



AGENDA NO: C-5 Supplemental Information

MEETING DATE: November 9, 2021

**SUPPLEMENTAL INFORMATION
RECEIVED BY THE CITY COUNCIL FOR
PUBLIC REVIEW PRIOR TO THE MEETING**



AGENDA NO: C-5 supplemental

MEETING DATE: November 9, 2021

Memo to Council

TO: Honorable Mayor and City Council DATE: November 9, 2021

FROM: Rob Livick, PE/PLS/QSD – City Engineer

SUBJECT: Additional Bid Protest Information and Response regarding Award of Kings and Blanca Tanks Rehabilitation Project Contract to Superior Tank Solutions, Inc.

Staff has not changed their recommendation; the City Council waive minor irregularities in the bids received by the City, reject the bid protest filed by Paso Robles Tank, Inc., and authorize the City Manager to execute a contract with Superior Tank Solutions, Inc. (STS) in the amount of \$2,039,268 for recoating and rehabilitation of six water storage tanks after approved as to form by the City Attorney.

Following the publication of the staff report for this item additional correspondence was received from Paso Robles Tank (PRT) still claiming the bid submitted by STS was “unbalanced bid by way of listed subcontractor balances and scope of work”. The City again asked STS to provide a response to the protest (see Attachment). The response stated the protest was not based in fact and was conjecture on the part of PRT. In addition, the response provided explanations to counter each of the issues alleged in the protest. The City Attorney reviewed STS’s additional response and continues to opine there are not sufficient legal grounds for the City Council to reject the bid from STS and award the bid to the PRT. Based on this determination, the City Attorney and staff continue to recommend rejecting the protest and awarding the project to the lowest responsive and responsible bidder, STS.

ATTACHMENT

Additional information regarding bid protest from PRT and response to bid protest from STS

Rob Livick

From: Matthew Hoose <mhoose@superiortanksolutions.com>
Sent: Monday, November 08, 2021 10:54 AM
To: Rob Livick
Cc: Greg Kwolek; Christopher Neumeyer; Scott Collins; Joseph Pannone; Michael Kielborn; Matthew Tasch; Steven Bishop; Joe Mueller
Subject: RE: Kings Tanks and Blanca Tanks Rehabilitation Project - BID PROTEST
Attachments: Attachment 1 PRT Bid Protest FW_ Green Valley - Bid Results.pdf; Attachment 1a FW_ Green Valley - Bid Results.pdf; Attachment 2 CCSD general manager's salary proposal pulled from agenda _ San Luis Obispo Tribune.pdf; Attachment 3 PRT Protest Sac County Mather.PDF; Attachment 4 Vallecitos PRT Bid Protest Doc.pdf; Attachment 4a Vallecitos PRT Protest Rejection Meeting Minutes.pdf; CERTIFICATE 2021-22 Brand Energy of CA QP1.pdf

Importance: High

Mr. Livick,

We appreciate once again allowing STS to address the preposterous protest by Paso Robles Tank (PRT) and Mr. Wombles. As you will see below in our response, the protestor has submitted several false claims through their slipshod internet research, will be outed in a major lie regarding their bid protest history and record of success, and has based this second attempt to protest this project without actually citing their claims in accordance with the project specifications Instructions To Bidders; section 7; subsection 7.3 and basing this entire fallacy on unsubstantiated information and speculation. For that fact alone, this as well as their first protest is not in compliance with the project documents and should not even be considered by the City. That being said, please see the below responses to PRT's protest email in red:

Rob,
I am in receipt of STS response and Staff recommendations. Thank you. I have the below follow-up commentary to STS response which I believe are relevant to be heard by Staff, City attorney, and Board of directors. PRT will not contest any further if the City of Morro Bay is accepting of STS not self-performing any of the field work and their listed field coatings contractor not appearing to hold the appropriate QP1 or years of experience as stated below in our contractor search at CSLB and SSPC. **As stated above-The basis of this protest does not comply with the project specifications Instructions to Bidders; section 7; subsection 7.3 and basing this entire fallacy on unsubstantiated information and speculation and should be rejected by the City for that fact alone.**

1. Response to STS's Mr. Hoose comments to PRT bid protest:
 - a. Owner of PRT, Mr. Wombles, uses common practice to bid protest and uses boilerplate language:
 - i. In the last 20 years, Mr. Wombles has protested 04 bids in total. Prior to that I protested estimated 20+ bids while working for Superior Tank in 07 years. **Irrelevant and as you can see by our response below, this is a lie.**
 - ii. None of what I've protested is boilerplate as each job is different and I don't know how protesting 4 jobs in 10 years make it boilerplate. I've won three of those protests. 4th is this job. **This statement is absolutely false PRT is attempting to deceive the City demonstrating their willingness to lie even when irrelevant. Please see the below and attached four bid protests lodged by PRT. While STS is aware of many more and has been involved in other bids where PRT protested, we had limited time to reponed and were not able to get in touch with the numerous entities and contractors we know who were subjected in PRT protests. We will keep working on it if necessary.**

- Attachment 1 and 1a.- August 5, 2020 where PRT was second to STS and the project was awarded to STS. STS can provide a copy of the agreement for this project.
- Attachment 2- A project from May of 2016 where PRT protested a bid where they were second to Crosno Construction and the Owner elected to award to Crosno Construction (this begins on page four of the attached PDF titled CCSD general manager's salary proposal pulled from agenda _ San Luis Obispo Tribune).
- Attachment 3- June of 2015 PRT protested a bid for Sacramento County where they were third and the project was awarded to Cal-Sierra Construction.
- Attachment 4 (pages 3, 73-74) and 4a (pages 2-3)- A project from March of 2020 where PRT was second and their bid protest was rejected by the Owner and awarded to Capital Industrial Coatings. The relevant sections of the document have been highlighted.

These are just a few glaring examples that prove that the above is a totally false statement and that the protestor has zero credibility.

- iii. STS is welcome to file whatever STS feels necessary for Libel as PRT has only raise concerns for what we believe the specifications require vs. STS proposed subs vs. what the web searches provide as listed below. **This statement has absolutely nothing to do with the issue at hand, is irrelevant and nothing more than an attempt to slight STS's concerns of previous false statements by PRT.**
- b. STS claims that their listed subcontractor scope of work will total not more than 30% of the overall work. The field coatings on this job is between 60-70% of total project. From STS comments that Brand Energy Services is only performing 24-32 and 41-43; and STS denying that they are providing any tooling/equipment, then whom is supply items 33-38 om Dehumidification which is tooling/equipment for the interior coatings? **Please site the section of the project document which states that the coating contractor is to be responsible for these bid items.** These bid items represent additional \$186,500 or +/- 10%. **STS is the absolute lowest and responsible bidder, with an exceptional resume of Public Works, private entities, Government entities and Special District entities projects and long-term Asset Management Programs performed in the past eleven plus years resulting in stellar references.**
- c. I ask that you investigate from the other two bidders to confirm. That or perform a quick Square Foot calculation in field coatings taking the total SF of each tank and multiplying by \$12/SF to get approximate of the cost of field coatings. **This is an asinine statement, and we are not sure what protestors point is. Is it that STS's costs are much lower than PRT's or are they attempting to draw other bidders int this protest?**
- d. The scope of work was interior and exterior field coatings of six tanks with some incidental steel work and CP. STS listed sub for all the steel work, all the field coatings, and the CP. What's left and what are they performing? **It appears PRT left out the Asset Management Program which is the driving force for this project. STS is the absolute lowest and responsible bidder, with an exceptional resume of Public Works, private entities, Government entities and Special District entities projects and long-term Asset Management Programs performed in the past eleven plus years resulting in stellar references.**
- e. STS acknowledges that Brand Energy is not providing the paint within body of their response to bid protest. It is not standard and customary for GC's to purchase the materials, rent the tooling, and/or provide the consumables for their subcontractors unless they are attempting to pervade the specified work percentages for themselves. **This is a false and speculative statement. As stated above-The basis of this protest does not comply with the project specifications Instructions To Bidders; section 7; subsection 7.3 and basing this entire fallacy on unsubstantiated information and speculation and should be rejected by the City for that fact alone.**

- f. The only work it appears that STS is self-performing is the maintenance agreement of \$187,965 or +/- 10% of contract; unless you rehab the bolted tanks for costs of \$512,800 (+/- 22% of contract) which will not be known until after coatings work starts. **This is a false and speculative statement. As stated above- The basis of this protest does not comply with the project specifications Instructions To Bidders; section 7; subsection 7.3 and basing this entire fallacy on unsubstantiated information and speculation and should be rejected by the City for that fact alone.**
- g. PRT and ATC are owned by the same parent company is very true. Both PRT and ATC have C33 licenses and both are SSPC QP1 and QP2 certified. ATC is SSPC QS-1 certified. PRT is also SSPC QP-3 certified. ATC was going to coat the bolted tanks and PRT the welded tanks. Due to PRT painting more tanks than ATC and being in business 25+ year longer than ATC, PRT gets better coating manufacture pricing than ATC and thus PRT would buy the coating materials on this project as both as subsidiary's to one another. Both companies have their own contractor's license, both have their own DIR number, and both have their own CSLB number, thus the legal requirement is to list ATC as a subcontractor. ATC is signatory to the Union and PRT is not. Thus I am not sure where STS is going with their statement that they are not sure why PRT listed ATC so to avoid sub listing. PRT was following the State of California Public Contract code and Owner's specifications for listing of subcontractors. PRT did receive three other independent coating contractors prices as PRT subcontracts out estimated 65%+ of all their coatings project needs. This only goes to reaffirm our concerns regarding STS listed percent of work performed by Brand Energy Services. **So apparently based on the protestor's calculations, ATC was only to do less than 10% of the project and not 40% as listed? STS is the absolute lowest and responsible bidder, with an exceptional resume of Public Works, private entities, Government entities and Special District entities projects and long-term Asset Management Programs performed in the past eleven plus years resulting in stellar references.**
2. STS response that Brand Energy Services, contractors license number 867721 only recently obtained their C33 (painting and decorating license as of 11-25-20 by their RME, Randy James Simonette as shown in below link to the CSLB. **This is another absolutely false statement from the protestor.**
- a. Because Brand Energy Services has done scaffolding for coatings projects, does not give them the experience as a coatings contractor in that period of time. **Upon the City's request, STS can submit a current and extensive list of tank work performed by Brand Energy Services of California dating from 2009 to current which is 100% Coatings related. However, STS asks that it not be shared with the protestor as our subcontractor's work references are none of his business. In addition, this work has absolutely zero to do with their scaffolding division which is a separate company as evident in the facts below.**
- As evident by Brand Energy Services owner CSLB contractor's license licensing history (<https://www.cslb.ca.gov/OnlineServices/CheckLicenseII/PersonnelList.aspx?LicNum=867721&LicName=BRAND+ENERGY+SERVICES+OF+CALIFORNIA+INC>) they only recently obtained the C33 (painting and decorating license. This is another absolutely false statement due to slipshod research by the protestor. Please follow the link provided and scroll down to Jimmy Dale Gordon in the "Licenses no longer associated with" section. If you click the Additional Classification link you can see that he held the C33 license from 11/29/2010 until Randy Simonette became the RME. Brand Energy Services of California has held an active C-33 Painting and Decorating license since 5/1/2009. More importantly Brand Energy Services has held painting contracts all throughout California since 5/1/2009. So this is not as evident as the protestor claims.**
- b. Brand Energy Services is not the same as Brand their parent company. **This appears to actually be a truthful statement by the protestor; however, this statement does further strengthen STS's argument by the submitted information above and below. Brand Energy Services of California's parent company is BrandSafway. There is nothing submitted from BrandSafway and Brand Energy Services of California is**

not using BrandSafway project references since Brand Energy of California has been properly licensed and coating tanks since 2009. Brand Energy Services of California meets and exceeds all requirements of the project documents.

- c. Please provide copy of Brand Energy Services copy of their SSPC- QP1 certification as it its not shown on the SSPC web site (https://sspc.org/search-certifications/?target=company&certified=yes&pageSize=20&pageNumber=1&country_code=US&sort=company&company=Brand%20Energy%20Services&business=5&country_text=United%20States&state=CA&certification=1) as our SSPC QP1 search does not show any 'BRAND ENERGY SERVICES' as being SSPC QP1 certified. Although Brand Energy Services of California already meets the project document requirement for licensing and experience, we are pleased to inform the protestor that Brand Energy Services of California is in fact a QP1 Certified Coating Contractor. Please see the attached QP1 Certificate (document is titled 'CERTIFICATE 2021-22 Brand Energy of CA QP1') for your review and you can follow the instructions on the bottom of the certificate to verify authenticity of certification by phone.
- d. Brand Corporation is not the same as BRAND ENERGY SERVICES and thus Brand Energy Services CANNOT take the credit for BRAND CORPORATION as is being attempted by STS. If they were using Brand Corporation, then they should've listed them and not Brand Energy Services that they are separate of on another in CA CORP directory, DIR, CSLB, etc. This is another absolutely false statement by the protestor due to slipshod research and overreaching supposition. As stated above, Brand Energy Services of California is not using BrandSafway "credit". Brand Energy Services of California is a well-established painting contractor that has been performing C-33 work since 2009 and holds a current SSPC QP-1 certificate.
- e. It is PRT understanding that the Owner requires that the General Contractor self-perform minimum 50% with their own work forces. If this is not the case, then we withdraw this portion of our protest. The basis of the protestor's complaint has not been submitted within the requirements of the project documents, most specifically the Instructions To Bidders Section 7, subsection 7.3. Based on that fact, this protest is not in compliance with the project documents and should not even be considered valid.
 - i. In PRT protest letter, under question 1.B.ii.1 – STS admits that they are purchasing the materials for the coatings on this project. Again, the protestor has failed to site the section of the project document which states that this is nonconforming, and this protest should not even be considered valid. STS is the absolute lowest and responsible bidder, with an exceptional resume of Public Works, private entities, Government entities and Special District entities projects and long-term Asset Management Programs performed in the past eleven plus years resulting in stellar references.
 1. Thus what actual work is STS self-performing in the field besides buy materials for their subcontractors whom are doing all the steel repairs and field coatings? It appears via STS listing for Steel work, field coatings and CP that they are not self-performing any work in the field. Again, the protestor has failed to site the section of the project document which states that this is nonconforming, and this protest should not even be considered valid. STS is the absolute lowest and responsible bidder, with a superfluous resume of Public Works, private entities, Government entities and Special District entities projects and long-term Asset Management Programs performed in the past eleven plus years resulting in stellar references.

Paso Robles Tank, Inc. request that Owner put off award of this project and investigate the above (SSPC, CSLB, and experience) on their own. If Owner finds that we are say is true, then reject STS proposal as in non-conformance and award to PRT. If they find that STS sub does meet the specified requirements, please share with PRT and we will withdraw our protest. Thus far, only thing we've seen from STS are responses without backup and what we've provided are links to SSPC and CSLB which appear to confirm our concerns. **Based on the above and attached evidence/backup, there should be absolutely no need for the City to put off the award of this project to STS since the necessary and truthful research regarding SSPC, CSLB and experience has been provided to the City. In addition, STS believes that the City will find that what the protestor has stated is NOT TRUE, has zero merit, is not in compliance with the project documents specifically Notice To Bidders Section 7, subsection 7.3 and that the protestor should keep their word and withdraw this bogus protest as they so state. Finally, the City WILL FIND that Brand Energy Services of California DOES MEET and exceed the specified requirements of the project documents and should share the provided evidence with the protestor as requested so they can withdraw this bogus protest as they so state.**

Thank you and regards,

Matthew Hoose

Central Region Manager

NACE Certified CIP Level III #75128

Superior Tank Solutions, Inc.

9500 Lucas Ranch Road

Rancho Cucamonga, CA 91730

C: (661) 304-7352 | O: (909) 912-0599

E: MHoose@superiortanksolutions.com



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From: Rob Livick <rlivick@morrobayca.gov>

Sent: Friday, November 5, 2021 3:49 PM

To: Matthew Hoose <mhoose@superiortanksolutions.com>

Cc: Greg Kwolek <gkwolek@morrobayca.gov>; Christopher Neumeyer <cneumeyer@awattorneys.com>; Scott Collins <scollins@morrobayca.gov>; Joseph Pannone <jpannone@awattorneys.com>; Michael Kielborn <MichaelK@CannonCorp.us>

Subject: FW: Kings Tanks and Blanca Tanks Rehabilitation Project - BID PROTEST

Matt,

Please provide a detailed point by point response to the latest from PRT. If at all possible by Monday morning.

Thank you

Rob

From: Larry Wombles <lwombles@a-c-e-inc.com>

Date: Friday, November 5, 2021 at 1:38 PM

To: Rob Livick <rlivick@morrobayca.gov>

Cc: Joseph Pannone <jpannone@awattorneys.com>, Shawn Owens <sowens@a-c-e-inc.com>, Bob Kelley (ATC) <bkelly@a-t-c-inc.com>, Bryan Wombles <bwombles@a-t-c-inc.com>, Josh Wimer <JWimer@a-t-c-inc.com>, Andrew C. Muzi <amuzi@muzilaw.com>

Subject: RE: Kings Tanks and Blanca Tanks Rehabilitation Project - BID PROTEST

Rob,
I am in receipt of STS response and Staff recommendations. Thank you. I have the below follow-up commentary to STS response which I believe are relevant to be heard by Staff, City attorney, and Board of directors. PRT will not contest any further if the City of Morro Bay is accepting of STS not self-performing any of the field work and their listed field coatings contractor not appearing to hold the appropriate QP1 or years of experience as stated below in our contractor search at CSLB and SSPC.

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 - c. I ask that you investigate from the other two bidders to confirm. That or perform a quick Square Foot calculation in field coatings taking the total SF of each tank and multiplying by \$12/SF to get approximate of the cost of field coatings.
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 - f. The only work it appears that STS is self-performing is the maintenance agreement of \$187,965 or +/- 10% of contract; unless you rehab the bolted tanks for costs of \$512,800 (+/- 22% of contract) which will not be known until after coatings work starts.
 - g. PRT and ATC are owned by the same parent company is very true. Both PRT and ATC have C33 licenses and both are SSPC QP1 and QP2 certified. ATC is SSPC QS-1 certified. PRT is also SSPC QP-3

certified. ATC was going to coat the bolted tanks and PRT the welded tanks. Due to PRT painting more tanks than ATC and being in business 25+ year longer than ATC, PRT gets better coating manufacture pricing than ATC and thus PRT would buy the coating materials on this project as both as subsidiary's to one another. Both companies have their own contractor's license, both have their own DIR number, and both have their own CSLB number, thus the legal requirement is to list ATC as a subcontractor. ATC is signatory to the Union and PRT is not. Thus I am not sure where STS is going with their statement that they are not sure why PRT listed ATC so to avoid sub listing. PRT was following the State of California Public Contract code and Owner's specifications for listing of subcontractors. PRT did receive three other independent coating contractors prices as PRT subcontracts out estimated 65%+ of all their coatings project needs. This only goes to reaffirm our concerns regarding STS listed percent of work performed by Brand Energy Services.

2. STS response that Brand Energy Services, contractors license number 867721 only recently obtained their C33 (painting and decorating license as of 11-25-20 by their RME, Randy James Simonette as shown in below link to the CSLB.
 - a. Because Brand Energy Services has done scaffolding for coatings projects, does not give them the experience as a coatings contractor in that period of time.
 - b. As evident by Brand Energy Services owner CSLB contractor's license licensing history (<https://www.cslb.ca.gov/OnlineServices/CheckLicenseII/PersonnelList.aspx?LicNum=867721&LicName=BRAND+ENERGY+SERVICES+OF+CALIFORNIA+INC>) they only recently obtained the C33 (painting and decorating license.
 - c. Brand Energy Services is not the same as Brand their parent company.
 - d. Please provide copy of Brand Energy Services copy of their SSPC- QP1 certification as it its not shown on the SSPC web site (https://sspc.org/search-certifications/?target=company&certified=yes&pageSize=20&pageNumber=1&country_code=US&sort=company&company=Brand%20Energy%20Services&business=5&country_text=United%20States&state=CA&certification=1) as our SSPC QP1 search does not show any 'BRAND ENERGY SERVICES' as being SSPC QP1 certified.
 - e. Brand Corporation is not the same as BRAND ENERGY SERVICES and thus Brand Energy Services CANNOT take the credit for BRAND CORPORATION as is being attempted by STS. If they were using Brand Corporation, then they should've listed them and not Brand Energy Services that they are separate of on another in CA CORP directory, DIR, CSLB, etc.
 - f. It is PRT understanding that the Owner requires that the General Contractor self-perform minimum 50% with their own work forces. If this is not the case, then we withdraw this portion of our protest.
 - i. In PRT protest letter, under question 1.B.ii.1 – STS admits that they are purchasing the materials for the coatings on this project.
 1. Thus what actual work is STS self-performing in the field besides buy materials for their subcontractors whom are doing all the steel repairs and field coatings? It appears via STS listing for Steel work, field coatings and CP that they are not self-performing any work in the field.

Paso Robles Tank, Inc. request that Owner put off award of this project and investigate the above (SSPC, CSLB, and experience) on their own. If Owner finds that we are say is true, then reject STS proposal as in non-conformance and award to PRT. If they find that STS sub does meet the specified requirements, please share with PRT and we will

withdraw our protest. Thus far, only thing we've seen from STS are responses without backup and what we've provided are links to SSPC and CSLB which appear to confirm our concerns.

Respectfully submitted,

Larry Wombles
President and CEO

Associated Construction
& Engineering, Inc
23232 Peralta Dr, Ste #109 Laguna Hills, CA 92653
Office: 949-455-2682 / Fax: 949-455-2685
E-mail: LWombles@a-c-e-inc.com
Website: www.A-C-E-inc.com

-----Original Message-----

From: Rob Livick <rlivick@morrobayca.gov>
Sent: Thursday, November 4, 2021 6:10 PM
To: Larry Wombles <lwombles@a-c-e-inc.com>
Subject: RE: Kings Tanks and Blanca Tanks Rehabilitation Project - BID PROTEST

Larry,

City Council will be acting on the project next Tuesday. Based on STS response to the protest and the City Attorney evaluation, staff has recommended award to STS. <https://www.morro-bay.ca.us/ArchiveCenter/ViewFile/Item/5786>

Rob Livick, PE/PLS/QSD - City Engineer (he/him)
C61057/PLS8126
City of Morro Bay
595 Harbor Street (Mail)
955 Shasta Avenue (Walk, Bike or Drive)
Morro Bay, CA 93442
rlivick@morrobayca.gov
Phone: (805)772-6569

Please consider the environment before printing this e-mail.

-----Original Message-----

From: Larry Wombles <lwombles@a-c-e-inc.com>
Sent: Wednesday, November 03, 2021 4:53 PM
To: Rob Livick <rlivick@morrobayca.gov>
Cc: Shane Wombles <swombles@pasorablestank.com>; Shawn Owens <sowens@a-c-e-inc.com>; Joseph Pannone <jpannone@awattorneys.com>
Subject: RE: Kings Tanks and Blanca Tanks Rehabilitation Project - BID PROTEST

Rob,
Has Morro Bay received reply from STS and made staff recommendation re subject bid protest yet?

Larry Wombles
President and CEO

Associated Construction
& Engineering, Inc
23232 Peralta Dr, Ste #109 Laguna Hills, CA 92653
Office: 949-455-2682 / Fax: 949-455-2685
E-mail: LWombles@a-c-e-inc.com
Website: www.A-C-E-inc.com

-----Original Message-----

From: Larry Wombles <lwombles@a-c-e-inc.com>
Sent: Friday, October 22, 2021 10:59 AM
To: Rob Livick <rlivick@morrobayca.gov>
Cc: Shane Wombles <swombles@pasoroblestank.com>; Shawn Owens <sowens@a-c-e-inc.com>; Joseph Pannone <jpannone@awattorneys.com>
Subject: Re: Kings Tanks and Blanca Tanks Rehabilitation Project - BID PROTEST

Thank you.

I hope city is able to read through minutia and form own logical opinion as knowing STS (like I do) they don't paint anything themselves (they hire contractors to their payroll) and they are no self performing any work on your job which violated spec requirements.

Larry Wombles
ACE President
951-956-9943
Sent from my phone

'...I am with you always [remaining with you perpetually regardless of circumstance, and on every occasion], even to the end of age.'
Matthew 28:20 AMP

> On Oct 21, 2021, at 5:39 PM, Rob Livick <rlivick@morrobayca.gov> wrote:

>

> Attached is the bid from STS, whom we have notified of the protest and have requested they respond to the City regarding the issues you have raised.

>

> Thank you

>

> Rob Livick, PE/PLS/QSD - City Engineer (he/him)

> C61057/PLS8126

> City of Morro Bay

> 595 Harbor Street (Mail)

> 955 Shasta Avenue (Walk, Bike or Drive) Morro Bay, CA 93442

> rlivick@morrobayca.gov<mailto:rlivick@morrobayca.gov>

> Phone: (805)772-6569<tel:8057726569>

>

> Please consider the environment before printing this e-mail.

>
>
>
>
> From: Larry Wombles <lwombles@a-c-e-inc.com>
> Sent: Thursday, October 21, 2021 11:02 AM
> To: Rob Livick <rlivick@morrobayca.gov>
> Cc: Shane Wombles <swombles@pasoroblestank.com>; Shawn Owens
> <sowens@a-c-e-inc.com>
> Subject: Kings Tanks and Blanca Tanks Rehabilitation Project - BID
> PROTEST
>
> Mr. Livick,
> Thank you for opportunity to bid your project. Please be advised that Paso Robles Tank, Inc. would like to file a bid formal bid protest against the apparent low bidder on basis that STS provide an unbalanced bid by way of listed subcontractor balances and scope of work. This email will serve as our protest unless you request that we submit in paper form at district office?
>
>
> 1. STS appears to list Brand Energy Services for all their field coatings work.
> * STS list that Brand Energy Services is performing 30% of the work when the coatings represents estimated 60% of the field coatings work.
> * We do not believe that Brand Energy Services holds the required SSPC QP1 nor SSPC QP2 certifications nor have the 10-years field coatings experience on water tanks.
>
> i. While Brand parent company owns many other companies and subsidiaries whom may hold the SSPC certs and/or water tank coatings experience, that is not whom STS listed as their subcontractor.
>
> ii. Brand Energy Services contract amount is much higher than 30%.
>
> * We believe STS is intended to deceive the owner in paying for Brand Energy Services labor only in contract form while then issuing a Purchase order for their tooling, equipment, and coating materials on back end so that it 'appears' that they are only performing 30% of the contract value.
> * If you take all the total paint numbers that represent field coatings work, you will see that it totals +/- \$1,273,590.
> * Lets assume STC added 5% to this number for total of \$1,209,910. This number represents that Brand Energy Services is performing + 60% of the contract value which goes against the specified California public contract code which requires minimum of 50.1% be performed by the General Contractor.
>
>
>
> 1. If Owner considers true % of work performed by STS, then they are subcontracting out +75% of work which is against the project specifications and CA Public Contract Code. It appears that STS is carrying paper and simply monitoring the job for the duration.
>
>
>
> While it can be stated that PRT listed ATC for 40% of the contract value, you should note that PRT and ATC as wholly owned subsidiaries of the same parent company, Associated Construction and Engineering, Inc. thus common ownership of both. PRT was also going to perform field coatings, thus the idea that we've done same is not true.
>

>
> We ask that Morro Bay provide us with a complete copy of STS proposal so that we may also review their bid breakdown for further discrepancies. For now, we base our protest based upon the above and ask that the Honorable City of Morro Bay reject Superior Tank Solutions bid as non-responsive and award to most responsive bidder in Paso Robles Tank, Inc.
>
> Larry Wombles
> PASO ROBLES TANK INC.
> 951-956-9943
>
> ONE NATION UNDER GOD & IN GOD WE TRUST!
>
> "This is what the kingdom of God is like. A man scatters seed on the ground. Night and day, whether he sleeps or gets up, the seed sprouts and grows, though he does not know how. All by itself the soil produces grain-first the stalk, then the head, then the full kernel in the head. As soon as the grain is ripe, he puts the sickle to it, because the harvest has come."
>
> Mark 4:26-29
>
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>
>

From: info@gvcwd.org
To: [Steven Bishop](#)
Subject: FW: Green Valley - Bid Results
Date: Wednesday, August 5, 2020 10:57:02 AM
Attachments: [image008.png](#)
[image009.png](#)
[List of Bid amounts.pdf](#)

We received this email today. Kevin asked me to contact you for clarification.

Thanks,
Laura

From: Larry Wombles <lwombles@a-c-e-inc.com>
Sent: Wednesday, August 5, 2020 10:17 AM
To: info@gvcwd.org
Cc: Bob Kelley <BKelley@a-c-e-inc.com>; Shane Wombles <swombles@pasoroblestank.com>
Subject: Green Valley - Bid Results

Laura

Can you tell me who Superior Tank Company used for field coatings as their subcontractor for field coatings as they do not hold the required C-33 (Painting) license nor do they self-perform field coatings and subcontract out to other coating contractors thus they are only carrying paper for paint contractors that may not be licensed nor pay proper state of California prevailing wages. Therefore, we have the following bid protests:

BID PROTEST

Superior Tank Company did not list a field coating contractor, nor does STCI hold the required State of California and Specification required C33 specialty license for painting and decorating this tank; Moreover, even if STCI listed a field coatings contractor, they would not meet the 50% requirement to self-perform said work on this project as this project is 100% coatings and therefore, they would not hold any actual field work as a contractor same. Therefore, Paso Robles Tank, Inc. respectfully requests that Owner reject Superior Tank Company, Inc. (STCI) bid for non-compliance with specifications and California Public Contract Code, and award project to most responsive bidder in Paso Robles Tank, Inc. (PRT) whom holds a Class A and C33 License as well as self-performs all specified work per specifications.

Larry Wombles

President and CEO



**ASSOCIATED CONSTRUCTION
& ENGINEERING, INC**

23232 Peralta Dr, Ste #109 Laguna Hills, CA 92653
Office: 949-455-2682 / Fax: 949-455-2685

E-mail: LWombles@a-c-e-inc.com

Website: www.A-C-E-inc.com



ONE NATION UNDER GOD & IN GOD WE TRUST!

"I have been the keeper of other vineyards, but my own vineyard I have neglected."

Song of Solomon 1:6

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Larry Wombles

President and CEO



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& ENGINEERING, INC

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Office: 949-455-2682 / Fax: 949-455-2685

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7,357

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THE CAMBRIAN

CCSD general manager's salary proposal pulled from agenda

By Kathe Tanner

ktanner@thetribunenews.com

MAY 04, 2016 9:45 AM



The crowd listens during the April 28 CCSD board meeting. KATHE TANNER KTANNER@THETRIBUNENEWS.COM



Only have a minute? Listen instead

-08:13

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The discussion has been delayed about a six-year contract for General Manager Jerry Gruber, which includes several 4 percent raises in pay this year and other increases.

Gail Robinette, president of the [Cambria Community Services District](#) Board of Directors, made that announcement soon after she called the board's April 28 meeting to order, saying that the item had been pulled from the agenda for a "continuance for further review."

The directors could revisit the topic soon, perhaps at their May 26 meeting.

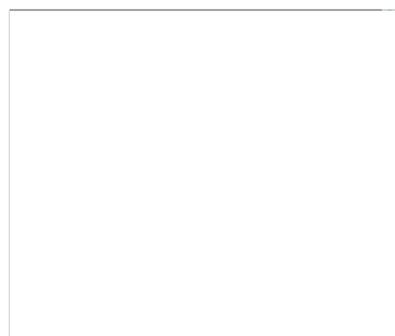
TOP ARTICLES

AD



Robinette noted that the board would not discuss the issue April 28, but that members of the public were welcome to voice their opinions on the subject during the public comment period.

And so they did, as district ratepayers had been doing on social media and through other channels since the meeting's agenda and staff report had been released late Friday, April 22.



CONTRACT COMMENTS

Nine people spoke at the board meeting about the proposed contract, and eight were critical of it. Audience member Jeff Walters even went to the podium in costume and spoke in character, and Tina Dickason called the proposed contract "gold plated and diamond studded."

Connie Gannon asked how the district "could be near bankruptcy in November" but "also radically increase the salary of our general manager."

Robinette made the decision to pull the item, according to counsel Tim Carmel. Board members, media and other interested parties had been informed by email the day before the meeting, Robinette said, and the item was removed from the online agenda packet at www.cambriacsd.org.

The board president said later that she wanted more time to review the contract.

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CLAIM OFFER

THE CONTRACT

The contract had called for Gruber's present annual salary of \$160,808 to increase by 4 percent, retroactive to July 1, 2015, and an additional 4 percent retroactive to Jan. 1, 2016, bringing his annual salary for 2016 to \$173,929.

Thereafter, his salary would have been adjusted each year by 5 percent, beginning in two months, on July 1, 2016.

By July 2020, his base salary would have been \$221,984, plus benefits.

Those benefits include: Increased vehicle allowance (raised to \$600 a month from \$450 for business travel within the county); phone allowance (to \$75 per month from \$45); annual vacation days would increase to 25 (up from 20), plus 10 days administrative leave; and his life insurance policy would double to \$100,000.

His severance package would be extended to nine months from six, and Gruber could not be terminated within three months before or after an election.

According to the CCSD website, the 2015-16 five-step annual salary schedule for general manager ranges from \$132,297 to \$160,808.

A state online listing of Government Compensation in California at <http://bit.ly/1WIHz0g> showing Gruber's 2014 "total salary" as \$197,429 is incorrect, according to Patrick O'Reilly, district finance manager, who told The Cambrian later that the error was his, and Gruber's salary that year was \$160,808.

O'Reilly said he'd misunderstood instructions for filling out the forms, and had included salary and some other items in the category identified as "total salary."

When those items were broken out elsewhere on the form, they wound up being added into the total twice, he said. O'Reilly said that he'd made the same mistake on some other salaries listed on the site, and is in the process of filing corrected figures.

Adding to the confusion, <http://bit.ly/1UzbzMb> shows Gruber's 2013 salary as \$177,902, with \$12,361 in other pay and \$77,240 in benefits, for a total of \$267,503.

OTHER ACTIONS

After a long discussion, the board voted 4-1 to approve a \$482,900 contract with Crosno Construction to replace the badly corroded Fiscalini Water Tank, which has had several leaks and infrastructure problems in recent years.

The bid came in at \$119,900 less than the engineer's estimate for the job. The tank is on a small easement site between several homes in the Top of the World neighborhood and ranchland.

According to staff, the project includes: Removing the existing, severely corroded 320,000-gallon, bolted water tank; providing temporary tank(s); soils preparation; a new concrete foundation with engineering and piping; and a new 320,000-gallon, welded-steel water tank.

Staff's report said the district's engineering consultant evaluated the existing tank in 2015 and determined it should be replaced immediately. "It was on the verge of catastrophic failure," Gruber said. "It still is."

Four bids were opened on March 22, 2016, and Crosno's was the lowest.

The second low bidder, Paso Robles Tank, filed a bid protest, saying Crosno's bid packet had been incomplete, because it didn't include the required proof of a valid contractor's license.

After consulting with Carmel, staff had recommended that the directors "waive the omission as being minor and inconsequential, and award the contract for the construction of the Project to Crosno."

The difference between the two bids was about \$10,000, Carmel said.

But the bid challenge wasn't the only concern about the tank.



Rancher David Fiscalini, whose family owns ranchland the surrounds the tank site, objected to the contract's terms. He said he'd been left out of communications about the project, even though it will affect his use of the land and ability to graze cattle nearby and could cause damage to a historic but narrow adobe gateway.

Fiscalini said he'd tried numerous times to talk to Gruber, but that Gruber had never called him back. Gruber said such negotiations are between the contractor and Fiscalini, and it would be "inappropriate for us to get involved." Gruber said that the contractor has "the flexibility to work with Mr. Fiscalini for easement rights or to build the tank by going through the adobe gates."

Director Greg Sanders said "with most public works contracts the 'means and methods' are left up to the contractor," who "has to figure out how to get materials to the site and how to stay out of Mr. Fiscalini's way ... that's just a normal part of the process." However, he agreed that "a little bit of dialogue" with the rancher would be helpful.

The district's contract manager, William Bellis of Advantage Technical Services, said Crosno's representative went to the site (as did representatives of the other three bidding firms). Bellis said the contractor was confident that, despite the difficulty of access and the limited size of the tank site, he would be able to meet the terms of the contract.

Bellis, a licensed inspector of above-ground tanks, said last year that the current tank has been in service for 22 years and is the sole source of potable and fire-protection water for about 500 homes.

Sanders said, "It may well be that Mr. Fiscalini may be entitled to some compensation" for what Director Jim Bahringer called "things Mr. Fiscalini needs to be done that can't be done" while the project is underway.

They said there need to be negotiations with Fiscalini, but didn't want to delay starting the project, so the board approved the contract.

Director Amanda Rice cast the "no" vote on the issue, saying in part that "I don't want the district on the hook for replacing a 150-year-old gate," and she wasn't confident that Crosno could actually do the job for the amount of the bid.

BUDGET

Directors also got their first detailed look at the district's 2016-17 budget. They'll see the financial plan again at the May meeting, and staff expects the board should be able to vote to approve it in June.

The draft budget shows:

- \$4.4 million in revenues and expenditures for the general fund.
- Nearly \$2.5 million for operation of the sewage-treatment plant.
- \$3.9 million in income with \$4 million in expenses for the water department (leaving a \$94,790 deficit for that enterprise fund).

The budget for the district's sustainable water facility (formerly known as the emergency water supply project) shows \$942,955 in revenue and more than \$1 million in expenditures, for a deficit of \$94,790.

According to a capital-project summary in the budget, the total cost for the project is nearly \$13 million. Work is continuing on completing an environmental impact report that's essential if the district is to get a permanent permit to operate the plant at any time, rather than just during water-supply emergencies.

Kathe Tanner: 805-927-4140, @CambriaReporter



Bev and Jerry Praver, Cambria's and San Luis Obispo County's official town criers, read a declaration honoring the town's sesquicentennial at the April 28 CCSD board meeting. KATHE TANNER KTANNER@THETRIBUNENEWS.COM

 **COMMENTS** 

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LOCAL

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TRENDING STORIES

Homeless vehicles forced to leave Los Osos as SLO County expands safe parking program

BY LINDSEY HOLDEN

UPDATED NOVEMBER 05, 2021 10:25 AM



Some unhoused residents say a new rule prohibiting overnight camping is running them out of town.

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UPDATED NOVEMBER 05, 2021 02:56 PM

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UPDATED NOVEMBER 05, 2021 10:25 AM

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CAMBRIAN: SLICE OF LIFE

SLO County's first lighthouse changed hands 20 years ago. This is why

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LOCAL

Best Beach Bracket: Here's which SLO County spots made the Elite 8 — who will move on?

NOVEMBER 03, 2021 4:28 PM

BUSINESS

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UPDATED NOVEMBER 03, 2021 10:16 AM

LOCAL

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OCTOBER 30, 2021 5:00 PM



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3883 Wentworth Drive
Hemet, CA 92545
Phone: (951) 925-5022
Fax: (951) 925-6822
www.pasoblestank.com

Friday, June 19, 2015

VIA EMAIL & Fed Ex

Sacramento County Water Agency
3847 Branch Center Road
Sacramento, CA 95827

Attention: Mr. Dave Zuccaro

Subject: **North Mather Water Storage Tank - Contract No. 4242 - BID PROTEST**

Mr. Zuccaro,

Paso Robles Tank, Inc. (PRT) is writing this subject bid protest against low bidder (Cal Sierra Construction) and 2nd low bidder (Superior Tank Solutions). Both of the respective firms' bids do not meet the County of Sacramento Standard Construction Specification; 2-8 SUBCONTRACTORS for performing greater than 50% of the work with their own forces:

2-8 SUBCONTRACTORS:

*Except as noted in the Special Provisions, **the Contractor shall perform, with the Contractor's own organization and with workers under the Contractor's immediate supervision, work of a value not less than fifty percent (50%) of the value of original Total Contract Price.....***

Nowhere within the bidding documents does the owner state that the tank coatings were a specialty item. Had the County stated that tank coatings were a specialty item, then the County would have required other work besides coatings for the GC's to self-perform. This project is 100% tank coatings and therefore, only tank coating contractors were permitted to bid the project which had a Class A license and be SSPC QP1 and QP2 certified. Neither of the two low bidders (Cal Sierra Construction nor Superior Tank Solutions) possess the required (09 97 00) SSPC QP1 & QP2 certification.

It appears via review of the two online bids from each of the apparent low bidders (Cal Sierra Construction and Superior Tank Solutions) that they are both carrying paper (Performing zero work with their own forces) for their listed subcontractor, Advanced Industrial Coatings, who did not attend the mandatory pre-bid meeting. It is for this reason that both low bids appear to be a sham to Owner. Also note that each of the two low bidders to have differing percentages they are using for their sub, AIS (70% and 50% respectively) in the performance of their work.

PRT expended valuable time, energy, and money to attend the mandatory pre-bid meeting of which the listed sub for each of two low bidders did not (per bid sheet sign in doc). PRT listened to and clearly understood all the contractual requirements, site conditions, time constraints, and owner stated expectations. By AIS not attending the mandatory pre-bid meeting, PRT and others that did attend as well as bid subject project were placed at unfair competitive disadvantage. It is more evident that the mandatory pre-bid meeting was clearly a disadvantage to PRT as AIS (who did not attend) did not understand the project with their bid somewhere between \$173,565.00 (Cal Sierra Construction) to \$135,000.00 (Superior Tank Solutions) if one were to believe the percentages of subcontracted work shown. If AIS provided differing numbers to each GC, one might consider that collusion. If those numbers are false as to true cost, then both bids are a sham and should be considered as non-responsive.

Paso Robles Tank Inc. has met all the requirements of the bidding documents (attending mandatory pre-bid – provided lab report – is **SSPC QP1-QP2-QP3 certified** and is **self-performing 100% of this work with our own forces**). It is for the

above reasons that I ask the Honorable County of Sacramento to reject the bids of Cal Sierra Construction and Superior Tank Solutions and award to the most responsive and complete bidder in Paso Robles Tank Inc.

Let this document serve as PRT's written protest in this matter.

Respectfully,

PASO ROBLES TANK, INC.

Larry Wombles
Paso Robles Tank, Inc.

951-956-9943

**PURSUANT TO EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR NEWSOM,
ONE OR MORE BOARD MEMBERS MAY PARTICIPATE IN THE MEETING
VIA TELECONFERENCE**

AGENDA FOR A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MARCH 18, 2020, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT EVANS

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 SPECIAL MEETING OF MARCH 18, 2020

REMOTE PARTICIPATION

To encourage remote participation during the COVID19 situation, members of the public may submit written comments on agenda items or on non-agenda items within the Board's jurisdiction. All written comments that are received at least two (2) hours before the meeting will be provided to the Board, and a record of the receipt of comment will be noted during the meeting. Comments may be submitted by e-mail to Executive Secretary Diane Posvar at dposvar@vwd.org.

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. 5-18)

- A. SPECIAL BOARD MEETING – FEBRUARY 26, 2020
- B. SPECIAL BOARD MEETING – FEBRUARY 27, 2020
- C. FINANCE/INVESTMENT COMMITTEE MEETING – MARCH 2, 2020

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH MARCH 18, 2020 – \$2,907,382.13 (pp. 19-21)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 22-41)

- A. WATER METER COUNT – FEBRUARY 29, 2020
- B. WATER PRODUCTION/SALES REPORT – 2019/2020
- C. PER CAPITA WATER CONSUMPTION – FEBRUARY 29, 2020
- D. WATER REVENUE AND EXPENSE REPORT – FEBRUARY 29, 2020
- E. SEWER REVENUE AND EXPENSE REPORT – FEBRUARY 29, 2020
- F. RESERVE FUNDS ACTIVITY – FEBRUARY 29, 2020
- G. INVESTMENT REPORT – FEBRUARY 29, 2020
- H. LEGAL FEES SUMMARY – FEBRUARY 29, 2020

1.4 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR FITZPATRICK TOWN HOMES, APNS 220-100-82, 220-100-83 & 220-100-85 (KB HOME COASTAL) (pp. 42-44)

Installation of water and sewer facilities has been completed.

Recommendation: 1) Accept Project Improvements; 2) Approve the Filing of a Notice of Completion for Fitzpatrick Town Homes

1.5 APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.) (pp. 45-61)

The development is located on Richland Road north of Rose Ranch Road in the County of San Diego.

Recommendation: Approve the Construction Agreement for Orchard Hills Off-site Sewer Improvements

- 1.6 ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN 172-091-28 FROM THE VALLECITOS WATER DISTRICT (pp. 62-68)

The property is located at 28616 Champagne Boulevard in Escondido, just south of Lawrence Welk Court and east of Interstate 15.

Recommendation: Adopt Resolution

- 1.7 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "NORTH COAST CHURCH" APN(S) 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICTS 5 & 6 (NORTH COAST CHURCH) (pp. 69-72)

The property is located at 2355/2375 Montiel Road in San Marcos north of Highway 78 and east of Nordahl Road.

Recommendation: Approve the Annexation with Conditions

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

ACTION ITEMS

- 2.1 CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT (pp. 73-76)

The existing interior lining and exterior coating of the tank has deteriorated and requires full refurbishment.

Recommendation: 1) Waive two minor deviations from Capital Industrial Coatings LLC's bid; 2) Reject protest letter from Paso Robles Tank; 3) Increase project budget by \$54,131; 4) Authorize the General Manager to execute a construction contract with Capital Industrial Coatings LLC in the amount of \$446,425

- 2.2 GENERAL MANAGER'S UPDATE REGARDING THE DISTRICT'S RESPONSE TO THE CORONAVIRUS OUTBREAK

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

REPORTS

- 3.1 GENERAL MANAGER
3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

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

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

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

OTHER BUSINESS

4.1 MEETINGS

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

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

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

6.1 ADJOURNMENT

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

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

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

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:30 p.m., Monday, March 16, 2020.

Diane Posvar

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, FEBRUARY 26, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Special meeting to order at the hour of 5:04 p.m.

Director Elitharp led the pledge of allegiance.

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

Staff Present: General Manager Pruim
Legal Counsel Gilpin
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Scholl
Capital Facilities Engineer Santos
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar

ADOPT AGENDA FOR THE SPECIAL MEETING OF FEBRUARY 26, 2020

20-02-09 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Special Board Meeting of February 26, 2020.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board speaking as President of the Twin Oaks Valley Property Owners Association stating that in 2010 Cal Fire requested a change in building codes requiring internal fire sprinklers in single family dwellings, townhouses and condominiums to allow for maximum capacity flow around 35 gallons per minute. As a consequence of this, the District increased the capacity for the extra flow requirements going from a 5/8-inch valve to a 3/4-inch valve, facility charges were changed from 500 gallons per day to 750 gallons per day, and monthly service charges were increased for 3/4-inch valves. That is justified but very few homes have been built and the State Board recommended but did not require that 3/4-inch valves and 5/8-inch valves be charged the same. The District has progressively decreased the differential between the 3/4-inch and 5/8-inch valves. People are paying now for fire protection services they are not receiving. This needs to be reevaluated as a matter of equity, not of just revenue concerns.

Reza Samandari, member of the public, addressed the Board stating he and his business partner, Sahar Naeemi, purchased property at 1217 Nordahl Road. Prior to closing escrow, they asked the District if anything was pending pertaining to the property and were given information about what the previous owner had applied for. After the close of escrow, they discovered a list of items, including a new study, that must be addressed.

Lee Whittington of Sweetwater Engineering, Mr. Samandari's engineer, addressed the Board giving a brief history of the project. The District has a sewer line in front of the property and Vista Irrigation District (VID) has a water line in front of the property. The project goal is to connect to the District's water and VID's sewer. The LAFCO process has been completed. The previous property owner's application expired requiring the new owners to start a new application which requires new sewer and water studies, the possibility of de-annexing from VID, and more water improvements.

General Manager Pruim stated the Board could not discuss this matter as it was not on the agenda. He stated he would meet with staff and the developer, and that this matter would be placed on the March 4, 2020 Board agenda.

PRESENTATION

Public Information/Conservation Supervisor Robbins presented the District's recent video, "Pipe Inspection and Condition Analysis," that highlights a new pipeline inspection tool being used by contractors working for the District to determine pipeline integrity of the High Point development.

CONSENT CALENDAR

Mike Hunsaker, member of the public, addressed the Board regarding Item 1.3 of the Consent Calendar, expressing his concern about single family residential water consumption. The District provides the average per capital usage presented in a chart. He requested a breakdown of the chart to show what is included in the per capita consumption and water consumption per type of valve and meter. He is not pleased with the use of huge reserves. He stated the District is still using a high percentage of non-rated investments which he considers unwise.

20-02-10 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – February 5, 2020
- B. Regular Board Meeting – February 5, 2020

1.2 Warrant List through February 26, 2020 - \$1,331,779.33

1.3 Financial Reports

- A. Water Meter Count – January 31, 2020
- B. Water Production/Sales Report – 2019/2020
- C. Per Capita Water Consumption – January 31, 2020
- D. Water Revenue and Expense Report – January 31, 2020
- E. Sewer Revenue and Expense Report – January 31, 2020
- F. Reserve Funds Activity – January 31, 2020
- G. Investment Report – January 31, 2020
- H. Legal Fees Summary – January 31, 2020

1.4 Organizational Achievement Awards for Public Information/Conservation Department

1.5 Winter 2020 Between the Pipes – Vallecitos Water District Quarterly Newsletter

1.6 Approval of Construction Agreement for Stefan Terrace 4 Lot Subdivision, APN: 228-130-32 [Main EC, LLC (Alex Ahmadian Managing Member)]

1.7 Approval of Per Diem and Expenses for Director Attendance to the San Diego North Economic Development Council Lunch and Learn Program

ACTION ITEMS

ACCEPTANCE OF LAWRENCE WELK COURT WATER LINE REPLACEMENT CAPITAL IMPROVEMENT PROJECT

Capital Facilities Senior Engineer Morgan stated a 12-inch concrete mortar lined and coated steel pipe was installed in 1976 to a 30-foot-wide District easement under Lawrence Welk Court. Staff responded to a break at Lawrence Welk Court on September 9, 2018 and was unable to repair the break due to the depth of the pipeline, rocky conditions and difficult location of the pipeline. At that time a temporary highline was installed to provide service through the existing steel pipeline and plans were made to relocate the water line during the 2019/2020 fiscal year.

Capital Facilities Senior Engineer Morgan further stated staff received and opened bids from four contractors. Southland Paving was determined to be the lowest responsive, responsible bidder. The Board awarded the contract to Southland Paving in the amount of \$144,975 on November 6, 2019. Construction was completed on January 30, 2020.

Staff recommended the Board accept the project and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

20-02-11 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to accept the project and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

CONSTRUCTION CONTRACT ACCEPTANCE OF SCHOOLHOUSE TANK REFURBISHMENT

Capital Facilities Senior Engineer Morgan stated the interior lining of the Schoolhouse Tank had deteriorated and required refurbishment to replace the existing lining and cathodic protection system. The Board awarded Harper & Associates Engineering a purchase order for design and inspection services on July 19, 2017. Staff received and opened bids from four contractors and determined West Coast Industrial Linings to be the lowest responsive, responsible bidder. The Board awarded the contract to West Coast Industrial Linings in the amount of \$535,000 on April 17, 2019 and construction began on May 20, 2019. Construction was completed on January 31, 2020 with three change orders totaling \$180,946 due to extensive corrosion on the rafters discovered after the initial blast inspection and an addition of 65 calendar days to the contract. The original budget for the project was \$782,000. With the addition of the change orders and extra days on the contract, the budget shortfall is \$145,510.

Staff recommended the Board accept the project, authorize increasing the project budget by \$145,510, and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

General discussion took place.

20-02-12 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to accept the project, authorize increasing the project budget by \$145,510, and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed, in conformance with the contract documents.

REVIEW OF DISTRICT ORDINANCES, POLICIES AND CONTRACTS

Director Sannella stated that a few items came to the Board in 2019 that caused some confusion and revealed that some of the District's policies and ordinances were not always as clear as they could be. He requested a Board committee work with staff to conduct a policy review and present suggestions to the Board.

General discussion took place during which President Evans suggested this item be addressed at the Board goal setting meeting scheduled on March 3 to allow input from all Board members. Director Sannella recommended a Board committee and staff meet to identify the scope of the review and prioritize areas to be reviewed.

20-02-13 MOTION WAS MADE by President Evans, seconded by Director Hernandez, and carried 4 – 1, with Director Sannella voting no, to move this item to the March 3 goal setting meeting for further discussion.

Mike Hunsaker, member of the public, addressed the Board stating he believes some of the ordinances need clarification and some changes. In light of an upcoming housing boom, a potential development such as Newland Sierra combined with SB 330 could completely overwhelm all of the District's capacity. A new Water Master Plan would be necessary and detachment fees, capacity fees and leasing should be revisited.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION CALL FOR NOMINATIONS – SEAT C

General Manager Pruim stated the Elections and Bylaws Committee is calling for nominations for Seat C in the Southern Network for the 2021-2023 term.

The Board took no action.

President Evans left the meeting at 5:51 p.m. and returned at 5:54 p.m.

SAN MARCOS CHAMBER OF COMMERCE STATE OF THE CITY ADDRESS AND ORDINANCE 212

Director Hernandez stated he and Director Martin thought the request for per diem to attend the State of the City Address was approved at the previous Board meeting. General Manager Pruim stated that this item was added to alleviate the need to request approval each year. Approval was made at the past meeting and to ensure this does not have to be addressed in the future, it is being added to the ordinance as a compensable per diem for future State of the City Addresses. The ordinance also adds CalDesal to the list of authorized memberships.

20-02-14 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with President Evans absent, to adopt Ordinance No. 216.

SAN MARCOS BOYS & GIRLS CLUB ANNUAL AUCTION

Director Sannella stated the San Marcos Boys & Girls Club Annual Auction will be held on Saturday, April 18. He requested the Board consider purchasing a table sponsorship for the event.

General Manager Pruim stated that in the past the District has not been able to fill a table of ten for the event. Director Sannella and Director Martin recommended purchasing a table. Director Martin stated no per diem should be paid for attending the event.

20-02-15 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried 4 – 1, with President Evans voting no, to purchase a table sponsorship at the San Marcos Boys & Girls Club Annual Auction.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- At approximately 9:18 p.m. on February 25, 2020, a power outage occurred at the District's Meadowlark facility. The SCADA system worked well, the notification was received, staff responded, all operations continued as planned, and there were no compliance failures. San Diego Gas & Electric (SDG&E) was contacted; however, they had no record of the outage. Upon inspecting the perimeter of the site, staff noticed a jumper wire from a power pole that was disconnected. SDG&E is in the process of undergrounding the wiring to Meadowlark. Staff notified SDG&E of the loose wire which SDG&E repaired. Power was restored at 4:17 a.m. this morning.
- The District-wide solar project will be delayed as the solar panels are manufactured in China. The Coronavirus is causing manufacturing and shipping delays.
- The public hearing on rates is scheduled for Thursday, February 27 at 5:00 p.m. The rate increase is for water only. No wastewater increases were proposed.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated there has been a state-wide attempt to bring actions challenging water rates against multiple water districts and cities. That action has now been filed in Santa Clara County. Vallecitos is named in the action but has not yet been served. It is a strange claim challenging the rates of all of the public entities that have been named as either subsidizing government water services such as fire hydrants and/or agricultural rates under Proposition 218. The action was filed by the law firm of Driscoll & Omens.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the Board will meet on February 27.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting at which the co-generation wall repair project was discussed. The shoring design took approximately four months to complete. The project will now go out for bid.

Director Martin reported on his attendance to the Policy and Finance Committee at which the South Parcel was discussed. Staff was tasked with determining ways to make money on that empty parcel for 7 to 10 years, leasing it out until EWA is ready to build their Pure Water facility. Ideas included electrical generation, battery storage, and automobile storage. The Committee approved moving forward with the lease option.

STANDING COMMITTEES

Director Sannella stated the Finance/Investment Committee will meet on March 2.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Elitharp reported on his attendance to the Urban Water Institute (UWI) spring conference and Council of Water Utilities meeting.

Director Martin reported on his attendance to the UWI spring conference and the Chamber of Commerce State of the City Address.

Director Hernandez reported on his attendance to the Chamber of Commerce State of the City Address and the California Special Districts Association San Diego Chapter quarterly dinner meeting.

Director Sannella reported on his attendance to the California Special Districts Association San Diego Chapter quarterly dinner meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Special Meeting of the Board of Directors at the hour of 6:24 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, March 4, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Betty D. Evans, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
THURSDAY, FEBRUARY 27, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Special meeting to order at the hour of 5:00 p.m.

Director Martin led the pledge of allegiance.

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

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Finance Manager Owen
Principal Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE SPECIAL MEETING OF FEBRUARY 27, 2020

20-02-16 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Special Board Meeting of February 27, 2020.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board speaking as President of the Twin Oaks Valley Homeowners Association stating that charging 5/8-inch meter homeowners the same rates as 3/4-inch meters is unfair. He believes the District has increased the burden on small homeowners for fire service capacity they do not receive and that the detachment fees are also unfair.

PUBLIC HEARING

PUBLIC HEARING TO CONSIDER WATER SERVICE RATE CHANGES

President Evans opened the hearing as duly noticed and posted to consider water service rate changes. The hearing was opened at 5:04 p.m.

General Manager Pruim stated the purpose of the public hearing was to consider changes to the District's water rates and charges. The hearing is required by Proposition 218 (Prop 218) that is incorporated into Articles 13.C and 13.D of the California Constitution. Prop 218 requires that agencies proposing to increase water rates provide notification to their customers at least 45 days before the public hearing to consider increased rates. The Board

approved the Prop 218 Notice of Public Hearing during a Special Meeting on January 9, 2020 and notices were mailed on January 13, 2020, satisfying the 45-day notification requirement. In order for the proposed rates not to become effective, there must be a majority protest by the District's customers. The protest must be in writing and must include the name and address of the protesting customer. Prior to the start of tonight's meeting, the District received 57 official written protests, well short of the more than 11,000 protests needed to satisfy the protest requirement. Of those 57 letters, 48 appeared to be a form letter that had been distributed. The Board was asked to adopt Ordinance No. 215 establishing the rates included in the notice that was sent to the District's customers. Those rates would become effective March 1, 2020.

General Manager Pruim further stated the Board would hear a presentation from staff and the District's professional rate consultant explaining the reasons for the rate increase, how the rates were established and how the rates will affect a typical customer. The only rates and charges being considered were those required to operate the existing water system.

Finance Manager Owen facilitated a discussion as follows:

- Customer Questions
- District Reserves
- Capacity Reserves
- Reserve Policy
- Water Replacement Reserves – Budgeted
- Rate Increases
- 2019/20 Water Operating Expense Budget - \$44,306,000
- Budgeted Replacement
- Capital Replacements Costs
- Conclusions

Todd Cristiano, Senior Manager with Raftelis, the District's rate consultant, provided a presentation on the Water Cost of Service Review and Update which included:

- Study Goals
- Study Approach and Assumptions
 - Revenue Requirement
 - Cost Allocation
 - Rate Design
- Findings and Conclusions

Principal Financial Analyst Arthur presented the following information:

- Definitions & Notes
- Average Single-Family Residence (5/8") Usage and Tier Structure

- Average Single-Family Residence Bill
- Agency Comparison 13 Units Single-Family Residence

General question and answer took place during the presentations.

Nine members of the public addressed the Board opposing the rate increase which included comments regarding the use of rate payers' money to subsidize developers who fund political campaigns, the reserve amount in relation to the developer deficit, capacity fees, charges for master meters, unaffordable rate increases, fees included in customer bills, possible mail-in customer feedback forms included with future notices of rate increases, Newland Sierra development's affect on the District, damaged water meter due to high water pressure, tiered rates, desalinated water, and reserves.

There being no other persons wishing to address the Board, President Evans closed the hearing at 6:52 p.m.

General discussion took place during which General Manager Pruim stated rate payer funds do not help subsidize development in the Vallecitos service area. There is currently a deficit in the developer fund; however, the recently approved capital facility fees were increased which will erase that deficit.

ACTION ITEMS

ORDINANCE ESTABLISHING RATES, RULES, AND REGULATIONS FOR WATER SERVICE RATE INCREASE

20-02-17 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried unanimously, to adopt Ordinance No. 215 Repealing Ordinance No. 207 and Establishing Rates, Rules, and Regulations for Water Service.

Ordinance No. 215 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Martin, Sannella, Evans
NOES:
ABSTAIN:
ABSENT:

Mike Hunsaker, member of the public, addressed the Board commenting that just about every single-family home is paying its full share for capacity. His concern is with multi-family high-density rental units. He is also concerned about the large amount of small agricultural water users in the District. The previous policy provided that if you had agricultural land and a home on it, the first 26 units were charged to the home before the agricultural rate came into effect. Shouldn't that be reflected in the ordinance? The problem is not the single-family dwelling. What about leasing fees? How do they go up?

During general discussion it was noted that Section 5.4 of Ordinance No. 215 addresses special agricultural water rates. There haven't been any changes to the ordinance in that regard.

OTHER BUSINESS

President Evans stated the San Diego County Water Authority (SDCWA) Board of Directors held a meeting earlier today regarding the Metropolitan Water District litigation. The SDCWA has made a good offer to resolve some of the litigation. They recommended to dismiss without prejudice claims related to payments of the water stewardship rate on supply purchases only and the unquantified claims in the stayed cases relating to cost of service grounds and the rate model.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Special Meeting of the Board of Directors at the hour of 7:12 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, March 4, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Betty D. Evans, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, MARCH 2, 2020 AT 4:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

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

Present: Director Sannella
Director Martin
General Manager Pruim
Finance Manager Owen
Principal Financial Analyst Arthur
Senior Accountant Olsen
Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

BUDGET ACTUALS LAST FIVE YEARS

In preparation for the upcoming budget process, Finance Manager Owen reviewed the budget-to-actual numbers for the past six years for water and sewer. Water operating expenses were over budget by 7.01%, or \$817,279, for Fiscal Year (FY) 2018/2019. The major causes of the overage were \$745,619 in Transmission & Distribution due to several main breaks, outside repairs, and engineering assistance with the main breaks. Information Technology was under budget by \$104,356. Sewer operating expenses in FY 2018/2019 were under budget by 9.92%, or \$688,600, attributable to lift station materials and staffing (\$104,515), Information Technology (\$125,942) and General Administration/Finance (\$351,051) due to staffing turnover.

PRELIMINARY BUDGET CALENDAR

Finance Manager Owen presented the preliminary budget calendar and explained the internal process that will place during the next few months. Meetings of this Committee were tentatively scheduled for March 23 at 3:30 p.m., April 13 at 4:00 p.m., and April 27 at 4:00 p.m. The first draft budget will be ready for the Committee to review on May 11 and for Board review at a workshop on May 20. It is anticipated the recommended budget will be presented to the Board for adoption on June 3.

RECLAIMED WATER SALES

Finance Manager Owen stated staff has been discussing reclaimed water sales with Olivenhain Municipal Water District (OMWD) and Carlsbad Municipal Water District (CMWD) to review the District's costs and whether they are being fully recovered. Staff developed a new methodology to calculate the cost recovery. As a result of the discussions, OMWD paid Black & Veatch to perform a Cost of Service Study (COSS) on Vallecitos. The result of the COSS revealed that Vallecitos was correct in its methodology. Staff retroactively billed OMWD for approximately \$117,000 and CMWD

\$476,000. \$593,000 was collected for FY 2019. Finance Manager Owen anticipates collecting about the same amount going forward, increasing the reclaimed water revenue by approximately \$800,000.

General discussion took place regarding what can be done with the additional reclaimed water revenue. Finance Manager Owen stated the funds will go into sewer reserves to be used for rate stabilization. It may result in not increasing sewer rates or possibly decreasing them.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

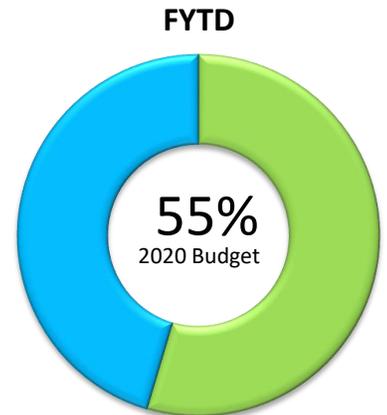
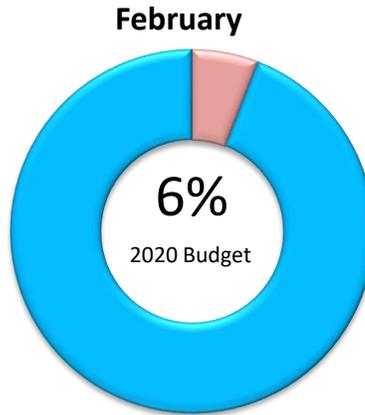
There being no further business to discuss, the meeting was adjourned at the hour of 4:37 p.m.

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
February 29, 2020**

Summary

February Disbursements	\$	5,466,553 *
YTD Disbursements	\$	50,621,024 *
FY2020 Budget	\$	92,718,000

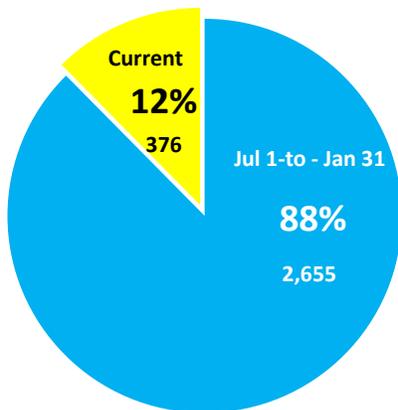
* Excludes Debt Service



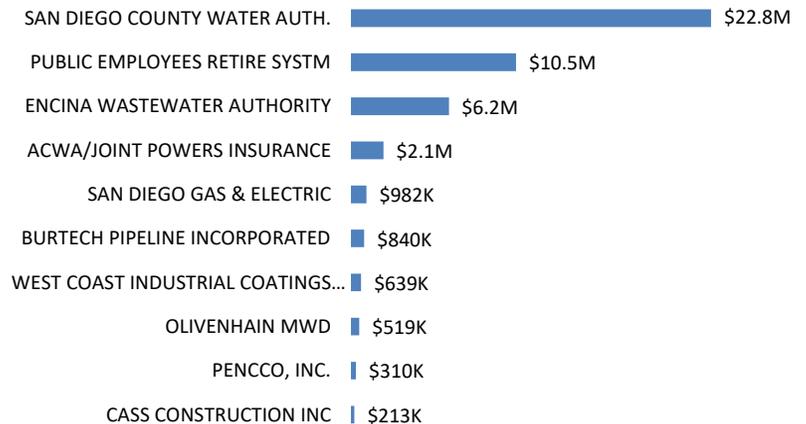
Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD



VALLECITOS WATER DISTRICT
WARRANTS LIST
March 18, 2020

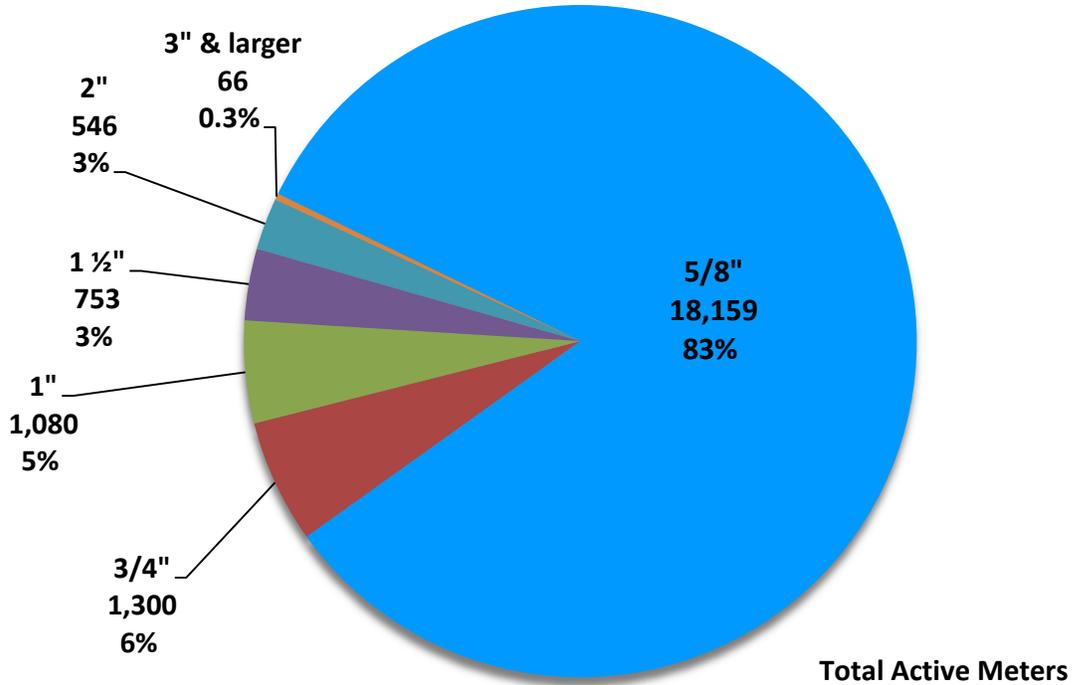
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	118573 through	-
Airwave Mechanical Inc.	Headworks Fan Installation - MRF	118576	1,200.00
Blue Cross of California	EAP19-20, Check #16962 Replacement	118577	30,310.92
Ashok Mundra	Closed Account Refund	118578	37.16
Bergelectric Corp.	Palos Vista Pump Station Generator Prj 20181-6, Arc Flash Hazard Analysis	118579	12,048.50
Boot World Inc	Safety Boots	118580	300.00
Brookfield Residential	Closed Account Refund	118581	919.87
California Water Efficiency Partnership	Membership Dues 2020	118582	2,023.36
Calm Creek Inc	Closed Account Refund	118583	10.11
Catherine Mazur	Closed Account Refund	118584	24.01
Chandler Asset Management, Inc.	Investment Management Svcs - Feb	118585	3,862.51
Chris Booth	Closed Account Refund	118586	109.59
Christian Wheeler Engineering	Geotechnical Testing Prj 20201-8	118587	2,675.00
City of San Diego	AED Program Management19-21	118588	225.00
Core & Main LP	Air Vac Cans 3, Zinc Anodes 25	118589	6,486.99
Craig Elitharp	COWU Meeting 2-18-20, Urban Water Institute 2-19-20 Meeting	118590	294.52
Crux Subsurface Inc	Closed Account Refund	118591	910.12
Duco Metals	Metal Pipe Rack - Veh 253	118592	130.21
Edward Goldzimer	Closed Account Refund	118593	105.47
Employment Screening Services Inc	Employment Screening Svcs	118594	198.50
Erica & Brandon Himes	Closed Account Refund	118595	105.53
Esperanza Verduzco	Closed Account Refund	118596	33.69
Fleet Pride	Fleet Supplies Veh 183	118597	118.51
Gearhard Hock	Closed Account Refund	118598	63.42
George & Krogh Welding Inc	Generator Repair - MRF	118599	777.76
Glenn Pruim	Rancho Water Dist Meeting 2-14-20, Urban Water Institute 2-19-20, SDCWA Meeting 3-5-20	118600	278.06
Hach Company	Ph Probe Replacement Accessories MRF, Lab Supplies	118601	6,406.31
Harper & Associates Inc	Schoolhouse Tank Prj 20181-3	118602	10,309.00
Harrington Industrial	Potable Piping & CL2 Injector - MRF	118603	4,083.14
Heinz Georgi	Closed Account Refund	118604	54.81
Idexx Distribution Corp.	Sample Vessels & Reagent - Water Quality	118605	3,441.11
Inductive Automation LLC	SCADA Remote Server Licenses - 4 VWD Sites Prj 20201-04	118606	2,219.62
Industrial Electric Machinery	Fan Motor - Aeration Room - MRF	118607	624.74
Infosend Inc	Postage & Printing Prop 218, Postage & Printing - Feb	118608	12,611.24
Infrastructure Engr Corp	Rock Springs Prj 90003	118609	1,599.00
JCI Jones Chemicals Inc	Chlorine	118610	2,043.21
KB Homes Coastal Inc	Closed Account Refund	118611	528.37
Kelly Ackerson	Closed Account Refund	118612	68.59
Ken Grody Ford	Fleet Supplies Veh 249	118613	89.78
Kennedy/Jenks Consultants	San Marcos Interceptor Prj 71004	118614	2,040.00
Lake San Marcos Kiwanis Club Foundation, Inc.	Pancake Placement Ad Prj 20201-40	118615	100.00
Mark Lee	SWRCB Water Distribution Cert Renewal	118616	90.00
LG Sonic B.V.	Ph Sensors 2 - MRF, Interactive Algae Control - MRF	118617	9,947.00
Lhuween Hardie	Closed Account Refund	118618	81.94
Lisa Olszanski	Closed Account Refund	118619	72.63
Lloyd Pest Control	Pest Control - Feb	118620	48.00
Hal Martin	Urban Water Institute 2-19-20	118621	156.75
Maura Kahn	Closed Account Refund	118622	88.08
Michelle Knaier Or Robert Knaier	Closed Account Refund	118623	102.69
Miguel Morales	Closed Account Refund	118624	78.50
Mike Sannella	CSDA Meeting 2-20-20	118625	32.28
Nick Ortaeb	Closed Account Refund	118626	5.60
Pacific Pipeline Supply	Couplings, Valves, Brass Pipes, Rebuild Parts - School House Tank, Hardware Supplies	118627	6,725.67
Pacific Safety Center	Respiratory Fit Testing	118628	50.00
Parkhouse Tire Inc	Tire Disposal & Environmental Fee	118629	49.50
Pitney Bowes	Postage Meter Refill	118630	31.20
Air Quality Compliance Solutions, Inc.	Fuel Island Maintenance - Jan	118631	379.50
SDG&E	Power - Feb	118632	11,871.71
Sarah Dettmann	Closed Account Refund	118633	80.64
Scada Integrations	SCADA Skimmer Updates - MRF	118634	935.00
Shin-Tuan Wu	Closed Account Refund	118635	77.97
Shred-It US JV LLC	Shredding Svcs - Jan & Feb	118636	217.92
Southern Counties Lubricants, LLC	Oil, Unleaded & Diesel Fuel	118637	18,009.31
Southland Paving	Closed Account Refund	118638	1,100.00
Standard Insurance Company	LIFE, LTD & ADD Insurance - Mar	118639	6,649.97
Staples Advantage	Office Supplies - Feb	118640	1,988.40
Superior Ready Mix Concrete LP	Rock & Cold Mix	118641	1,161.39
T.S. Industrial Supply	Tool Upgrades - Collections Department, Hardware Supplies	118642	1,327.20
Taylor Nyblom	Closed Account Refund	118643	9.85

VALLECITOS WATER DISTRICT
WARRANTS LIST
March 18, 2020

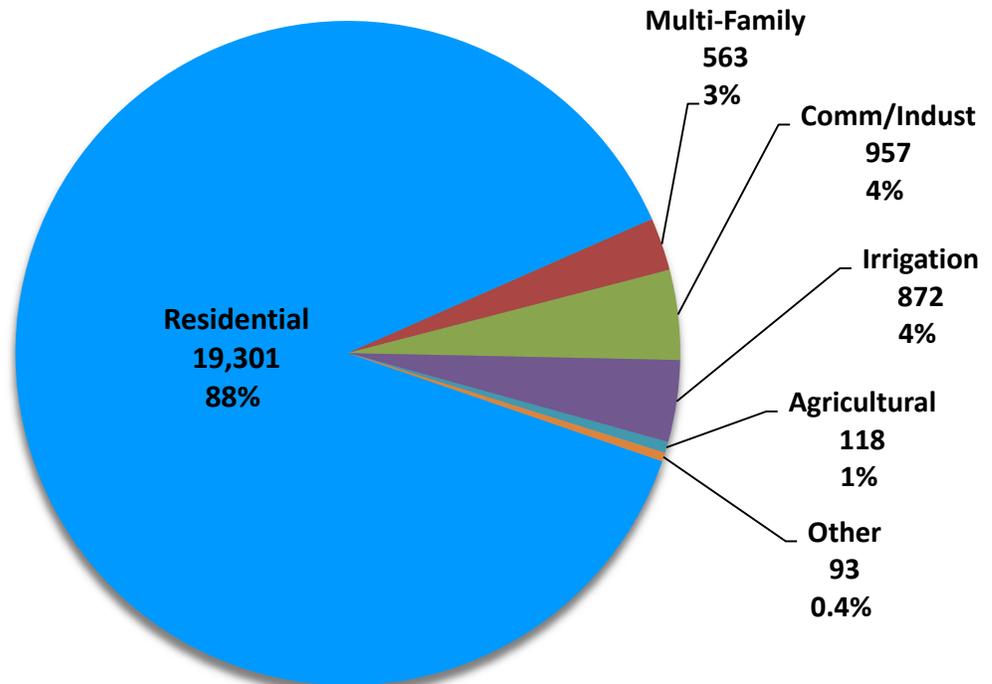
PAYEE	DESCRIPTION	CHECK#	AMOUNT
TP Sandpiper Point LP	Closed Account Refund	118644	35.32
Unitis, Inc.	Industrial Salt	118645	1,656.84
UPS	Shipping Svcs - Feb	118646	183.69
Verizon Wireless	Ipad Svc - Jan	118647	376.35
Viasat Inc	Internet Svc - Mar	118648	139.77
Vista Irrigation District	Water Distribution Review Classes - 8 Employees	118649	1,400.00
Erik Warner	CWEA Membership Renewal	118650	192.00
WaterDistrictJobs.com	Recruitment Ad - Accounting Supervisor	118651	145.00
Wendy & Shawn McDevitt	Closed Account Refund	118652	52.51
Tri-City Emergency Medical Group	Medical Svcs - Feb	118653	463.30
Worksmart Automation Inc	SCADA - Report Builder Installation of Software & Relocation of Existing Reports	118654	4,180.00
Advanced Imaging Solutions, Inc.	Copier Lease - Mar	118655	2,451.32
Backflow Solutions, Inc.	Backflow Tests Qty 322 - Feb, Annual Online Subscription	118656	5,308.90
CCI	Water Treatment - Feb	118657	220.00
San Diego County Vector Control	Mosquito & Vector Disease Control Assessment	118658	242.73
Doane & Hartwig Water Systems Inc	Chlorine Analyzer Switch & Parts - MRF	118659	2,879.98
Dion International Trucks LLC	Fleet Supplies - Veh 183	118660	190.85
Electrical Sales Inc	Disconnect Enclosure, Electrical Supplies	118661	506.73
Ferguson Enterprises, Inc	Couplings 8, PVC Pipes 40, Claval Upgrade Supplies	118662	7,303.30
Grainger Inc	Tools Veh 228, Hand Soap, Hoses 4, Hardware Supplies	118663	744.25
Interstate Batteries	Batteries 32 - To Replace PLC, UPS, & Charging Board Batteries - Emergency Backup	118664	618.92
Lingualinx Language Solutions, Inc.	Fed Ex Message Translation Svcs Prj 20201-40	118665	107.64
Mallory Safety & Supply, LLC	Gas Monitor For Hazmat Trailer	118666	4,604.38
Michael Baker International, Inc.	Montiel Lift Station Prj 20201-2	118667	57,641.03
Mission Resource Conservation District	Water Use Evaluations Prj 202001-43	118668	166.00
Ostari Inc	Phase 2 of the Palo Alto Firewall Migration Prj 20201-23	118669	4,500.00
Plumbers Depot Inc	Camera Drawer For CCTV Van	118670	901.87
Rick Post Welding	Pipe Welding Svcs Prj 20201-526, Welding Services - Fire Service Line	118671	3,195.00
Ryan Herco Products Corp.	Hardware Supplies	118672	1,008.29
Smart Cover Systems	Smart Cover System Monitor & Sensor	118673	6,441.32
Sutton Tree Service Inc	Tree Removals - 4 Prj 20191-3	118674	1,300.00
Terra Verde Energy LLC	District Solar Prj 20201-14	118675	4,486.50
San Diego Centre For Organization Effectiveness	Regional Foundation Excellence Academy - A Alvarez, J Childs	118676	938.00
Underground Service Alert	Dig Alert Svc Feb, CA State Fee/Regulatory Costs	118677	567.05
Unifirst Corporation	Uniform Delivery	118678	1,528.75
Vortex Industries Inc	Gate Repairs - MRF & Door Maintenance - Warehouse	118679	2,296.20
White Cap Construction Supply	Rapid Set Concrete	118680	1,364.12
Xylem Water Solutions USA, Inc.	Solids/Wet Well Floats - MRF	118681	746.32
Total Disbursements (106 Checks)			<u>291,920.66</u>
WIRES			
San Diego County Water Authority	January Water Bill	Wire	1,945,435.34
Public Employees Retirement System	Retirement Contribution - March 10, 2020 Payroll	Wire	73,045.28
Union Bank	Union Bank debt payment - Principal	Wire	200,000.00
Total Wires			<u>2,218,480.62</u>
PAYROLL			
Total direct deposits		Wire	242,901.10
VWD Employee Association		118573	566.00
Payroll & Garnishments	118574 through	118575	1,001.06
IRS	Federal payroll tax deposits	Wire	99,974.17
Employment Development Department	California payroll tax deposit	Wire	19,188.59
CalPERS	Deferred compensation withheld	Wire	25,375.48
VOYA	Deferred compensation withheld	Wire	7,974.45
Total March 10, 2020 Payroll Disbursements			<u>396,980.85</u>
TOTAL DISBURSEMENTS			<u><u>2,907,382.13</u></u>

Vallecitos Water District
 Active Water Meters
 February 29, 2020

Active Meters by Size as of February 29, 2020

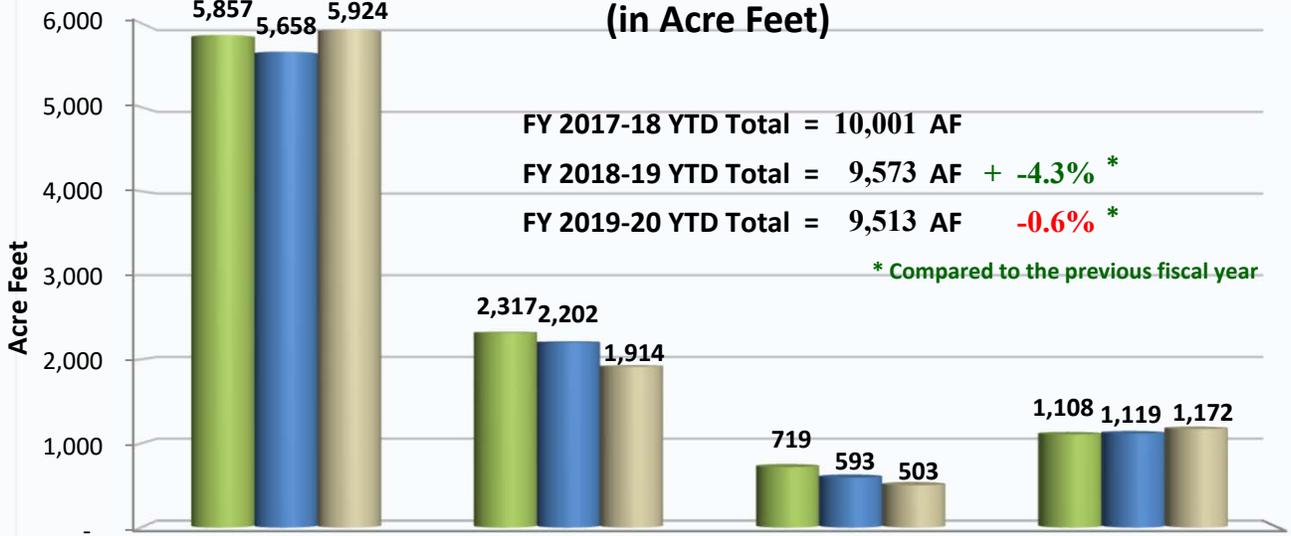


Active Meters by Type as of February 29, 2020



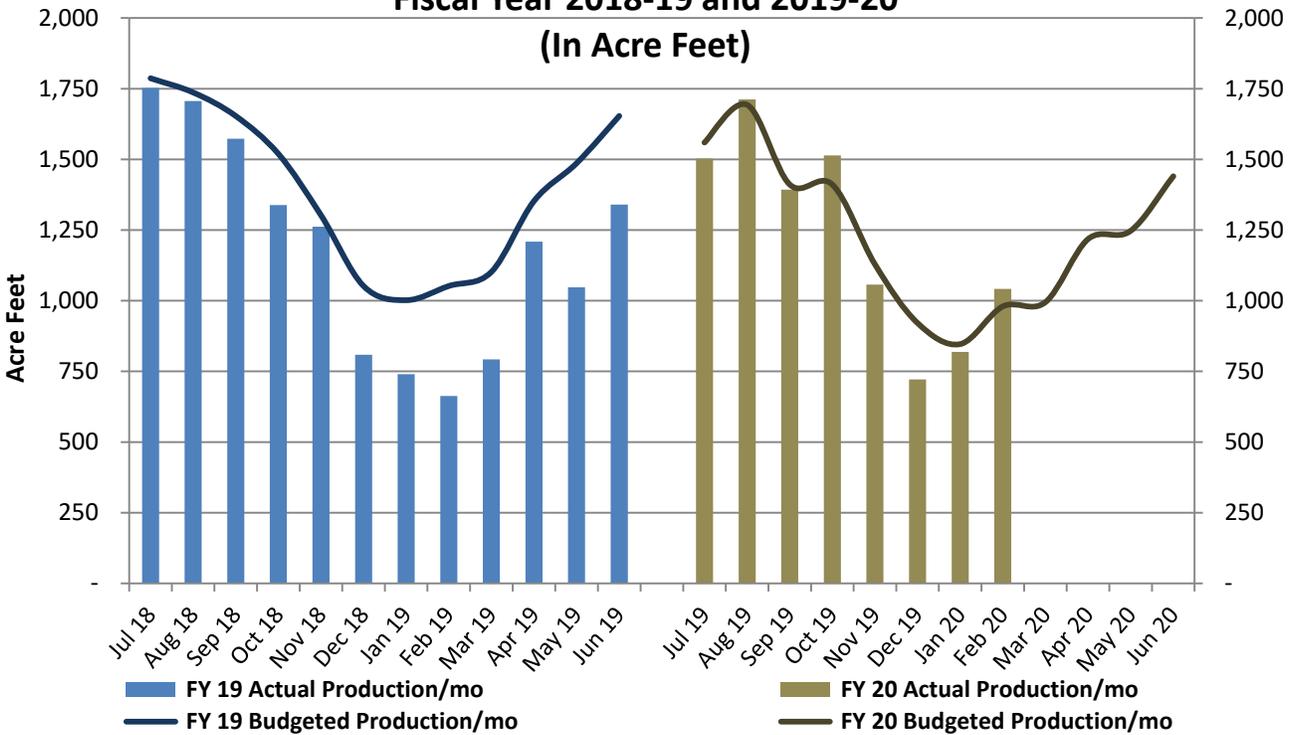
Vallejos Water District
 Water Production/Sales
 February 29, 2020

Water Sales FY 17-18, FY 18-19 and FY 19-20 (FYTD)
 (in Acre Feet)

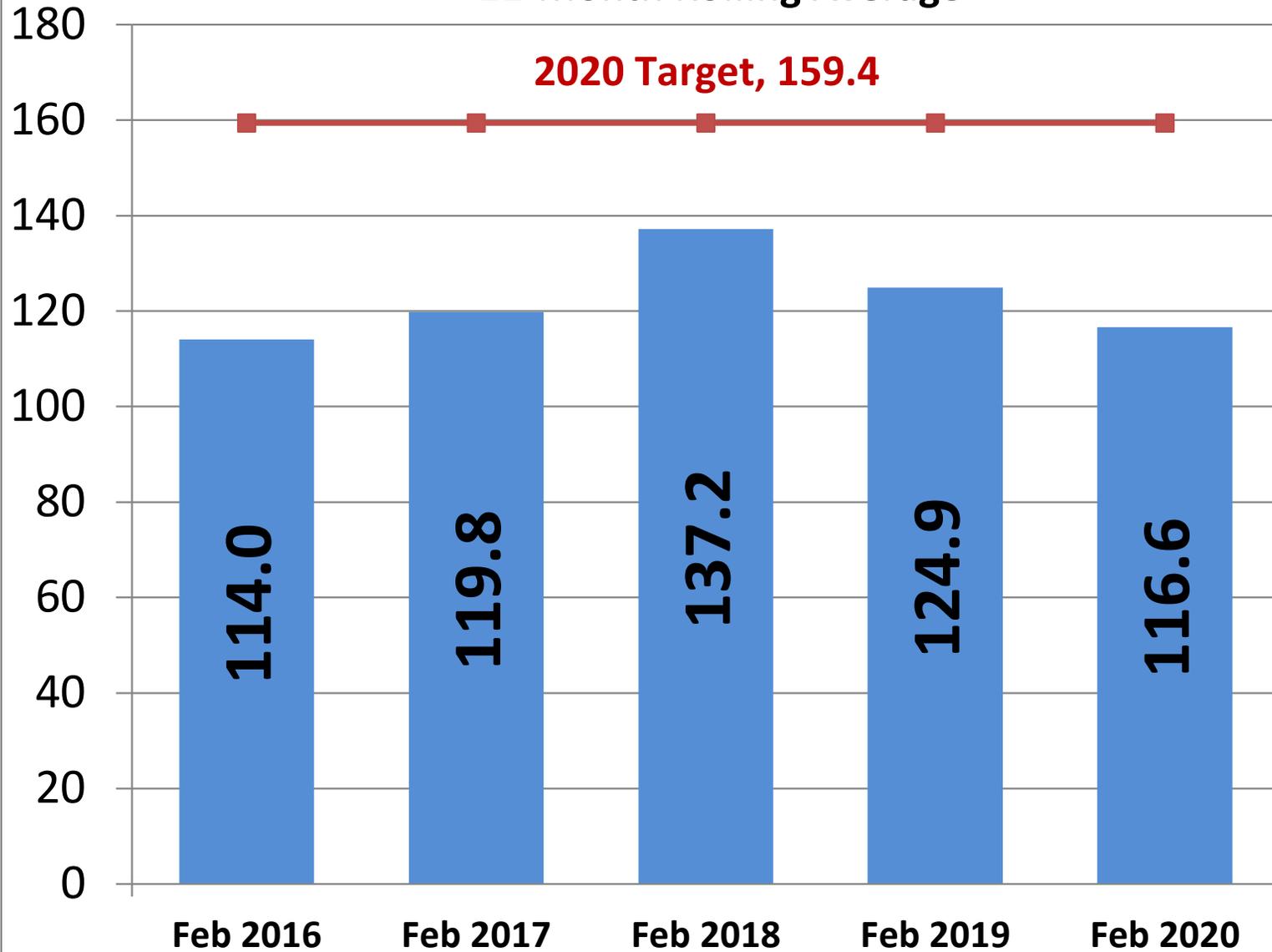


	Residential	Irrigation	Agricultural	Commer/ Indust/ Construct/ Other
FY 2017-18	5,857	2,317	719	1,108
FY 2018-19	5,658	2,202	593	1,119
FY 2019-20	5,924	1,914	503	1,172

Water Production Budget vs. Actual
 Fiscal Year 2018-19 and 2019-20
 (In Acre Feet)



Gallons per Capita per Day 12-Month Rolling Average



DATE: MARCH 18, 2020
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the eight months ended February 29, 2020 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 8-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and reflected in the Reserve Report. Any excess of expenses above revenues are paid for out of reserves in the current fiscal year.

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

RECOMMENDATION:

For information only.

Vallecitos Water District
Water Revenue and Expense Report
For the Eight Months Ended February 29, 2020

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$20,406,912	\$21,603,756	\$(1,196,844)	-5.5%	\$22,175,000	\$(1,768,088)	-8.0%
Ready-to-serve	9,562,189	9,154,027	408,162	4.5%	9,204,000	358,189	3.9%
Pumping cost recovery	278,378	238,050	40,328	16.9%	238,000	40,378	17.0%
Late & lock charges	221,693	266,332	(44,639)	-16.8%	307,000	(85,307)	-27.8%
Backflow fees	66,802	61,798	5,004	8.1%	65,000	1,802	2.8%
Other revenue	257,553	104,246	153,307	147.1%	79,400	178,153	224.4%
Total Revenue	30,793,527	31,428,209	(634,682)	-2.0%	32,068,400	(1,274,873)	-4.0%
Expenses							
Water costs	19,321,177	19,455,438	(134,261)	-0.7%	20,756,000	(1,434,823)	-6.9%
Pumping costs	543,238	564,091	(20,853)	-3.7%	636,000	(92,762)	-14.6%
Water quality	73,457	81,259	(7,802)	-9.6%	148,000	(74,543)	-50.4%
Water treatment	341,463	282,842	58,621	20.7%	325,000	16,463	5.1%
Tanks & reservoirs	214,472	232,791	(18,319)	-7.9%	308,000	(93,528)	-30.4%
Trans & distribution	1,116,364	1,680,131	(563,767)	-33.6%	1,228,000	(111,636)	-9.1%
Services	55,696	43,899	11,797	26.9%	61,000	(5,304)	-8.7%
Meters	481,990	428,145	53,845	12.6%	514,000	(32,010)	-6.2%
Backflow prevention	51,129	31,354	19,775	63.1%	44,000	7,129	16.2%
Customer accounts	432,835	500,643	(67,808)	-13.5%	447,000	(14,165)	-3.2%
Building & grounds	235,279	264,279	(29,000)	-11.0%	263,000	(27,721)	-10.5%
Equipment & vehicles	158,722	158,664	58	0.0%	222,000	(63,278)	-28.5%
Engineering	1,086,730	1,107,918	(21,188)	-1.9%	1,080,000	6,730	0.6%
Safety & compliance	139,043	175,835	(36,792)	-20.9%	162,000	(22,957)	-14.2%
Information Technology	596,343	545,057	51,286	9.4%	688,000	(91,657)	-13.3%
General & administrative	2,227,444	2,178,726	48,718	2.2%	1,990,000	237,444	11.9%
Total Expenses	27,075,382	27,731,072	(655,690)	-2.4%	28,872,000	(1,796,618)	-6.2%
Net Operating Income	\$ 3,718,145	\$ 3,697,137	21,008	0.6%	\$ 3,196,400	521,745	16.3%

Explanation of Significant Variances

Late & lock charges are lower than prior year and budget due to lower than anticipated delinquent accounts so far this year.

The favorable prior year and budget variance in **Other revenue** is due to reimbursement for a portion of the cost of the District-wide Solar Project, as well as fees received from a water and sewer annexation from the District.

Water quality has a favorable budget variance as a result of less than anticipated outside services being performed so far this year.

The **Tanks & reservoirs** favorable budget variance is due to less than anticipated outside services being performed so far this year.

Transmission and distribution has an unfavorable prior year variance as a result of fewer main breaks during the year thus far.

Variances are considered significant if they exceed \$66666 and 20%.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Eight Months Ended February 29, 2020

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$ 12,319,052	\$ 12,212,456	\$ 106,596	0.9%	\$ 12,139,000	\$ 180,052	1.5%
Reclaimed water sales	1,644,000	1,316,000	328,000	24.9%	1,644,000	-	0.0%
Other revenue	236,999	684,294	(447,295)	-65.4%	54,000	182,999	338.9%
Total Revenue	14,200,051	14,212,750	(12,699)	-0.1%	13,837,000	363,051	2.6%
Expenses							
Collection & conveyance	1,526,779	1,393,029	133,750	9.6%	1,602,000	(75,221)	-4.7%
Lift stations	151,324	116,712	34,612	29.7%	228,000	(76,676)	-33.6%
Source Control	126,013	124,171	1,842	1.5%	134,000	(7,987)	-6.0%
Effluent disposal	2,015,970	1,617,457	398,513	24.6%	2,347,000	(331,030)	-14.1%
Meadowlark	1,699,663	1,931,129	(231,466)	-12.0%	2,376,000	(676,337)	-28.5%
Customer Accounts	291,764	332,668	(40,904)	-12.3%	336,000	(44,236)	-13.2%
Building & grounds	141,186	174,008	(32,822)	-18.9%	181,000	(39,814)	-22.0%
Equipment & vehicles	134,209	130,976	3,233	2.5%	168,000	(33,791)	-20.1%
Engineering	432,912	441,565	(8,653)	-2.0%	478,000	(45,088)	-9.4%
Safety & compliance	94,595	110,950	(16,355)	-14.7%	127,000	(32,405)	-25.5%
Information technology	475,033	434,873	40,160	9.2%	556,000	(80,967)	-14.6%
General & administrative	998,773	834,361	164,412	19.7%	960,000	38,773	4.0%
Total Expenses	8,088,221	7,641,899	446,322	5.8%	9,493,000	(1,404,779)	-14.8%
Net Operating Income	\$ 6,111,830	\$ 6,570,851	(459,021)	-7.0%	\$ 4,344,000	1,767,830	40.7%

Explanation of Significant Variances

Reclaimed Water Sales has a favorable prior year variance as a result of budgeted increases in capital recovery costs.

Other revenues are high compared to prior year because of the litigation settlement related to illegal dumping in the Encina disposal system in FY19. Further, **Other revenues** have a favorable budget variance due to reimbursement for a portion of the cost of the district-wide Solar Project, as well as fees received from a water and sewer annexation from the District..

Lift stations has a favorable budget variance due to less than anticipated materials and supplies being used during the year thus far.

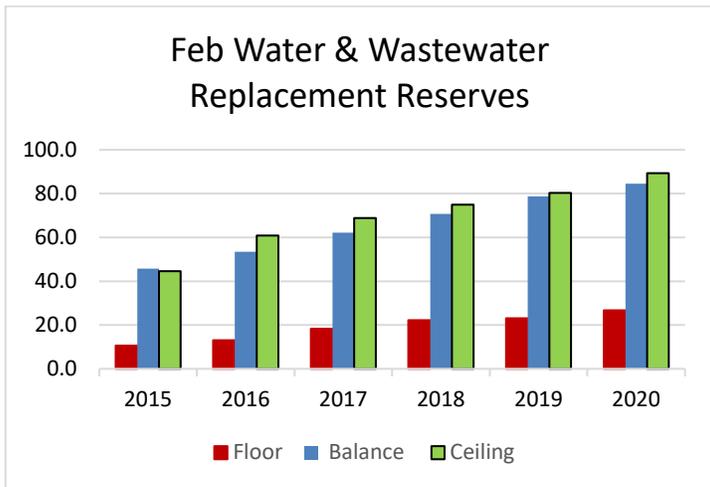
The **Effluent disposal** unfavorable prior year variance is due to anticipated increases in operating costs at Encina Wastewater Authority.

The **Meadowlark Plant** has a favorable budget variance as a result of less than anticipated outside services being performed thus far, as well as lower than anticipated materials and supplies, and chemical costs.

Variances are considered significant if they exceed \$66666 and 20%.

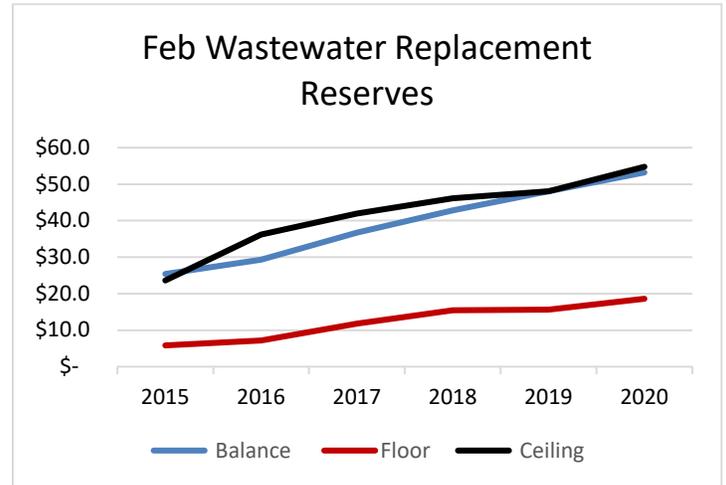
REPLACEMENT RESERVES

The District maintains two replacement reserves in cash equivalents and investments: One for the District’s water system, and the other for the District’s wastewater system. The District’s reserve policy establishes a floor of the sum of the next three years of projected system replacement costs, and a ceiling of the sum of the next ten years of system replacement costs. As of February 29, 2020, the total water and wastewater replacement reserve balance was \$84.6 million, 7 percent greater than February 29, 2019.



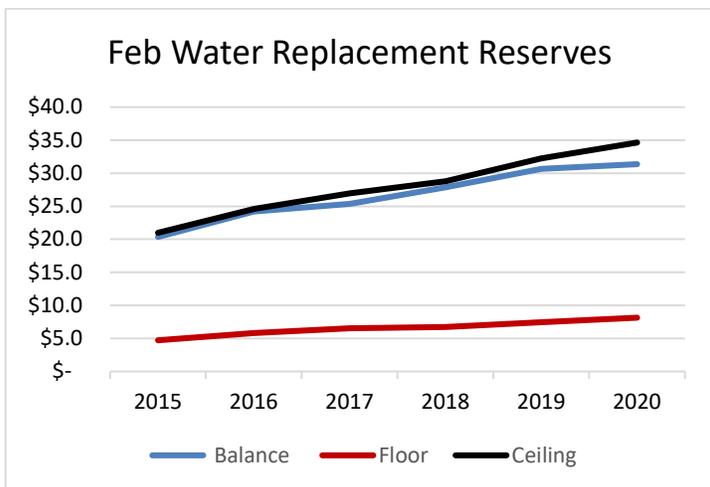
WASTEWATER REPLACEMENT RESERVE

As of February 29, 2020, the balance in the District’s wastewater replacement reserve totaled \$53.2 million, an increase of 11 percent, or \$5.1 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



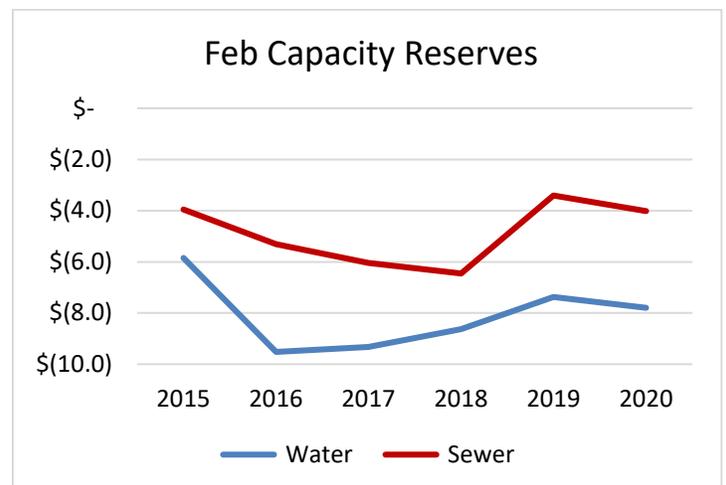
WATER REPLACEMENT RESERVE

As of February 29, 2020, the District’s water replacement reserve totaled \$31.4 million, an increase of 2 percent, or \$0.7 million, from the same month of the prior year. The month-end balance is within the floor and ceiling established by the reserve policy, leaving the District with sufficient reserves to meet infrastructure replacement needs.



CAPACITY RESERVES

The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of February 29, 2020, the water capacity fund had a deficit of \$7.8 million and the sewer capacity fund had a deficit of \$4.0 million. The District’s capital facility fees situation is expected to improve with the adoption of the new Master Plan and the corresponding capacity fee study.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE MONTH OF FEBRUARY 2020

	110	Water	120	210	Wastewater	220	Total
	Replacement		Capacity	Replacement		Capacity	
BEGINNING BALANCE	\$ 37,641,145		\$ (8,333,147)	\$ 58,689,994		\$ (6,268,379)	\$ 81,729,614
REVENUES							
FY 19/20 Operating Transfers	3,718,145			6,111,830			9,829,975
Capital Facility Fees	-		1,154,945	-		4,559,888	5,714,833
Property Tax	762,790		-	614,067		-	1,376,858
RDA pass-through	657,836		-	623,897		-	1,281,733
Investment Earnings	645,092		-	601,760		-	1,246,852
Annexation Fees	1,757		-	-		-	1,757
TOTAL REVENUES	5,785,621		1,154,945	7,951,555		4,559,888	19,452,008
LESS DISTRIBUTIONS							
Capital Projects							
Rock Springs Sewer Replacement	-		-	421,976		515,749	937,725
Encina Wastewater Authority Five Year Plan	-		-	879,394		-	879,394
Schoolhouse Tank Refurbishment	758,027		-	-		-	758,027
Montiel Lift Station And Forcemain Replacement	-		-	245,161		100,136	345,297
District-Wide SCADA Upgrade Project	165,318		-	158,835		-	324,153
Lawrence Welk Court Water Line Replacement	213,492		-	-		-	213,492
OSHA Compliant Ladder Systems	173,332		-	-		-	173,332
San Marcos Interceptor Sewer	-		-	52,198		116,180	168,378
MRF Biological Selector Improvements	-		-	120,657		-	120,657
Palos Vista Pump Station Generator	117,089		-	-		-	117,089
MRF - Influent Pumps & Motors	-		-	86,595		-	86,595
Fire Services - Backflow Preventer Upgrades	75,328		-	-		-	75,328
Sewer Bypass Repair	-		-	74,082		-	74,082
District Wide Valve Replacement	63,158		-	-		-	63,158
Technology Infrastructure Upgrades	29,790		-	28,622		-	58,412
Sewer Rehabilitation And Repairs	-		-	48,907		-	48,907
Asset Managment Replacement Schedule	19,395		-	18,635		-	38,030
District Wide Solar Project	17,785		-	17,087		-	34,872
North Twin Oaks Tank 1 Refurbishment	27,910		-	-		-	27,910
Building A Kitchens	13,706		-	13,169		-	26,875
Door Access System Expansion	11,079		-	10,645		-	21,724
Security Infrastructure Monitoring Upgrades	8,758		-	8,414		-	17,172
Cal State San Marcos Meter Upgrade	15,093		-	-		-	15,093
Water Operations Control Panel Upgrades	14,272		-	-		-	14,272
All other capital projects	17,698		-	27,749		1,344	46,791
Capital Budget - Vehicles/Mobile Equipmnt	240,478		-	253,029		-	493,506
Debt Service	-		526,737	-		1,511,813	2,038,550
Fund PERS UAL	4,107,540		-	3,946,460		-	8,054,000
Interest Expense	-		94,439	-		60,191	154,631
TOTAL DISTRIBUTIONS	6,089,247		621,176	6,411,615		2,305,413	15,427,450
ENDING BALANCE	\$ 37,337,519		\$ (7,799,377)	\$ 60,229,934		\$ (4,013,904)	\$ 85,754,172
Less: Operating Reserves	5,970,100		-	7,024,900		-	12,995,000
Replacement Reserves/Restricted Funds	\$ 31,367,419		\$ (7,799,377)	\$ 53,205,034		\$ (4,013,904)	\$ 72,759,172
Replacement reserve floor	\$ 8,136,700			\$ 18,603,400			
Replacement reserve ceiling	\$ 34,640,500			\$ 54,762,600			

VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR FEBRUARY 2020

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 February follows:

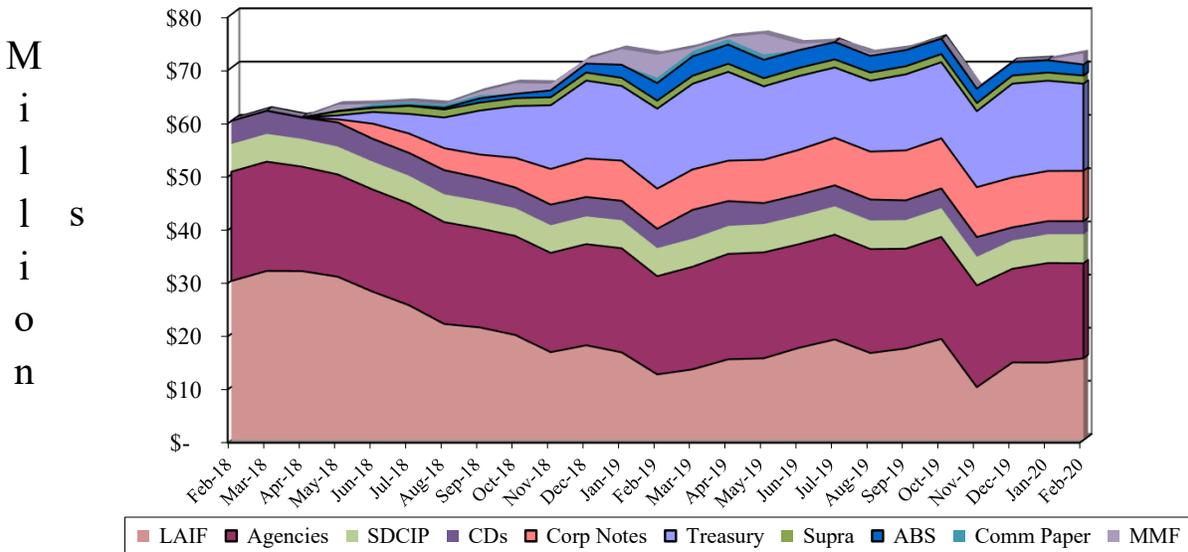
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
02/03/20	Deposit	LAIF	600,000	Open	1.92%
02/03/20	Full Call	FFCB	(250,000)	12/07/20	1.77%
02/05/20	Full Call	FHLB	(750,000)	04/28/20	1.67%
02/07/20	Deposit	LAIF	600,000	Open	1.92%
02/14/20	Purchased	FHLB	1,029,240	12/08/23	2.25%
02/18/20	Withdrawal	LAIF	(1,100,000)	Open	1.92%
02/18/20	Sold	TAOT 2017-B CLA3	(24,313)	07/15/21	1.76%
02/18/20	Sold	JDOT 2017-B A3	(40,258)	10/15/21	1.82%
02/18/20	Sold	HAROT 2017-3 A3	(19,622)	09/20/21	1.79%
02/18/20	Sold	HAROT 2019-1 A2	(37,767)	09/20/21	2.75%
02/18/20	Sold	JDOT 2019-B A2	(35,036)	04/15/21	2.83%
02/18/20	Sold	JDOT 2019-A A2	(38,499)	12/15/21	2.85%
02/18/20	Sold	TAOT 2019-A A2A	(28,614)	10/15/21	2.83%
02/18/20	Sold	NAR 2016-C A4	(19,661)	01/17/23	1.38%
02/21/20	Deposit	LAIF	700,000	Open	1.92%
02/26/20	Full Call	FHLMC	(1,000,000)	11/26/21	1.88%
Change in investments during the month			<u>\$ (414,530)</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	2.170%
Weighted average days to maturity	431

The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of December 31, 2019. 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 January 31, 2020. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting

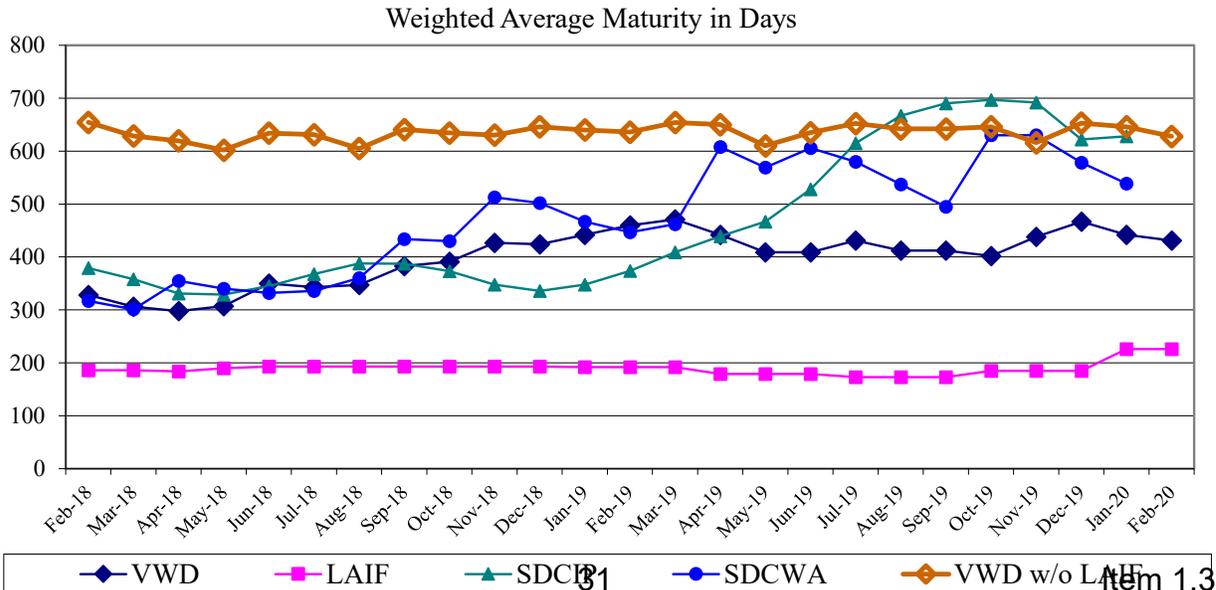
Safety

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 the Board adopted investment policy and within the limits established by 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 investments to ensure diversification as indicated in the graph below.



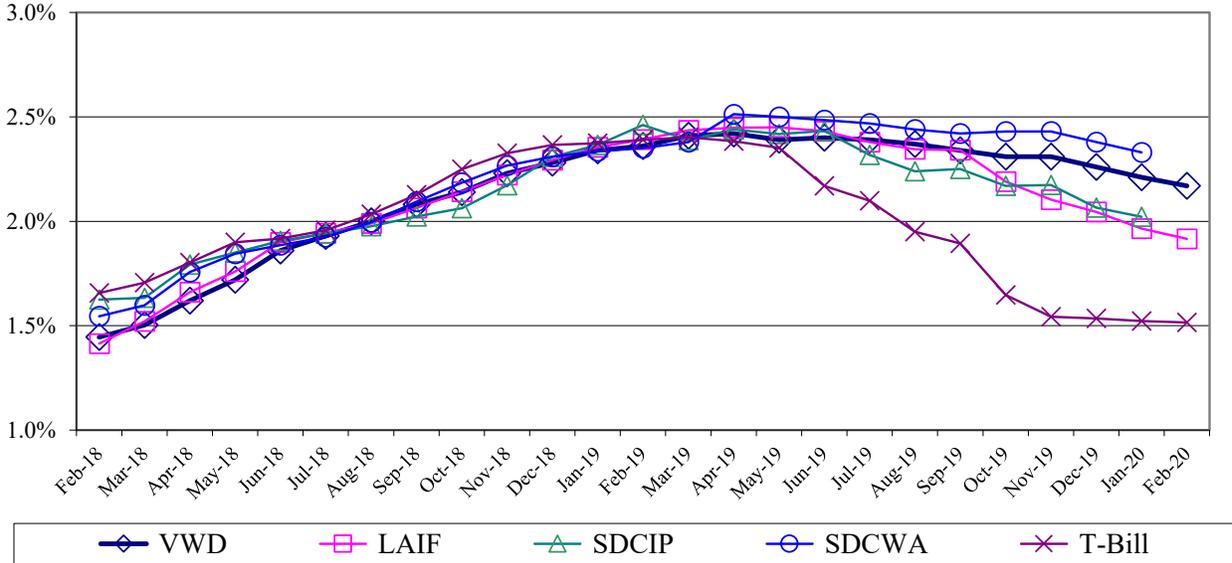
Liquidity

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 \$15.4 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.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	1.18
Average Coupon	2.03%
Average Purchase YTM	2.17%
Average Market YTM	1.38%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	1.37 yrs
Average Life	1.23 yrs

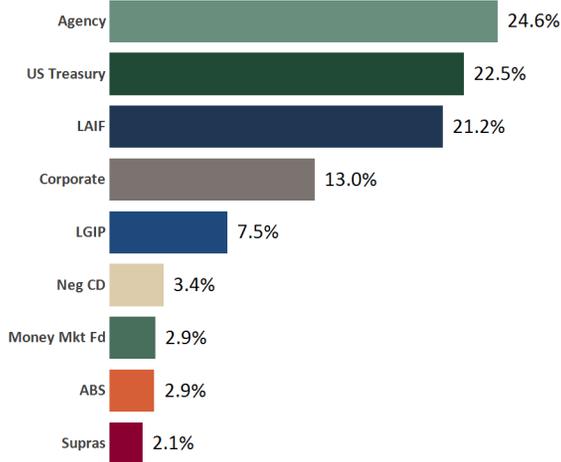
ACCOUNT SUMMARY

	Beg. Values as of 1/31/20	End Values as of 2/29/20
Market Value	71,489,939	72,735,656
Accrued Interest	290,466	307,273
Total Market Value	71,780,405	73,042,929
Income Earned	131,464	118,655
Cont/WD		
Par	70,817,423	71,710,786
Book Value	70,759,359	71,690,207
Cost Value	70,577,431	71,505,303

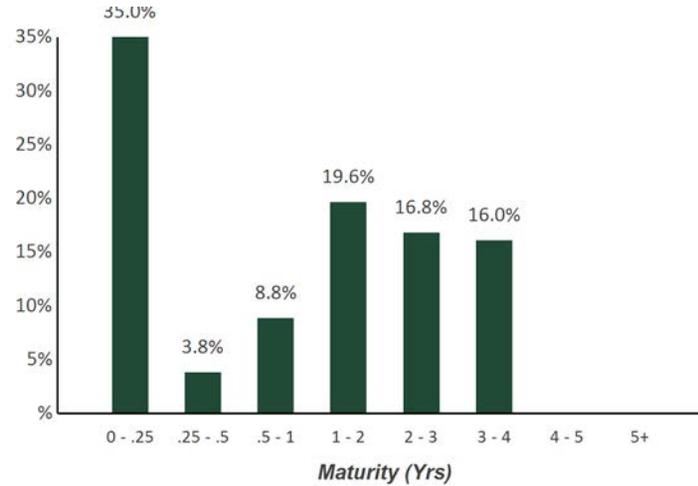
TOP ISSUERS

Government of United States	22.5%
Local Agency Investment Fund	21.2%
Federal Home Loan Bank	8.4%
Federal National Mortgage Assoc	8.0%
County of San Diego Pooled Inve	7.5%
Federal Farm Credit Bank	6.9%
Dreyfus Treasury and Agency	2.9%
Bank of Montreal Chicago	1.4%
Total	78.7%

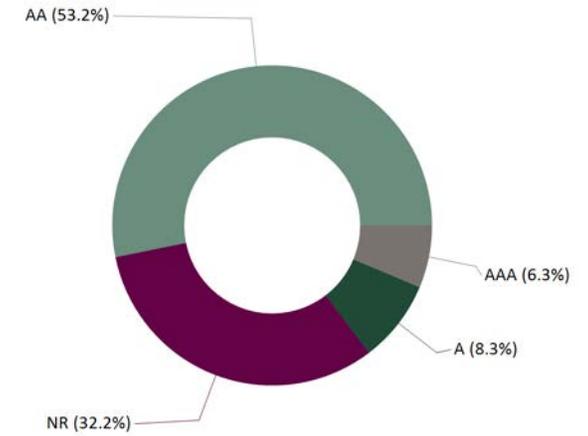
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of February 29, 2020



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									
47788EAB4	John Deere Owner Trust 2018-B A2 2.83% Due 4/15/2021	27,508.20	01/29/2019 2.95%	27,484.56 27,506.48	100.07 0.94%	27,528.00 34.60	0.04% 21.52	Aaa / NR AAA	1.13 0.04
89190BAD0	Toyota Auto Receivables Trust 2017-B A3 1.76% Due 7/15/2021	146,348.53	09/26/2018 2.78%	144,639.22 145,509.78	100.04 1.60%	146,409.41 114.48	0.20% 899.63	Aaa / AAA NR	1.38 0.25
43814PAC4	Honda Auto Receivables Trust 2017-3 A3 1.79% Due 9/20/2021	161,003.22	12/11/2018 2.73%	158,915.21 159,831.29	100.04 1.69%	161,067.08 104.07	0.22% 1,235.79	NR / AAA AAA	1.56 0.37
43814WAB1	Honda Auto Receivables Trust 2019-1 A2 2.75% Due 9/20/2021	318,253.46	02/19/2019 2.77%	318,232.96 318,241.02	100.50 1.46%	319,831.03 316.04	0.44% 1,590.01	NR / AAA AAA	1.56 0.38
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	166,852.68	11/14/2018 3.14%	164,551.93 165,570.40	100.10 1.44%	167,014.18 134.97	0.23% 1,443.78	Aaa / NR AAA	1.63 0.25
89239AAB9	Toyota Auto Receivables Trust 2019-A A2A 2.83% Due 10/15/2021	227,998.24	02/05/2019 2.85%	227,977.54 227,985.65	100.42 1.52%	228,956.95 286.77	0.31% 971.30	Aaa / AAA NR	1.63 0.32
47789JAB2	John Deere Owner Trust 2019-A A2 2.85% Due 12/15/2021	234,932.41	03/05/2019 2.87%	234,921.70 234,925.46	100.51 1.30%	236,129.13 297.58	0.32% 1,203.67	Aaa / NR AAA	1.79 0.33
43814UAG4	Honda Auto Receivables Trust 2018-2 A3 3.01% Due 5/18/2022	105,000.00	05/22/2018 3.03%	104,997.71 104,998.72	101.21 1.21%	106,274.39 114.13	0.15% 1,275.67	NR / AAA AAA	2.22 0.67
43815HAC1	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	205,000.00	08/21/2018 2.98%	204,971.87 204,982.52	101.40 1.20%	207,863.85 167.99	0.28% 2,881.33	Aaa / NR AAA	2.48 0.79
65478WAE5	Nissan Auto Receivables Trust 2016-C A4 1.38% Due 1/17/2023	480,338.54	01/24/2019 2.95%	470,281.45 474,320.52	99.93 1.63%	479,994.54 294.61	0.66% 5,674.02	Aaa / NR AAA	2.88 0.29
Total ABS		2,073,235.28	2.90%	2,056,974.15 2,063,871.84	1.47%	2,081,068.56 1,865.24	2.85% 17,196.72	Aaa / AAA AAA	2.01 0.38
AGENCY									
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	99.99 1.40%	499,952.50 2,726.39	0.69% (47.50)	Aaa / AA+ AAA	0.08 0.09

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of February 29, 2020



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									
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	100.09 1.14%	750,669.00 2,875.00	1.03% 669.00	Aaa / AA+ AAA	0.25 0.25
3130A8M67	FHLB Callable Note Cont 7/13/2017 1.2% Due 7/13/2020	500,000.00	11/22/2016 1.60%	492,970.00 499,291.18	100.00 1.20%	500,000.50 800.00	0.69% 709.32	Aaa / AA+ NR	0.37 0.37
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	100.06 1.16%	1,000,596.00 272.22	1.37% 596.00	Aaa / AA+ AAA	0.48 0.23
3133EGC94	FFCB Callable Note Cont 2/2/2017 1.38% Due 11/2/2020	500,000.00	11/04/2016 1.40%	499,600.00 499,932.56	100.00 1.38%	500,004.50 2,280.83	0.69% 71.94	Aaa / AA+ AAA	0.68 0.20
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	99.93 1.47%	499,668.00 641.67	0.68% (332.00)	Aaa / AA+ AAA	0.92 0.26
3133EFC54	FFCB Callable Note Cont 2/17/2017 1.62% Due 2/17/2021	150,000.00	11/18/2016 1.67%	149,667.00 149,924.26	100.00 1.62%	150,003.90 94.50	0.21% 79.64	Aaa / AA+ AAA	0.97 0.15
3133EFZ91	FFCB Callable Note Cont 4/12/2017 1.62% Due 4/12/2021	750,000.00	04/12/2016 1.62%	749,925.00 749,983.28	100.00 1.59%	750,021.00 4,691.25	1.03% 37.72	Aaa / AA+ AAA	1.12 0.12
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	100.07 1.05%	500,374.50 708.33	0.69% 374.50	Aaa / AA+ AAA	1.41 0.16
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	100.11 1.17%	1,001,063.00 266.67	1.37% 1,063.00	Aaa / AA+ AAA	1.49 0.23
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	100.05 1.08%	1,000,464.00 6,815.97	1.38% 464.00	Aaa / AA+ NR	1.59 0.09
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	100.08 1.07%	1,000,780.00 5,295.83	1.38% 780.00	Aaa / AA+ AAA	1.66 0.16
3133EJ3B3	FFCB Note 2.8% Due 12/17/2021	1,000,000.00	12/26/2018 2.70%	1,002,780.00 1,001,679.26	103.31 0.94%	1,033,138.00 5,755.56	1.42% 31,458.74	Aaa / AA+ AAA	1.80 1.75
3135G0U92	FNMA Note 2.625% Due 1/11/2022	500,000.00	03/05/2019 2.60%	500,350.00 500,228.74	103.09 0.95%	515,467.00 1,822.92	0.71% 15,238.26	Aaa / AA+ AAA	1.87 1.82
3133EKBV7	FFCB Note 2.55% Due 3/1/2022	750,000.00	02/27/2019 2.55%	750,075.00 750,049.95	103.10 0.99%	773,229.00 9,562.50	1.07% 23,179.05	Aaa / AA+ AAA	2.00 1.94
313378WG2	FHLB Note 2.5% Due 3/11/2022	500,000.00	04/08/2019 2.36%	501,945.00 501,348.92	103.10 0.96%	515,512.00 5,902.78	0.71% 14,163.08	Aaa / AA+ NR	2.03 1.96
313383WD9	FHLB Note 3.125% Due 9/9/2022	500,000.00	01/30/2019 2.68%	507,580.00 505,306.58	105.50 0.92%	527,486.50 7,465.28	0.73% 22,179.92	Aaa / AA+ AAA	2.53 2.41



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									
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,007,681.86	105.64 0.94%	1,056,448.00 6,833.33	1.46% 48,766.14	Aaa / AA+ AAA	2.78 2.66
3133834G3	FHLB Note 2.125% Due 6/9/2023	650,000.00	10/30/2019 1.66%	660,432.50 659,466.09	103.85 0.93%	675,031.50 3,146.18	0.93% 15,565.41	Aaa / AA+ NR	3.28 3.16
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,004,098.69	102.20 0.95%	1,022,037.00 755.56	1.40% 17,938.31	Aaa / AA+ AAA	3.46 3.36
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 722,375.86	104.87 0.97%	734,059.90 7,989.24	1.02% 11,684.04	Aaa / AA+ NR	3.53 3.35
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,028,904.15	104.83 0.95%	1,048,250.00 5,187.50	1.44% 19,345.85	Aaa / AA+ NR	3.78 3.61
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,040,435.25	105.85 0.98%	1,058,467.00 1,805.56	1.45% 18,031.75	Aaa / AA+ AAA	3.94 3.75
3133EKMX1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 759,087.50	104.86 0.98%	786,474.75 371.67	1.08% 27,387.25	Aaa / AA+ AAA	3.99 3.82
Total Agency		17,500,000.00	1.79%	17,636,533.50 17,629,794.13	1.08%	17,899,197.55 84,066.74	24.62% 269,403.42	Aaa / AA+ AAA	2.09 1.66
CORPORATE									
40428HPV8	HSBC USA Inc Note 2.75% Due 8/7/2020	250,000.00	10/10/2018 3.26%	247,772.50 249,467.41	100.48 1.65%	251,195.75 458.33	0.34% 1,728.34	A2 / A A+	0.44 0.44
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	500,000.00	09/27/2018 3.21%	490,920.00 497,064.45	100.38 1.67%	501,875.00 3,769.44	0.69% 4,810.55	A3 / A A	0.68 0.58
459200JF9	IBM Corp Note 2.25% Due 2/19/2021	500,000.00	06/26/2018 3.07%	489,640.00 496,196.69	100.81 1.41%	504,032.00 375.00	0.69% 7,835.31	A2 / A NR	0.98 0.96
69371RN93	Paccar Financial Corp Note 2.8% Due 3/1/2021	300,000.00	07/23/2018 3.12%	297,585.00 299,072.13	101.55 1.25%	304,641.00 4,200.00	0.42% 5,568.87	A1 / A+ NR	1.00 0.98
06406FAA1	Bank of NY Mellon Corp Callable Note Cont 03/15/2021 2.5% Due 4/15/2021	500,000.00	08/24/2018 3.05%	493,125.00 497,066.86	101.14 1.40%	505,687.00 4,722.22	0.70% 8,620.14	A1 / A AA-	1.13 1.02
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	350,000.00	06/28/2018 3.08%	349,247.50 349,686.64	102.07 1.26%	357,238.35 3,208.33	0.49% 7,551.71	A2 / A+ NR	1.20 1.17



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
CORPORATE									
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	500,000.00	10/12/2018 3.30%	483,360.00 492,190.11	100.74 1.34%	503,701.50 2,762.50	0.69% 11,511.39	A1 / A AA-	1.22 1.20
808513AW5	Charles Schwab Corp Callable Note Cont 4/21/2021 3.25% Due 5/21/2021	320,000.00	Various 3.09%	321,372.10 320,540.47	102.29 1.23%	327,332.81 2,888.88	0.45% 6,792.34	A2 / A A	1.22 1.11
931142EJ8	Wal-Mart Stores Note 3.125% Due 6/23/2021	290,000.00	06/20/2018 3.13%	289,985.50 289,993.64	102.33 1.34%	296,749.17 1,711.81	0.41% 6,755.53	Aa2 / AA AA	1.32 1.29
02665WBG5	American Honda Finance Note 1.7% Due 9/9/2021	500,000.00	07/20/2018 3.19%	478,045.00 489,301.02	100.53 1.35%	502,628.00 4,061.11	0.69% 13,326.98	A2 / A NR	1.53 1.49
89233P5F9	Toyota Motor Credit Corp Note 3.4% Due 9/15/2021	500,000.00	05/31/2018 3.03%	505,785.00 502,716.39	103.22 1.29%	516,084.50 7,838.89	0.72% 13,368.11	Aa3 / AA- A+	1.55 1.49
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	500,000.00	Various 3.29%	489,627.50 494,438.81	102.65 1.20%	513,261.00 2,024.30	0.71% 18,822.19	A2 / A A	1.85 1.80
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.45% Due 2/15/2022	300,000.00	06/27/2018 3.15%	292,848.00 296,141.05	101.70 1.45%	305,090.40 326.67	0.42% 8,949.35	A2 / A NR	1.96 1.67
037833CQ1	Apple Inc Callable Note Cont 4/11/22 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 489,665.42	102.20 1.24%	511,005.50 3,513.89	0.70% 21,340.08	Aa1 / AA+ NR	2.20 2.05
68389XBB0	Oracle Corp Callable Note Cont 3/15/2022 2.5% Due 5/15/2022	500,000.00	Various 3.28%	486,304.00 492,013.36	102.19 1.41%	510,953.00 3,680.56	0.70% 18,939.64	A1 / A+ A	2.21 1.98
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 496,787.09	103.42 1.42%	517,121.50 4,416.67	0.71% 20,334.41	Aa2 / AA A+	2.21 2.12
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,138.18	104.69 1.26%	523,469.00 4,218.75	0.72% 23,330.82	Aa3 / AA- NR	2.25 2.16
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 412,846.94	104.92 1.54%	419,665.20 1,833.33	0.58% 6,818.26	A2 / A- A+	2.87 2.73
90331HNL3	US Bank NA Callable Note Cont 12/23/22 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 487,884.20	104.32 1.29%	500,716.32 1,444.00	0.69% 12,832.12	A1 / AA- AA-	2.90 2.70
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 515,982.55	106.25 1.49%	531,226.00 4,034.72	0.73% 15,243.45	A2 / A NR	3.27 3.01
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 511,386.49	106.83 1.25%	534,137.00 3,069.44	0.74% 22,750.51	Aa2 / AA AA	3.32 3.06



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
Total Corporate		9,190,000.00	3.02%	9,132,501.90 9,180,579.90	1.36%	9,437,810.00 64,558.84	13.01% 257,230.10	A1 / A+ A+	1.86 1.74
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	15,400,608.84	Various 1.89%	15,400,608.84 15,400,608.84	1.00 1.89%	15,400,608.84 49,443.22	21.15% 0.00	NR / NR NR	0.00 0.00
Total LAIF		15,400,608.84	1.89%	15,400,608.84 15,400,608.84	1.89%	15,400,608.84 49,443.22	21.15% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,459,000.00	Various 2.02%	5,459,000.00 5,459,000.00	1.00 2.02%	5,459,000.00 0.00	7.47% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,459,000.00	2.02%	5,459,000.00 5,459,000.00	2.02%	5,459,000.00 0.00	7.47% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND FI									
261908206	Dreyfus Treasury Money Market Fund	2,117,941.89	Various 1.20%	2,117,941.89 2,117,941.89	1.00 1.20%	2,117,941.89 0.00	2.90% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		2,117,941.89	1.20%	2,117,941.89 2,117,941.89	1.20%	2,117,941.89 0.00	2.90% 0.00	Aaa / AAA NR	0.00 0.00
NEGOTIABLE CD									
06370RVP1	Bank of Montreal Chicago Yankee CD 2.69% Due 3/5/2020	1,000,000.00	03/06/2019 2.69%	1,000,000.00 1,000,000.00	100.00 2.69%	1,000,000.00 26,974.72	1.41% 0.00	P-1 / A-1 F-1+	0.01 0.01
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	100.01 1.49%	245,012.25 1,996.92	0.34% 12.25	NR / NR NR	0.02 0.02
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%	244,510.00 244,954.56	99.95 1.53%	244,882.16 498.05	0.34% (72.40)	NR / NR NR	0.36 0.35
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	99.86 1.71%	244,667.05 1,278.70	0.34% (332.95)	NR / NR NR	0.66 0.65



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									
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	100.02 1.56%	245,057.09 12.42	0.34% 57.09	NR / NR NR	0.83 0.08
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	100.20 1.50%	245,485.84 11.08	0.34% 485.84	NR / NR NR	1.33 1.32
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	99.99 1.66%	244,963.50 155.05	0.34% (36.50)	NR / NR NR	1.46 1.44
Total Negotiable CD		2,470,000.00	2.06%	2,469,510.00 2,469,954.56	2.03%	2,470,067.89 30,926.94	3.42% 113.33	Aaa / AA AAA	0.46 0.38
SUPRANATIONAL									
4581X0CD8	Inter-American Dev Bank Note 2.125% Due 11/9/2020	750,000.00	05/22/2018 2.81%	737,865.00 746,588.72	100.68 1.14%	755,103.00 4,958.33	1.04% 8,514.28	Aaa / AAA AAA	0.70 0.69
459058GH0	Intl. Bank Recon & Development Note 2.75% Due 7/23/2021	750,000.00	07/24/2018 2.86%	747,607.50 748,885.83	102.37 1.04%	767,772.00 2,177.08	1.05% 18,886.17	Aaa / AAA NR	1.40 1.37
Total Supranational		1,500,000.00	2.84%	1,485,472.50 1,495,474.55	1.09%	1,522,875.00 7,135.41	2.09% 27,400.45	Aaa / AAA AAA	1.05 1.03
US TREASURY									
912828XH8	US Treasury Note 1.625% Due 6/30/2020	750,000.00	05/31/2018 2.43%	737,753.91 748,052.86	100.10 1.33%	750,732.75 2,042.41	1.03% 2,679.89	Aaa / AA+ AAA	0.33 0.33
912828L65	US Treasury Note 1.375% Due 9/30/2020	750,000.00	06/27/2018 2.53%	731,044.92 745,106.14	100.07 1.25%	750,527.25 4,310.96	1.03% 5,421.11	Aaa / AA+ AAA	0.59 0.58
912828WCO	US Treasury Note 1.75% Due 10/31/2020	750,000.00	07/20/2018 2.64%	735,292.97 745,681.69	100.36 1.21%	752,666.25 4,399.04	1.04% 6,984.56	Aaa / AA+ AAA	0.67 0.66
912828A42	US Treasury Note 2% Due 11/30/2020	750,000.00	11/28/2018 2.85%	737,695.31 745,394.15	100.63 1.15%	754,746.00 3,770.49	1.04% 9,351.85	Aaa / AA+ AAA	0.75 0.74
912828N89	US Treasury Note 1.375% Due 1/31/2021	750,000.00	10/30/2018 2.86%	725,859.38 740,144.29	100.23 1.12%	751,758.00 849.93	1.03% 11,613.71	Aaa / AA+ AAA	0.92 0.91
912828U81	US Treasury Note 2% Due 12/31/2021	750,000.00	11/08/2018 3.05%	726,650.39 736,372.61	101.93 0.93%	764,502.00 2,513.74	1.05% 28,129.39	Aaa / AA+ AAA	1.84 1.80

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of February 29, 2020



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									
912828W55	US Treasury Note 1.875% Due 2/28/2022	1,000,000.00	01/30/2019 2.56%	979,921.88 986,977.80	101.90 0.91%	1,019,023.00 50.95	1.40% 32,045.20	Aaa / AA+ AAA	2.00 1.96
912828W89	US Treasury Note 1.875% Due 3/31/2022	750,000.00	09/27/2018 2.92%	724,013.67 734,570.62	102.00 0.90%	765,000.00 5,878.59	1.06% 30,429.38	Aaa / AA+ AAA	2.08 2.03
912828XR6	US Treasury Note 1.75% Due 5/31/2022	750,000.00	09/24/2018 2.93%	719,208.98 731,190.90	101.91 0.89%	764,296.50 3,299.18	1.05% 33,105.60	Aaa / AA+ AAA	2.25 2.20
912828XW5	US Treasury Note 1.75% Due 6/30/2022	350,000.00	09/07/2018 2.80%	336,792.97 341,908.44	101.99 0.89%	356,959.05 1,026.44	0.49% 15,050.61	Aaa / AA+ AAA	2.33 2.28
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 984,907.00	102.35 0.89%	1,023,516.00 1,545.33	1.40% 38,609.00	Aaa / AA+ AAA	2.42 2.36
912828L24	US Treasury Note 1.875% Due 8/31/2022	750,000.00	09/20/2018 2.94%	720,439.45 731,257.79	102.43 0.89%	768,222.75 38.21	1.05% 36,964.96	Aaa / AA+ AAA	2.50 2.44
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 986,407.82	102.54 0.88%	1,025,430.00 7,838.11	1.41% 39,022.18	Aaa / AA+ AAA	2.59 2.51
912828M80	US Treasury Note 2% Due 11/30/2022	800,000.00	12/24/2019 1.70%	806,875.00 806,450.93	103.01 0.89%	824,093.60 4,021.86	1.13% 17,642.67	Aaa / AA+ AAA	2.75 2.67
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,559.96	104.91 0.88%	1,049,141.00 10,450.82	1.45% 49,581.04	Aaa / AA+ AAA	3.08 2.95
912828R28	US Treasury Note 1.625% Due 4/30/2023	1,000,000.00	12/04/2019 1.60%	1,000,898.44 1,000,835.51	102.30 0.89%	1,023,008.00 5,446.43	1.41% 22,172.49	Aaa / AA+ AAA	3.17 3.07
912828R69	US Treasury Note 1.625% Due 5/31/2023	1,100,000.00	Various 2.00%	1,083,765.62 1,087,203.73	102.33 0.90%	1,125,652.00 4,493.17	1.55% 38,448.27	Aaa / AA+ AAA	3.25 3.15
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,000,000.00	09/25/2019 1.60%	1,000,898.44 1,000,804.15	102.63 0.90%	1,026,250.00 5,446.43	1.41% 25,445.85	Aaa / AA+ AAA	3.67 3.54
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,020,154.62	105.16 0.91%	1,051,562.00 1,854.40	1.44% 31,407.38	Aaa / AA+ AAA	3.92 3.76
Total US Treasury		16,000,000.00	2.39%	15,746,759.77 15,872,981.01	0.97%	16,347,086.15 69,276.49	22.47% 474,105.14	Aaa / AA+ AAA	2.29 2.22
TOTAL PORTFOLIO		71,710,786.01	2.17%	71,505,302.55 71,690,206.72	1.38%	72,735,655.88 307,272.88	100.00% 1,045,449.16	Aa1 / AA+ AAA	1.37 1.18
TOTAL MARKET VALUE PLUS ACCRUED						73,042,928.76			

**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Total
General Counsel Services	\$3,422	\$9,177	\$10,914	\$5,557	\$9,183	\$5,284	\$2,215	\$12,391	\$6,930	\$10,083	\$7,810	\$18,504	\$5,857	\$107,327
Labor/Employment	-	2,610	5,577	21,718	14,492	5,447	2,135	3,679	3,948	2,359	3,504	4,073	468	\$70,008
Engineering - Construction/Contracting	2,938	2,840	2,647	3,172	1,693	546	1,641	1,968	2,878	4,143	3,433	1,615	2,200	\$31,714
Fees and Taxes	364	-	-	-	728	-	2,744	7,241	5,491	1,204	-	1,802	1,812	\$21,385
Environmental	-	-	-	7,935	116	-	-	1,800	2,910	678	-	-	-	\$13,439
VWD v. Brian Thomas Boyd	104	-	-	-	-	-	-	-	-	-	-	-	-	\$104
Adv. Butler	-	-	2,302	302	136	-	30	417	-	1,702	138	2,831	8,593	\$16,450
Renewable Energy	-	-	-	-	-	-	-	-	-	4,710	1,824	-	-	\$6,534
Total	\$6,828	\$14,628	\$21,439	\$38,684	\$26,348	\$11,277	\$8,764	\$27,495	\$22,157	\$24,878	\$16,708	\$28,825	\$18,931	\$266,962

DATE: MARCH 18, 2020
TO: BOARD OF DIRECTORS
SUBJECT: FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR FITZPATRICK TOWN HOMES APN(S) 220-100-82, 220-100-83 & 220-100-85 (KB HOME COASTAL)

BACKGROUND:

KB Home Coastal, owner of the project, has completed the installation of water and sewer facilities for their residential subdivision located north of Richmar Avenue between Marcos Street and N. Twin Oaks Valley Road.

DISCUSSION:

Water and/or sewer facilities for private land development projects are constructed by a developer. When completed to the satisfaction of the District, those facilities are accepted by the Board of Directors and become District property.

The project constructed approximately 260 feet of 8-inch diameter water main and 230 feet of 8-inch diameter sewer main.

Upon final acceptance of the project, water and sewer service will be available to APN's 220-100-82 and 220-100-83. Sewer service will become available, and the existing water service will be relocated, for APN 220-100-85.

The owner has provided the District with the required security to guarantee repairs due to failure of materials or workmanship for a period of one year. All current fees and charges have been paid to date.

Along with the water and sewer mains, assorted appurtenances were installed such as water meters, fire hydrants, gate valves, sewer laterals and manholes.

KB Home Coastal has paid a total of \$13,110 in water capital facility fees and \$19,798 in wastewater capital facility fees for service to APN's 220-100-82 and 220-100-83. In 2005, the owner of APN 220-100-85 paid \$2,650 in wastewater capital facility fees for sewer service to his lot as well.

FISCAL IMPACT:

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

RECOMMENDATION:

Accept the project improvements and approve the filing of a Notice of Completion for Fitzpatrick Town Homes.

ATTACHMENTS:

2 Map Exhibits – 1 Plat Map & 1 Aerial

FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR FITZPATRICK TOWN HOMES APN(S) 220-100-82, 220-100-83 & 220-100-85 (KB HOME COASTAL)



DATE: MARCH 18, 2020
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.)

BACKGROUND:

Warmington Residential California, Inc., owner of the project, has completed the plan check process with the District. The development is located on Richland Road north of Rose Ranch Road in the County of San Diego. The project consists of 20 single family residential lots.

DISCUSSION:

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

A portion of the existing sewer main in Vineyard Road was identified as deficient and is not able to accept the additional flow from the proposed Orchard Hills development upstream until the pipeline is increased in size. The project will replace approximately 217 feet of existing 8-inch diameter VCP sewer main with 15-inch diameter PVC sewer main.

All engineering fees and inspection deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are not applicable for this project as there are no new service connections.

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

Labor and Materials	\$52,691.00
Faithful Performance	\$52,691.00

FISCAL IMPACT:

None.

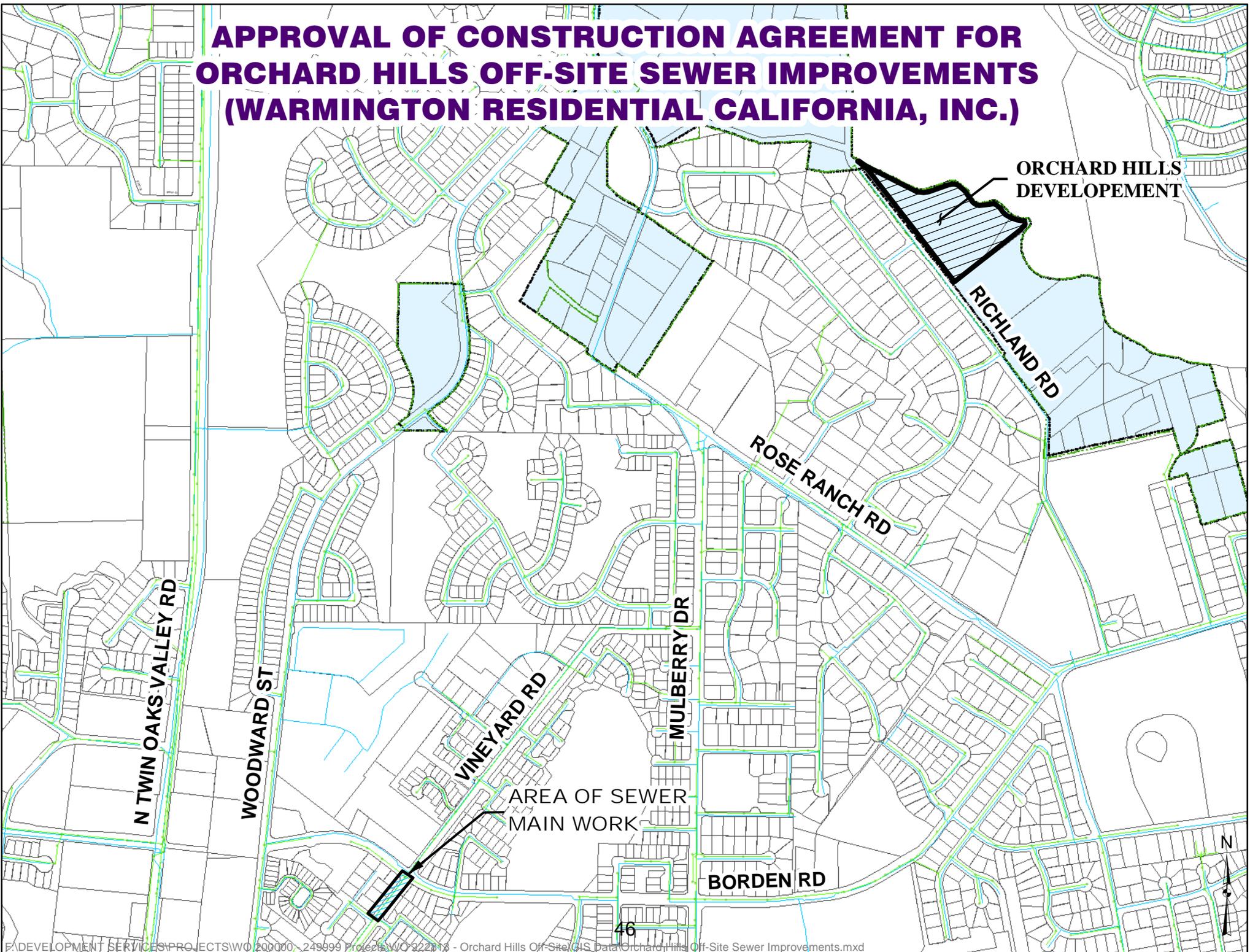
RECOMMENDATION:

Approve the construction agreement for Orchard Hills Off-site Sewer Improvements.

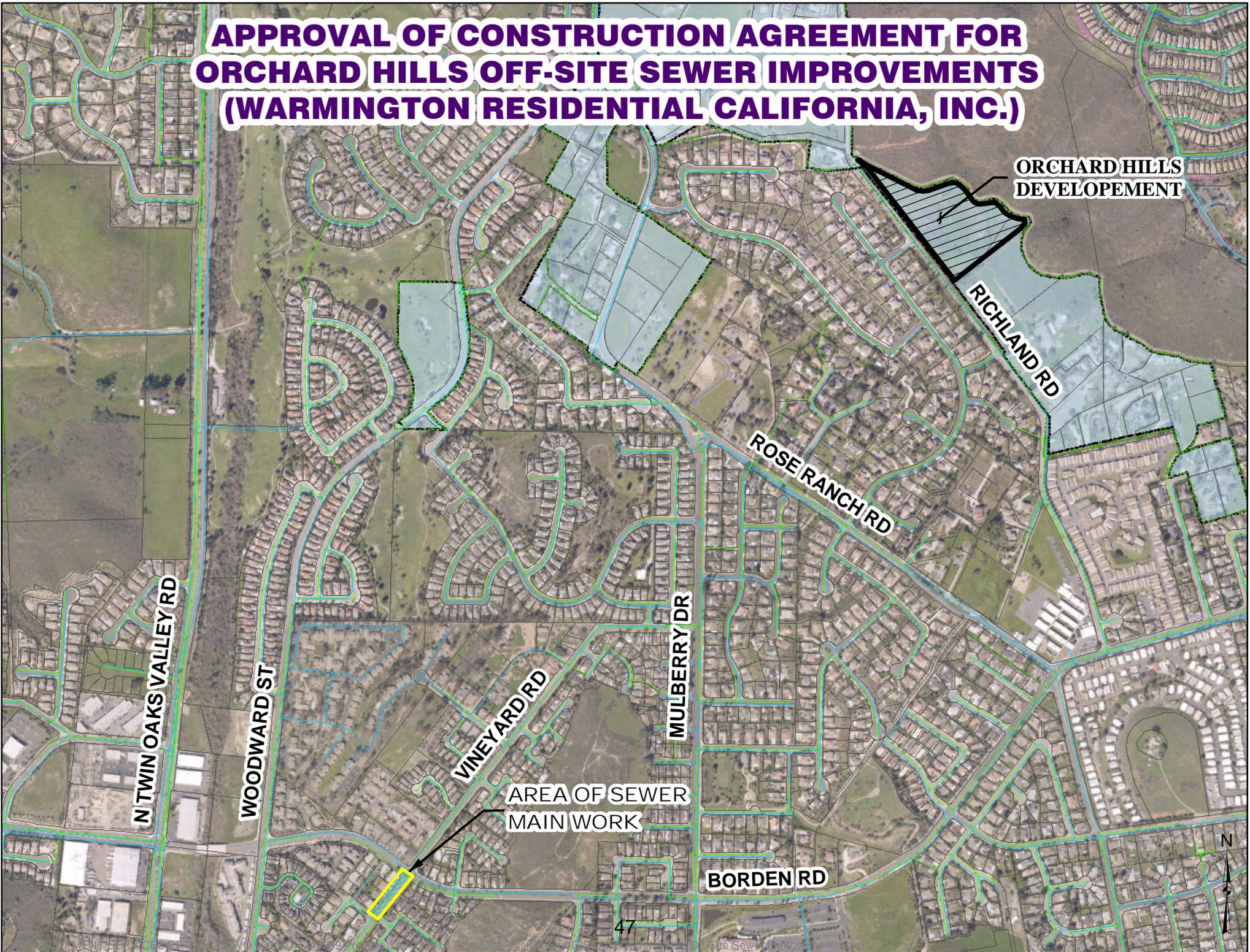
ATTACHMENTS:

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

APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.)



APPROVAL OF CONSTRUCTION AGREEMENT FOR ORCHARD HILLS OFF-SITE SEWER IMPROVEMENTS (WARMINGTON RESIDENTIAL CALIFORNIA, INC.)



ORCHARD HILLS
DEVELOPMENT

RICHLAND RD

ROSE RANCH RD

N TWIN OAKS VALLEY RD

WOODWARD ST

VINEYARD RD

MULBERRY DR

AREA OF SEWER
MAIN WORK

BORDEN RD

47



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

THIS AGREEMENT is entered into by and between VALLECITOS WATER DISTRICT ("DISTRICT"), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **WARMINGTON SAN MARCOS ASSOCIATES, LLC** ("DEVELOPER"), a California Corporation.

RECITALS

1. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **21.36** acres commonly described as Tax Assessor's Parcel Nos. **218-220-10 & 218-220-17** ("PROJECT").

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

3. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **Latitude 33** and are identified as **Vineyard Road Off-Site Improvements (Orchard Hills)**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before _____, **2021**. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

COVENANTS

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

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

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

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

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

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

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

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

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

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

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

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

employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by DISTRICT, its directors, officers, employees, or authorized volunteers shall not contribute to it.

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

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

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

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

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

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

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

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

8. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE.

The DEVELOPER and all sub-DEVELOPERs shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The DEVELOPER shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

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

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

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

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

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

13. SECURITY. Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$ 52,691**. Each payment and performance bond shall represent 100% of the

estimated construction costs of the FACILITIES. Bonds shall be furnished by surety companies satisfactory to the DISTRICT. Surety companies, to be acceptable to the DISTRICT, must have an acceptable rating from Best's Key Rating Guide, authorized to do business and have an agent for service of process in California.

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

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

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

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

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

15. EASEMENTS. Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole

discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to DISTRICT, in no case less than twenty (20) feet without specified approval of the Board of Directors; (2) be free and clear of all liens and/or encumbrances which could affect title to the easement; and (3) have recorded subordination agreements for all trust deeds or other liens to insure that the DISTRICT has prior rights in any easements being conveyed to the DISTRICT. DEVELOPER shall procure a policy of title insurance in favor of the DISTRICT covering easements to be granted in amounts determined by the DISTRICT subject only to those conditions of record acceptable to the DISTRICT. All fees and costs to procure easements required by the DISTRICT shall be borne solely by DEVELOPER. Nothing in this Agreement shall obligate the DISTRICT to exercise its condemnation authorities to acquire any easement determined necessary by the DISTRICT. All easements being conveyed to the DISTRICT must be in a recordable form acceptable to the DISTRICT prior to approval of plans and specifications by the DISTRICT.

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

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

DISTRICT's representative during construction of the work. All fees and costs to construct the FACILITIES shall be borne by DEVELOPER.

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

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

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

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

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

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

23. LIABILITY FOR WORK PRIOR TO FORMAL ACCEPTANCE. Until the Board of Directors of the DISTRICT has formally accepted all work performed in accordance with this Agreement, DEVELOPER shall be solely responsible for all damage to the work regardless of cause and for all damages or injuries to any person or property from any cause excepting injury or damage caused by the sole or active negligence of DISTRICT, its agents, servants or employees.

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

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

26. WARRANTY. DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon

demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee required by this section. This section does not in any way limit liability of the DEVELOPER for any design defects or defects in the work subsequently discovered by the DISTRICT.

27. INDEMNITY. DEVELOPER shall be solely responsible and liable for design defects or defects in work performed to construct the FACILITIES required by this Agreement. This shall include liability and responsibility for injury or damage to the work itself. DEVELOPER hereby agrees to hold harmless, indemnify and defend the DISTRICT, the DISTRICT's representatives and each of the DISTRICT's officers, employees and agents from any and all claims, suits or action of every name, kind and description brought for or on account of injuries to or death of any person or damage to any property resulting from design or construction of the FACILITIES except where the injury or damage has been caused by the sole and active negligence of the DISTRICT, its agents, servants or employees. In the event that any suit is instituted naming the DISTRICT as a party, the DISTRICT shall be entitled to appoint its own independent counsel to represent the DISTRICT; and DEVELOPER agrees to pay all attorney's fees and litigation costs associated with this defense. This indemnity shall extend to any claims arising because DEVELOPER has failed to properly secure any necessary easement, land right, contract or approval

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

29. CASH DEPOSITS. DEVELOPER shall provide the DISTRICT with an initial cash deposit in the amount of \$ 13,160.50 to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to \$ 2,500, DEVELOPER agrees to deposit such additional sums as the DISTRICT may determine from time to time to cover all fees and costs of the DISTRICT. Prior to final acceptance of the project, a final accounting will be forwarded to the developer for payment. Additional deposits for additional inspections after acceptance of the project may be requested.

30. MISCELLANEOUS PROVISIONS.

30.1 VENUE. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that

venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

- 30.2 MODIFICATION.** This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.
- 30.3 ATTORNEY'S FEES.** In the event of any legal or equitable proceeding to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to all reasonable attorney's fees and costs in addition to any other relief granted by law. This provision shall apply to the entire Agreement.
- 30.4 ENTIRE AGREEMENT.** This Agreement, together with all the exhibits attached to this Agreement, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda or agreements are in conflict with this Agreement are intended to be replaced in total by this Agreement and its exhibits.
- 30.5 ASSIGNMENTS.** DEVELOPER shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior consent of the DISTRICT, which consent shall not be unreasonably withheld. Any purported assignment without the DISTRICT's prior written consent shall be void.
- 30.6 BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs and assigns.
- 30.7 UNENFORCEABLE PROVISIONS.** The terms, conditions and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 30.8 REPRESENTATION OF CAPACITY TO CONTRACT.** Each of the parties to this Agreement represents and warrants that he has the authority to execute this Agreement on behalf of the entity represented by that individual.

- 30.9 OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT COUNSEL.** DEVELOPER warrants and represents that DEVELOPER has been advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.
- 30.10 NO WAIVER.** The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.
- 30.11 NOTICES.** All letters, statements or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

DISTRICT:
Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069
Attn: Glenn Pruim

DEVELOER:
Warmington San Marcos Associates, LLC
3090 Pullman Street
Costa Mesa, CA 92626
Attn: Greg Ocasek

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

"DISTRICT"
VALLECITOS WATER DISTRICT

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

Dated: _____

"DEVELOPER"

Company: WARMINGTON SAN MARCOS ASSOCIATES, LLC, a California limited liability company
BY: WRG BUILDER V, L.P., a California limited partnership, its Manager
BY: WARMINGTON RESIDENTIAL CALIFORNIA, INC., a California corporation, its General Partner

Name: **James J. Deckard**

Title: **Senior Vice President**

Signature*:  _____

Dated: 3-4-20

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

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange)

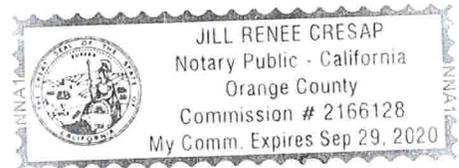
On 3/4/2020 before me, Jill Renee Cresap, Notary Public
(insert name and title of the officer)

personally appeared James J. Deckard,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in
his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jill Renee Cresap (Seal)



Description of Attached Document:

Date:

DATE: MARCH 18, 2020
TO: BOARD OF DIRECTORS
SUBJECT: ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN 172-091-28 FROM THE VALLECITOS WATER DISTRICT

BACKGROUND:

Robert Wilmott is the owner of a 1.43-acre property located at 28616 Champagne Boulevard in Escondido, just south of Lawrence Welk Court and east of Interstate 15.

DISCUSSION:

Mr. Wilmott requested detachment from Vallecitos Water District (VWD) and annexation into Valley Center Municipal Water District because his well was failing and there are no VWD water facilities nearby to serve the property. Valley Center Municipal Water District has existing water facilities available. The conditions for detachment from VWD's water service area were approved by the Board on May 15, 2019. On January 31, 2020, LAFCO ordered the re-organization per LAFCO File No. RO19-08 including annexation into Valley Center Municipal Water District and detachment from VWD. The owner has completed all conditions of the annexation and detachment.

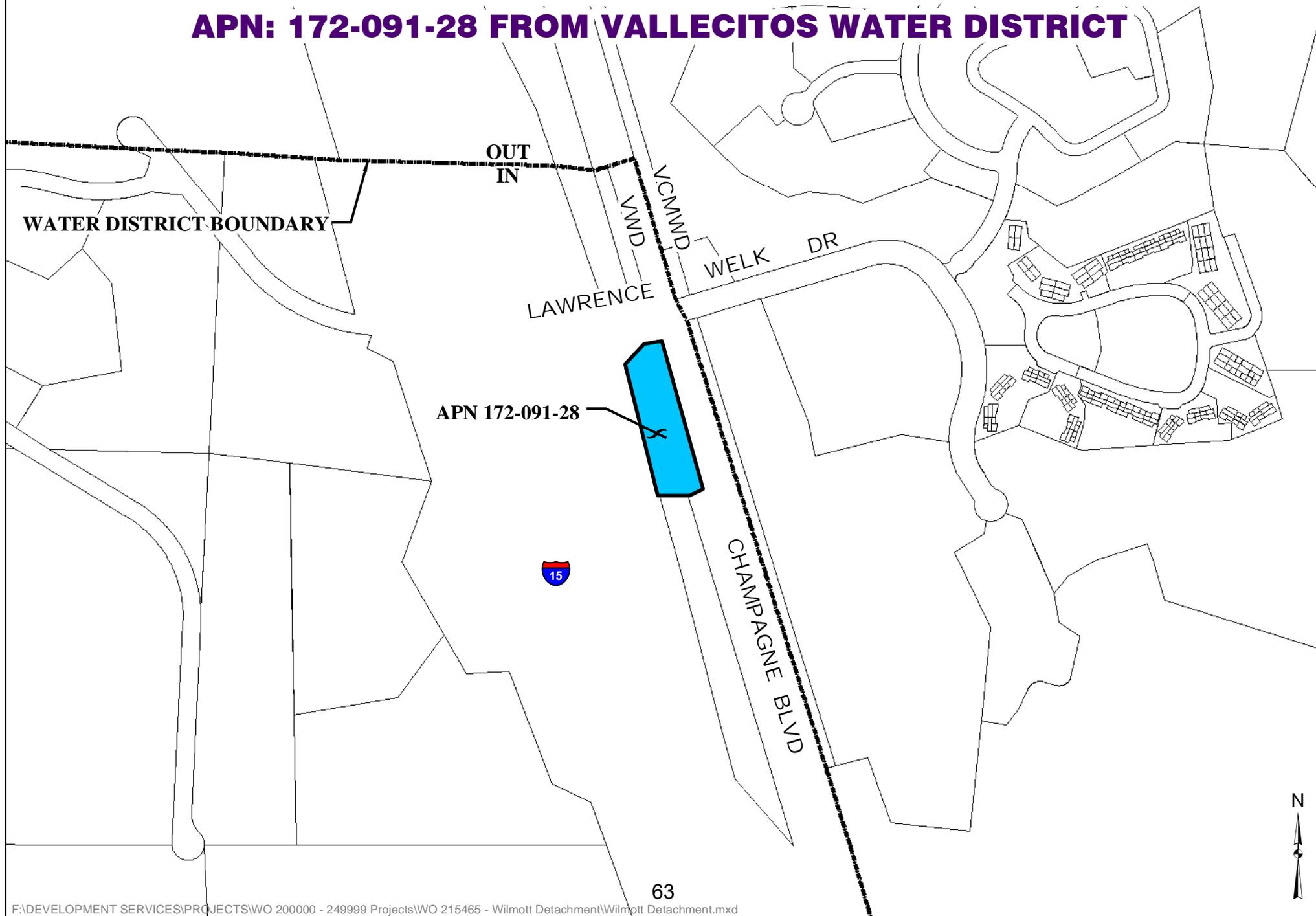
FISCAL IMPACT:

Payment of \$1,947.66 in detachment fees (\$1,362 per acre x 1.43 acres) were collected in December 2019 in accordance with Ordinance No. 200. There is no loss of revenue from water service since the property has been on well water and never received service from VWD.

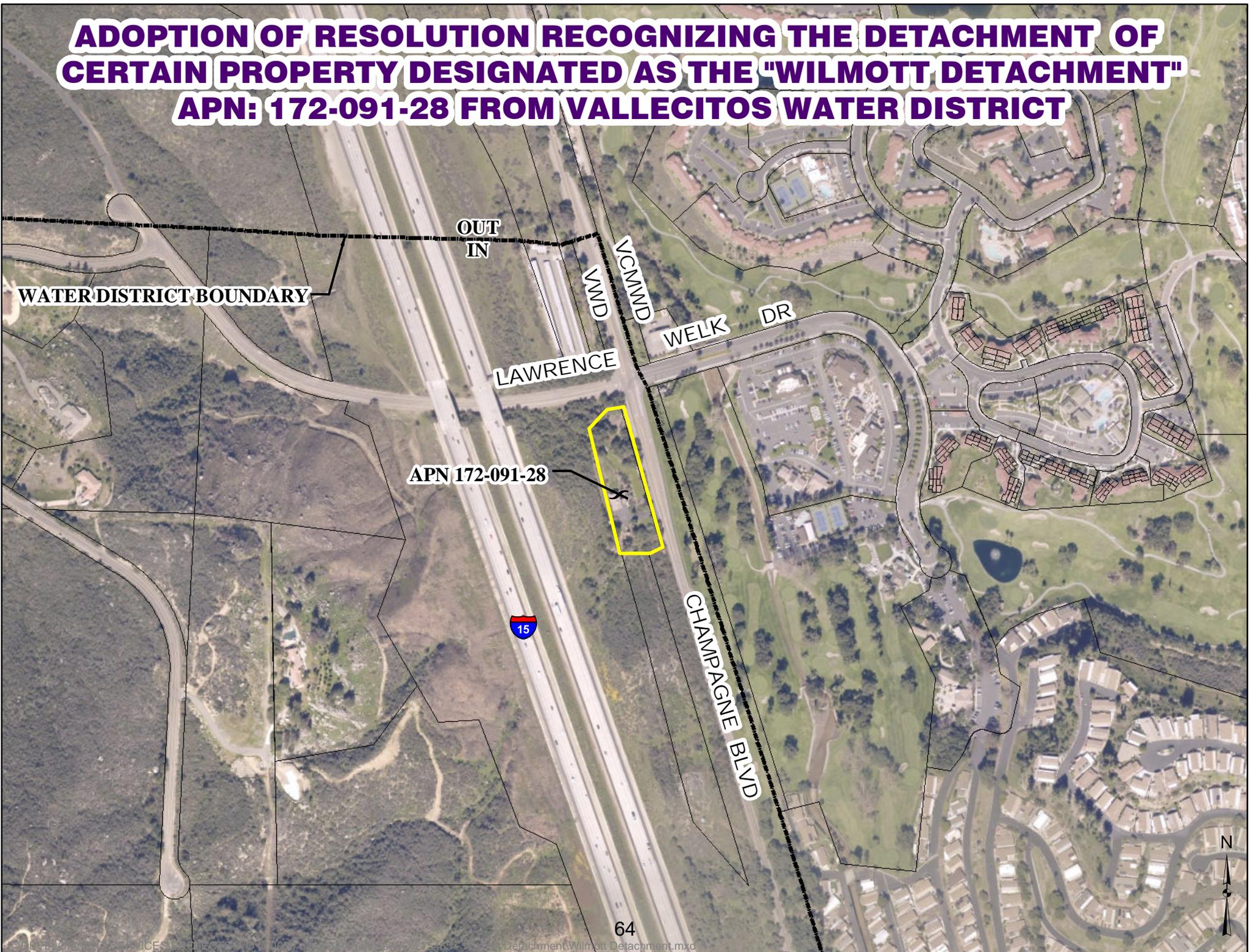
RECOMMENDATION:

Adopt the resolution recognizing the detachment of APN 172-091-28 from the Vallecitos Water District.

ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN: 172-091-28 FROM VALLECITOS WATER DISTRICT



ADOPTION OF RESOLUTION RECOGNIZING THE DETACHMENT OF CERTAIN PROPERTY DESIGNATED AS THE "WILMOTT DETACHMENT" APN: 172-091-28 FROM VALLECITOS WATER DISTRICT



RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT RECOGNIZING THE DETACHMENT OF
CERTAIN PROPERTY DESIGNATED AS THE “WILMOTT DETACHMENT” APN 172-
091-28 FROM THE VALLECITOS WATER DISTRICT**

WHEREAS, a petition for the detachment from Vallecitos Water District with the annexation to Valley Center Municipal Water District was filed with the Local Agency Formation Commission of the County of San Diego on June 7, 2019; and

WHEREAS, the Executive Officer of the Local Agency Formation Commission examined the petition and determined that it is signed by the requisite number of signers, and has attached his certificate to the petition showing the results of his examination, as provided in Government Code Section 56706; and

WHEREAS, the land described in said petition is the land hereinafter described in Exhibit “A” attached hereto; and

WHEREAS, the regular county assessment roll is utilized by this District; and

WHEREAS, the Board of Directors certifies that the determination by the Local Agency Formation Commission (LAFCO) that this reorganization is exempted by State CEQA Guidelines Section 15320 from the requirements of CEQA has been reviewed and considered; and

WHEREAS, while the territory currently is located within the Vallecitos Water District, there are no water facilities able to serve the site that precludes the provision of water service from that District’s distribution system; and

WHEREAS, because water service can be provided by Valley Center Municipal Water District systems, representatives from both Districts agree to this reorganization; and

WHEREAS, the inclusion of the land will be for the best interest of the land, and the owners thereof have consented to the inclusion of said land in the Valley Center Municipal Water District; and

NOW, THEREFORE, BE IT RESOVED BY THE BOARD OF DIRECTORS OF THE VALLECTIOS WATER DISTRICT, finds, determines and orders as follows:

Section 1. The Board of Directors of the Vallecitos Water District does hereby recognize the approval of the detachment from Vallecitos Water District and the annexation to Valley Center Municipal Water District of all the land described in the

petition above referred to pursuant to Resolution RO19-08 of the Local Agency Formation Commission of the County of San Diego; Exhibit "A", attached hereto and incorporated herein, is the legal description of the land included within the Vallecitos Water District pursuant to this Resolution and the proceedings above referred to, which said description is sufficient to identify this land.

Section 2. The conditions of said detachment from Vallecitos Water District are as follows:

Section 2.1: Payment of the Vallecitos detachment fee of \$1,947.66.00 (\$1,362.00 per acre for 1.43 acres).

Section 2.2: Payment of the VWD Administration deposit of \$1,000.00.

Section 2.3: Submittal of a geographic description of the property including plat map.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 18th day of March, 2020, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Betty D. Evans, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Prum, Secretary
Board of Directors
Vallecitos Water District

EXHIBIT 'A-1'
28616 CHAMPAGNE BLVD - CHANGE OF ORGANIZATION

GEOGRAPHIC DESCRIPTION

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 12, TOWNSHIP 11 SOUTH, RANGE 3 WEST, SAN BERNADINO MERIDIAN, ACCORDING THE OFFICIAL PLAT THEREOF, AND AS MORE FULLY DESCRIBED AS EXHIBIT "A" IN DEED TO ROBERT C. WILMOT, RECORDED DECEMBER 20, 2002 AS FILE NO. 2002-1170895 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, ALONG WITH THE RIGHT-OF-WAYS OF LAWRENCE WELK DRIVE AND CHAMPAGNE BOULEVARD MEASURED TO THE CENTERLINES AND ADJACENT TO THE PROPERTY DESCRIBED IN EXHIBIT "A", LYING WITHIN THE FOLLOWING DESCRIBED BOUNDARIES :

BEGINNING AT THE NORTHERN MOST CORNER OF THE AREA TO BE ANNEXED, ALSO BEING THE INTERSECTION OF THE CENTERLINE OF LAWRENCE WELK DRIVE AND THE CENTERLINE OF CHAMPAGNE BOULEVARD, ALSO BEING A POINT ON THE EXISTING BOUNDARY OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT;

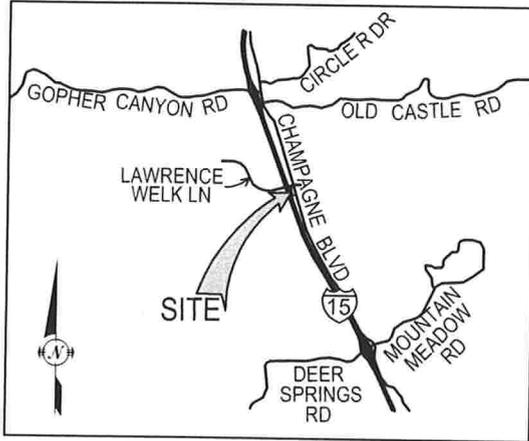
1. THENCE, ALONG SAID RIGHT-OF-WAY AND VCMWD BOUNDARY S16°18'04"E, 589.15 FEET;
2. THENCE, DEPARTING SAID CENTERLINE AND SAID VCMWD BOUNDARY S73°41'56"W, 56.00 FEET; TO THE EASTERN MOST CORNER OF THE PARCEL DESCRIBED IN EXHIBIT "A" OF DEED TO ROBERT WILMOTT, ALSO BEING A POINT ON THE WESTERN RIGHT-OF-WAY OF CHAMPAGNE BOULEVARD;
3. THENCE, ALONG SAID EXHIBIT "A" PARCEL BOUNDARY AND ALONG SAID RIGHT-OF-WAY S73°41'56"W, 44.00 FEET;
4. THENCE, DEPARTING SAID RIGHT-OF-WAY, N87°08'59"W, 115.14 FEET; TO A POINT ON THE EASTERLY RIGHT-OF-WAY OF INTERSTATE ROUTE 15;
5. THENCE, ALONG SAID RIGHT-OF-WAY, N14°29'00"W, 432.90 FEET;
6. THENCE, N45°40'31"E, 107.66 FEET: TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF LAWRENCE WELK DRIVE;
7. THENCE, DEPARTING SAID EXHIBIT "A" PARCEL BOUNDARY, N16°18'04"W, 70.03 FEET, TO A POINT ON THE CENTERLINE OF LAWRENCE WELK DRIVE;
8. THENCE ALONG SAID CENTERLINE AND DEPARTING SAID INTERSTATE ROUTE 15 FRONTAGE ALONG A CURVE TO THE LEFT, HAVING A CHORD WHICH BEARS N74°54'55.6"E FOR 91.15 FEET, A RADIUS OF 2000.00 FEET, A CENTRAL ANGLE OF 2°36'41.4", AND AN ARC DISTANCE OF 91.16 FEET;
9. THENCE, N73°36'34.8"E, 8.87 FEET, TO THE POINT OF BEGINNING AND CONTAINING 2.47 ACRES OF LAND MORE OR LESS.

FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

EXHIBIT 'A-2'

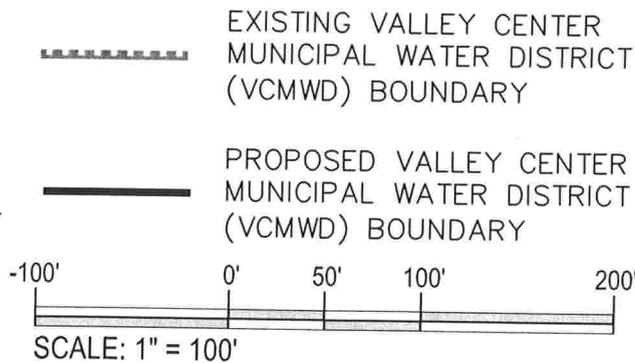
COURSES:

1. S16°18'04"E, 589.15'
2. S73°41'56"W, 56.00'
3. S73°41'56"W, 44.00'
4. N87°08'59"W, 115.14'
5. N14°29'00"W, 432.90'
6. N45°40'31"E, 107.66'
7. N16°18'04"W, 70.03'
8. R=2000.00, L=91.16', Δ=02°36'41.4"
CHORD=N74°54'55.6"E, 91.15'
9. N73°36'34.77"E, 8.87'

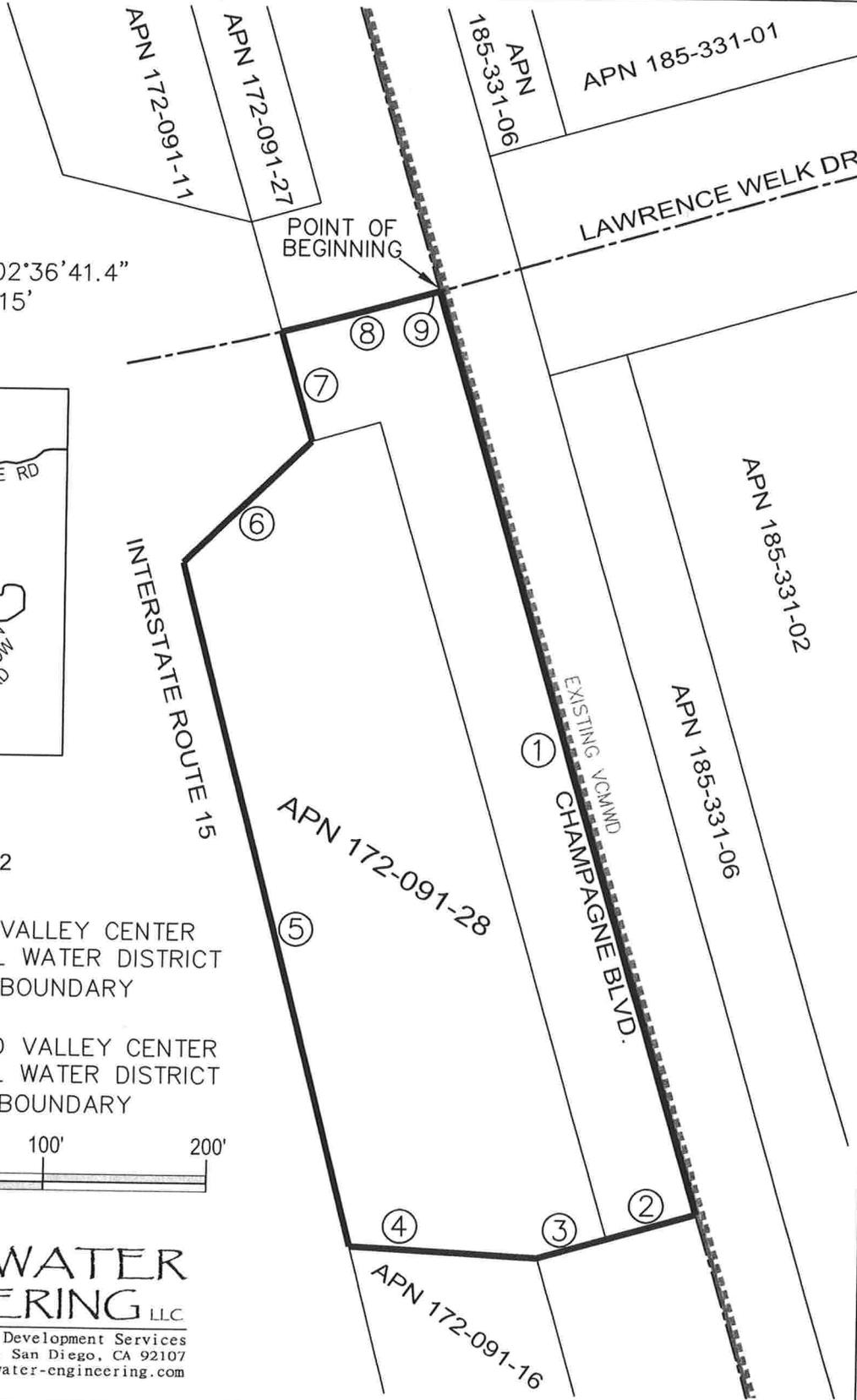


VICINITY MAP

NO SCALE
THOMAS BRO. MAP PG. 1069-A2



SWEETWATER ENGINEERING LLC
Civil Engineering, Land Development Services
1968 Sunset Cliffs Blvd, San Diego, CA 92107
Ph: (619) 230-5727 Sweetwater-engineering.com



ASSESSOR'S PARCEL NUMBER: 172-091-28	LAFCO RESOLUTION NO. CO##-##: DA##-##	ACREAGE: 2.47	DATE: 05/21/2019	SCALE: 1" = 100'
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28616 CHAMPAGNE BLVD-WILMOTT

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 12, TOWNSHIP 11 SOUTH, RANGE 3 WEST, SAN BERNADINO MERIDIAN, ACCORDING THE OFFICIAL PLAT THEREOF, AND AS MORE FULLY DESCRIBED AS EXHIBIT "A" IN DEED TO ROBERT C. WILMOTT, RECORDED DECEMBER 20, 2002 AS FILE NO. 2002-1170895 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, ALONG WITH THE RIGHT-OF-WAYS OF LAWRENCE WELK DRIVE AND CHAMPAGNE BOULEVARD MEASURED TO THE CENTERLINES AND ADJACENT TO THE PROPERTY DESCRIBED IN EXHIBIT "A".

DATE: MARCH 18, 2020
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS “NORTH COAST CHURCH” APN(S) 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICTS 5 & 6 (NORTH COAST CHURCH)

BACKGROUND:

Dennis Choy, owner of property, is requesting annexation into the District’s sewer service area. The property is approximately 2.57 acres located at 2355/2375 Montiel Road in San Marcos north of Highway 78 and east of Nordahl Road.

The property is currently within the Vallecitos Water District’s (VWD’s) water service boundary and receives water service from VWD. However, the property is outside of VWD’s sewer service area.

DISCUSSION:

The District currently has an 8-inch sewer main in Montiel Road fronting the property and a 10-inch sewer main along the eastern property line.

Prior to connection to the District’s sewer facilities, the owner must complete the annexation process, including payment of sewer annexation fees which are currently \$9,674 per acre.

Payment of all engineering fees, bonds and inspection deposits will be required prior to any construction of facilities to these parcels.

FISCAL IMPACT:

Payment of \$24,862.18 (\$9,674.00/acre x 2.57 acres) in sewer annexation fees will be collected in accordance with Ordinance No. 200. All other fees will cover actual costs and have no fiscal impact. Wastewater Capital Facility Fees will be determined during plan check and will be due prior to the issuance of the final building inspection and/or utility release per Resolution No. 1441.

RECOMMENDATION:

Approve the annexation of APNs 228-370-20 & 228-370-39 into VWD’s Sewer Improvement Districts 5 & 6 with the following conditions:

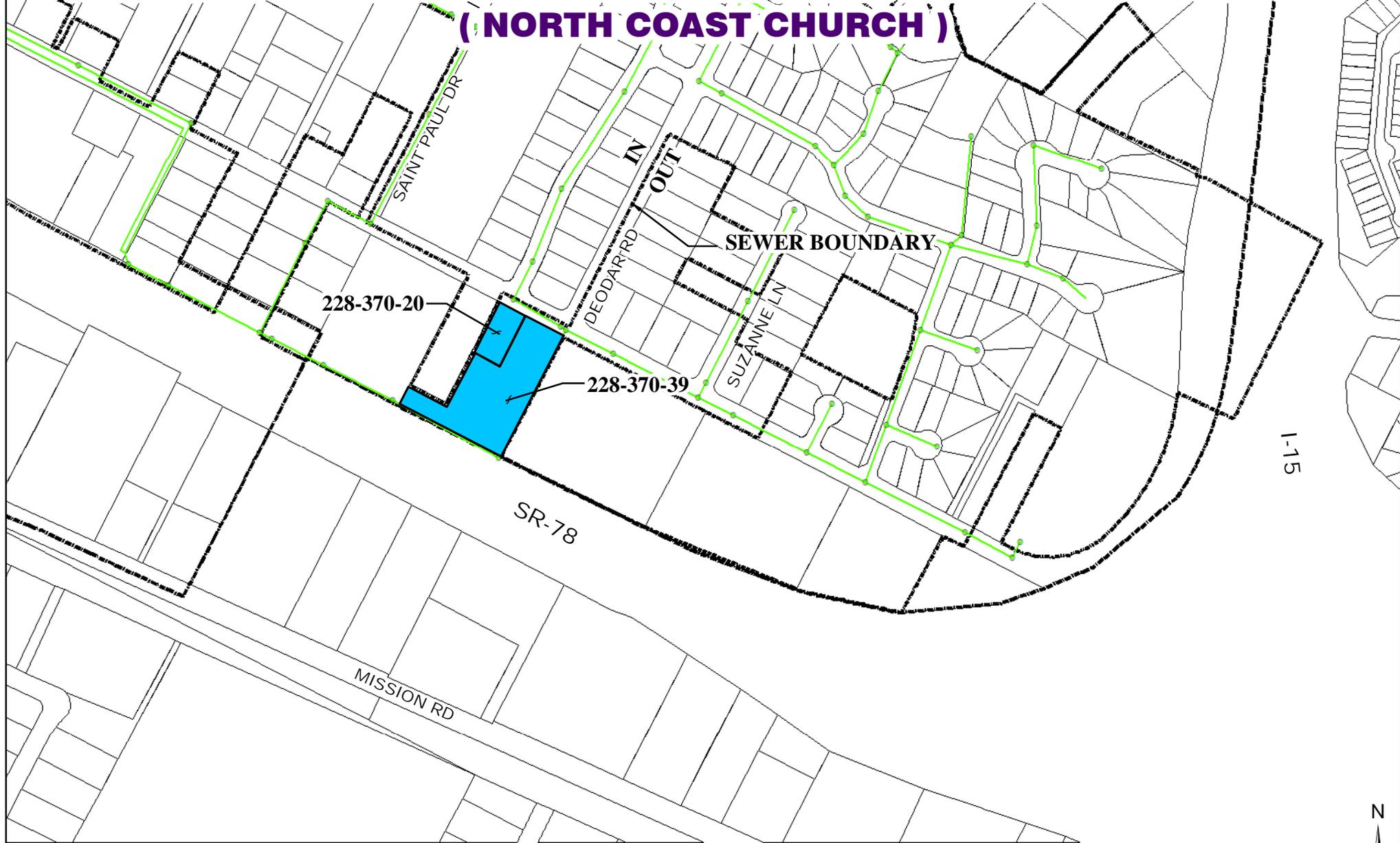
1. Payment of sewer annexation fee of \$9,674 per acre (2.57 acres) = \$24,862.18.
2. Payment of \$1,000 sewer administration deposit (already paid).
3. Payment of State Board of Equalization fee of \$350 (already paid).

4. Submittal of a copy of the title report initiated or updated within the last 6 months showing ownership and a geographic description of the property including a plat map.
5. Completion of annexation within 2 years of initial Board approval. If annexation is not complete within 2 years of Board approval, a new request for annexation may be required.

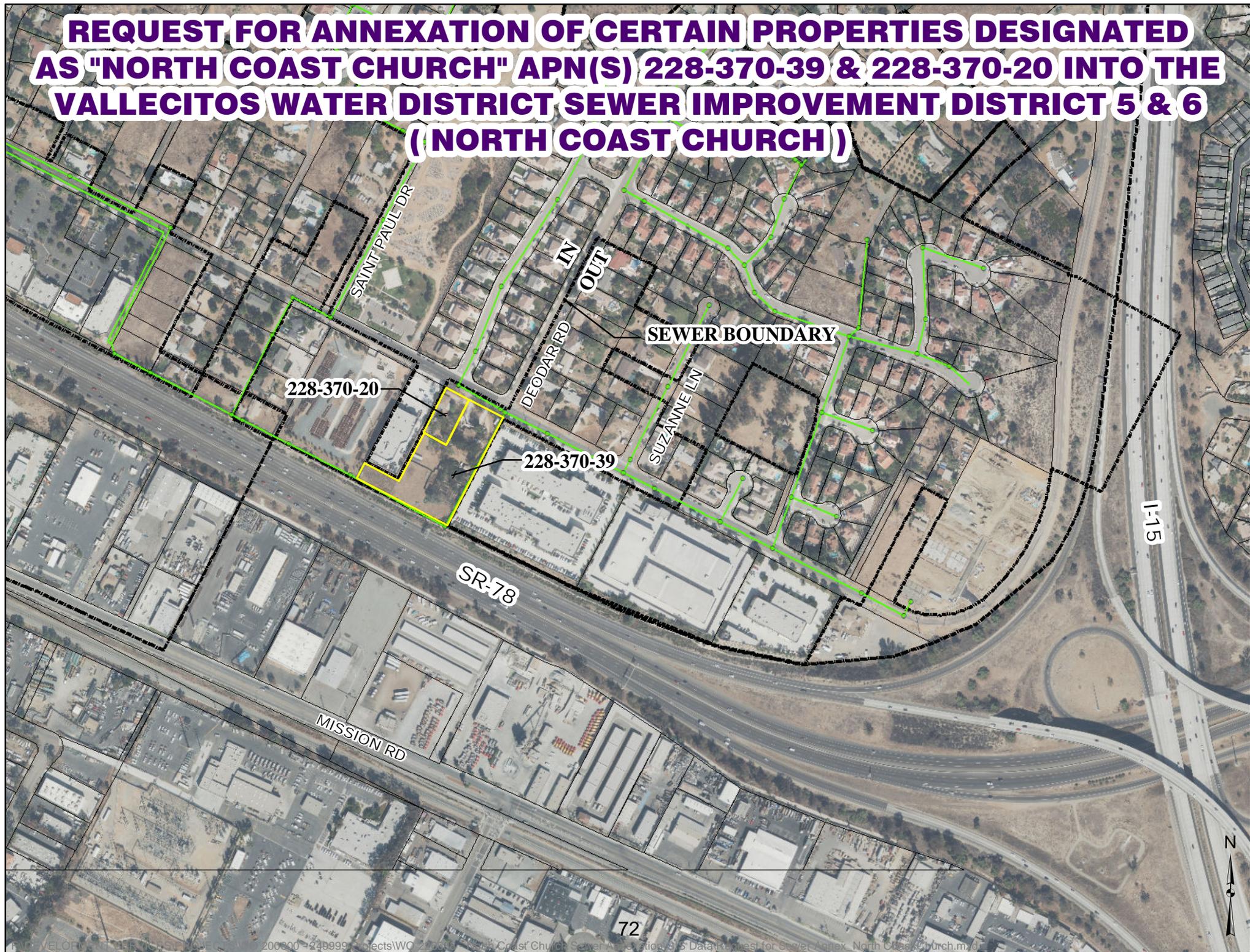
ATTACHMENTS:

2 Map Exhibits - 1 Plat & 1 Aerial

REQUEST FOR ANNEXATION OF CERTAIN PROPERTIES DESIGNATED AS "NORTH COAST CHURCH" APN(S) 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICT 5 & 6 (NORTH COAST CHURCH)



REQUEST FOR ANNEXATION OF CERTAIN PROPERTIES DESIGNATED AS "NORTH COAST CHURCH" APN(S) 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICT 5 & 6 (NORTH COAST CHURCH)



DATE: MARCH 18, 2020
TO: BOARD OF DIRECTORS
SUBJECT: CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO.1 REFURBISHMENT

BACKGROUND:

North Twin Oaks Tank No.1 was built in 1961 on El Paso Alto, West of Twin Oaks Valley Road, and was last inspected in 2015. The existing interior lining and exterior coating of this 0.6 million-gallon tank has deteriorated and requires full refurbishment. This project will remove and replace the existing lining and coating. Due to the age of the tank and level of deterioration, repairs or replacement to the ceiling rafters will be required. Equipment upgrades will also be necessary to meet current American Water Works Association (AWWA) and Division of Occupational Safety and Health Administration (Cal/OSHA) standards.

The Board awarded Harper & Associates Engineering a purchase order for the design and inspection of the tank for a fee of \$54,415 on December 5, 2018.

District staff received and opened construction bids on February 18, 2020, from three contractors with bid results as follows:

<u>Bidder</u>	<u>Amount</u>
Capital Industrial Coatings LLC	\$446,425
Paso Robles Tank	\$526,649
Advanced Industrial Services	\$560,400

The Engineer's estimate was \$425,000.

DISCUSSION:

Staff and Counsel reviewed the bids and identified two (2) minor deviations in Capital Industrial Coatings LLC's bid. This included adding an extra "zero" to the DIR Registration Number for its listed subcontractor, Premier Tank, and failing to attach a notary acknowledgement for Capital's signature on the bid bond. Neither of these deviations affected the bid price and therefore may be waived by the Board as inconsequential deviations.

A protest letter was received from Paso Robles Tank on February 26, 2020, claiming Capital Industrial Coatings LLC lacked the required 5 years of experience and an unbalanced bid for two bid items.

Staff and Counsel completed the evaluation of qualifications and the protest letter, and determined Capital Industrial Coatings, LLC is the lowest responsive, responsible bidder.

Harper & Associates Engineering performed the design and will also provide inspection services for the project. Staff will provide construction management and inspection services and coordinate the refurbishment work with the District's water system operations.

FISCAL IMPACT:

The total estimated cost and budget summary are as follows:

Budget	\$573,000
Construction	\$446,425
10% Change Order (Ord. No. 146)	\$ 44,643
Design/Inspection Consultant	\$ 54,415
Staff (Design & Estimated Construction)	\$ 27,131
Staff Overhead (Design & Estimated Construction)	\$ 54,517
<u>Total</u>	<u>\$627,131</u>
Projected Budget Shortfall	\$ 54,131

RECOMMENDATION:

Recommendations for the North Twin Oaks Tank No.1 Capital Improvement project are as follows:

1. Waive the two minor deviations from Capital Industrial Coatings LLC's bid.
2. Reject the protest letter from Paso Robles Tank.
3. Increase the project budget by \$54,131.
4. Authorize the General Manager to execute a construction contract with Capital Industrial Coatings LLC in the amount of \$446,425, subject to provisions of the contract.

CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT



CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT

**TWIN OAKS RESERVOIR NO. 1
(33 MILLION GALLONS)**

**TWIN OAKS RESERVOIR NO. 2
(40 MILLION GALLONS)**

EL PASO ALTO

TWIN OAKS VALLEY RD

VALLE PASO

BRIDLE CREEK RD

EL PASO ALTO

**NORTH TWIN OAKS NO. 1
(0.6 MILLION GALLONS)**



MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MARCH 18, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Special meeting to order at the hour of 5:00 p.m.

Present: Director Elitharp (Via Teleconference)
Director Martin (Via Teleconference)
Director Sannella (Via Teleconference)
Director Evans (Via Teleconference)

Absent: Director Hernandez

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

ADOPT AGENDA FOR THE SPECIAL MEETING OF MARCH 18, 2020

20-03-08 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, with Director Hernandez absent, to adopt the agenda for the Special Board Meeting of March 18, 2020.

PUBLIC COMMENT

None.

CONSENT CALENDAR

20-03-09 MOTION WAS MADE by Director Martin, seconded by President Evans, and carried unanimously, with Director Hernandez absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Special Board Meeting – February 26, 2020
- B. Special Board Meeting – February 27, 2020
- C. Finance/Investment Committee Meeting – March 2, 2020

1.2 Warrant List through March 18, 2020 - \$2,907,382.13

1.3 Financial Reports

- A. Water Meter Count – February 29, 2020
 - B. Water Production/Sales Report – 2019/2020
 - C. Per Capita Water Consumption – February 29, 2020
 - D. Water Revenue and Expense Report – February 29, 2020
 - E. Sewer Revenue and Expense Report – February 29, 2020
 - F. Reserve Funds Activity – February 29, 2020
 - G. Investment Report – February 29, 2020
 - H. Legal Fees Summary – February 29, 2020
- 1.4 Final Acceptance of Water and Sewer Improvements for Fitzpatrick Town Homes, APNS 220-100-82, 220-100-83 & 220-100-85 (KB Home Coastal)
- 1.5 Approval of Construction Agreement for Orchard Hills Off-Site Sewer Improvements (Warmington Residential California, Inc.)
- 1.6 Adoption of Resolution Recognizing the Detachment of Certain Property Designated as the “Wilmott Detachment” APN 172-091-28 from the Vallecitos Water District
- 1.7 Request for Annexation of Certain Property Designated as “North Coast Church” APNS 228-370-39 & 228-370-20 into the Vallecitos Water District Sewer Improvement Districts 5 & 6 (North Coast Church)

ACTION ITEMS

CONSTRUCTION CONTRACT AWARD OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT

District Engineer Gumpel stated the North Twin Oaks Tank No. 1 was built in 1961. Upon inspection in 2015, it was determined that the existing interior lining and exterior coating had deteriorated and requires full refurbishment. Staff received and reviewed bids from three contractors on February 18, 2020. Capital Industrial Coatings LLC was determined to be the lowest bidder at \$446,425. The Engineer’s estimate was \$425,000. Staff received a protest letter from the second lowest bidder, Paso Robles Tank, questioning the experience of the low bidder. Further review of the low bidder revealed that Capital Industrial Coatings LLC had the proper amount of experience necessary to perform the work. Two minor deviations were identified in Capital Industrial Coatings LLC’s bid; however, staff and counsel recommended waiving the deviations. Harper & Associates performed the design and will also provide specialty inspection services for the project. The project budget came in with a shortfall of \$54,131 primarily due to the project being over the Engineer’s estimate and the project had to be put out for bid twice to get a competitive bid.

Staff recommended the Board waive the two minor deviations in Capital Industrial Coatings LLC's bid, reject the protest letter from Paso Robles Tank, increase the project budget by \$54,131, and authorize the General Manager to execute a construction contract with Capital Industrial Coatings LLC in the amount of \$446,425, subject to provisions of the contract.

General discussion took place.

20-03-10 MOTION WAS MADE by Director Elitharp, seconded by Director Sannella, and carried unanimously, with Director Hernandez absent, to approve staff's recommendations.

GENERAL MANAGER'S UPDATE REGARDING THE DISTRICT'S RESPONSE TO THE CORONAVIRUS OUTBREAK

General Manager Pruum discussed how the Coronavirus (COVID-19) is affecting the District's operation. Rapidly changing information is being received constantly from the state and federal government. The District's primary objective is to ensure the health and safety of its customers and employees, and to provide at all times adequate supplies of safe, reliable water and to ensure that the wastewater system continues to operate properly. To accomplish those goals, staff proposed the following actions:

- Monitor all COVID-19 related information to remain up to date.
- Reduction of staffing levels. Essential staff have been identified and they continue to report to work. Non-essential staff will be working from their homes. Technology needs are being assessed so that those working from home can be productive. Alternate work schedules will begin on March 23. Approximately 60% - 70% of staff will still report to work at the District which includes most of field operations, inspection personnel, meter readers, all managers, and General Manager Pruum.
- Assist employees in any way possible. There are no reported cases of COVID-19 at the District office and none of the employees' families have been affected. As the schools have been closed, some employees must stay home with their children.
- Enhancement of cleaning and disinfection protocols at all District facilities. The priorities of custodial staff have changed, and outside cleaning services have been contracted.
- Ensure adequate supplies necessary for District operation are maintained such as paper products and chemicals for facilities, lift stations, and wastewater treatment.
- Effective March 19, 2020, the District office will be closed to the public, as are most other agencies. Accommodations will be made for package deliveries and for customers wishing to pay their bills. The front doors will not be open, but signs have been placed on the doors to inform customers of alternative ways to pay their bill. This information is also on the District's website.

- Coordination of activities with fellow water and wastewater agencies including the San Diego County Water Authority (SDCWA) and Encina Wastewater Authority (EWA). A meeting is scheduled for March 23 to discuss a North County cooperative agreement so agencies can help each other share resources if needed. The District is participating in the SDCWA's web Emergency Operations Center where all member agencies can report on a daily basis how things are going, what is needed, and what resources they may be able to offer.
- Increased communication with the public on the District's website and newsletters. Discussed utilizing a reversed 911 system if necessary.
- Proposed placing a temporary suspension on disconnecting water service and late fee accrual to ensure all customers (residential and commercial) have access to water for health and sanitation reasons and to recognize financial hardships customers may be experiencing with job losses, etc.
- Tracking all COVID-19 response related costs for possible reimbursement from FEMA and other agencies.
- Cancellation of all large group face-to-face meetings and no scheduling of new meetings. Staff is not attending any functions that they have been invited to. No large staff meetings, in-person regional coordination meetings, conference travel, or community outreach events such as the San Marcos Street Fair.
- All Board meetings will be conducted remotely, and this should apply to Board committee meetings as well. Business will get done, just in an alternative method.

General Manager Pruim assured the Board and public that water and wastewater services will be reliable. Updates will be provided to the Board and the public as necessary and as conditions change.

General discussion took place during which Director Sannella suggested public outreach should include information regarding late payments and disconnections.

REPORTS

GENERAL MANAGER

None.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated things are changing rapidly regarding COVID-19. The meeting today was modified per the Governor's Executive Order issued last week. Another Executive Order was issued on March 17 amending the prior Executive Order with a change that would allow the public to participate telephonically or no longer require to have physical space available for them. The Board may want to consider a way for the public to participate so that a space does not have to be made available.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the SDCWA is adhering to all rules, regulations and cautionary measures relating to the COVID-19 situation. The Board meeting via teleconferencing is scheduled on March 26.

ENCINA WASTEWATER AUTHORITY

Director Martin reported that EWA has cancelled all of their Capital Improvement and Policy and Finance Committee meetings for the foreseeable future.

STANDING COMMITTEES

Director Martin stated the Finance and Investment Committee met on March 2. The Committee reviewed the schedule for the upcoming budget process. He requested any presentations be forwarded to the Committee prior to future meetings.

Director Martin stated the Ad Hoc Committee met with the consultant regarding the adjacent hillside property. He anticipates the Committee will provide a full report to the Board within the next few months.

Director Elitharp stated the Engineering and Equipment Committee met on March 9 at which the Committee received several updates on development, capital projects, septage hauling station, District-wide solar project, and the High Point condition assessment. The Committee heard a presentation on the District's asset management program and discussed groundwater grants.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Martin reported on his attendance to a General Plan Advisory Committee (GPAC) meeting on March 11. Future GPAC meetings have been cancelled.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Special Meeting of the Board of Directors at the hour of 5:29 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, April 1, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Betty D. Evans, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District



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J.A. Wright
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President, SSPC
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