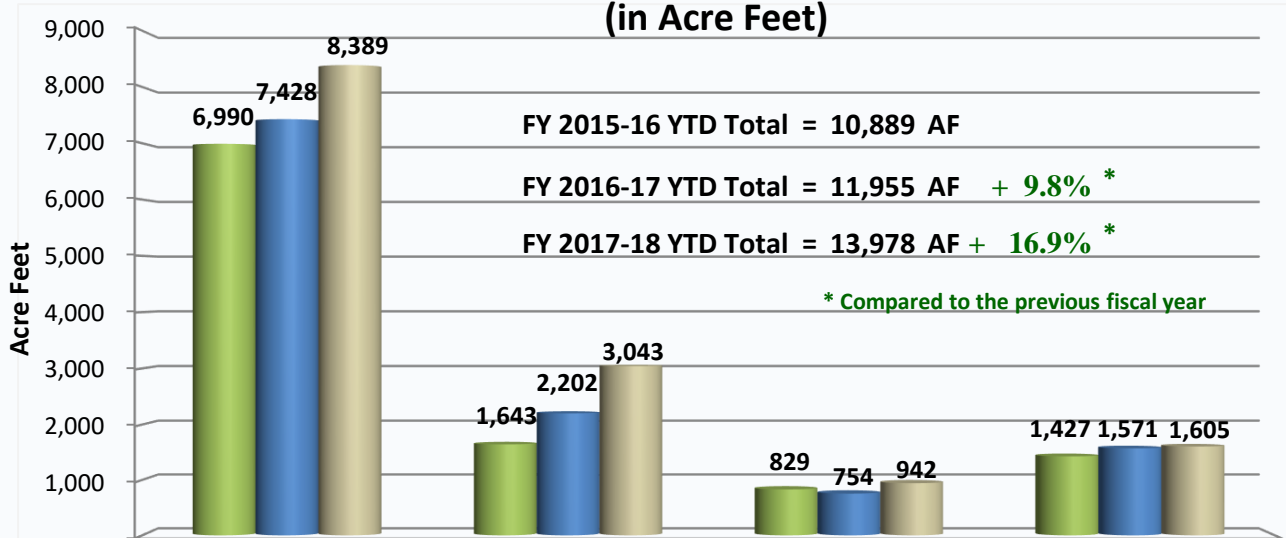


Active Meters by Type as of May 31, 2018



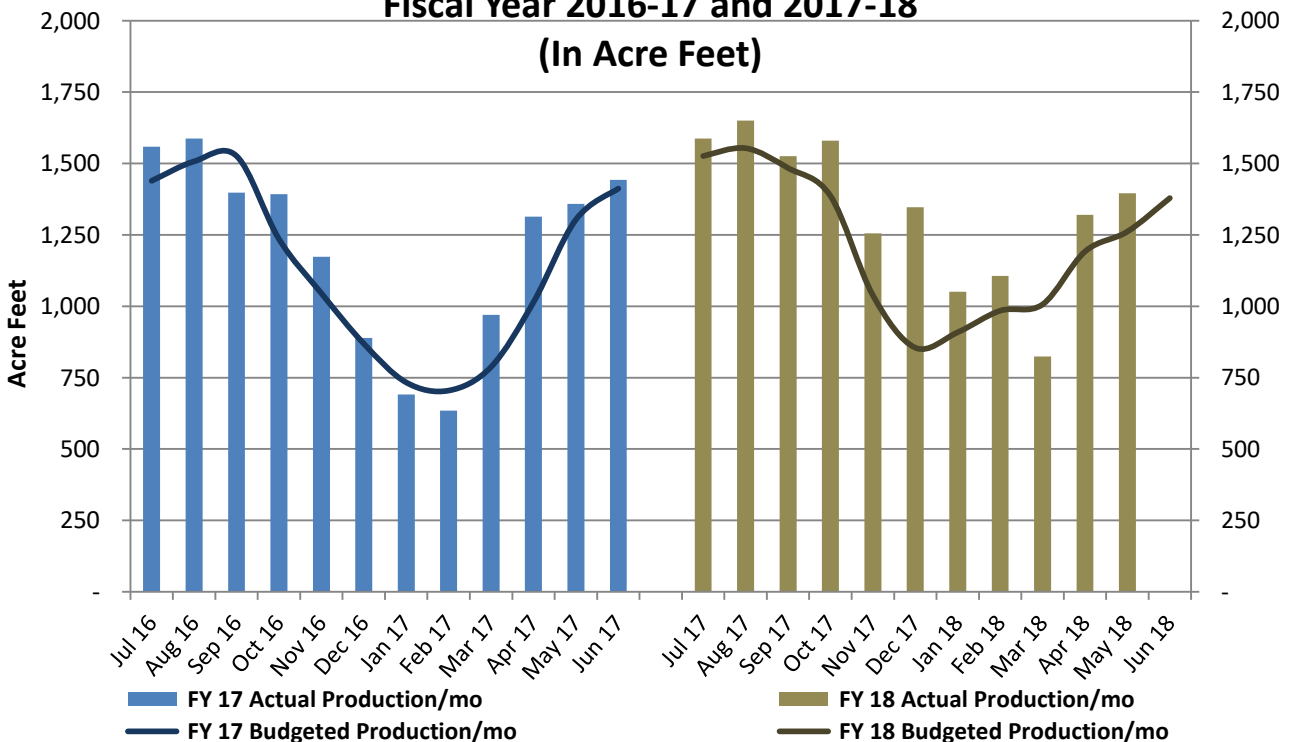
Vallecito Water District
 Water Production/Sales
 May 31, 2018

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	6,990	1,643	829	1,427
FY 2016-17	7,428	2,202	754	1,571
FY 2017-18	8,389	3,043	942	1,605

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



DATE: JUNE 20, 2018
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

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

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 11-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 Eleven Months Ended May 31, 2018

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Water Sales	\$ 26,265,955	\$ 19,989,808	\$ 6,276,147	31.4%	\$ 22,404,000	\$ 3,861,955	17.2%
Ready-to-serve	12,594,119	12,652,516	(58,397)	-0.5%	12,484,000	110,119	0.9%
Pumping cost recovery	282,802	142,279	140,523	98.8%	226,000	56,802	25.1%
Late & lock charges	414,696	390,246	24,450	6.3%	424,000	(9,304)	-2.2%
Backflow fees	83,126	81,360	1,766	2.2%	89,000	(5,874)	-6.6%
Other revenue	246,196	201,900	44,296	21.9%	109,600	136,596	124.6%
Total Revenue	39,886,894	33,458,109	6,428,785	19.2%	35,736,600	4,150,294	11.6%
Expenses							
Water costs	27,853,871	24,552,868	3,301,003	13.4%	25,787,000	2,066,871	8.0%
Pumping costs	702,275	544,942	157,333	28.9%	612,000	90,275	14.8%
Water quality	140,237	94,998	45,239	47.6%	161,000	(20,763)	-12.9%
Water treatment	388,372	415,625	(27,253)	-6.6%	408,000	(19,628)	-4.8%
Tanks & reservoirs	291,914	283,435	8,479	3.0%	381,000	(89,086)	-23.4%
Trans & distribution	1,241,743	1,529,709	(287,966)	-18.8%	1,681,000	(439,257)	-26.1%
Services	183,647	120,818	62,829	52.0%	225,000	(41,353)	-18.4%
Meters	585,217	547,918	37,299	6.8%	577,000	8,217	1.4%
Backflow prevention	45,738	69,738	(24,000)	-34.4%	59,000	(13,262)	-22.5%
Customer accounts	520,880	489,713	31,167	6.4%	562,000	(41,120)	-7.3%
Building & grounds	347,678	350,116	(2,438)	-0.7%	332,000	15,678	4.7%
Equipment & vehicles	243,878	264,035	(20,157)	-7.6%	279,000	(35,122)	-12.6%
Engineering	1,275,361	1,234,289	41,072	3.3%	1,274,000	1,361	0.1%
Safety & compliance	208,871	197,324	11,547	5.9%	239,000	(30,129)	-12.6%
Information Technology	707,719	693,225	14,494	2.1%	919,000	(211,281)	-23.0%
General & administrative	2,728,945	2,626,471	102,474	3.9%	2,578,000	150,945	5.9%
Total Expenses	37,466,346	34,015,224	3,451,122	10.1%	36,074,000	1,392,346	3.9%
Net Operating Income	\$ 2,420,548	\$ (557,115)	2,977,663	-534.5%	\$ (337,400)	2,757,948	-817.4%

Explanation of Significant Variances

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

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

The District received a retrospective premium reimbursement from JPIA resulting in a favorable budget variance in *Other revenue*.

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.

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

Variances are considered significant if they exceed \$91666 and 20%.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Eleven Months Ended May 31, 2018

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Sewer service charges	\$ 16,495,611	\$ 15,984,480	\$ 511,131	3.2%	\$ 16,029,000	\$ 466,611	2.9%
Reclaimed water sales	1,908,471	1,774,889	133,582	7.5%	1,882,000	26,471	1.4%
Other revenue	<u>127,899</u>	<u>95,324</u>	32,575	34.2%	<u>67,000</u>	60,899	90.9%
Total Revenue	<u>18,531,981</u>	<u>17,854,693</u>	677,288	3.8%	<u>17,978,000</u>	553,981	3.1%
Expenses							
Collection & conveyance	1,670,147	1,717,035	(46,888)	-2.7%	2,068,000	(397,853)	-19.2%
Lift stations	188,489	262,536	(74,047)	-28.2%	286,000	(97,511)	-34.1%
Source Control	131,149	130,936	213	0.2%	163,000	(31,851)	-19.5%
Effluent disposal	2,503,920	2,449,926	53,994	2.2%	2,630,000	(126,080)	-4.8%
Meadowlark	2,341,998	2,726,236	(384,238)	-14.1%	3,186,000	(844,002)	-26.5%
Customer Accounts	360,441	348,297	12,144	3.5%	418,000	(57,559)	-13.8%
Building & grounds	221,058	197,226	23,832	12.1%	234,000	(12,942)	-5.5%
Equipment & vehicles	175,765	172,345	3,420	2.0%	209,000	(33,235)	-15.9%
Engineering	518,123	499,096	19,027	3.8%	650,000	(131,877)	-20.3%
Safety & compliance	136,457	138,787	(2,330)	-1.7%	173,000	(36,543)	-21.1%
Information technology	625,699	582,474	43,225	7.4%	761,000	(135,301)	-17.8%
General & administrative	<u>1,208,506</u>	<u>1,094,610</u>	113,896	10.4%	<u>1,332,000</u>	(123,494)	-9.3%
Total Expenses	<u>10,083,079</u>	<u>10,319,504</u>	(236,425)	-2.3%	<u>12,110,000</u>	(2,026,921)	-16.7%
Net Operating Income	<u>\$ 8,448,902</u>	<u>\$ 7,535,189</u>	913,713	12.1%	<u>\$ 5,868,000</u>	2,580,902	44.0%

Explanation of Significant Variances

Lift stations has a favorable budget variance resulting from less than anticipated 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 \$91666 and 20%.

VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE ELEVEN MONTHS ENDED MAY 31, 2018

	110 Water 120		210 Wastewater 220		Total
	Replacement	Capacity	Replacement	Capacity	
BEGINNING BALANCE	\$ 29,885,306	\$ (9,889,055)	\$ 45,384,737	\$ (6,501,911)	\$ 58,878,989
REVENUES					
FY 17/18 Operating Transfers	2,420,548		8,448,902		10,869,450
Capital Facility Fees	-	2,647,837	-	2,944,013	5,591,850
Property Tax	1,218,038	-	972,124	-	2,190,162
RDA pass-through	421,847	-	421,847	-	843,694
Investment Earnings	352,199	-	448,945	-	801,144
Payment on Land Sale to City	70,573	-	70,573	-	141,146
Annexation Fees	7,376	-	18,588	-	25,964
TOTAL REVENUES	4,490,582	2,647,837	10,380,978	2,944,013	20,463,410
LESS DISTRIBUTIONS					
Capital Projects					
Encina Wastewater Authority Five Year Plan	-	-	3,510,674	-	3,510,674
Main Facility Roof Replacement	183,460	-	176,265	-	359,725
North Vista Pressure Reducing Station Upgrade	242,456	-	-	-	242,456
South Vista Pressure Reducing Station Upgrade	227,761	-	-	-	227,761
Lift Station 1 Wet Well Room Repairs	-	-	187,933	-	187,933
Nursery Valve Relocation	-	-	178,713	-	178,713
Water & Sewer Master Plan	-	74,329	-	74,328	148,657
San Marcos interceptor sewer	-	-	44,803	99,722	144,525
Montiel Gravity Outfall	-	-	52,542	64,218	116,760
District Wide Valve Replacement	91,906	-	-	-	91,906
Expansion of the Men's Locker Room in Building B	38,170	-	36,673	-	74,843
Rock Springs Sewer Replacement	-	-	33,497	40,940	74,437
Mountain Belle Tank - Valve Replacement	60,848	-	-	-	60,848
Fire Services - Backflow Preventer Upgrades	59,092	-	-	-	59,092
MRF - Influent Pumps & Motors	-	-	58,938	-	58,938
Refurbish Pumps At North Twin Oaks Pump Station	56,861	-	-	-	56,861
City of San Marcos Joint Projects	34,626	-	22,140	-	56,766
Wulff Pump Station Pumps & Motors	47,110	-	-	-	47,110
Fulton Road And Nctd Sewer Line Rehabilitation	-	-	40,747	-	40,747
Coronado Hills Chlorine Injection System	37,562	-	-	-	37,562
South Lake Pump Station Valves	37,375	-	-	-	37,375
Palos Vista Pump Station Motor Replacement	30,599	-	-	-	30,599
Palos Vista Pump Station Generator	28,908	-	-	-	28,908
Audiovisual Upgrade	14,316	-	13,755	-	28,071
Gates For Twin Oaks Reservoir Access Road	-	26,058	-	-	26,058
Laurels Sewer Lining	-	-	24,047	-	24,047
MRF Refurbish Backwash Pumps And Motors	-	-	23,908	-	23,908
Tertiary Filter Media	-	-	21,151	-	21,151
Schoolhouse Tank Refurbishment	19,453	-	-	-	19,453
Moymo Solids Pump Rotor Replacment MRF	-	-	19,136	-	19,136
Stargaze Court Water Line Replacement	17,234	-	-	-	17,234
HVAC Pump and Motor Replacement	8,541	-	8,206	-	16,747
MRF Failsafe Line De-Chlorination System	-	-	15,789	-	15,789
Asset Management Replacement Schedule	6,538	-	6,280	-	12,818
Office Wall For Senior Construction Workers	5,677	-	5,677	-	11,354
Palomar Tank - Valve Replacement	11,224	-	-	-	11,224
Solar Panel Inverter Replacement	5,393	-	5,180	-	10,573
All other capital projects	8,166	4,998	11,918	7,158	32,241
Capital Budget - Vehicles/Mobile Equipmnt	141,187	-	266,617	-	407,804
Debt Service	-	572,909	-	1,819,030	2,391,938
Fund OPEB Trust	816,000	-	784,000	-	1,600,000
Interest Expense	-	90,597	-	61,890	152,487
TOTAL DISTRIBUTIONS	2,230,461	768,891	5,548,587	2,167,285	10,715,225
ENDING BALANCE	\$ 32,145,427	\$ (8,010,109)	\$ 50,217,128	\$ (5,725,183)	\$ 68,627,175
Less: Operating Reserves	5,539,100	-	6,518,000	-	12,057,100
Replacement Reserves/Restricted Funds	\$ 26,606,327	\$ (8,010,109)	\$ 43,699,128	\$ (5,725,183)	\$ 56,570,075
Replacement reserve floor	\$ 6,721,600		\$ 15,472,900		
Replacement reserve ceiling	\$ 28,785,240		\$ 46,161,000		

**VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR MAY 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.

The 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 May follows:

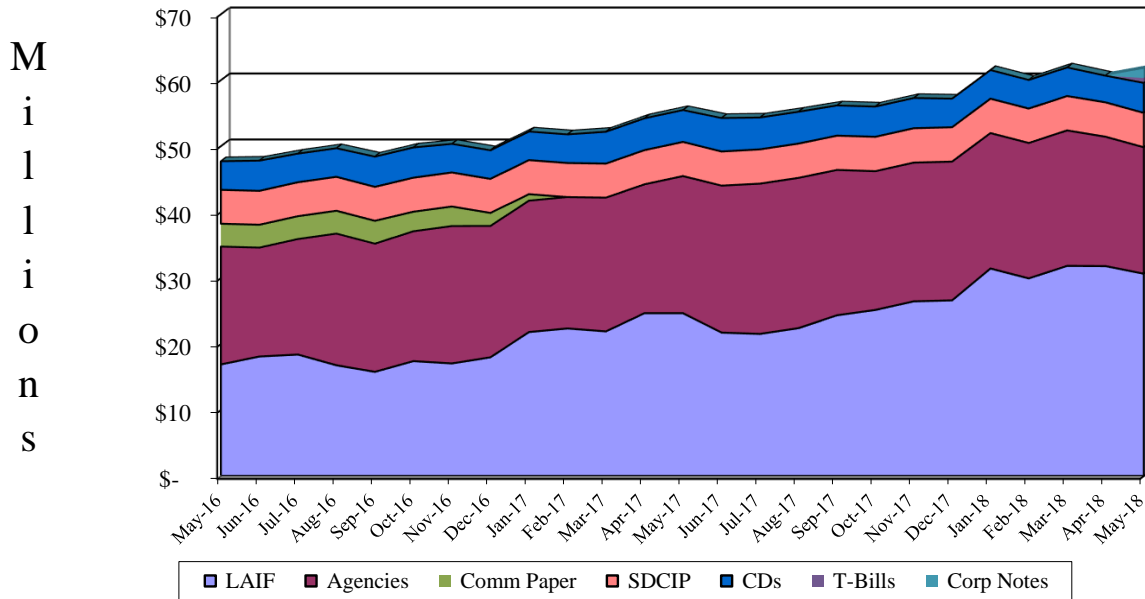
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
05/03/18	Deposit	LAIF	1,000,000	Open	1.76%
05/11/18	Deposit	LAIF	700,000	Open	1.76%
05/14/18	Purchase	John Deere Cap Corp	244,895	01/06/22	2.65%
05/15/18	Withdrawal	LAIF	(900,000)	Open	1.76%
05/21/18	Maturity	FNMA BDS	(500,000)	05/21/18	0.88%
05/21/18	Withdrawal	LAIF	(3,000,000)	Open	1.76%
05/22/18	Purchase	Charles Schwab Corp	114,997	05/21/21	3.25%
05/23/18	Deposit	LAIF	650,000	Open	1.76%
05/24/18	Purchase	Inter-American Bank Note	737,865	11/09/20	2.13%
05/24/18	Purchase	Toronto Dom Bank CD	500,000	05/24/19	2.68%
05/25/18	Deposit	LAIF	400,000	Open	1.76%
05/30/18	Purchase	Honda Auto ABS	104,998	05/18/22	3.01%
05/31/18	Purchase	US Treasury Note	737,754	06/30/20	1.63%
05/31/18	Purchase	Charles Schwab Corp	206,376	05/21/21	3.25%
Change in investments during the month			<u>\$ 996,885</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	1.699%
Weighted average days to maturity	311

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 March 31, 2018. 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 April 30, 2018. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

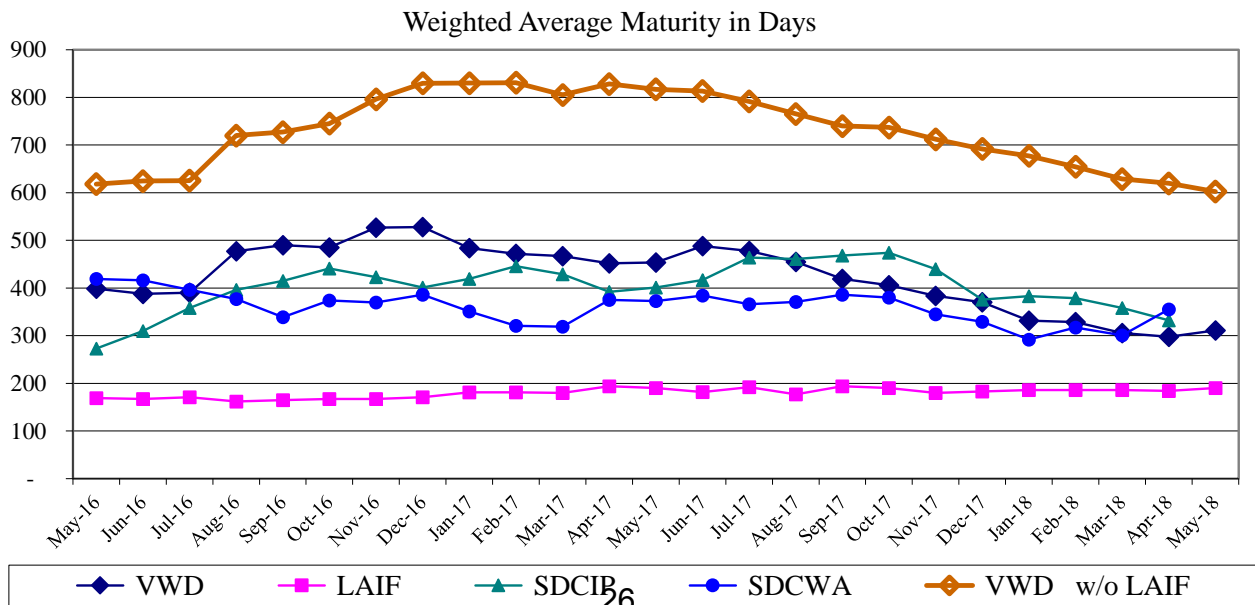
Safety

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.



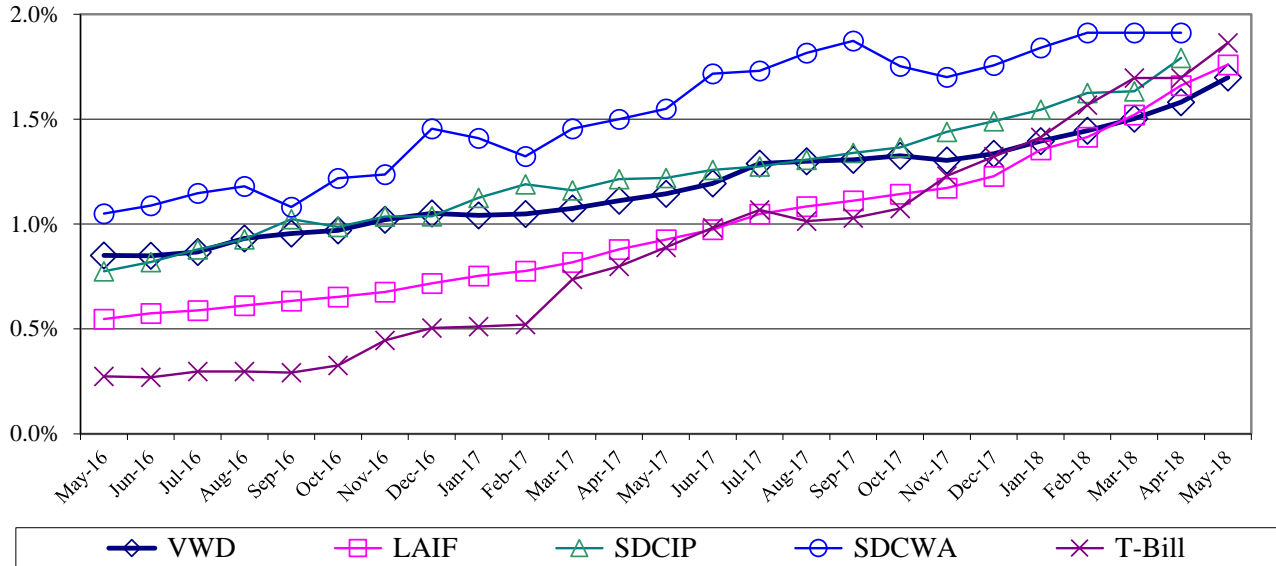
Liquidity

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 \$30.7 million available the same day. But for comparative purposes LAIF is eliminated from the District’s portfolio and shown separately.



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 March 7, 2018 the District entered into a contract with Chandler Asset Management to provide professional investment management and advisory services. Chandler manages the District’s investments in accordance with the District’s policy of safety, liquidity, and yield and continues to maintain investments of varying types within limits allowed by the 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). Chandler’s portfolio summary is attached.

Monthly Account Statement

Vallecitos Water District Consolidated Account

May 1, 2018 through May 31, 2018

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.



PORTFOLIO CHARACTERISTICS

Average Duration	0.75
Average Coupon	1.70 %
Average Purchase YTM	1.72 %
Average Market YTM	2.11 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	0.84 yrs
Average Life	0.78 yrs

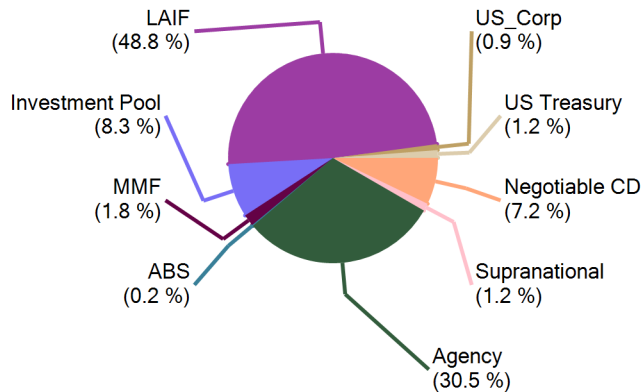
ACCOUNT SUMMARY

	Beg. Values as of 4/30/18	End Values as of 5/31/18
Market Value	60,944,593	62,871,615
Accrued Interest	125,485	187,386
Total Market Value	61,070,078	63,059,001
Income Earned Cont/WD	194,635	87,247
Par	61,431,088	63,333,825
Book Value	61,422,143	63,297,489
Cost Value	61,411,255	63,288,551

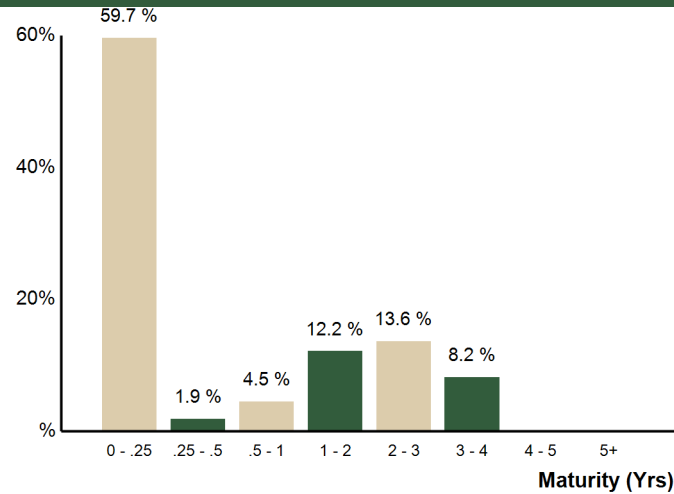
TOP ISSUERS

Issuer	% Portfolio
Local Agency Investment Fund	48.8 %
Federal Home Loan Mortgage Corp	9.4 %
County of San Diego Pooled Inve	8.3 %
Federal National Mortgage Assoc	8.1 %
Federal Home Loan Bank	7.1 %
Federal Farm Credit Bank	5.9 %
Dreyfus Treasury and Agency	1.8 %
Government of United States	1.2 %
	90.5 %

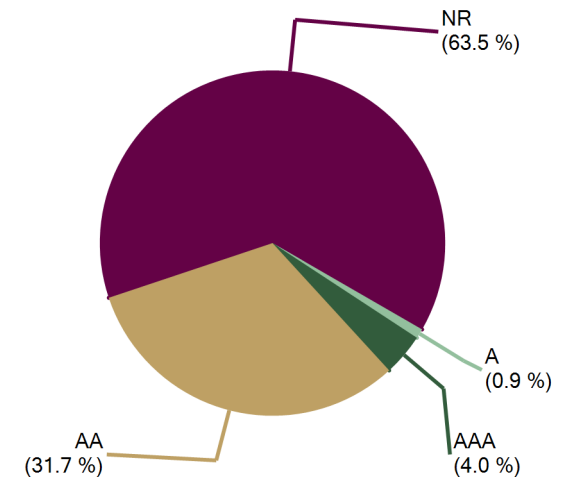
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
43814UAG4	Honda Auto Receivables 2018-2 A3 3.01% Due 5/18/2022	105,000.00	05/22/2018 3.03 %	104,997.71 104,997.71	100.00 3.03 %	104,997.69 8.78	0.17 % (0.02)	NR / AAA AAA	3.97 1.94
Total ABS		105,000.00	3.03 %	104,997.71 104,997.71	3.03 %	104,997.69 8.78	0.17 % (0.02)	NR / AAA AAA	3.97 1.94
AGENCY									
3130A5K73	FHLB Note 1.2% Due 9/26/2018	500,000.00	06/29/2015 1.26 %	499,050.00 499,906.20	99.72 2.07 %	498,617.50 1,083.33	0.79 % (1,288.70)	Aaa / AA+ NR	0.32 0.32
3130AAN20	FHLB Callable Note Cont 1/23/2018 1.24% Due 1/23/2019	500,000.00	02/08/2017 1.24 %	500,000.00 500,000.00	99.39 2.20 %	496,944.50 2,204.44	0.79 % (3,055.50)	Aaa / AA+ NR	0.65 0.63
3136G3YA7	FNMA Callable Note Qtrly 10/25/2016 1% Due 1/25/2019	500,000.00	07/25/2016 1.01 %	499,900.00 499,973.96	99.24 2.19 %	496,181.50 1,750.00	0.79 % (3,792.46)	Aaa / AA+ AAA	0.65 0.64
3133EFYS0	FFCB Callable Note Cont 02/22/17 1.15% Due 2/22/2019	367,000.00	03/07/2017 1.40 %	365,260.42 366,354.63	99.22 2.23 %	364,148.41 1,160.64	0.58 % (2,206.22)	Aaa / AA+ AAA	0.73 0.71
3133EGEF8	FFCB Callable Note Cont 6/13/2017 1.18% Due 6/13/2019	500,000.00	05/26/2017 1.43 %	497,500.00 498,739.97	98.86 2.31 %	494,286.50 2,753.33	0.79 % (4,453.47)	Aaa / AA+ AAA	1.04 1.01
3134G9YQ4	FHLMC Callable Note Qtrly 12/28/2016 1.5% Due 6/28/2019	750,000.00	06/28/2016 1.50 %	750,000.00 750,000.00	99.61 2.61 %	747,065.25 4,776.04	1.19 % (2,934.75)	Aaa / AA+ AAA	1.08 0.57
3130ABJS6	FHLB Callable Note Qtrly 9/28/2017 1.375% Due 6/28/2019	500,000.00	07/07/2017 1.38 %	500,000.00 500,000.00	99.50 2.33 %	497,479.00 1,201.39	0.79 % (2,521.00)	Aaa / AA+ NR	1.08 0.81
3133EGLC7	FFCB Callable Note Cont 10/12/2016 1.08% Due 7/12/2019	500,000.00	07/12/2016 1.10 %	499,675.00 499,879.50	98.57 2.39 %	492,850.50 2,085.00	0.78 % (7,029.00)	Aaa / AA+ AAA	1.12 1.09
3134GAEV2	FHLMC Callable Note Qtrly 2/28/2017 1.75% Due 8/28/2019	750,000.00	08/30/2016 1.76 %	750,000.00 750,000.00	99.65 2.55 %	747,345.00 104.17	1.19 % (2,655.00)	Aaa / AA+ AAA	1.24 0.74
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	500,000.00	09/25/2015 1.32 %	498,665.00 499,556.21	98.55 2.35 %	492,771.00 1,024.31	0.78 % (6,785.21)	Aaa / AA+ AAA	1.34 1.31
3130A9UP4	FHLB Callable Note Cont 4/28/2017 1.19% Due 10/28/2019	500,000.00	10/28/2016 1.19 %	500,000.00 500,000.00	98.21 2.49 %	491,037.00 545.42	0.78 % (8,963.00)	Aaa / AA+ NR	1.41 1.38
3134G9V95	FHLMC Callable Note Qtrly 2/22/2017 1.25% Due 11/22/2019	750,000.00	08/22/2016 1.25 %	750,000.00 750,000.00	99.06 2.43 %	742,951.50 2,578.13	1.18 % (7,048.50)	Aaa / AA+ AAA	1.48 1.20
3136G3VH5	FNMA Callable Note Qtrly 12/30/2016 1.35% Due 12/30/2019	500,000.00	06/30/2016 1.35 %	500,000.00 500,000.00	98.43 2.37 %	492,129.00 2,831.25	0.78 % (7,871.00)	Aaa / AA+ AAA	1.58 1.54
3135G0Q63	FNMA Callable Note Qtrly 3/30/2017 1.3% Due 3/30/2020	500,000.00	10/19/2016 1.30 %	500,000.00 500,000.00	97.99 2.43 %	489,942.00 1,101.39	0.78 % (10,058.00)	Aaa / AA+ AAA	1.83 1.79
3130ABAY2	FHLB Callable Note Cont 7/28/2017 1.67% Due 4/28/2020	750,000.00	04/28/2017 1.67 %	750,000.00 750,000.00	98.54 2.46 %	739,038.75 1,148.13	1.17 % (10,961.25)	Aaa / AA+ NR	1.91 1.86
3136G3NZ4	FNMA Callable Note Qtrly 11/29/2016 1.5% Due 5/29/2020	750,000.00	05/27/2016 1.50 %	750,000.00 750,000.00	98.15 2.46 %	736,129.50 62.50	1.17 % (13,870.50)	Aaa / AA+ AAA	2.00 1.95
3130A8M67	FHLB Callable Note Cont 7/13/2017 1.2% Due 7/13/2020	500,000.00	11/22/2016 1.60 %	492,970.00 495,911.07	97.36 2.49 %	486,812.50 2,300.00	0.78 % (9,098.57)	Aaa / AA+ NR	2.12 2.06



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G0N66	FNMA Callable Note Qtrly 2/24/2017 1.4% Due 8/24/2020	1,000,000.00	08/24/2016 1.40 %	1,000,000.00 1,000,000.00	97.38 2.61 %	973,829.00 3,772.22	1.55 % (26,171.00)	Aaa / AA+ AAA	2.24 2.17
3133EGC94	FFCB Callable Note Cont 2/2/2017 1.38% Due 11/2/2020	500,000.00	11/04/2016 1.40 %	499,600.00 499,757.37	97.05 2.65 %	485,226.00 555.83	0.77 % (14,531.37)	Aaa / AA+ AAA	2.43 2.35
3133EGR49	FFCB Callable Note Cont 12/7/2017 1.77% Due 12/7/2020	250,000.00	12/07/2016 1.83 %	249,437.50 249,645.79	98.07 2.57 %	245,163.75 2,138.75	0.39 % (4,482.04)	Aaa / AA+ AAA	2.52 2.42
3134GBT A0	FHLMC Callable Note Qtrly 9/22/2017 1.6% Due 12/22/2020	750,000.00	06/27/2017 1.60 %	750,000.00 750,000.00	99.28 2.40 %	744,576.75 2,297.92	1.18 % (5,423.25)	Aaa / AA+ AAA	2.56 1.62
3136G4GA5	FNMA Callable Note Qtrly 4/28/2017 1.4% Due 1/28/2021	500,000.00	10/28/2016 1.40 %	500,000.00 500,000.00	97.11 2.53 %	485,566.50 2,391.67	0.77 % (14,433.50)	Aaa / AA+ AAA	2.67 2.57
3133EFC54	FFCB Callable Note Cont 2/17/2017 1.62% Due 2/17/2021	150,000.00	11/18/2016 1.67 %	149,667.00 149,787.15	96.89 2.82 %	145,341.30 702.00	0.23 % (4,445.85)	Aaa / AA+ AAA	2.72 2.61
3134G8LH0	FHLMC Callable Note Qtrly 8/26/2016 1.5% Due 2/26/2021	514,000.00	02/26/2016 1.50 %	514,000.00 514,000.00	99.17 2.37 %	509,755.39 2,031.01	0.81 % (4,244.61)	Aaa / AA+ AAA	2.75 1.21
3130A7ES0	FHLB Callable Note Qtrly 6/22/2016 1.75% Due 3/22/2021	275,000.00	04/06/2017 2.11 %	274,381.25 274,561.40	98.59 2.69 %	271,116.72 920.49	0.43 % (3,444.68)	Aaa / AA+ NR	2.81 1.76
3133EFZ91	FFCB Callable Note Cont 4/12/2017 1.62% Due 4/12/2021	750,000.00	04/12/2016 1.62 %	749,925.00 749,957.04	97.02 2.71 %	727,662.00 1,653.75	1.16 % (22,295.04)	Aaa / AA+ AAA	2.87 2.41
3133EHHM8	FFCB Callable Note Cont 8/3/2017 1.99% Due 5/3/2021	750,000.00	05/03/2017 1.99 %	750,000.00 750,000.00	98.17 2.64 %	736,283.25 1,160.83	1.17 % (13,716.75)	Aaa / AA+ AAA	2.93 2.81
3136G3A70	FNMA Callable Note Qtrly 1/27/2017 1.5% Due 7/27/2021	500,000.00	07/27/2016 1.50 %	500,000.00 500,000.00	96.31 2.73 %	481,531.00 2,583.33	0.77 % (18,469.00)	Aaa / AA+ AAA	3.16 3.04
3134G95L7	FHLMC Callable Note Qtrly 11/25/2016 1.6% Due 8/25/2021	1,000,000.00	08/25/2016 1.60 %	1,000,000.00 1,000,000.00	96.69 2.67 %	966,931.00 4,266.67	1.54 % (33,069.00)	Aaa / AA+ AAA	3.24 2.75
3130A9F89	FHLB Callable Note Qtrly 12/30/2016 1.625% Due 9/30/2021	1,000,000.00	09/30/2016 1.63 %	1,000,000.00 1,000,000.00	96.22 2.82 %	962,181.00 2,753.47	1.53 % (37,819.00)	Aaa / AA+ NR	3.34 3.20
3136G4GF4	FNMA Callable Note Qtrly 4/28/2017 1.55% Due 10/28/2021	1,000,000.00	10/31/2016 1.55 %	1,000,000.00 1,000,000.00	96.21 2.72 %	962,133.00 1,420.83	1.53 % (37,867.00)	Aaa / AA+ AAA	3.41 3.28
3134GAYX6	FHLMC Callable Note Qtrly 5/26/2017 1.875% Due 11/26/2021	1,000,000.00	11/30/2016 1.88 %	1,000,000.00 1,000,000.00	96.85 2.83 %	968,521.00 260.42	1.54 % (31,479.00)	Aaa / AA+ AAA	3.49 3.34
Total Agency		19,556,000.00	1.51 %	19,540,031.17 19,548,030.29	2.53 %	19,171,547.07 57,618.66	30.49 % (376,483.22)	Aaa / AA+ AAA	2.14 1.89
INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,200,000.00	03/31/2018 1.84 %	5,200,000.00 5,200,000.00	1.00 1.84 %	5,200,000.00 15,423.20	8.27 % 0.00	NR / NR AAA	0.00 0.00
Total Investment Pool		5,200,000.00	1.84 %	5,200,000.00 5,200,000.00	1.84 %	5,200,000.00 15,423.20	8.27 % 0.00	NR / NR AAA	0.00 0.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	30,670,218.24	Various 1.80 %	30,670,218.24 30,670,218.24	1.00 1.80 %	30,670,218.24 92,330.68	48.78 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		30,670,218.24	1.80 %	30,670,218.24 30,670,218.24	1.80 %	30,670,218.24 92,330.68	48.78 % 0.00	NR / NR NR	0.00 0.00
MONEY MARKET FUND FI									
261908206	Dreyfus Treasury Money Market Fund	1,147,606.41	Various 1.36 %	1,147,606.41 1,147,606.41	1.00 1.36 %	1,147,606.41 0.00	1.82 % 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		1,147,606.41	1.36 %	1,147,606.41 1,147,606.41	1.36 %	1,147,606.41 0.00	1.82 % 0.00	Aaa / AAA NR	0.00 0.00
NEGOTIABLE CD									
87164WAN8	Synchrony Bank Negotiable CD 1.6% Due 6/13/2018	245,000.00	06/13/2014 1.60 %	245,000.00 245,000.00	100.00 1.69 %	244,991.43 1,825.75	0.39 % (8.57)	NR / NR NR	0.04 0.04
38148JD40	Goldman Sachs Bank USA Negotiable CD 1.7% Due 8/20/2018	245,000.00	08/19/2015 1.70 %	245,000.00 245,000.00	99.99 1.76 %	244,964.23 1,163.92	0.39 % (35.77)	NR / NR NR	0.22 0.22
36161T2B0	Goldman Sachs Bank USA Negotiable CD 1.8% Due 9/5/2018	245,000.00	09/05/2014 1.80 %	245,000.00 245,000.00	100.00 1.80 %	244,993.39 1,063.23	0.39 % (6.61)	NR / NR NR	0.27 0.26
140420WJ5	Capital One Bank USA NA Negotiable CD 1.65% Due 10/9/2018	179,000.00	10/13/2015 1.65 %	179,000.00 179,000.00	99.93 1.85 %	178,871.48 445.05	0.28 % (128.52)	NR / NR NR	0.36 0.36
02006LVC4	Ally Bank Negotiable CD 1.6% Due 10/29/2018	245,000.00	10/29/2015 1.60 %	245,000.00 245,000.00	99.90 1.85 %	244,746.43 354.41	0.39 % (253.57)	NR / NR NR	0.41 0.41
795450XC4	Sallie Mae Bank Negotiable CD 1.6% Due 12/10/2018	245,000.00	12/09/2015 1.60 %	245,000.00 245,000.00	99.80 1.98 %	244,506.82 1,868.71	0.39 % (493.18)	NR / NR NR	0.53 0.52
05580AGN8	BMW Corp Negotiable CD 1.35% Due 3/11/2019	245,000.00	03/10/2017 1.35 %	245,000.00 245,000.00	99.38 2.16 %	243,480.76 752.12	0.39 % (1,519.24)	NR / NR NR	0.78 0.77
966594AY9	Whitney Bank Negotiable CD 1.65% Due 4/22/2019	245,000.00	04/20/2017 1.65 %	245,000.00 245,000.00	99.50 2.22 %	243,763.24 465.16	0.39 % (1,236.76)	NR / NR NR	0.89 0.88
29266NK97	Enerbank USA Negotiable CD 1.5% Due 5/15/2019	233,000.00	06/18/2015 1.58 %	232,301.00 232,829.54	99.28 2.26 %	231,328.92 162.78	0.37 % (1,500.62)	NR / NR NR	0.96 0.95
89113XX33	Toronto Dominion NY Yankee CD 2.68% Due 5/24/2019	500,000.00	05/23/2018 2.68 %	500,000.00 500,000.00	100.00 2.68 %	500,000.00 297.78	0.79 % 0.00	P-1 / A-1+ F-1+	0.98 0.97
06740KJJ7	Barclays Bank Delaware Negotiable CD 1.9% Due 9/16/2019	245,000.00	09/16/2015 1.90 %	245,000.00 245,000.00	99.50 2.29 %	243,769.12 982.01	0.39 % (1,230.88)	NR / NR NR	1.30 1.27



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
NEGOTIABLE CD									
49306SXX7	Key Bank Negotiable CD 1.7% Due 3/9/2020	245,000.00	03/08/2017 1.70 %	245,000.00 245,000.00	98.36 2.65 %	240,982.00 969.93	0.38 % (4,018.00)	NR / NR NR	1.78 1.73
40434AZ44	HSBC Bank USA NA Callable Neg. CD S/A 7/8/2018 1.4% Due 7/8/2020	245,000.00	09/16/2016 1.45 %	244,510.00 244,729.46	97.14 2.81 %	237,998.64 1,353.21	0.38 % (6,730.82)	NR / NR NR	2.11 2.04
254672L89	Discover Bank Negotiable CD 1.5% Due 10/26/2020	245,000.00	10/26/2016 1.50 %	245,000.00 245,000.00	96.35 3.08 %	236,055.30 362.47	0.37 % (8,944.70)	NR / NR NR	2.41 2.34
66476QBW7	Northern Nevada Bank Callable Neg CD Qtrly 6/29/18 1.85% Due 12/29/2020	245,000.00	06/29/2017 1.85 %	245,000.00 245,000.00	97.44 2.88 %	238,730.70 37.25	0.38 % (6,269.30)	NR / NR NR	2.58 2.52
94986TXN2	Wells Fargo Callable Neg CD Qtrly 9/4/18 1.15% Due 3/4/2021	243,000.00	03/04/2016 1.15 %	243,000.00 243,000.00	99.35 2.01 %	241,425.60 681.40	0.38 % (1,574.40)	NR / NR NR	2.76 0.75
20033AQU3	Comenity Capital Bank Negotiable CD 1.65% Due 6/30/2021	245,000.00	06/30/2016 1.65 %	245,000.00 245,000.00	95.95 3.03 %	235,082.16 22.15	0.37 % (9,917.84)	NR / NR NR	3.08 3.00
48126XAH8	JP Morgan Chase Bank NA Callable Neg. CD Qtrly 8/16/17 1.65% Due 8/16/2021	245,000.00	08/16/2016 1.65 %	245,000.00 245,000.00	95.36 3.17 %	233,631.27 177.21	0.37 % (11,368.73)	NR / NR NR	3.21 3.11
Total Negotiable CD		4,585,000.00	1.73 %	4,583,811.00 4,584,559.00	2.36 %	4,529,321.49 12,984.54	7.20 % (55,237.51)	Aaa / AAA AAA	1.35 1.21
SUPRANATIONAL									
4581X0CD8	Inter-American Dev Bank Note 2.125% Due 11/9/2020	750,000.00	05/22/2018 2.81 %	737,865.00 737,972.87	98.89 2.60 %	741,661.50 973.96	1.18 % 3,688.63	Aaa / AAA AAA	2.45 2.36
Total Supranational		750,000.00	2.81 %	737,865.00 737,972.87	2.60 %	741,661.50 973.96	1.18 % 3,688.63	Aaa / AAA AAA	2.45 2.36
US CORPORATE									
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	320,000.00	Various 3.09 %	321,372.10 321,370.83	100.57 3.04 %	321,828.48 260.00	0.51 % 457.65	A2 / A A	2.98 2.74
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	250,000.00	05/10/2018 3.25 %	244,895.00 244,963.93	98.64 3.05 %	246,592.25 2,668.40	0.40 % 1,628.32	A2 / A A	3.61 3.37
Total US Corporate		570,000.00	3.16 %	566,267.10 566,334.76	3.05 %	568,420.73 2,928.40	0.91 % 2,085.97	A2 / A A	3.25 3.01



Holdings Report

As of 5/31/18

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828XH8	US Treasury Note 1.625% Due 6/30/2020	750,000.00	05/31/2018 2.43 %	737,753.91 737,770.00	98.38 2.43 %	737,841.75 5,117.40	1.18 % 71.75	Aaa / AA+ AAA	2.08 2.02
Total US Treasury		750,000.00	2.43 %	737,753.91 737,770.00	2.43 %	737,841.75 5,117.40	1.18 % 71.75	Aaa / AA+ AAA	2.08 2.02
TOTAL PORTFOLIO		63,333,824.65	1.73 %	63,288,550.54 63,297,489.28	2.09 %	62,871,614.88 187,385.62	100.00 % (425,874.40)	Aaa / AA+ AAA	0.84 0.75
TOTAL MARKET VALUE PLUS ACCRUED						63,059,000.50			

DATE: JUNE 20, 2018
TO: BOARD OF DIRECTORS
SUBJECT: CONSTRUCTION CONTRACT AWARD FOR SOLAR PANEL INVERTER REPLACEMENT

BACKGROUND:

The Solarport Photovoltaic System for the District’s main headquarters was installed in 2006. The two existing central inverters, which convert solar panel DC current to AC current, are no longer working. The estimated savings, based on the difference between actual power costs while the inverters were functioning and after their failure are between \$70,000 and \$100,000 annually.

This project will replace both inverters and will include a new Data Acquisition System (DAS) and 5-year service contract for the DAS. The DAS will include a display in the lobby with public information. This project will also repair broken solar panels, reinstate panel connections, and clean the panels to optimize the overall performance of the system.

The District contacted 10 contractors and held a pre-bid meeting on May 1, 2018, with 5 contractors in attendance. On May 17, 2018 at 2:00 p.m., District staff received and opened bids from 2 contractors with bid results as follows:

<u>Bidder</u>	<u>Amount</u>
Baker Electric	\$154,165.60
Solar Symphony	\$169,810.00

DISCUSSION:

The Engineer’s Estimate was \$175,000. Staff and Counsel have reviewed the bids and determined that there were several minor irregularities in Baker Electric’s bid. Irregularities and explanations listed below:

- Baker Electric submitted a bid bond on an American Institute of Architects (AIA) form instead of the District’s form. While largely similar, Baker Electric has been requested to submit a new bid bond on the correct form.
- Baker Electric provided a list of completed projects to satisfy the Bidder’s Experience portion of the bid form, but did not include dates or contact information for each project. Upon request from staff, and to complete standard reference checks to review their qualifications, Baker Electric did provide the necessary information to verify 5-years of similar experience.

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

Staff will perform construction management and inspection.

Solar panel repairs and cleaning will be performed by a separate vendor under a maintenance contract.

FISCAL IMPACT:

The total estimated cost and budget summary are as follows:

Budget	\$295,000.00
Construction	\$154,165.60
Change Order (10%)	\$ 15,416.56
Staff & Overhead	\$ 16,500.00
Panel Repair/Cleaning (not part of Baker Electric contract)	<u>\$ 35,000.00</u>
Total	\$221,082.16
 Budget Surplus	 \$73,917.84

Based on the power cost savings, this project will have a 2-3 year payback period.

RECOMMENDATIONS:

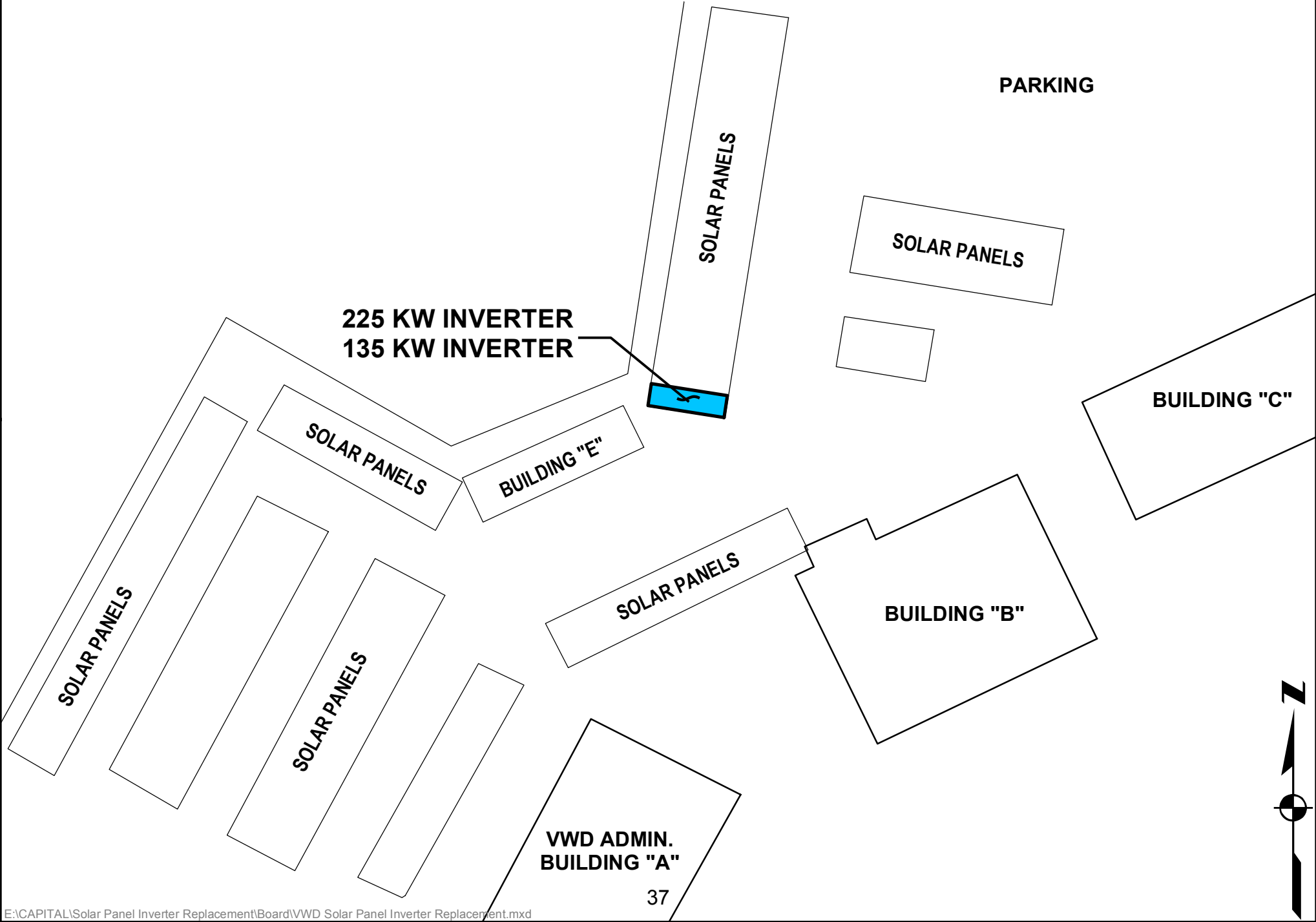
Recommendations for the Solar Panel Inverter Replacement Project are as follows:

1. Waive all irregularities as described above.
2. Authorize the General Manager to execute a construction contract with Baker Electric in the amount of \$154,165.60, subject to provisions of the contract.

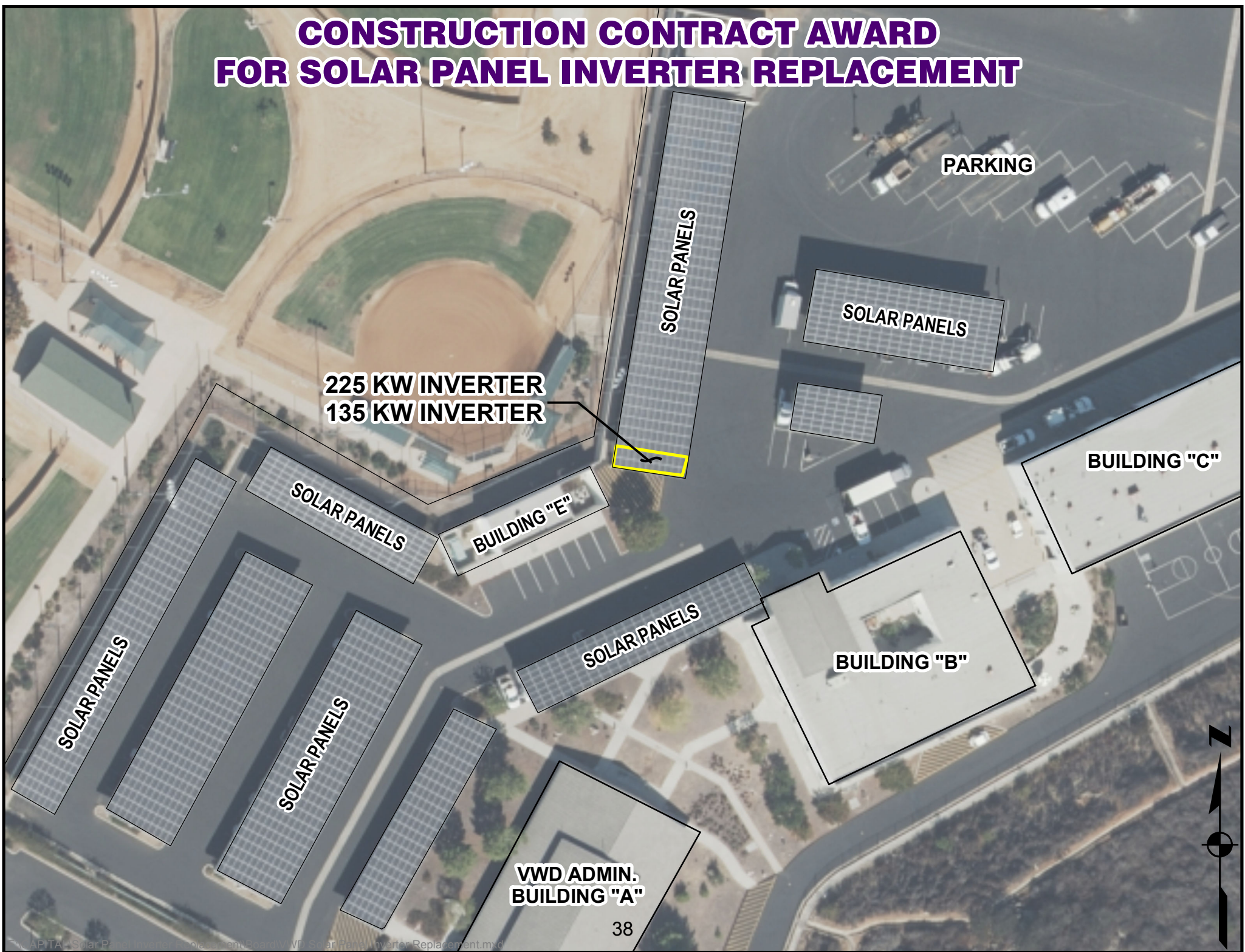
ATTACHMENTS:

Plat and Aerial Exhibit

CONSTRUCTION CONTRACT AWARD FOR SOLAR PANEL INVERTER REPLACEMENT



CONSTRUCTION CONTRACT AWARD FOR SOLAR PANEL INVERTER REPLACEMENT



225 KW INVERTER
135 KW INVERTER

PARKING

SOLAR PANELS

BUILDING "C"

BUILDING "E"

SOLAR PANELS

BUILDING "B"

SOLAR PANELS

SOLAR PANELS

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VWD ADMIN.
BUILDING "A"



DATE: JUNE 20, 2018
TO: BOARD OF DIRECTORS
SUBJECT: APPROPRIATIONS LIMIT FOR FISCAL YEAR 2018/19

BACKGROUND:

Article XII B of the California constitution (Proposition 4) requires the District establish an appropriations limit on proceeds from taxes each fiscal year, whether or not the amount is assessed. The limit may increase annually by a factor comprised of the change in population and a change in the U.S. Consumer Price Index (March to March). The proposed 2018/19 limit in the amount of \$824,125 was calculated by using these factors.

DISCUSSION:

VWD receives an amount in excess of this limit through our share of the 1% property tax collected by San Diego County; however, as an Enterprise Fund (Utility), we are allowed to deduct depreciation in making the calculation. Our current depreciation exceeds \$5 million per year. Therefore, we are not affected by the limit.

Article XIII B also requires the documentation used to determine the appropriations limit be available to the public at least 15 days prior to the adoption of the resolution. The requirement has been fulfilled.

RECOMMENDATION:

Adoption Resolution.

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT ESTABLISHING
APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2018-19**

WHEREAS, effective July 1, 1980, Article XIII B of the California Constitution took effect limiting the appropriation of certain state and local agencies; and

WHEREAS, the Legislature has adopted Government Code Sections 7900-13 setting forth procedures to be followed by affected local agencies in fixing and determining their appropriations limit; and

WHEREAS, pursuant to said Government Code sections, the Department of Finance and San Diego County have supplied the District with information regarding changes in population, cost of living, and per capita income and assessment roll data for use in determining its appropriations limit; and

WHEREAS, the District has a tax rate in excess of 12.5 cents per \$100 of assessed valuation during the 1977-78 fiscal year, and, therefore, is subject to the provisions of Article XIII B and implementing legislation; and

WHEREAS, Government code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriations for the following fiscal year; and

WHEREAS, at least 15 days prior to the meeting at which this resolution was adopted, the documentation used in the determination of the appropriations limit was made available to the public at the offices of the District; and

WHEREAS, the Board has fully considered said laws, the revenues and expenditures of the District during the relevant years, the data received from the Department of Finance, the reports and recommendations of the staff, and the opinions of Counsel;

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

SECTION 1: The foregoing facts are true and correct.

SECTION 2: Pursuant to Article XIII B and Section 7910 of the Government Code, the appropriations limit for Vallecitos Water District for the 2018-19 Fiscal Year is established as \$824,125.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 20th day of June, 2018, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

DATE: JUNE 20, 2018
TO: BOARD OF DIRECTORS
SUBJECT: STUDY UPDATE FOR THE DISTRICT WIDE SOLAR PROJECT

BACKGROUND:

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

TerraVerde Renewable Partners was awarded a professional services agreement at the January 17, 2018 Board Meeting.

DISCUSSION:

TerraVerde has completed the financial analysis to review the various solar photovoltaic projects and is drafting a report on the findings.

This item is being presented to the Board as an update on the District Wide Solar Project. The next steps will be to address any input from the Board into the study and present it at a future Engineering/Equipment Committee meeting before finalizing recommendations for Board consideration.

As shown in the table below, the contract with TerraVerde consists of three phases. Should the Board elect to pursue the design of any particular solar projects at a future meeting, the contract with TerraVerde would move into the design phase. Similarly, if the District were to award a construction contract to construct a solar energy project, TerraVerde would provide Construction Support Services. The District is not obligated to move beyond the Planning Phase of the project.

FISCAL IMPACT:

There is no fiscal impact associated with the recommended action. The following table summarizes the cost impacts associated with the three phases of the agreement with TerraVerde.

TerraVerde Contract		\$212,322
Planning (Current Phase)	\$ 62,142	
Design (Not Spent)	\$ 97,725	
Construction Support (Not Spent)	<u>\$52,455</u>	
Total	\$ 212,322	

RECOMMENDATION:

No recommendation – this item for information and discussion only.

DATE: JUNE 20, 2018
TO: BOARD OF DIRECTORS
SUBJECT: RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019 COLLECTED ON THE TAX ROLL

BACKGROUND:

Sewer Improvement District "A" is a special service area where Vallecitos provides sewer collection services and another water agency provides domestic water service and fire protection. For these areas, as prescribed by Ordinance No. 184, the District elects to have its sewer service fees collected on the County tax roll in the same manner and at the same time together with general property taxes.

DISCUSSION:

The State Health Code requires Vallecitos to specify on an annual basis the method it will use to collect sewer service fees for Improvement District "A". These fees are added to the tax bill of each resident and are paid through the regular property taxes. The County of San Diego then transfers this revenue to Vallecitos. As part of this procedure Vallecitos is required to hold a Public Hearing acknowledging this method of collection.

FISCAL IMPACT:

Including sewer service fees on the tax roll results in time and materials savings through reduced workload on staff and eliminating postage costs. Additional revenue is also realized through facilitated collections.

RECOMMENDATION:

Staff recommends approval of the Resolution which sets the Public Hearing for the Regular Board Meeting on July 18, 2018.

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT ELECTING TO HAVE SEWER
SERVICE FEES FOR IMPROVEMENT DISTRICT "A" FOR
FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019
COLLECTED ON THE TAX ROLL**

WHEREAS, Vallecitos Water District hereby elects to have its sewer service fees for Improvement District "A", as prescribed by Ordinance No.184, or as amended, for fiscal year July 1, 2018, to June 30, 2019, collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separate from, general taxes;

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

SECTION 1: A written report has been prepared filed with the Secretary of this District, which contains a description of each parcel of real property in Improvement District "A" receiving sewer service and the amount of the sewer service fees prescribed by Ordinance No. 184, or as amended. The Secretary of this District is authorized and directed to prepare and cause a notice to be published in the form and manner prescribed by law.

SECTION 2: July 18, 2018, at the hour of 5:00 p.m., at the office of the District, 201 Vallecitos de Oro, San Marcos, California, is fixed as the time and place for the hearing on the report required by law.

SECTION 3: Sewer service fees for properties that connect to the District's sewer system after the foregoing report is prepared, or properties connected to the system that are not included in the report for any reason, shall be billed to the property owners directly by Vallecitos Water District in accordance with rules and regulations established by ordinance of the District.

SECTION 4: Sewer service fees for properties that are not on the tax roll shall be billed to the property owners directly by Vallecitos Water District in accordance with rules and regulations established by ordinance of the District.

SECTION 5: Sewer service fees for Fiscal Year July 1, 2018, to June 30, 2019, may be paid directly to Vallecitos Water District in advance on or before August 1, 2018, and each calendar year thereafter.

SECTION 6: This resolution is adopted pursuant to Health and Safety Code Sections 5471 and 5473 to be effective immediately upon its adoption and its provisions shall supersede any conflicting provisions of existing ordinances, resolutions, rules, or regulations of the District.


PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 20th day of June 2018, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

Hal J. Martin, Vice President
Board of Directors
Vallecitos Water District

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District



VALLECITOS WATER DISTRICT

Water and Wastewater Specialists since 1955



2017

WATER QUALITY REPORT

2017 Water Quality Report

For more than 60 years, the Vallecitos Water District (Vallecitos) has taken pride in the water it delivers to its now more than 103,000 residents. As a result of its commitment to excellence, Vallecitos is proud to provide the 2017 water quality test results for drinking water delivered to its customers.

After more than 150 types of tests conducted by its wholesalers – Metropolitan Water District of Southern California (MWD) and San Diego County Water Authority (SDCWA) – and additional tests performed by the City of Oceanside and Vallecitos, it has been concluded that your water either met or exceeded all state and federal potable drinking water standards.

Along with these tests, your drinking water went through a treatment process that included filtering and disinfecting to ensure acceptable quality. Results of our own testing, along with the City of Oceanside’s and our wholesalers’ monitoring are found in the tables of this report.

This publication is a summary of last year’s water quality. Included are details about where your water comes from, what it contains, and how it compares to state and federal standards.

Origins of Your Drinking Water

As of 2014, Vallecitos customers received 100 percent imported water from SDCWA, which purchased the water from MWD from Northern California and the Colorado River. In November of 2015, to reduce dependence on imported water and provide customers an increased level of reliability despite drought and other regulatory issues, Vallecitos customers began receiving ocean water from the Western Hemisphere’s largest desalination treatment plant. The Carlsbad Claude “Bud” Lewis Desalination Plant provides superior quality water free of salt and

virtually any mineral, biological or organic compounds by taking water from Carlsbad’s Agua Hedionda Lagoon, processing it, and then distributing it through a 54-inch pipeline 10 miles eastward before being delivered to your faucet. In 2015, Vallecitos began receiving a blend of desalinated and imported water from SDCWA. However, in 2016, Vallecitos began receiving water directly from the plant.

Whether imported or local, your water remains safe during its journey due to increased security at key facilities, increased water sampling, and aerial and ground patrols. Protecting your water doesn’t end with the thousands of tests performed throughout the year. Vallecitos also supports regulatory changes in public policy to improve water quality.

The end result is more than 5 billion gallons of an exceptional product delivered annually through 19 operational storage reservoirs and 350 miles of pipeline to a 45-square-mile area that includes San Marcos; Lake San Marcos; portions of Escondido, Carlsbad, and Vista; and unincorporated areas in San Diego County.



Sacramento-San Joaquin Delta via the 444-mile CA Aqueduct



Colorado River via the 242-mile Colorado River Aqueduct



Claude “Bud” Lewis Desalination Plant in Carlsbad

The Water We Drink

The U.S. Congress has directed the U.S. Environmental Protection Agency (USEPA) to require water systems to report the quality of the drinking water they serve annually. Vallecitos supports this regulation and has provided Water Quality Reports and other water quality data to all of its customers for many years.

The Reason for Contaminants

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline at (800) 426-4791.



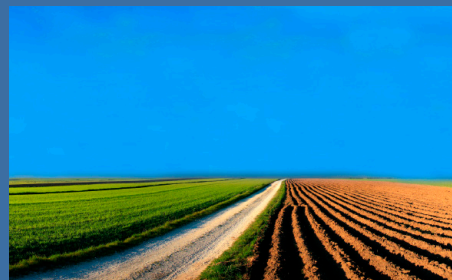
In order to ensure that tap water is safe to drink, the USEPA and the State Water Resources Control Board prescribe regulations that limit the amount of certain contaminants in water provided by

public water systems. Department regulations also establish limits for contaminants in bottled water that must provide the same protection for public health. Vallecitos and its water wholesalers treat the water according to these regulations.

The sources of drinking water (both bottled and tap water) include rivers, lakes, streams, reservoirs, ponds, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or human activity.

Contaminants possibly present in source water before treatment include:

- **Microbial contaminants**, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic contaminants**, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- **Pesticides and herbicides**, which may come from a variety of sources, such as agriculture, urban stormwater runoff, and residential uses.
- **Organic chemical contaminants**, including synthetic and volatile organic compounds that are by-products of industrial processes and petroleum production and can come from gas stations, urban stormwater runoff, agricultural application and septic systems.
- **Radioactive contaminants**, which can be naturally-occurring or the result of oil and gas production and mining activities.



Health Advisories Regarding Your Water

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons, such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, persons with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Center for Disease Control guidelines on the appropriate means to lessen the risk of infection by *Cryptosporidium* or other microbial contaminants are available from the **Safe Drinking Water Hotline (800) 426-4791**.

The tables below list all the drinking water contaminants tested for during the 2017 calendar year. Thousands of water quality tests were performed on your drinking water last year. Many more parameters were tested for and not found. The results in this report show that your water met, and in most cases exceeded, all of the stringent state (State Water Resources Control Board) and federal (U.S. Environmental Protection Agency) water quality standards relating to public health and aesthetics, such as taste, odor and color. Unless otherwise noted, the data in the following tables reflect testing from January 1, 2017, through December 31, 2017. The monitoring of certain contaminants is not required annually since they are not expected to vary significantly from year to year. Therefore, though representative of the water quality, some of the data may be more than one year old.

Summary of Vallecitos Water District's 2017 Water Quality Analysis

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	Range Average	Treatment Plant Effluents					Major Sources in Drinking Water
					Twin Oaks Treatment Plant	Skinner Treatment Plant	Weese Treatment Plant	Carlsbad Desalination Plant	Olivenhain Treatment Plant	
Percent State Project Water	%	NA	NA	Range	NR	0 - 100	NR	NA	0-36	NA
				Average	NR	62	NR	NA	9	
PRIMARY STANDARDS - Mandatory Health-Related Standards - Data provided by the San Diego County Water Authority (Twin Oaks Treatment Plant), the Metropolitan Water District (Skinner Treatment Plant), the City of Oceanside (Weese Treatment Plant), San Diego County Water Authority (Claude "Bud" Lewis Carlsbad Desalination Plant), and the Olivenhain Municipal Water District (David C. McCollom Water Treatment Plant).										
CLARITY										
Combined Filter Effluent Turbidity	NTU	0.3	NA	Average	0.01 -0.02	0.10	0.20	1	0.10	Soil runoff
	%	95 (a)		% ≤ 0.1	100%	100%	100%	99.7%	100%	
MICROBIOLOGICAL										
Total Coliform Bacteria (b)	%	5.0	(0)	Range	ND	0	ND	ND	ND - 1.09%	Naturally present in the environment
				Average	ND	0	ND	ND	ND	
E. coli (c)	(c)	(c)	(0)	Range	ND	0	NR	ND	ND - 1	Human and animal fecal waste
				Average	ND	0	NR	ND	ND	
Heterotrophic Plate	CFU/mL	TT	NA	Range	ND	ND - 1	NR	ND - 6.2	ND - 16	Naturally present in the environment
				Average	ND	ND	NR	1.2	0.73	
INORGANIC CHEMICALS										
Arsenic	ppb	10	0.004	Range	Single Sample	ND	NA	ND	NR	Natural deposits erosion; runoff from orchards; glass and electronics production wastes
				Average	2.0	ND	ND	ND	NR	
Barium	ppm	1,000	2,000	Range	Single Sample	ND	NA	ND	NR	Oil and metal refineries discharges; natural deposits erosion
				Average	ND	ND	100	ND	NR	
Fluoride Treatment-Related	Optimal Fluoride Control Range				0.6 - 1.2	0.6 - 1.2	NA	NA	NA	Erosion of natural deposits; water additive for dental health; discharge from fertilizer and aluminum factories
	ppm	2.0	1	Range	0.5 - 1.1	0.5 - 0.9	Not Added	0.55 - 0.90	0.26 - 1.01	
				Average	0.7	0.7	Not Added	0.746	0.69	
Nitrate (as N) (f)	ppm	10	10	Range	0.3 - 0.6	ND	0.2 - 0.4	ND	NR	Runoff and leaching from fertilizer use; sewage; natural deposits erosion
				Average	0.5	ND	0.3	ND	NR	
RADIOLOGICALS										
Gross Alpha Particle Activity	pCi/L	15	(0)	Range	4 - 7	ND - 4	NA	0 - 2.265	NR	Erosion of natural deposits
				Average	5	ND	2.1	0.075	NR	
Gross Beta Particle Activity (g)	pCi/L	50	(0)	Range	4 - 6	ND - 5	NA	0 - 3.56	NR	Decay of natural and man-made deposits
				Average	5	ND	NA	1.59	NR	
Uranium	pCi/L	20	0.43	Range	2.7 - 3.1	ND - 3	NA	0.029 - 0.161	NR	Erosion of natural deposits
				Average	2.9	ND	2.0	0.085	NR	
DISINFECTION BY-PRODUCTS PRECURSORS										
Bromate (h)	ppb	10	0.1	Range	2 - 13	ND - 12	NR	NA	NR	By-product of drinking water ozonation
				Highest RAA	6	4.1	NR	NA	NR	
DBP Precursors Control (TOC)	ppm	TT	NA	Range	TT	1.9 - 3.1	NR	ND	NR	Various natural and man-made sources
				Average	TT	2.5	NR	ND	NR	

This analysis report lists only the detected parameters which are required by law to be published. However, more than 150 parameters were monitored. If you would like a copy of the full reports, including the non-detected contaminants, call the District's Public Information Office at (760) 744-0460 or the reports can be viewed on our website at www.vwd.org.

Summary of Vallecitos Water District's 2017 Water Quality Analysis - Continued

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	Range Average	Treatment Plant Effluents					Major Sources in Drinking
					Twin Oaks Treatment Plant	Skinner Treatment Plant	Weese Treatment Plant	Carlsbad Desalination Plant	Olivenhain Treatment Plant	
SECONDARY STANDARDS - Aesthetic Standards - Data provided by the San Diego County Water Authority, Metropolitan Water District, Olivenhain Municipal Water District, and the City of Oceanside.										
Aluminum (i)	ppb	200	600	Range	ND	ND	53 - 450	ND	NR	Residue from water treatment process; natural deposits erosion
				Highest RAA	ND	ND	115	ND	NR	
Chloride	ppm	500	NA	Range	Single Sample	56 - 72	35 - 94	39.7 - 127	NR	Runoff/leaching from natural deposits; seawater influence
				Average	59	64	66	76.9	NR	
Color	Units	15	NA	Range	ND	1	ND - 3	ND	ND - 6.0	Naturally occurring organic materials
				Average	ND	1	1	ND	2.65	
Manganese	ppb	50	NL = 500	Range	ND	27	NR	ND	NR	Leaching from natural deposits
				Average	ND	27	NR	ND	NR	
Odor Threshold (j)	TON	3	NA	Range	Single Sample	3	ND	ND	ND - 1.4	Naturally occurring organic materials
				Average	1	3	ND	ND	ND	
Silver	ppb	100	NA	Range	Single Sample	ND	NR	ND	NR	Industrial discharges
				Average	ND	ND	NR	ND	NR	
Specific Conductance	µS/cm	1,600	NA	Range	Single Sample	455 - 571	NR	304.26 - 694.09	NR	Substances that form ions in water; seawater influence
				Average	470	513	NR	430.70	NR	
Sulfate	ppm	500	NA	Range	Single Sample	66 - 81	41 - 244	11.4 - 41.0	NR	Runoff/leaching from natural deposits; industrial wastes
				Average	56	74	115	16.6	NR	
Total Dissolved Solids (TDS)	ppm	1,000	NA	Range	Single Sample	259 - 321	200 - 612	80 - 426	NR	Runoff/leaching from natural deposits
				Average	280	290	394	232.7	NR	
Turbidity (a)	NTU	5	NA	Range	ND	ND	0.05 - 0.50	0.03 - 1.01	ND - 0.48	Soil runoff
				Average	ND	ND	0.15	0.06	0.06	

ABBREVIATIONS AND DEFINITIONS

- | | |
|---|---|
| <p>A - Absent</p> <p>CFU/mL - Colony-Forming Units per milliliter</p> <p>DBP - Disinfection By-Products</p> <p>LRAA - Locational Running Annual Average; highest LRAA is the highest of all Locational Running Annual Averages calculated as average of all samples collected within a 12-month period</p> <p>MCL - Maximum Contaminant Level - The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste and appearance of drinking water.</p> <p>MCLG - Maximum Contaminant Level Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.</p> <p>MPN - Most Probable Number</p> <p>MRDL - Maximum Residual Disinfectant Level - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.</p> <p>MRDLG - Maximum Residual Disinfectant Level Goal - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.</p> <p>N - Nitrogen</p> <p>NA - Not Applicable</p> | <p>NRA - No Running Average - Single Sample Collected</p> <p>NR - Not Reported</p> <p>ND - Not Detected</p> <p>NTU - Nephelometric Turbidity Units</p> <p>NL - Notification Level - The level at which notification of the public water system's governing body is required.</p> <p>pCi/L - picoCuries per liter</p> <p>PHG - Public Health Goal - The level of a contaminant in drinking water below which there is no known or drinking water below which expected risk to health. PHGs are set by the California Environmental Protection Agency.</p> <p>ppb - parts per billion or micrograms per liter (µg/L)</p> <p>ppm - parts per million or milligrams per liter (mg/L)</p> <p>RAA - Running Annual Average</p> <p>SI - Saturation Index (Langelier)</p> <p>TOC - Total Organic Carbon</p> <p>TT - Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water.</p> <p>µS/cm - microSiemen per centimeter; also equivalent to µmho/cm (micromho per centimeter)</p> <p>Primary Standards - (Primary Drinking Water Standards) - MCLs and MRDLs are set to provide the maximum feasible protection to public health. They regulate contaminant levels based on toxicity and adverse health affects.</p> <p>Secondary Standards - (Secondary Drinking Water Standards) - Requirements that ensure appearance, taste and smell of drinking water are acceptable.</p> |
|---|---|

FOOTNOTES

- (a) - The turbidity level of the filtered water shall be less than or equal to 0.3 NTU (0.1 NTU at Twin Oaks Treatment Plant) in 95% of the measurements taken each month and shall not exceed 1 NTU at anytime. Turbidity is a measure of the cloudiness of the water and is an indicator of treatment performance. The monthly averages and ranges of turbidity shown in the Secondary Standards section were based on the treatment plant effluents.
- (b) - Total coliform MCLs: No more than 5.0% of the monthly samples may be total coliform-positive. Compliance is based on the combined distribution system sampling from all the treatment plants. The MCL was not violated.
- (c) - *E. Coli* MCLs: The occurrence of 2 consecutive total coliform-positive samples, one of which contains fecal coliform/*E. coli*, constitutes an acute MCL violation. The MCL was not violated.
- (d) - All distribution samples collected had detectable total chlorine residuals and no HPC was required. HPC reporting level is 1 CFU/mL.
- (e) - MWD and SDCWA were in compliance with all provisions of the State's Fluoridation System Requirements.
- (f) - State MCL is 45 mg/L as nitrate, which equals 10 mg/L as N.
- (g) - SWRCB considers 50 pCi/L to be the level of concern for beta particles; the gross beta particle activity MCL is 4 millirem/year annual dose equivalent to the total body or any internal organ.
- (h) - Reporting level is 3.0 ppb for Bromate.
- (i) - Aluminum, copper, MTBE and thiobencarb have both primary and secondary standards.
- (j) - Metropolitan utilizes a flavor-profile analysis method that can detect odor occurrences more accurately. Call MWD at (213) 217-6850 for more information.

Summary of Vallecitos Water District's 2017 Water Quality Analysis - Continued

Other Detected Constituents That May be of Interest to Consumers

Parameter	Units	State or Federal MCL	PHG (MCLG) [MRDLG]	Range Average	Treatment Plant Effluents					Major Sources in Drinking Water
					Twin Oaks Treatment Plant	Skinner Treatment Plant	Weese Treatment Plant	Carlsbad Treatment Plant	Olivenhain Treatment Plant	
Alkalinity	ppm	NA	NA	Range	Single Sample	62 - 78	52 - 122	48 - 88	NR	
				Average	77	70	86	59.7	NR	
Boron	ppb	NL = 1,000	NA	Range	Single Sample	110	NA	0.33 - 0.95	NR	Runoff/leaching from natural deposits; industrial wastes
				Average	120	110	NA	0.59	NR	
Calcium	ppm	NA	NA	Range	Single Sample	27 - 32	20 - 74	19.4 - 43.9	NR	
				Average	26	30	42	23.9	NR	
Chlorate	ppb	NL = 800	NA	Range	180 - 360	23	28 - 41	NA	NR	By-product of drinking water chlorination; industrial processes
				Average	244	23	34	NA	NR	
Chromium VI (a)	ppb	10	0.02	Range	0.03 - 0.16	ND	NR	NA	NR	Industrial waste discharge; could be naturally present as well
				Average	0.11	ND	NR	NA	NR	
Corrosivity (b) (Agressiveness Index)	AI	NA	NA	Range	Single Sample	11.8 - 12.0	NR	11.30 - 12.01	NR	Elemental balance in water; affected by temperature, other factors
				Average	12	11.9	NR	11.57	NR	
Corrosivity (c) (Saturation Index)	SI	NA	NA	Range	Single Sample	0.04 - 0.25	NR	0.02 - 0.66	NR	Elemental balance in water; affected by temperature, other factors
				Average	0.55	0.14	NR	0.28	NR	
Hardness	ppm	NA	NA	Range	Single Sample	109 - 129	86 - 308	43.4 - 96.2	NR	The sum of naturally occurring poly-valent cations present in the water
				Average	110	119	171	53.3	NR	
Magnesium	ppm	NA	NA	Range	Single Sample	11 - 13	8 - 27	0.483 - 1.09	NR	
				Average	10	12	16	0.745	NR	
N-Nitrosodimethylamine (NDMA)	ppt	NL = 10	3	Range	Single Sample	ND - 3.1	NR	NA	NR	By-product of drinking water chloramination; industrial processes
				Average	ND	NR	NR	NA	NR	
pH	pH Units	NA	NA	Range	7.3 - 8.9	8.2	7.3 - 8.6	7.41 - 8.93	NR	
				Average	8.3	8.2	8.1	8.52	NR	
Potassium	ppm	NA	NA	Range	Single Sample	2.8 - 3.2	NR	1.31 - 4.36	NR	
				Average	2.7	3.0	NR	2.46	NR	
Sodium	ppm	NA	NA	Range	Single Sample	48 - 56	NA	32.7 - 80.4	NR	The salt present in the water, generally naturally occurring
				Average	50	52	57	52.3	NR	

ABBREVIATIONS, DEFINITIONS AND FOOTNOTES

Abbreviations and Definitions- (Please refer to main table for other abbreviations and definitions)

- NR** - Not Reported
- NL** - Notification Level - The level at which notification of the public water system's governing body is required.
- ppt** - parts per trillion or nanograms per liter (ng/L).
- NRA** - No Running Average - Single Sample Collected

Footnotes:

- (a)** - Reporting level is 0.03 ppb for Chromium VI.
- (b)** - AI <10.0 = Highly aggressive and very corrosive water
AI ≥ 12.0 = Non-aggressive water
AI (10.0 - 11.9) = Moderately aggressive water
- (c)** - Positive SI index = non-corrosive; tendency to precipitate and/or deposit scale on pipes
Negative SI index = corrosive; tendency to dissolve calcium carbonate

Summary of Vallecitos Water District's 2017 Water Quality Analysis - Continued

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	Range Average	Within VWD's System	Major Sources in Drinking Water
Summary of Water Quality Tests Within VWD's Distribution System - Data Provided by Vallecitos Water District						
Total Coliform Bacteria (a)	%	5.0 (a)	(0)	Range Average	ND - Present 0.07%	Naturally present in the environment
Fecal Coliform & E. coli (b)	(b)	(b)	(0)	Range Average	ND ND	Human and animal fecal waste
Total Trihalomethanes (TTHM) (c)	ppb	80	NA	Range Highest RAA	0.0 - 81 .41	By-product of drinking water chlorination
Haloacetic Acids (five) (HAA5) (d)	ppb	60	NA	Range Highest RAA	0.0 - 36 .16	By-product of drinking water chlorination
Total Chlorine Residual (e)	ppm	[4.0]	[4.0]	Range Highest RAA	0.2 - 4.0 2.08	Drinking water disinfectant added for treatment
General Physical Sampling (f)	(f)	(f)	(f)	Secondary Standards (aesthetics) testing required by SWRCB within VWD's Distribution System		
Unregulated Contaminants (UCMR3) (j)						
Molybdenum	ppb	NA	NA	Range Average	3.8 - 4.6 4.18	Naturally present in the environment
Strontium	ppb	NA	NA	Range Average	910 - 1100 1027.5	Naturally present in the environment
Vanadium	ppb	NA	NL = 50	Range Average	<0.2 <0.2	Naturally present in the environment
Chromium, Hexavalent	ppb	NA	0.02	Range Average	0.05 - 0.06 0.053	By-product of industrial process
Chlorate	ppb	NA	NL = 800	Range Average	46 - 88 72.3	By-product of drinking water chlorination
MONITORED AT CUSTOMERS' TAP						
Copper (g)	ppb	AL = 1,300	300	90th Percentile	410	House pipes internal corrosion; erosion of natural deposits; leaching from wood preservatives
Lead* (g)	ppb	AL = 15	0.2	90th Percentile	ND	House pipes internal corrosion; erosion of natural deposits; discharges from industrial manufacturers
Special Lead and Copper Monitoring due to new source as required by SWRCB						
Special Copper (h)	ppb	AL = 1,300	300	90th Percentile	May = 160 Aug = 280	House pipes internal corrosion; erosion of natural deposits; leaching from wood preservatives
Special Lead* (h)	ppb	AL = 15	0.2	90th Percentile	May = ND Aug = ND	House pipes internal corrosion; erosion of natural deposits; discharges from industrial manufacturers
School Lead Testing Issuance of Permit Amendment 2017PA Schools						
School Lead (i)	ppb	AL = 15	0.2	90th Percentile	2.7	School pipes internal corrosion; erosion of natural deposits; discharge from industrial manufacturers

ABBREVIATIONS AND DEFINITIONS

- | | |
|---|---|
| <p>AL - Action Level</p> <p>HAA5 - Haloacetic Acids (five)</p> <p>MCL - Maximum Contaminant Level - The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste and appearance of drinking water.</p> <p>MCLG - Maximum Contaminant Level Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.</p> <p>MRDL - Maximum Residual Disinfectant Level - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.</p> | <p>MRDLG - Maximum Residual Disinfectant Level Goal - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.</p> <p>NL - Notification Level</p> <p>PHG - Public Health Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.</p> <p>ppb - parts per billion or micrograms per liter (µg/L)</p> <p>ppm - parts per million or milligrams per liter (mg/L)</p> <p>TTHM - Total Trihalomethanes</p> <p>RAA - Running Annual Average</p> |
|---|---|

FOOTNOTES

- (a) - The District tested more samples than required by the SWRCB. 1,355 samples were analyzed in 2017 and all samples tested negative for Total Coliform bacteria. The District was in compliance with the Total Coliform MCL for 2017.
- (b) - The District tested more samples than required by the SWRCB. 1,355 samples were analyzed in 2017 and all samples tested negative for Fecal/E. Coli bacteria. The District was in compliance with the Fecal/E. Coli MCL for 2017.
- (c) - The MCL for Total Trihalomethanes (TTHM) is determined by using a running annual average of the last four quarterly tests. The District was in compliance with the regulations concerning Total Trihalomethanes (TTHM) for 2017.
- (d) - The MCL for Haloacetic Acids (HAA5) is determined by using a running annual average of the last four quarterly tests. The District was in compliance with the regulations concerning Haloacetic Acids (HAA5) for 2017.
- (e) - Total chlorine is the sum of free and combined chlorine. Free chlorine is defined as the concentration of residual chlorine in water present as dissolve hypochlorous acid (HOCl), and/or hypochlorite ion (OCl⁻). Combined chlorine is defined as the residual chlorine existing in water in chemical combin or organic amines which can be found in natural or polluted waters. Ammonia is sometimes deliberately added to chlorinated public water supplies to inorganic chloramines. This process is generally referred to as "chloramination". The water provided to you has had inorganic chloramines added as
- (f) - These samples were tested for turbidity, odor, and color. The District was in compliance with the Secondary Standards for these tests in 2017.
- (g) - The federal and state standards for Lead and Copper are treatment techniques requiring agencies to optimize corrosion control treatment. The District is required to take 30 samples every three years. The data shown is from 31 samples taken during the 2015 period. Our next sample period is scheduled for June, 2018. The District was in compliance with the "Lead and Copper Rule" in 2015.
- (h) - The federal and state standards for Lead and Copper are treatment techniques requiring agencies to optimize corrosion control treatment. The District received water from a new source the Carlsbad Desalination Plant and was required to collect 30 samples in 2016.
- (i) - The SWRCB has issued a permit amendment to VWD. It establishes requirements for lead monitoring and lead sample result interpretation at Kindergarten to 12th grade schools served by our water system in 2017. The District collected 73 samples from 19 schools and one daycare camp
- (j) - UCMR3 = Unregulated Contaminants Monitoring Rule 3. The EPA requires monitoring in order to determine if there is a need to regulate these compounds. This monitoring occurred in 2015.

*If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Vallecitos is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your drinking water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.

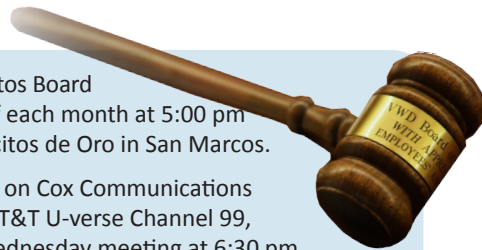
- Special Edition - 2017 Water Quality Report

Board of Directors

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

Management Staff

Glenn Pruiem, General Manager
Rhondi Emmanuel, Administrative Services Manager
James Gumpel, District Engineer
Ed Pedrazzi, Operations and Maintenance Manager
Wes Owen, Finance Manager



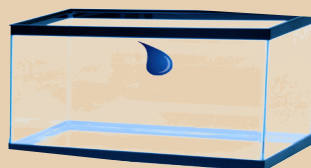
The public is welcome to attend the Vallecitos Board Meetings the first and third Wednesday of each month at 5:00 pm in the Administration building—201 Vallecitos de Oro in San Marcos.

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



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

Parts per million (ppm) =
One drop in a 10-gallon aquarium



Parts per billion (ppb) =
One drop in a residential swimming pool

FOR MORE INFORMATION: This report is only a summary of the water quality activities during the past year. If you have any questions about your water quality or Vallecitos Water District, please visit our web site at www.vwd.org or call (760) 744-0460 during business hours (Monday through Friday, 8 a.m. to 5 p.m.). The District’s headquarters is located at 201 Vallecitos de Oro, San Marcos, CA 92069. Questions specific to water quality can be directed to Shawn Askine, Water Systems Supervisor, at (760) 744-0460, ext. 268. Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien. Para más información llame al (760) 744-0460. For additional information, contact:

- * **U.S. Environmental Protection Agency (USEPA)** - (800) 426-4791 - <http://water.epa.gov/drink/index.cfm>
- * **National Center for Disease Control** - (404) 639-3311 - www.cdc.gov
- * **State Water Resources Control Board** - Division of Drinking Water (916) 449-5577 - http://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/CCR.shtml
- * **Metropolitan Water District of Southern California** - (213) 217-6000 - www.mwdh2o.com

DATE: JUNE 20, 2018
TO: BOARD OF DIRECTORS
SUBJECT: SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS SUNDOWNER BUSINESS MIXER - PER DIEM/EXPENSE REIMBURSEMENT APPROVAL

BACKGROUND:

The San Marcos Chamber of Commerce is hosting their annual “Meet Your Elected Officials” Sundowner Business Mixer on Thursday, July 26, 2018, at the City of San Marcos Community Center. The San Marcos Chamber of Commerce is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 203; therefore, approval for per diem and expense reimbursement is required.

RECOMMENDATION:

Request Board direction.