

Notice is hereby given that the Rainbow Municipal Water District Board of Directors will hold Closed Session at 12:30 p.m. and Open Session at 1:00 p.m. Tuesday, March 27, 2018, at the District Office located at 3707 Old Highway 395, Fallbrook, CA 92028. At any time during the session, the Board of Directors Meeting may adjourn to Closed Session to consider litigation or to discuss with legal counsel matters within the attorney client privilege.

AGENDA

1. **CALL TO ORDER**
 2. **ROLL CALL: Brazier ___ Hamilton ___ Gasca ___ Mack ___ Stewart ___**
 3. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
 4. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**
Under Oral Communications, any person wishing to address the Board on matters regarding the Closed Session agenda should indicate their desire to speak by filling out and submitting a "Speaker's Slip" to the Board Secretary before the meeting begins. *Speaking time shall generally be limited to three minutes, unless a longer period is permitted by the Board President.*
 5. **CLOSED SESSION**
 - A. Conference with Legal Counsel—Anticipated Litigation (Government Code §54956.9(d)(2))
 6. **REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**
- Time Certain: 1:00 p.m.
7. **PLEDGE OF ALLEGIANCE**
 8. **REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**
 9. **REPEAT ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
 10. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**
Under Oral Communications, any person wishing to address the Board on matters not on this agenda should indicate their desire to speak by filling out and submitting a "Speaker's Slip" to the Board Secretary before the meeting begins. *No action will be taken on any oral communications item since such item does not appear on this Agenda, unless the Board of Directors makes a determination that an emergency exists or that the need to take action on the item arose subsequent to posting of the Agenda (Government Code §54954.2). Speaking time shall generally be limited to three minutes, unless a longer period is permitted by the Board President.*
 11. **EMPLOYEE RECOGNITIONS**
 - A. Justin Chandler (10 Years)
 - B. Kenny Diaz (10 Years)
 - C. Bryan Rose (15 Years)

(*) - Asterisk indicates a report is attached.

***12. APPROVAL OF MINUTES**

- A. February 27, 2018 - Regular Board Meeting

***13. BOARD OF DIRECTORS' COMMENTS/REPORTS**

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

- A. President's Report (President Brazier)
- B. Representative Report (Appointed Representative)
 - 1. SDCWA
 - A. Summary of Board Meeting - February 22, 2018
 - 2. CSDA
 - 3. LAFCO
 - 4. San Luis Rey Watershed Council
 - 5. Santa Margarita River Watershed Watermaster Steering Committee
- C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
- D. Directors Comments
- E. Legal Counsel Comments
 - 1. Attorney Report: Inverse Condemnation and Public Records Act Update (501668-0002)

***14. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

- A. Budget and Finance Committee
 - 1. February 13, 2018 Minutes
- B. Communications Committee
 - 1. February 1, 2018 Minutes
- C. Engineering Services Committee
 - 1. January 3, 2018 Minutes
 - 2. February 7, 2018 Minutes

CONSENT CALENDAR

***15. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-05 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**

(With recent changes to certain position titles as well as an additional new position, it is necessary to update Administrative Code Section 1.02.020 – Conflict of Interest.)

BOARD ACTION ITEMS

***16. DISCUSSION AND POSSIBLE ACTION ACCEPTING THE AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2017**

(Present the FY 2017 Audit to the Board for consideration of acceptance.)

***17. FISCAL YEAR 2017-18 MID-YEAR BUDGET REVIEW AND BUDGET ADJUSTMENTS**

(Present Mid-Year budget adjustments for Board approval.)

(*) - Asterisk indicates a report is attached.

- *18. **DISCUSSION AND POSSIBLE ACTION TO APPROVE WATER SYSTEM CONSTRUCTION AGREEMENT FOR TOPA TOPA COURT, COUNTY OF SAN DIEGO TRACT NO. 5532-1**
(Topa Topa Place is an 11-lot development off Sterling View Drive and Old Highway 395. Frulla Inc. is responsible for the construction of the water system improvements. Approval of the Construction Agreement will allow construction to proceed.)

- *19. **DISCUSSION AND POSSIBLE ACTION TO APPROVE WATER AND SEWER CONSTRUCTION AGREEMENT FOR HORSE CREEK RIDGE, UNIT 6-R5, (PROMONTORY), RICHMOND AMERICAN HOMES**
(D.R. Horton, master developer of the Horse Creek Ridge development, recently sold the 124 lot Unit 6-R5, Promontory subdivision (Tract No. 5338-6) to Richmond American Homes of California. Richmond American is responsible for the construction of the public improvements, including water and sewer facilities, within the subdivision. Approval of the Water and Sewer Construction Agreement will allow construction to proceed.)

- 20. **DISCUSSION AND POSSIBLE ACTION TO ACCEPT WATER SYSTEM IMPROVEMENTS FOR THE MOOSA CREST PIPELINE EMERGENCY REPAIR AND END THE STATE OF EMERGENCY DECLARED IN RESOLUTION 17-10**
(Construction was recently completed on the Moosa Crest Pipeline Emergency Repair Project. The Board declared the project an emergency by adopting Resolution 17-10 on February 28, 2017. By accepting the water system improvements and authorizing the filing of a Notice of Completion, the District takes ownership of the asset and ends the state of emergency declared in Resolution 17-10.)

- 21. **DISCUSSION AND POSSIBLE ACTION TO APPROVE A VARIANCE TO ORDINANCE 17-07 TO ALLOW A PROPERTY LARGER THAN 0.5 ACRES TO QUALIFY FOR CAPACITY CLASS B**
(A property owner has requested a variance from Ordinance 17-07 because he believes the capacity allocated by capacity class B will be sufficient for his 7.16 acre property. He is building a 1,800 square foot home and keeping the native landscaping which requires little to no irrigation.)

- *22. **CONSIDER ADOPTION OF RESOLUTION NO. 18-08, TAKING A SUPPORT POSITION FOR THE “DRINKING WATER TAX OPPOSE-UNLESS-AMENDED COALITION” AND CONSIDER MAKING A FINANCIAL CONTRIBUTION TO THE EFFORT TO OPPOSE THE BILL**
(To consider taking a formal Board position to oppose the “Water Tax” being proposed in Sacramento.)

- *23. **CONSIDER ADOPTION OF ORDINANCE 18-06 AMENDING ADMINISTRATIVE CODE SECTION 8.06 - INSTALLATIONS**
(Consider changing the Administrative Code to establish clear policies on the right of the District to install any size meter without affecting a customer’s originally assigned capacity class.)

- *24. **CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) CALL FOR NOMINATIONS SEAT A AND CONSIDERATION OF ADOPTING RESOLUTION NO. 18-07 CONCURRING IN THE NOMINATION OF JO MACKENZIE TO THE CSDA BOARD OF DIRECTORS**
(The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2019-2021 term. Jo MacKenzie has reached out to the Board Members Southern Network, including RMWD, asking each agency’s Board of Directors to consider approving a resolution concurring in her nomination to the CSDA Board of Directors.)

- 25. **AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

BOARD INFORMATION ITEMS

- 26. **STRATEGIC PLAN OBJECTIVES UPDATE**

(*) - Asterisk indicates a report is attached.


***27. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- B. Communications**
 - 1. Staff Training Reports
- C. Operations Comments**
 - 1. Operations Report
- D. Engineering Comments**
 - 1. Engineering Report
- E. Customer Service and Meters Comments**
 - 1. Customer Service and Meters Report
- F. Human Resource & Safety Comments**
 - 1. Human Resources Report
 - 2. Organizational Chart
- G. Finance Comments**
 - 1. Interim Financial Statement
 - 2. Treasurer Report
 - 3. Credit Card Breakdown
 - 4. Directors' Expense
 - 5. Check Register
 - 6. Water Sales Summary
 - 7. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

28. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

29. ADJOURNMENT - To Tuesday, April 24, 2018 at 1:00 p.m.

ATTEST TO POSTING:



Hayden Hamilton
Secretary of the Board

3-15-18 @ 4:00 p.m.

Date and Time of Posting
Outside Display Cases

(*) - Asterisk indicates a report is attached.

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 27, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on February 27, 2018 was called to order by President Brazier at 1:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Administrative Analyst Gray, Associate Engineer Powers, Finance Manager Martinez, Human Resources Manager Harp, Operations Manager Milner, Superintendent Walker, Superintendent Zuniga, Accounting Specialist Rubio, and Information Technology and Applications Analyst Khattab.

Fourteen members of the public were present for Open Session.

4. **ADDITIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

Mr. Kennedy noted Item #16A was added to the revised agenda published on February 26, 2018.

5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

Joe Buyer addressed the Board as well as noted how pleased he was with the RMWD Newsletter. He also referenced a newspaper article entitled "Dry Weather Causes San Diego Water Use to Surge" mentioning RMWD was ranked #5 in highest water quantity throughout the State of California. He suggested this be explained in the newsletter.

6. **ANNIVERSARY ACKNOWLEDGEMENT**

A. Chuck Faust (10 Years)

Mr. Kennedy mentioned Chuck Faust was a valve technician who has been doing a great deal of work on the valves making sure they operate. He thanked Mr. Faust for his service and presented him with a plaque and check in recognition of his tenure.

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B. Scott Terrell (10 Years)

Mr. Kennedy stated Scott Terrell has worked in the construction department since he came on board at RMWD where he continues to work on problems with the system including line breaks. He thanked Mr. Terrell for his service and presented him with a plaque and check in recognition of his tenure.

***7. CONSIDERATION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-06, A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT COMMENDING HARRY STITLE FOR HIS OUTSTANDING SERVICE AS A VOLUNTEER COMMITTEE MEMBER**

President Brazier noted this was of particular interest in that she and Mr. Stitle served on a few committees together for a long period of time and he will be missed.

Motion:

Approve Resolution No. 18-06.

Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

Time Certain: 1:00 p.m. Public Hearing

***8. PUBLIC HEARING**

A. PUBLIC HEARING TO CONSIDER ADOPTING INCREASES IN THE RATES FOR RAINBOW MUNICIPAL WATER DISTRICT SERVICE FEES EFFECTIVE MARCH 1, 2018 AND JANUARY 1 OF EACH YEAR THEREAFTER AND ORDINANCE 18-04 AUTHORIZING THE DISTRICT TO PASS THROUGH INCREASED COSTS IN PURCHASED WHOLESALE WATER

Mr. Kennedy presented a water and wastewater rate hearing presentation given to both the RMWD Budget and Finance Committee as well as to the Board at a January 10, 2018 Special Board meeting (see attached Exhibit A).

The Public Hearing was formally opened at 1:30 p.m.

Rick Carey stated he was a grower within RMWD that does not reside in the District. He noted he came to RMWD after the last rate hearing by which he was heavily impacted. He said he likes RMWD and thanked staff for the great level of effort put into the current rate proposal including the great data provided; however, strongly believes there was a disproportionate increase for the agricultural users. He noted his concern that although he has cut down 400 trees, the projected costs over the next five years are just not sustainable. He questioned the Board about what happens to RMWD when some of the larger growers are no longer in business versus being sensitive to what agricultural can do for RMWD. He concluded with inquiring as to whether RMWD has charged the developers enough to fund all the wastewater improvements and adequately fund reserves going forward. He thanked the Board for this time.

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Steve Fox addressed the Board as a newcomer to the area. He pointed out when relocating to this area from San Diego, he found the previous owners water bills was simply unsustainable thereby causing him to cut down several trees. He asked how RMWD would make up the revenue as the growers disappear. He complimented RMWD on the newsletters; however, he has not seen anything on what RMWD intends to do in terms of recycled water. He said it was his hopes the developers located across the freeway were paying their fair shares and that the revenue collected was included in the proposed calculations keeping the accounting fair and balanced for all ratepayers. He urged the Board to make sure everyone was treated fairly.

Russ Hatfield stated he lives at 1620 Wilt Road and how he has been farming avocados for approximately 40 years in RMWD. He said although he could live with the increase; however, he definitely did not like the automatic adjustments taking place each year without hearing from the public. He suggested either a revision be made removing the automatic adjustments or cancelling the entire item and bringing it back to the Board as two separate items for consideration.

Glenn Roger introduced himself to the Board as a ratepayer in the Gopher Canyon area who has resided in the District since the year 2000. He said over the years his rates have increased, but more importantly the quality of service has decreased. He recommended rate increases commensurate on quality of service which has three components; quality of the drinking water, delivery reliability, and a fair and equitable rate being paid for that quality of service. He talked about the numerous extended outages he has experienced and how they are no longer tolerable due to health hazards. He explained he has done everything he can to lower consumption of water, including sacrificing a very expensive landscape. He urged the Board to do something more fair and equitable commensurate with the quality of service. He concluded with noting he was very upset in that he could no longer sustain the water rates any longer.

Steve Ornelas stated he would like to see some consideration made for people who lost their property during the Lilac Fire in terms of the fixed costs. Mr. Kennedy pointed out this matter was on the agenda for discussion later in the meeting.

John Hemphill stated he resides at West Lilac Road and Camino Del Rey. He said his water service has been excellent and the rates are about right. He said in considering the four candidates to govern California, it may be prudent to ask each one what each of them are doing about water issues. He thanked the Board for the process of debating rate issues.

Lada Zajicek noted he was a 20-year resident and completely agreed with the fact the bills have consistent costs. He said he did not understand why the ratepayers must pay again and again for a water meter. He suggested how RMWD could possibly save money on people conducting traffic control whenever there are leaks. He talked about SDCWA's presentation approximately 8-10 years ago when it was stated by 2020 there would be much less water usage in this area. He mentioned SDCWA and MWD are strictly wholesale water purchasers selling to the local agencies at marked up prices. He said MWD was formed in 1926 and the same agreement that has remained in place all these years and how SDCWA was formed in 1944 and how believes the legislation should look at the input of institutions such as RMWD and be forced to make sure those original agreements are still okay. He pointed out RMWD was passing through costs on property bills for aqueducts to the City of Temecula; however, when he contacted RMWD several years ago to inquire about these charges, he was told the District did not know why these taxes appear on customer bills. He concluded asking about backflow testing and asked who is responsible when a leak occurs.

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President Brazier asked if there was anyone else who would like to speak on the matter or remit a written protest. She said after hearing nothing at this point the public hearing would be closed and open discussion to the Board of Directors.

The Public Hearing was formally closed at 2:00 p.m.

Director Gasca stated he found the study conducted was well done; however, what was going unaddressed is RMWD relying on SDCWA and MWD for water. He said the only means for resolving this was to find way to generate finding RMWD's own water supply. He emphasized it would be prudent to include information in the newsletter letting the public know what the District is doing including the costs and steps involved for doing finding such. President Brazier pointed out standing committees are investigating other options.

Mr. Kennedy explained RMWD went through a complete recycled water study and found the economics would not work out because the distribution of the District's system and its parallel pipe system made it too expensive. He talked about groundwater issue meetings are held every two weeks to allow for all interested parties to work through the challenges and which entity has water rights. He noted the plan work has already been completed, the legal aspects are yet to be finalized.

Director Stewart addressed Mr. Carey's comment regarding RMWD missing the low bond rates for the past several years; however, the District has been saddled with the vote that took place years ago putting Ordinance 95-1 in place. He reminded everyone this does restrain the District for cash and carry operation, especially when borrowing becomes necessary for replacements that will have to be done in time to supplement the current rates.

Mr. Stittle pointed out RMWD was paying on a 2% State Revolving Fund Loan to pay off the reservoir covers. Director Stewart stated as a newer resident to the area, they were very happy with the rural aspect of the area; however, the development taking place along I-15 has received entitlements approved by the County and cannot be rescinded. He noted Mr. Kennedy has put a tremendous effort into obtaining an additional \$2.5 Million on an ancient entitlement. He stated RMWD was not a land use agency. He assured the audience, every member of the RMWD Board of Directors liked the rural characteristics this area and the beauty the surroundings offer.

Director Stewart talked about Proposition 218 and how the residential customers have borne a larger part of the burden. He noted the importance of conducting the comprehensive rate study. He concluded with stating paying a little more to live in a rural area with the beauty and serenity of this area, it makes economic sense.

Director Gasca mentioned the recent Council of Water Utilities Meeting at which the guest speaker was the Farm Bureau who shared how vital agriculture was for keeping the area clean. He stated although he was able to afford the water rates, he was interested in seeing the District retain as much water to help the customers make it in spite of what the rates may be and encourage the customers to do activities to maintain their landscaping. He said it is one of those relationships RWMD needs to nurture because it wants those who live here to appreciate the area and continue to be a part of the District.

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Director Gasca shared a constituent's concern that this meeting was being held at 1:00 p.m. as opposed to later in the afternoon. He said when it comes to public hearings regarding rates, it was important for the Board to consider holding the meeting at 5:00 p.m. to give the greatest number of public members the opportunity to attend. It was noted the District has attempted to accommodate the public with changing the meeting start time; however, it was ineffective. A member of the public suggested it may be time for the Board to revisit the matter of a later start time again.

President Brazier said the Board owes it to the District's stakeholders to remain transparent. She explained with new customers moving in and out all the time, there will be a continual change in population. She stated in the matter of transparency, she would prefer running any rate changes by those who own the District (ratepayers). Mr. Kennedy explained each time there is a notification process; however, it was up to the Board whether they would like to hold a rate hearing each year. It was noted to change the automatic rate adjustments, Ordinance No. 18-04 Sections 4, 5, and 6 would need to be modified. President Brazier stated she was simply noting her opposition to the automatic adjustments, not speaking for the entire Board. Director Hamilton stated he shared the same concerns as President Brazier.

Legal Counsel confirmed any modifications to the Ordinance made by the Board should be noted during this portion of the meeting.

Director Stewart stated after the long study conducted to include infrastructure costs and the pass-through increased charges, he does not believe the public hearing process will make a huge difference in what has been projected. President Brazier said she certainly supports projecting for stability; however, there was too much unpredictability and too many unknowns. Director Stewart asked Mr. Kennedy if revisiting the rates through the Proposition 218 process makes a difference to the big replacement program that must be done to reduce the huge escalation in maintenance costs related to the aging pipelines. Mr. Kennedy replied the Board would make an annual decision each year based on that individual year's information. He added Proposition 218 does allow for the opportunity to protest rate increases each year; however, the rules make it a harder hurdle to cross. He pointed out if RMWD was relieved of the Ordinance 95-1 restrictions, a five-year rate approval would give RMWD a much higher bond rating. He clarified it was always up to the Board at any given time to do what they are elected to do and in the grand scheme of things budgeting for the Proposition 218 process was small.

President Brazier said she does not want to operate the district on hypotheticals. Director Hamilton added allowing for the Proposition 218 process allows RMWD to be more open with the public.

Mr. Stitle pointed out RMWD was not trying to spend money, but trying to charge what needs to be charged to stay in business. Mr. Carey said this was exactly what the agricultural users were trying to do; however, they are unable to charge what they need to charge to stay in business. Mr. Kennedy talked about aging infrastructure and how much of the pipeline was built on a bonding mechanism that no longer exists.

Mr. Carey noted it was an internal issue that non-residents who own property within the District are excluded from voting on RMWD matter that could be easily fixed. He expressed concern that it did not show all water users were being treated equally. He reiterated the increasing costs are just not sustainable.

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Motion:

To approve Ordinance No. 18-04 – Ordinance of Rainbow Municipal Water District revising Appendix A of the Rules and Regulations Regarding Water and Wastewater Services Charges with the approval of the proposed rates for 2018, the elimination of future pass-throughs, and any future rates having to go through the initial Proposition 218 process.

Action: Approve, Moved by Director Gasca, Seconded by Director Stewart.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

President Brazier called for a break at 2:39 p.m.

The meeting reconvened at 2:54 p.m.

***9. APPROVAL OF MINUTES**

- A. January 10, 2018 – Special Board Meeting
- B. January 23, 2018 - Regular Board Meeting

Motion:

Approve the minutes as written.

Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

President Brazier noted there has been some conversation about the purpose of minutes. She stated all the minutes are supposed to do is reflect what is said and done in the meeting and are not intended to convey the opinions of those in attendance.

10. BOARD OF DIRECTORS' COMMENTS/REPORTS

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

- A. President's Report (Director Brazier)

President Brazier mentioned she encourages members of the public to review the agenda packets. She appreciated the Human Resources being much more complete. She also talked about how much she appreciates seeing the efforts put into both the Board and staff conference reports in that it tells what benefit there is to the District to having individuals attend these events, what they learned, and how it helps to evaluate whether ratepayer money is being used appropriately.

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- B.** Representative Report (Appointed Representative)
 - 1.** SDCWA
 - A.** Summary of January 25, 2018 Meeting

Mr. Kennedy commented on the information provided in both the “Interim Long-Range Water Demand Forecast ‘Reset’” and “Update on Water Supply Conditions” handouts provided at the meeting.

- 2.** CSDA

Mr. Kennedy reported the quarterly meeting took place in February at which someone from the San Diego County Tax Collector presented information on San Diego’s economics. Director Mack added there was mention of two more rate hikes coming in the next year and that the average home price within the County is \$605,000.

Mr. Kennedy introduced Ahmed Khattab as RMWD’s new Senior Information Technology and Applications Analyst.

- 3.** LAFCO

Mr. Kennedy reported RMWD has been asked to submit comments to the MSR. He mentioned in conjunction with the Yuima MWD, a letter was sent to LAFCO requesting they take a look at the San Luis Rey groundwater area because of the discussions taking place with the Native American Tribes regarding water availability.

- 4.** San Luis Rey Watershed Council

Director Stewart reported there have been several meetings over the past month noting there was enough money generated through studies to retain a staff person for the past several years; however, those studies will be completed at the end of the month leaving it unknown whether the Council will sustain itself. He noted work with the Board of Directors was being conducted to talk about the watershed council will go from here and forward including determining its purpose and determine how it can be funded. He stated the next public meeting has not been scheduled yet.

- 5.** Santa Margarita River Watershed Watermaster Steering Committee

Director Hayden noted the next meeting would not be until April 17, 2018.

- C.** Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
 - 1.** Board Reports

Director Gasca reported on the Council of Water Utilities meeting at which Eric Larson presented facts in his presentation entitled “Farming in San Diego County” (copy provided as a handout).

- D.** Directors Comments

Director Stewart thanked those who provided testimony at today’s meeting. He said he was pleased to hear the so many members of the public appreciate the communications occurring with the newsletter and mailings.

Director Mack mentioned how ratepayers can conserve; however, that lowers sales which in turn causes rates to increase. Discussion followed.

(*) - Asterisk indicates a report is attached.

Director Gasca commented on the suggestion regarding raw water systems. Mr. Carey pointed out Mr. Kennedy made a huge effort in pushing this idea along; however, there were some other taskers that may have hindered the process.

- E. Legal Counsel Comments
 - 1. Attorney Report: CEQA Update (5016687-0002)

Legal Counsel summarized the information provided in the report.

***11. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

- A. Budget and Finance Committee
 - 1. December 12, 2017 Minutes
 - 2. January 9, 2018 Minutes

President Brazier pointed out RMWD produces meeting minutes and how they have been very beneficial and useful as opposed to action only or verbatim minutes.

Mr. Stitle reported on the committee discussions. He said although some may believe the District is out to spend money, he has spent numerous hours finding out how much the District is about spending money. He explained the committees talk about what needs to be done and the least costly method of doing so. He reported the audit conducted was very thorough and finally complete and that the accounting software transition was getting closer.

- B. Communications Committee
 - 1. January 4, 2018 Minutes

Mrs. Gray reported RMWD will providing its first tour on Thursday, March 1, 2018 as part of the committee’s strategic plan goals. Director Hayden added the committee also discussed producing an expanded newsletter, putting together a calendar for snips for customer bills. He encouraged members of the public to volunteer to serve on the committee.

- C. Engineering Services Committee
 - 1. December 6, 2017

Mr. Powers reported the committee discussed handling the sewer flow coming in from the new development along Interstate 15. He noted an ABM, AML, and development update were provided at the last committee meeting. He concluded with noting the committee discussed revising the charter of the committee to include operations.

BOARD ACTION ITEMS

***12. ADOPT RESOLUTION NO. 18-04 FIXING THE TIME AND PLACE OF HEARING AND MEETING ON PROPOSED WATER AVAILABILITY CHARGES FOR IMPROVEMENT DISTRICT NO. 1**

Roxanne Shepherd reported Improvement District No. 1 was formed in 1995 for the purpose of providing approximately \$475,000 in revenue for general purposes for the District. She noted the

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charge is \$10.54 per parcel or per acre. She reported taxes were levied on 10,262 parcels in 2017.

Ms. Washburn pointed out May 22, 2018 was also the date of the Board meeting the Board may consider changing due to a scheduled conference most of the Board Members may wish to attend. Mrs. Shepherd suggested scheduling the hearing for the next Board meeting since the County deadline is not until August.

Ms. Shepherd confirmed the proposal would be to keep the rates the same with the hearing scheduled for June 26, 2018.

Motion:

To adopt Resolution No. 18-04 with the hearing date revised to June 26, 2018.

Action: Approve, Moved by Director Stewart, Seconded by Director Hamilton.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

***13. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-03 ESTABLISHING POLICIES TO PROVIDE RELIEF TO LILAC FIRE VICTIMS**

Mr. Kennedy stated to find way to reasonably provide relief to those impacted by the Lilac Fire, Ordinance No. 18-03 is being presented for Board consideration. He reviewed each of the stipulations listed in the ordinance.

Discussion ensued regarding the Board of Directors granting extensions. Legal Counsel suggested the Ordinance state for six months unless the applicant applies to grant an extension approved by the Board.

Mrs. Washburn called attention to the email received from Lisa Seiler Roberts addressed to the Board of Directors related to this matter. Discussion followed.

Motion:

Approve Ordinance No. 18-03 for up to six months unless the applicant applies for an extension to be granted by the Board of Directors.

Action: Approve, Moved by Director Stewart, Seconded by Director Hamilton.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

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14. DISCUSSION AND POSSIBLE ACTION TO APPROVE A CHANGE ORDER FOR THE ROBERT A. WEESE FILTRATION PLANT INTERCONNECT PROJECT IN THE AMOUNT OF \$33,821.00

Mr. Powers recalled in March 2017 the Board awarded a Professional Services Agreement to IEC to design permanent facilities. He mentioned the City of Oceanside has agreed to sell water to RMWD not only during SDCWA shutdowns, but also whenever they have excess capacity within their treatment plant. He added the City of Oceanside has recently stated it is likely they will be able to sell RMWD more excess capacity and water from their treatment plant than that originally thought. He pointed out the City of Oceanside would be selling potable water to RMWD at a lower rate than SDCWA; making the return on investment for this project closer to a two-year return on the investment after which time RMWD will incur savings.

Mr. Powers explained the change order came about when the original plan to put in a steel building in which to enclose the pump station; however, because the location of this pump station has steep grade which would have required a retaining wall. He stated IEC had identified rather than building a retaining wall and steel building, RMWD could save money during the construction phase if a concrete building were built which would also act as a retaining wall. He reported the design phase would cost approximately \$19,950 during the design phase, but should save RMWD approximately \$75,000 in the construction phase.

Mr. Powers pointed out in addition to the added structural design, there are more funds for project management as well as costs associated with looking at other alternatives that could potentially save RMWD money. Discussion ensued.

Motion:

Adopt Option 1 - Approve the change order for the Robert A. Weese Filtration Plant Interconnect Project in the amount of \$33,821.00.

Action: Approve, Moved by Director Hamilton, Seconded by Director Stewart.

Vote: Motion carried by unanimous vote (summary: Ayes=5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

15. FISCALYEAR 2017-2018 MID-YEAR BUDGET REVIEW AND BUDGET ADJUSTMENTS

It was noted Exhibit A mentioned in the updated Board Action Letter was not provided; therefore, Mr. Kennedy suggested this item be tabled until the March 27th Board meeting.

Motion:

To table this item until March 27, 2018.

Action: Approve, Moved by Director Gasca, Seconded by Director Hamilton.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

(*) - Asterisk indicates a report is attached.

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***16. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-05 — A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE JANUARY 23, 2018 THROUGH JUNE 30, 2018**

It was noted the agenda item title should read “February 27, 2018” as opposed to “January 23, 2018”.

Mrs. Harp explained positions are being evaluated when a staff member separates from the District including reviewing the job description to ensure it accurately represents the District’s needs prior to recruitment. She stated there were two positions reevaluated that needed to be adjusted where they are placed on the salary grade structure based on job description revisions and appropriate market analysis.

Director Hamilton inquired as to whether there was a change to rates. Mrs. Harp confirmed there were no changes to the rates. She explained one change was to the Safety Administrator, which has been upgraded from a non-exempt status to exempt status which in turn required it to be moved on the grade structure. She said the other change was to the Information Technology Administrator position which was revised to Senior Information Technology and Applications Analyst and Information Technology and Applications Analyst, respectively.

President Brazier mentioned a constituent would like to know what CalPERS was involved. Mr. Kennedy explained to receive retirement from CalPERS you must be within an approved and publicly discussed salary grade in the form of a Resolution.

Motion:

To approve Resolution No. 18-05.

Action: Approve, Moved by Director Hamilton, Seconded by Director Gasca.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

***16A. CONSIDER APPROVAL OF CONTRACT WITH SCW CONTRACTING CORP FOR EMERGENCY PIPELINE PROPERTY DAMAGE REPAIR IN ACCORDANCE WITH ADMINISTRATIVE CODE CHAPTER 1.04 SECTION 1.04**

Mr. Kennedy explained a 1956 pipe that failed as he referred to the pictures provided in the agenda packet as well as the time RMWD crews spent on the repair. He pointed out this was one of the top 25 projects listed in the Condition Assessment Program predicted to fail.

Mr. Kennedy stated although he has emergency authority to approve these types of events according to the Administrative Code, part of this policy is that he notifies the Board at the next available meeting to get affirmation for the decisions made. He noted should there be change orders associated with this project, these will be brought to the Board for consideration.

Discussion ensued regarding this pipeline being identified as a high property.

(*) - Asterisk indicates a report is attached.

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Motion:

Approve Staff Recommendation Option 1 - Authorize General Manager to approve payment for SCW Contract Corp for emergency pipeline and slope repair services totaling \$108,703.63.

Action: Approve, Moved by Director Stewart, Seconded by Director Hamilton.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

17. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

It was noted CSDA's Legislative Days will be held on May 22-23, 2018 which conflicts with RMWD's regularly scheduled Board meeting.

Mr. Kennedy commented on some of the topics to be discussed at CSDA's Legislative Days that may be of interest to the RMWD Board; however, it was unknown how the meetings would be coordinated. Discussion ensued.

Director Gasca asked if RMWD would be awarded the District of Distinction accreditation. It was noted the application would be submitted in the next week. Discussion ensued regarding the forum in which the District would like to receive this award whether it be at CSDA Legislative Days, the CSDA Annual Conference, or at the District offices.

Mr. Kennedy pointed out should each of the Board Members apply for Recognition in Special Districts Governance, RMWD could receive a higher-level District of Distinction accreditation. He offered to have Ms. Washburn complete the forms on behalf of the Board Members and get them submitted to CSDA for consideration.

Director Hamilton asked if it would be possible for Board Members to specify which representatives they would like to speak to while attending CSDA Legislative Days. He said having a majority of RMWD Board Members assigned to the same representative was not as effective as having them each assigned to different ones. He noted he would not be interested in attending if the assignments would be made the same as last year. Mr. Kennedy offered to find out the answer to this inquiry and report back to the Board as to the response.

Director Stewart stated he was interested in attending the CSDA Legislative Days, but not the ACWA conference until November.

Director Mack said as the ACWA representative, he would like to attend the Spring Conference scheduled for May 8-11, 2018 due to discussion being on statewide water issues and water industry trends. He explained the benefits would be keeping RMWD informed with all issues including challenges in the water industry as well as the opportunity to network with professionals in the field. Mr. Kennedy mentioned he was planning to attend this conference as well.

Motion:

To authorize sending Director Mack to the ACWA 2018 Spring Conference scheduled May 8-11, 2018.

(*) - Asterisk indicates a report is attached.

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Action: Approve, Moved by Director Gasca, Seconded by Director Stewart.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

It was decided the CSDA Legislative Days requests would be discussed at the March 27, 2018 meeting to include possibly changing the RMWD regular Board meeting for May 2018 should a majority of the Board wish to attend CSDA Legislative Days.

***18. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Communications

1. Staff Training Reports

C. Operations Comments

1. Operations Report

D. Engineering Comments

1. Engineering Report

E. Human Resource & Safety Comments

1. Human Resources Report

F. Finance Manager Comments

1. Interim Financial Statement
2. Treasurers Report
3. Credit Card Breakdown
4. Directors' Expense
5. Check Register
6. Water Sales Summary
7. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Motion:

To receive and file information and financial items.

Action: Approve, Moved by Director Hamilton, Seconded by Director Gasca.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

It was confirmed the customer service report was missed for this month; however, it will be included in the March 27, 2018 agenda packet.

Mrs. Harp gave an update on the FEMA grant applications related to the Lilac Fire. She noted staff was in the process of reviewing the expense details after meeting with the FEMA representative. She stated if all the expenses were approved, it could total approximately \$180,000 in reimbursements to RMWD. She confirmed the applications themselves were approved; however, a process of evaluating which grant what expenses would be applied still needed to be completed.

(*) - Asterisk indicates a report is attached.

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19. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

It was noted the mid-year budget adjustment, audit, sewer service agreement for Palomar College, construction agreement with Topa Topa Place, and a possible meeting date change for May 2018 should be on the next agenda.

Director Stewart announced he will most likely miss the April 2018 Regular Board meeting.

20. ADJOURNMENT - To Tuesday, March 27, 2018 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier to a regular meeting on March 27, 2018 at 1:00 p.m.

The meeting was adjourned at 5:02 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary

EXHIBIT A



Water and Wastewater Rate Hearing

February 27, 2018

Agenda

» Water Study

- Key Assumptions
- System Overview
- Financial Plan
- Proposed Rates
- Pumping Charges
- Customer Impacts

» Wastewater Study

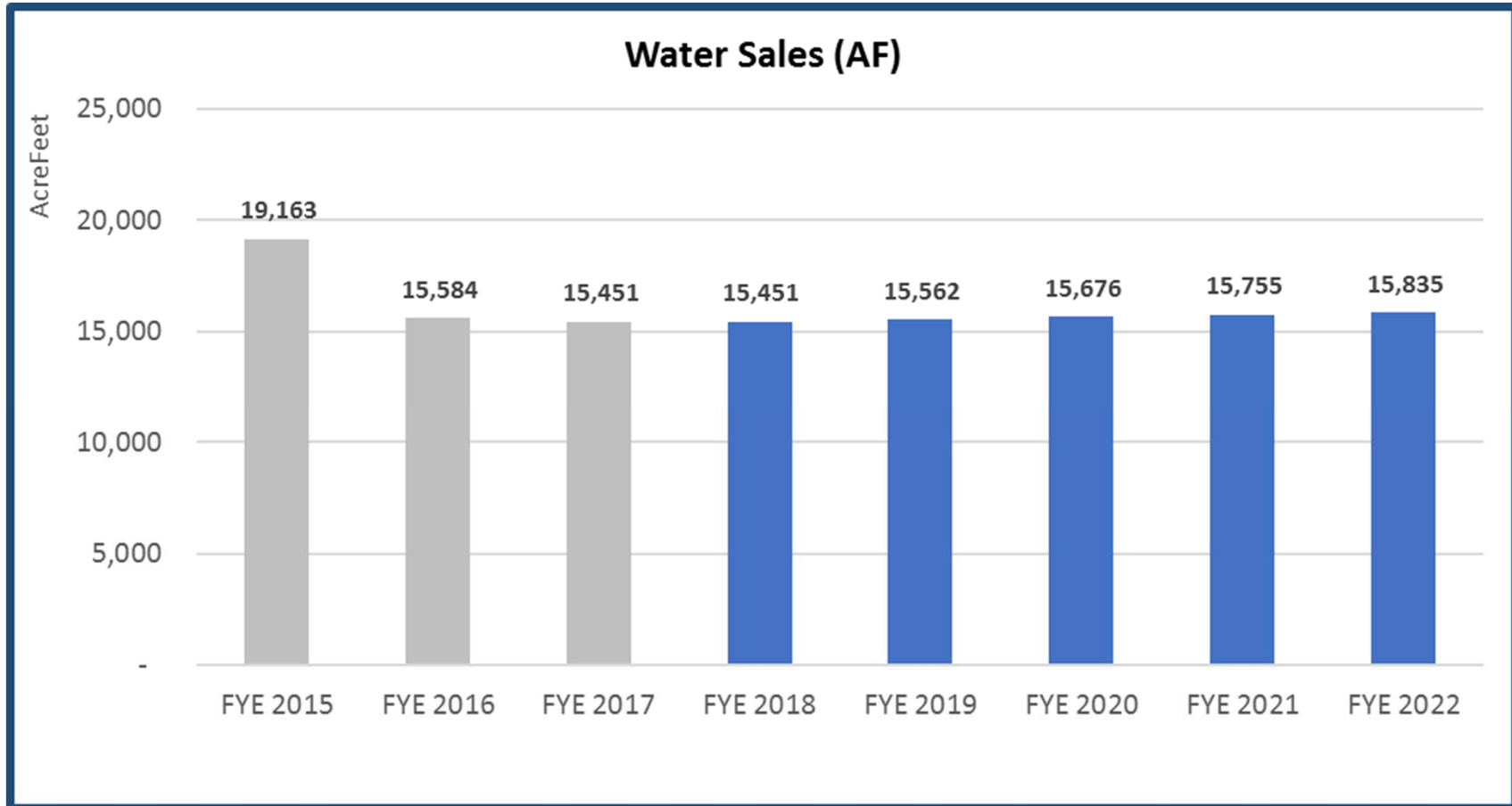
- Key Assumptions
- System Overview
- Financial Plan
- Proposed Rates
- Customer Impacts

Water Rate Study

Key Assumptions

- » Account growth
 - 3% Residential growth in FY 2019 to 2020,
 - 2% Residential growth for remaining years
- » Reserve interest rate – 1% in FY 2018, 1.5% other years
- » Expense inflation factors
 - Benefits – 3%
 - Capital – 2%
 - Energy – 5%
 - General – 3%
 - Salaries – 5%

Water Use Assumptions



Water sales are projected at the FY 17 levels and increased for growth

System Overview

Customer Class	Tier Width	Annual Usage (hcf)	Number of Bills	Equivalent Units
Single Family Residential			5,137	7,596
Tier 1	0 - 10 hcf	459,791		
Tier 2	11 - 26 hcf	382,613		
Tier 3	27 + hcf	655,333		
Multi-Family Residential		116,156	86	338
Commercial		276,704	215	716
Institutional		27,199	15	58
Agriculture w/o Residence		1,170,048	395	1,268
Agriculture w/ Residence			561	1,088
Tier 1	0 - 10 hcf	50,661		
Tier 2	11 - 26 hcf	55,442		
Tier 3	27 + hcf	167,948		
TSAWR - Domestic			1,024	2,555
Tier 1	0 - 10 hcf	108,897		
Tier 2	11 - 26 hcf	142,524		
Tier 3	27 + hcf	1,724,811		
TSAWR Commercial		1,356,805	328	1,264
Construction		35,345		
Totals		6,730,278	7,761	14,884

15,450 AFY

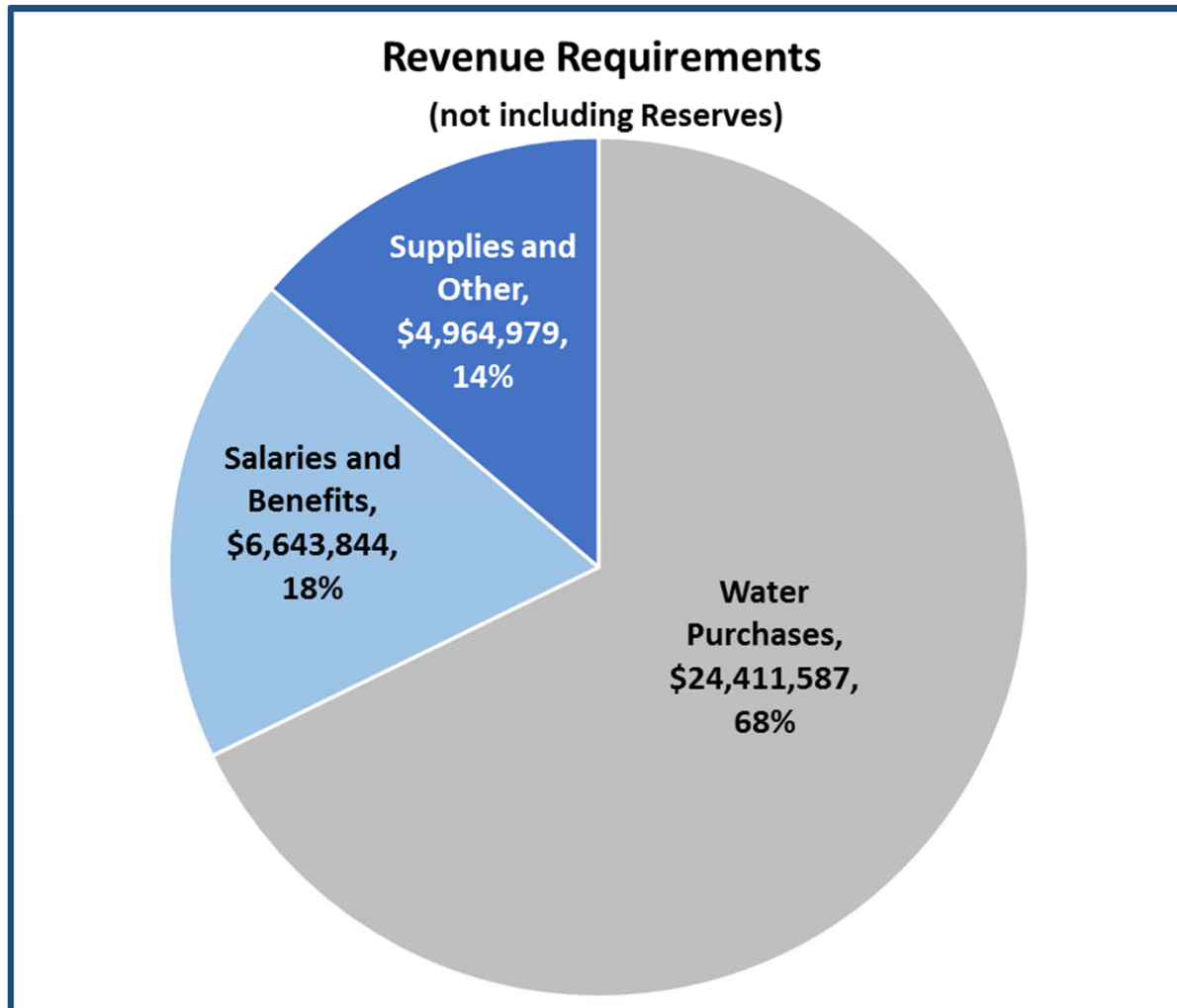
Increase in Equivalent Units from prior study due largely to inclusion of locked meters

Operating Expenses

- » Purchased Water Costs are outside of the District's control (represent ~68% of costs)
 - Increases will be automatically passed-through
 - Therefore, we separated "District" and "SDCWA Purchased Water" costs
- » SDCWA Purchased Water Costs
 - \$24.4M in Purchased Water Costs will be included in 2018 rates
 - Future increases will be automatically passed-through
- » District Costs

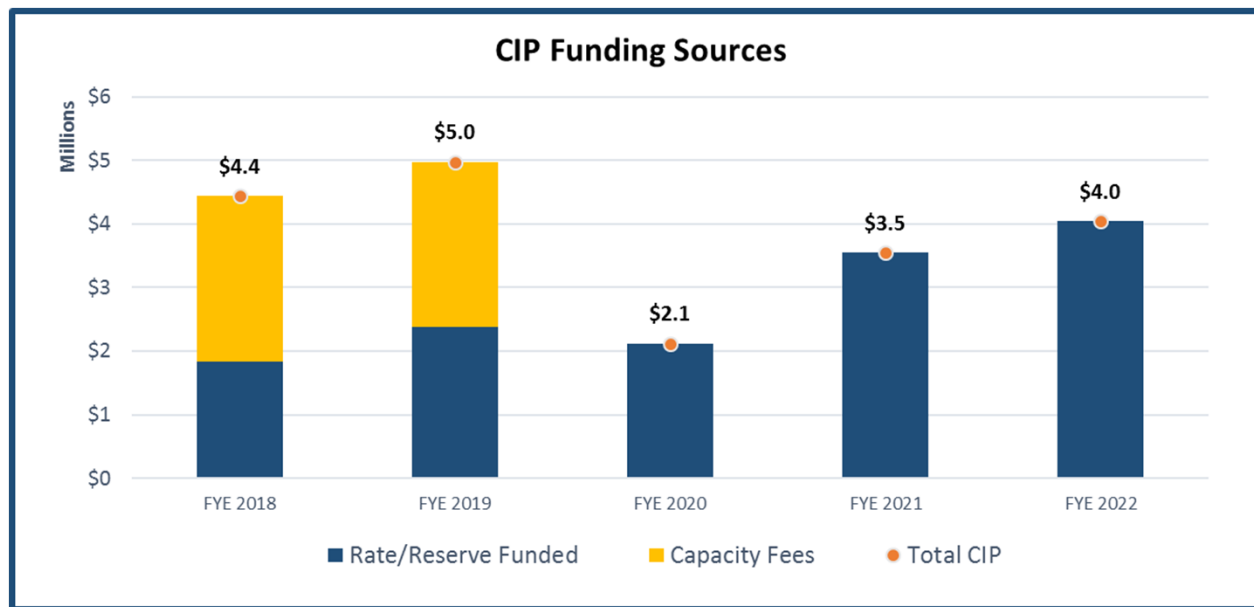
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
District O&M	\$10,503,934	\$10,939,562	\$11,394,899	\$11,869,374	\$12,365,270
Debt Service	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889
Total District Expenses	\$11,608,823	\$12,044,451	\$12,499,787	\$12,974,263	\$13,470,158
<i>% Change from prior year</i>		4%	4%	4%	4%

2018 Operating Expenses (continued)



Capital Projects

- » Approximately \$19M in planned projects
 - Pipeline Replacement phased in (\$750k beginning 2019 increasing to \$3M by 2023)
 - Rate funded projects – \$13.9M
 - Capacity fee funded projects – \$5.2M



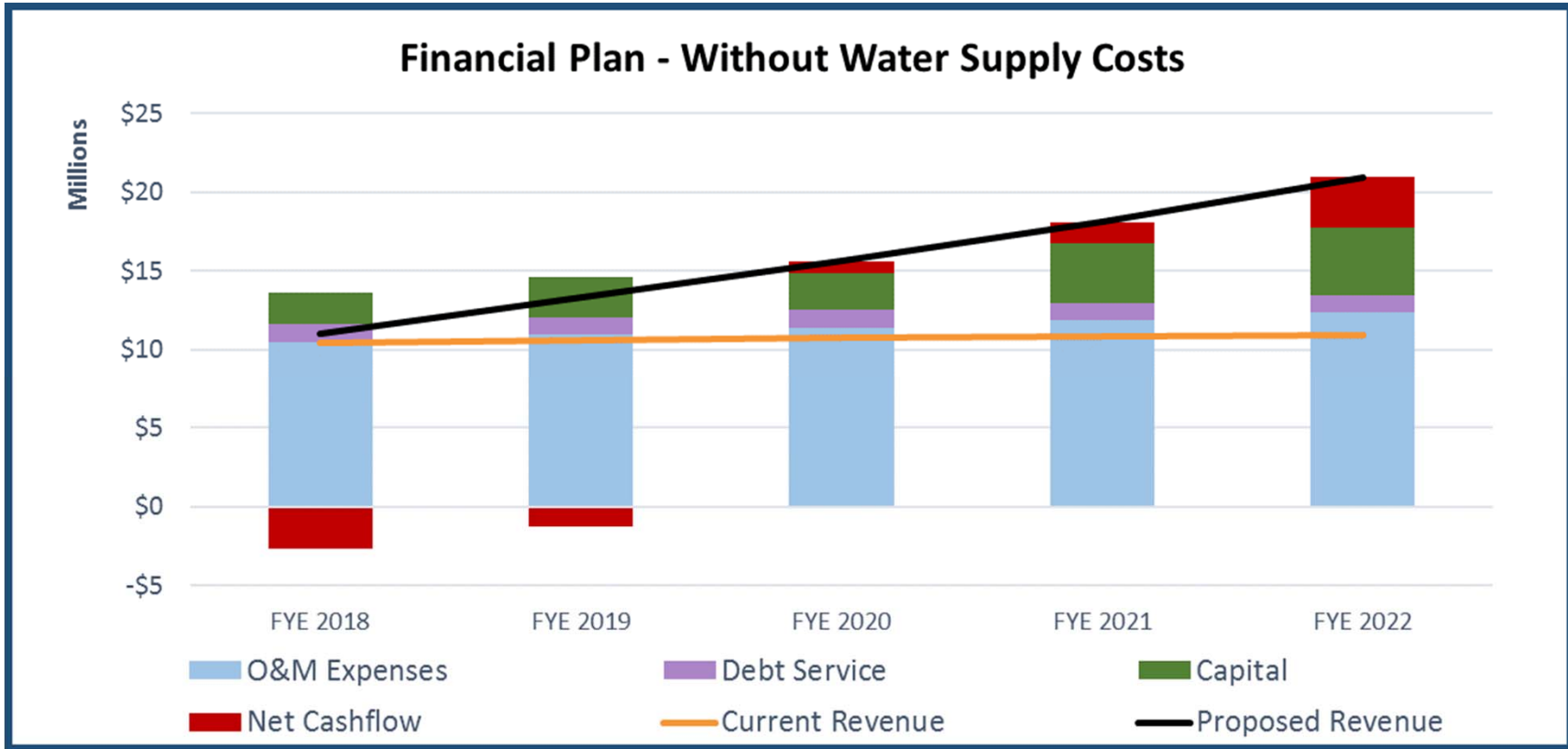
Proposed Revenue Adjustments

- » 2018 Overall Revenue Adjustment of 5.5% includes SDCWA Purchased Water Costs
 - Future Purchased Water increases (2019-2022) will be passed through to customers at the time of increases from SDCWA

	Mar 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022
Revenue Adjustment	5.5%	6.4%	6.5%	6.7%	6.9%
Pass-Through Adjustment	included	Plus Pass-Through Adjustment	Plus Pass-Through Adjustment	Plus Pass-Through Adjustment	Plus Pass-Through Adjustment

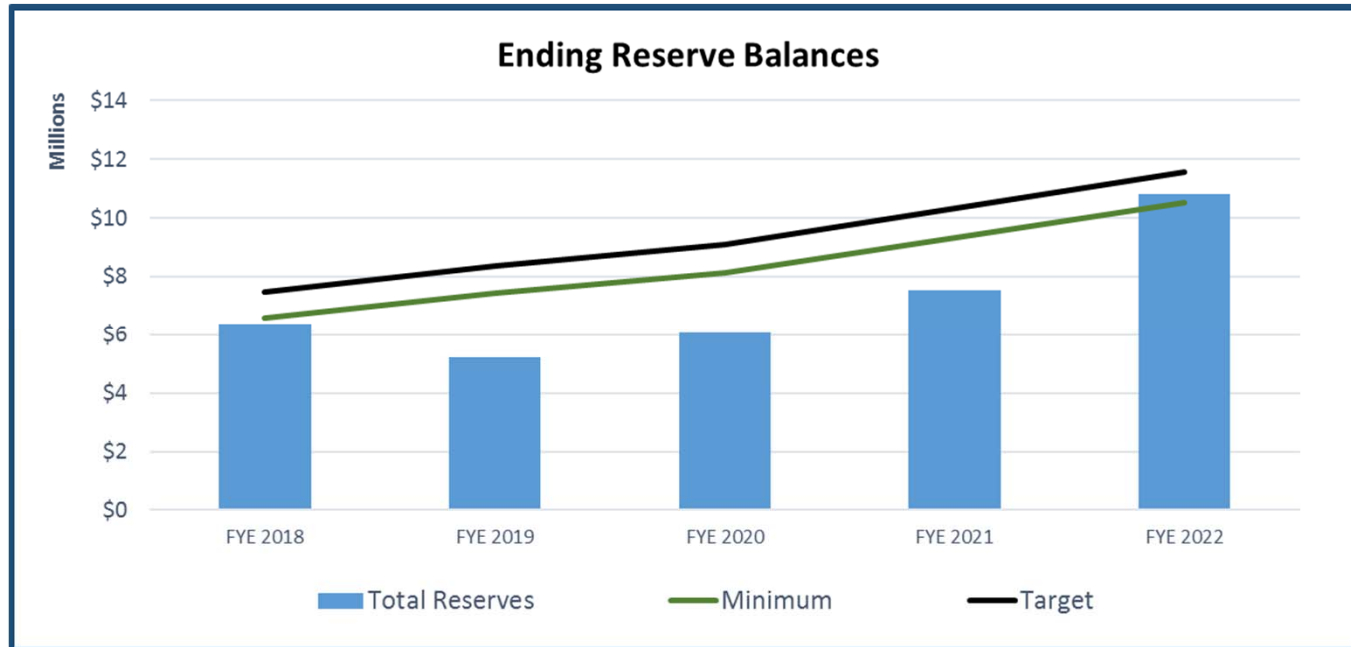
Note: Future adjustments shown are based on District plus CWA revenues of FY 2018

Operating Financial Plan



**Net Cashflows are needed to fund capital projects and reserves*

Projected Ending Balances



» Target Reserves:

- Operating - Between 60 & 90 days of **District** Operating expense
- Water Capital – 1 Year average CIP
- Rate Stabilization Reserve – 10% of **District** Rate Revenues
- New Water Sources – No additional funding or Target at this time

Proposed RMWD Meter Charges

RMWD Fixed Meter Charges	Current Rate	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
SFR, MFR, COM, INST						
5/8"	\$24.40	\$29.28	\$34.85	\$40.78	\$47.72	\$55.36
3/4"	\$24.40	\$29.28	\$34.85	\$40.78	\$47.72	\$55.36
1"	\$38.11	\$45.74	\$54.44	\$63.70	\$74.53	\$86.46
1-1/2"	\$72.37	\$86.85	\$103.36	\$120.94	\$141.50	\$164.14
2"	\$113.49	\$136.19	\$162.07	\$189.63	\$221.87	\$257.37
3"	\$243.68	\$292.42	\$347.98	\$407.14	\$476.36	\$552.58
4"	\$435.56	\$522.68	\$621.99	\$727.73	\$851.45	\$987.69
6"	\$894.68	\$1,073.62	\$1,277.61	\$1,494.81	\$1,748.93	\$2,028.76
Agriculture						
5/8"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
3/4"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
1"	\$71.29	\$85.55	\$101.81	\$119.12	\$139.38	\$161.69
1-1/2"	\$138.75	\$166.50	\$198.14	\$231.83	\$271.25	\$314.65
2"	\$219.70	\$263.64	\$313.74	\$367.08	\$429.49	\$498.21
3"	\$476.01	\$571.22	\$679.76	\$795.32	\$930.53	\$1,079.42
4"	\$853.76	\$1,024.52	\$1,219.18	\$1,426.45	\$1,668.95	\$1,935.99
6"	\$1,757.62	\$2,109.15	\$2,509.89	\$2,936.58	\$3,435.80	\$3,985.53
TSAWR Domestic / TSAWR Commercial						
5/8"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
3/4"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
1"	\$71.29	\$85.55	\$101.81	\$119.12	\$139.38	\$161.69
1-1/2"	\$138.75	\$166.50	\$198.14	\$231.83	\$271.25	\$314.65
2"	\$219.70	\$263.64	\$313.74	\$367.08	\$429.49	\$498.21
3"	\$476.01	\$571.22	\$679.76	\$795.32	\$930.53	\$1,079.42
4"	\$853.76	\$1,024.52	\$1,219.18	\$1,426.45	\$1,668.95	\$1,935.99
6"	\$1,757.62	\$2,109.15	\$2,509.89	\$2,936.58	\$3,435.80	\$3,985.53

Proposed SDCWA Meter Charges

SDCWA Fixed Meter Charge	Current Rate	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
SFR, MFR, COM, INST						
5/8"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
3/4"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
1"	\$61.24	\$53.63	TBD	TBD	TBD	TBD
1-1/2"	\$122.48	\$107.27	TBD	TBD	TBD	TBD
2"	\$195.96	\$171.63	TBD	TBD	TBD	TBD
3"	\$428.68	\$375.43	TBD	TBD	TBD	TBD
4"	\$771.63	\$675.78	TBD	TBD	TBD	TBD
6"	\$1,592.26	\$1,394.47	TBD	TBD	TBD	TBD
Agriculture						
5/8"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
3/4"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
1"	\$61.24	\$53.63	TBD	TBD	TBD	TBD
1-1/2"	\$122.48	\$107.27	TBD	TBD	TBD	TBD
2"	\$195.96	\$171.63	TBD	TBD	TBD	TBD
3"	\$428.68	\$375.43	TBD	TBD	TBD	TBD
4"	\$771.63	\$675.78	TBD	TBD	TBD	TBD
6"	\$1,592.26	\$1,394.47	TBD	TBD	TBD	TBD
TSAWR Domestic / TSAWR Commercial						
5/8"	\$17.05	\$14.82	TBD	TBD	TBD	TBD
3/4"	\$17.05	\$14.82	TBD	TBD	TBD	TBD
1"	\$28.42	\$24.70	TBD	TBD	TBD	TBD
1-1/2"	\$56.84	\$49.39	TBD	TBD	TBD	TBD
2"	\$90.94	\$79.03	TBD	TBD	TBD	TBD
3"	\$198.93	\$172.88	TBD	TBD	TBD	TBD
4"	\$358.08	\$311.18	TBD	TBD	TBD	TBD
6"	\$738.90	\$642.12	TBD	TBD	TBD	TBD

Proposed Total 2018 Meter Charges

RMWD + SDCWA	Current	Proposed March 2018	Difference (\$)	Difference (%)
SFR, MFR, COM, INST				
5/8"	\$61.14	\$61.46	\$0.32	0.5%
3/4"	\$61.14	\$61.46	\$0.32	0.5%
1"	\$99.35	\$99.37	\$0.02	0.0%
1-1/2"	\$194.85	\$194.12	(\$0.73)	-0.4%
2"	\$309.45	\$307.82	(\$1.63)	-0.5%
3"	\$672.36	\$667.85	(\$4.51)	-0.7%
4"	\$1,207.19	\$1,198.46	(\$8.73)	-0.7%
6"	\$2,486.94	\$2,468.09	(\$18.85)	-0.8%
Agriculture				
5/8"	\$81.06	\$85.37	\$4.31	5.3%
3/4"	\$81.06	\$85.37	\$4.31	5.3%
1"	\$132.53	\$139.18	\$6.65	5.0%
1-1/2"	\$261.23	\$273.77	\$12.54	4.8%
2"	\$415.66	\$435.27	\$19.61	4.7%
3"	\$904.69	\$946.65	\$41.96	4.6%
4"	\$1,625.39	\$1,700.30	\$74.91	4.6%
6"	\$3,349.88	\$3,503.62	\$153.74	4.6%
TSAWR Domestic / TSAWR Commercial				
5/8"	\$61.37	\$68.01	\$6.64	10.8%
3/4"	\$61.37	\$68.01	\$6.64	10.8%
1"	\$99.71	\$110.25	\$10.54	10.6%
1-1/2"	\$195.59	\$215.89	\$20.30	10.4%
2"	\$310.64	\$342.67	\$32.03	10.3%
3"	\$674.94	\$744.10	\$69.16	10.2%
4"	\$1,211.84	\$1,335.70	\$123.86	10.2%
6"	\$2,496.52	\$2,751.27	\$254.75	10.2%

Non-SAWR customers see bigger discounts because the increase in the supply reliability and emergency storage charge is relatively small

Proposed RMWD Variable Rates

RMWD Variable Rates	Tier Width	Current Rate	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Single Family Residential							
Tier 1	0 - 10 hcf	\$0.43	\$0.52	\$0.62	\$0.73	\$0.86	\$1.00
Tier 2	11 - 26 hcf	\$0.61	\$0.74	\$0.89	\$1.05	\$1.23	\$1.43
Tier 3	27 + hcf	\$0.95	\$1.15	\$1.37	\$1.61	\$1.89	\$2.20
Multi-Family Residential	Uniform	\$0.53	\$0.64	\$0.77	\$0.91	\$1.07	\$1.25
Commercial	Uniform	\$0.64	\$0.77	\$0.92	\$1.08	\$1.27	\$1.48
Institutional	Uniform	\$0.71	\$0.86	\$1.03	\$1.21	\$1.42	\$1.65
Agriculture w/o Residence	Uniform	\$0.36	\$0.44	\$0.53	\$0.63	\$0.74	\$0.86
Agriculture w/ Residence							
Tier 1	0 - 10 hcf	\$0.43	\$0.52	\$0.62	\$0.73	\$0.86	\$1.00
Tier 2	11 - 26 hcf	\$0.61	\$0.74	\$0.89	\$1.05	\$1.23	\$1.43
Tier 3	27 + hcf	\$0.36	\$0.44	\$0.53	\$0.63	\$0.74	\$0.86
TSAWR - Domestic							
Tier 1	0 - 10 hcf	\$0.86	\$1.04	\$1.24	\$1.46	\$1.71	\$1.99
Tier 2	11 - 26 hcf	\$1.04	\$1.26	\$1.50	\$1.76	\$2.06	\$2.39
Tier 3	27 + hcf	\$0.31	\$0.38	\$0.46	\$0.54	\$0.64	\$0.75
TSAWR Commercial	Uniform	\$0.31	\$0.38	\$0.46	\$0.54	\$0.64	\$0.75
Construction	Uniform	\$1.45	\$1.75	\$2.09	\$2.45	\$2.87	\$3.33

Proposed SDCWA Variable Rates

SDCWA Variable Rates	Current Rate	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Single Family Residential						
Tier 1	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 2	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 3	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Multi-Family Residential	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Commercial	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Institutional	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Agriculture w/o Residence	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Agriculture w/ Residence						
Tier 1	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 2	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 3	\$2.99	\$3.12	TBD	TBD	TBD	TBD
TSAWR - Domestic						
Tier 1	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Tier 2	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Tier 3	\$2.56	\$2.66	TBD	TBD	TBD	TBD
TSAWR Commercial	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Construction	\$2.99	\$3.12	TBD	TBD	TBD	TBD

Proposed Total Variable Rates

RMWD + SDCWA	Current Variable	Proposed Variable CY 2018	Difference (\$)	Difference (%)
Single Family Residential				
Tier 1	\$3.42	\$3.64	\$0.22	6.4%
Tier 2	\$3.60	\$3.86	\$0.26	7.2%
Tier 3	\$3.94	\$4.27	\$0.33	8.3%
Multi-Family Residential	\$3.52	\$3.76	\$0.24	6.8%
Commercial	\$3.63	\$3.89	\$0.26	7.1%
Institutional	\$3.70	\$3.98	\$0.28	7.5%
Agriculture w/o Residence	\$3.35	\$3.56	\$0.21	6.2%
Agriculture w/ Residence				
Tier 1	\$3.42	\$3.64	\$0.22	6.4%
Tier 2	\$3.60	\$3.86	\$0.26	7.2%
Tier 3	\$3.35	\$3.56	\$0.21	6.2%
TSAWR - Domestic				
Tier 1	\$3.42	\$3.70	\$0.28	8.2%
Tier 2	\$3.60	\$3.92	\$0.32	8.9%
Tier 3	\$2.87	\$3.04	\$0.17	6.0%
TSAWR Commercial	\$2.87	\$3.04	\$0.17	6.0%
Construction	\$4.44	\$4.87	\$0.43	9.6%

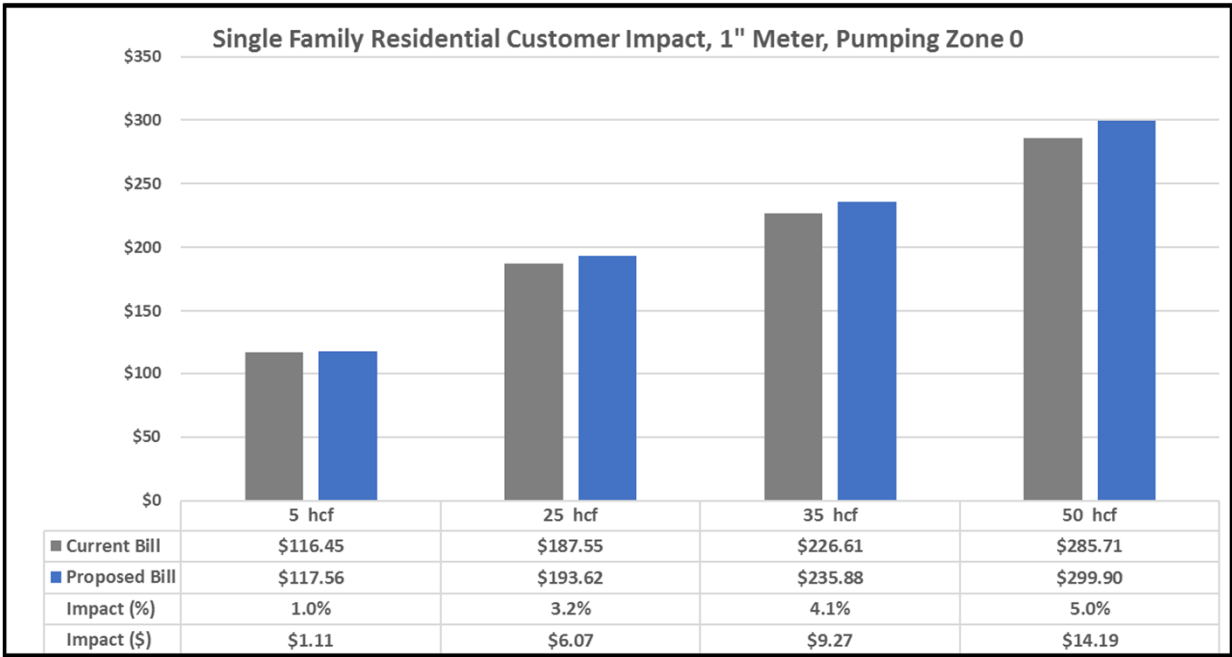
Proposed Pumping Charges

Fixed Pumping (\$/Month)	Current Rate	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Fixed Pumping (All Zones)	\$9.51	\$9.24	\$9.44	\$9.65	\$9.90	\$10.16

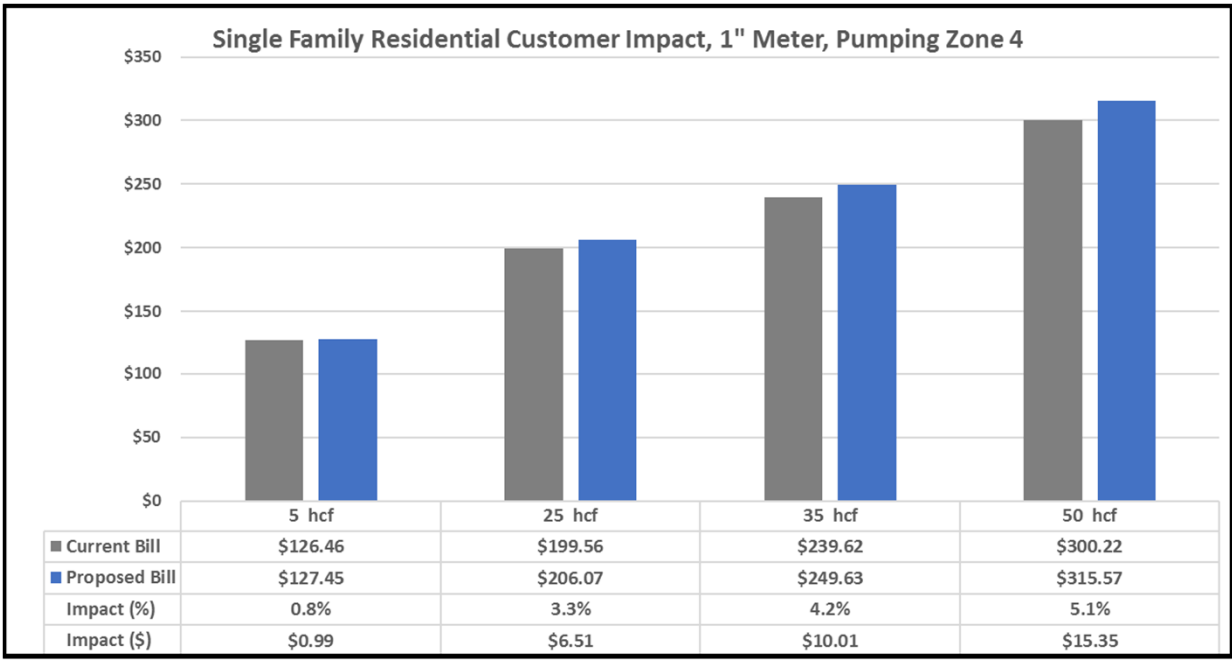
Variable Pumping (\$/hcf)	Current Rate	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
None	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pump Zone 1 Rainbow Heigl	\$0.80	\$1.03	\$1.08	\$1.13	\$1.18	\$1.24
Pump Zone 2 Improvement I	\$0.50	\$0.64	\$0.67	\$0.71	\$0.74	\$0.78
Pump Zone 3 Vallecitos	\$0.28	\$0.36	\$0.38	\$0.40	\$0.41	\$0.43
Pump Zone 4 Northside	\$0.10	\$0.13	\$0.13	\$0.14	\$0.15	\$0.16
Pump Zone 5 Morro Tank	\$0.15	\$0.19	\$0.20	\$0.21	\$0.22	\$0.23
Pump Zone 6 Huntley	\$0.58	\$0.75	\$0.78	\$0.82	\$0.86	\$0.90
Pump Zone 7 Magee Tank	\$2.62	\$3.37	\$3.53	\$3.70	\$3.88	\$4.06

Approximately 83% of the accounts (and 84% of the usage) do not require additional pumping and therefore do not pay a pumping charge

Pumping Zone 4 contains the largest # of customers and usage, making up approximately 5% of accounts and 6% of total usage

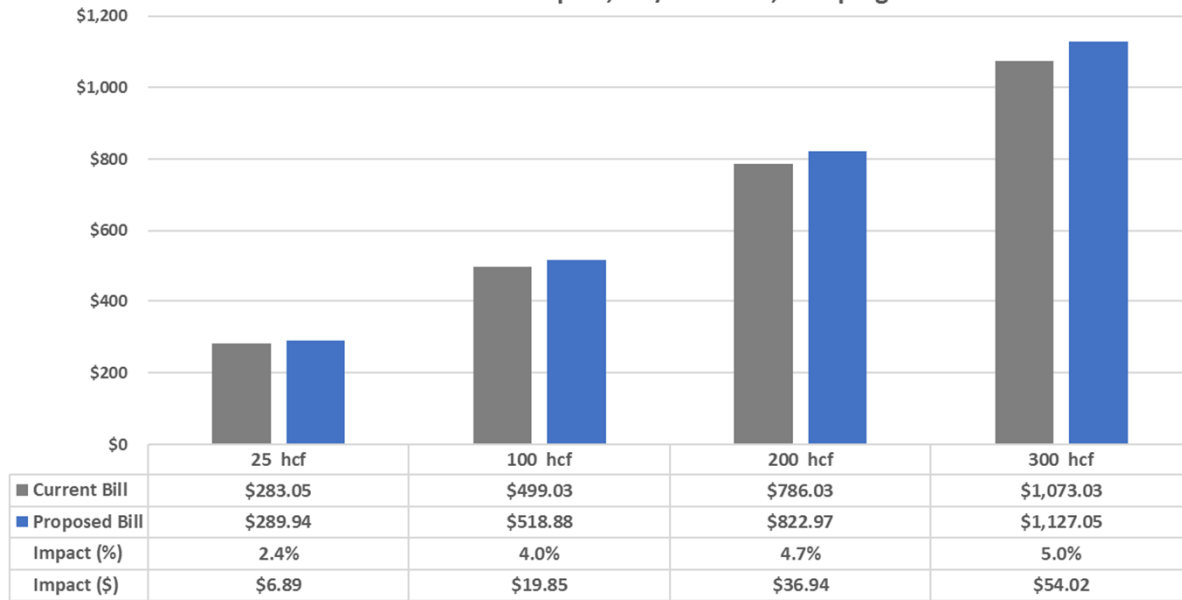


84% of SFR accounts fall within pumping zone 0 and do not pay a pumping charge



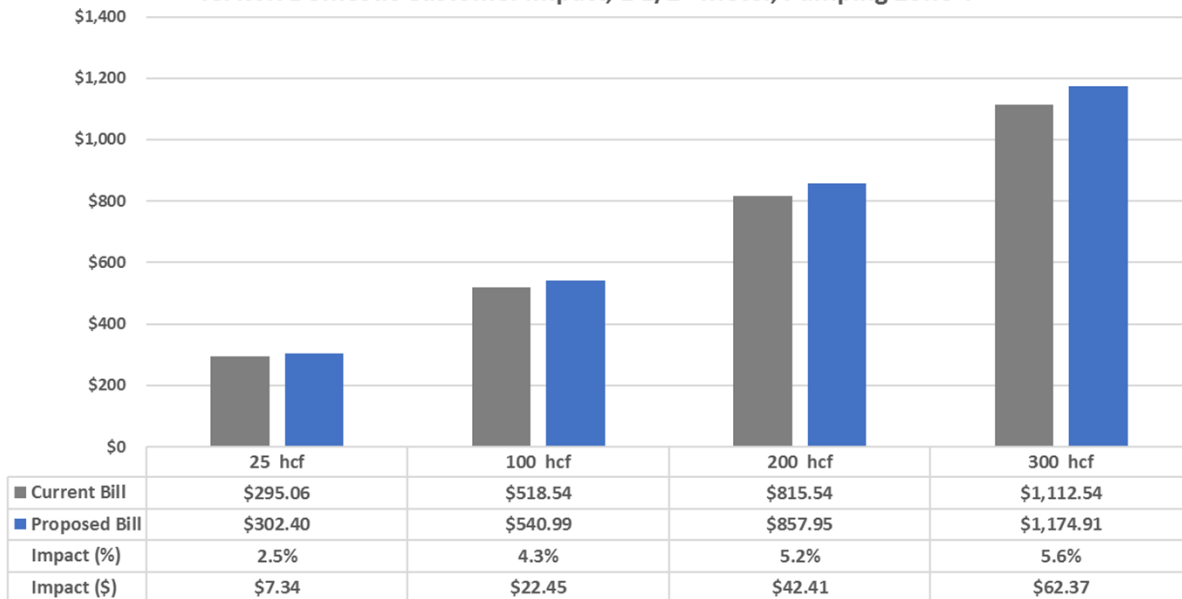
5% of SFR accounts fall within pumping zone 4

TSAWR Domestic Customer Impact, 1 1/2" Meter, Pumping Zone 0

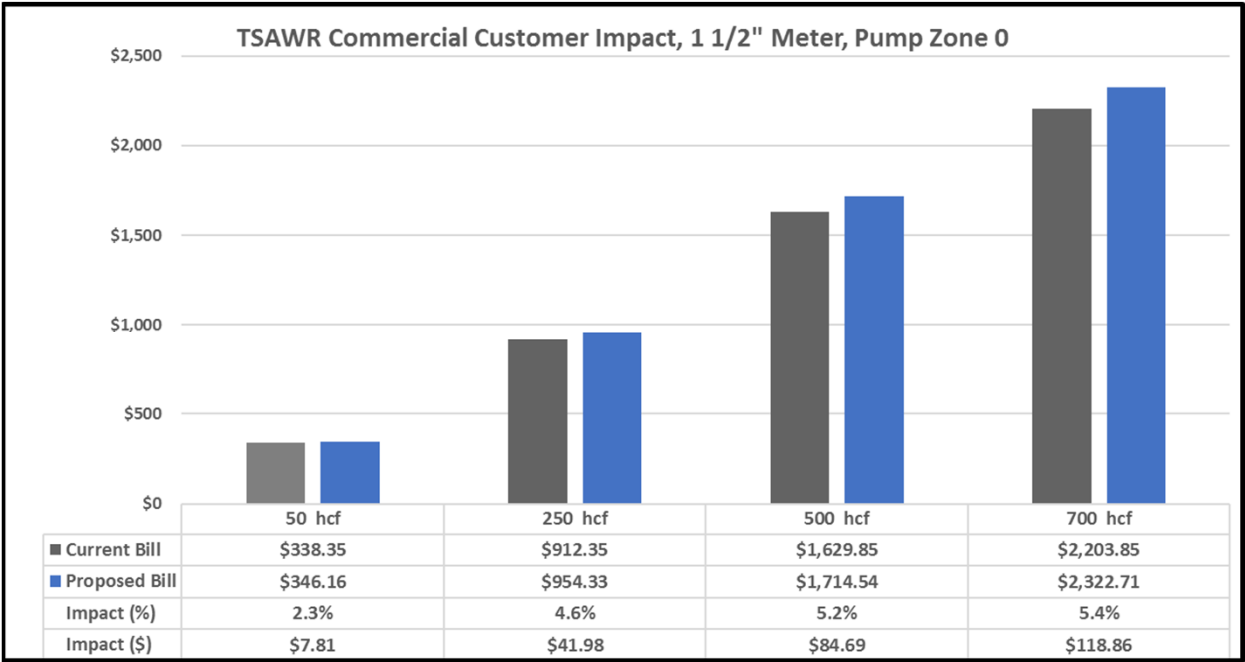


78% of TSAWR Domestic accounts fall within pumping zone 0 and do not pay a pumping charge

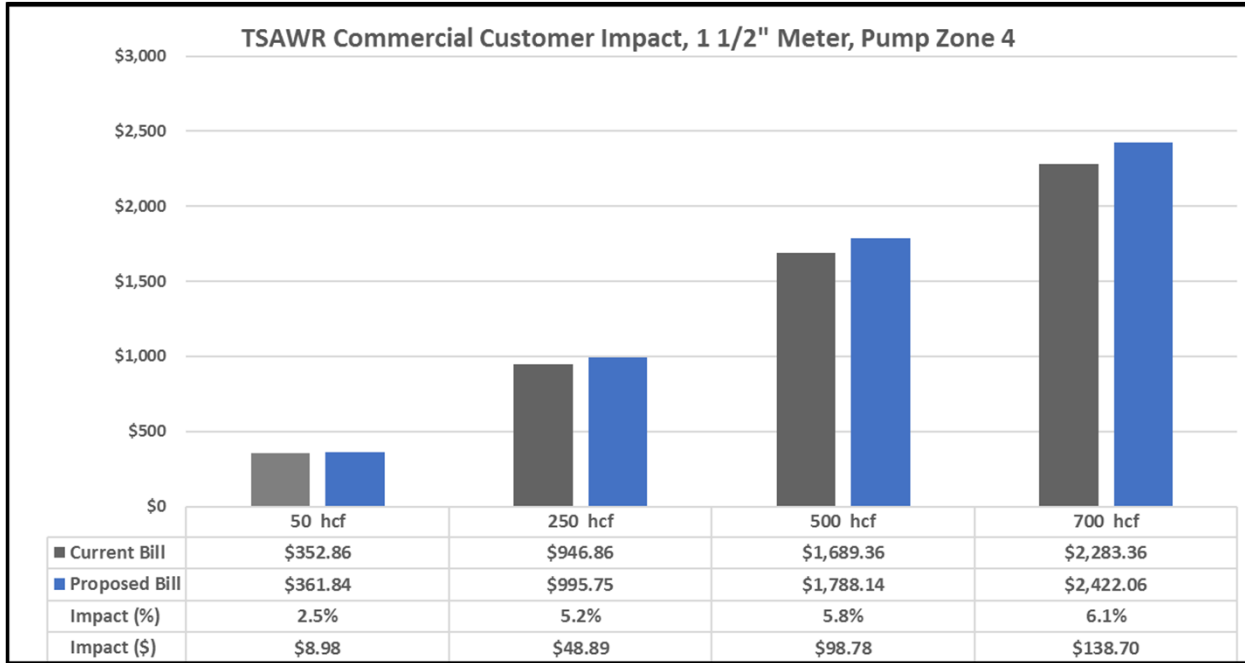
TSAWR Domestic Customer Impact, 1 1/2" Meter, Pumping Zone 4



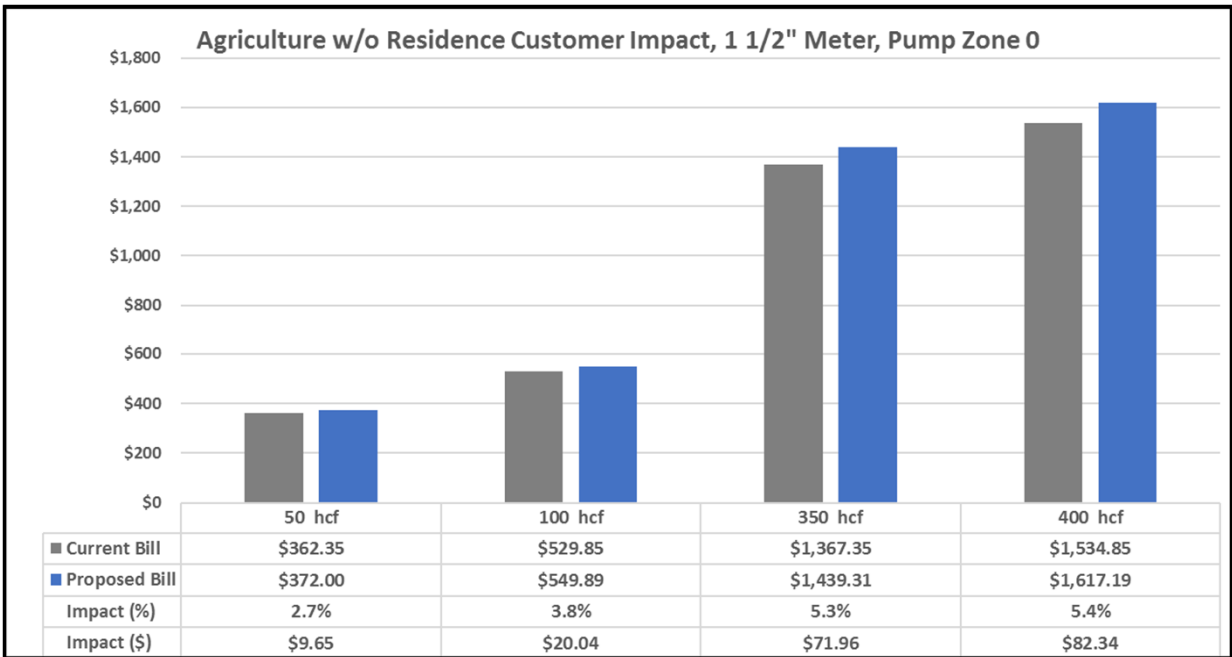
7% of TSAWR Domestic accounts fall within pumping zone 4



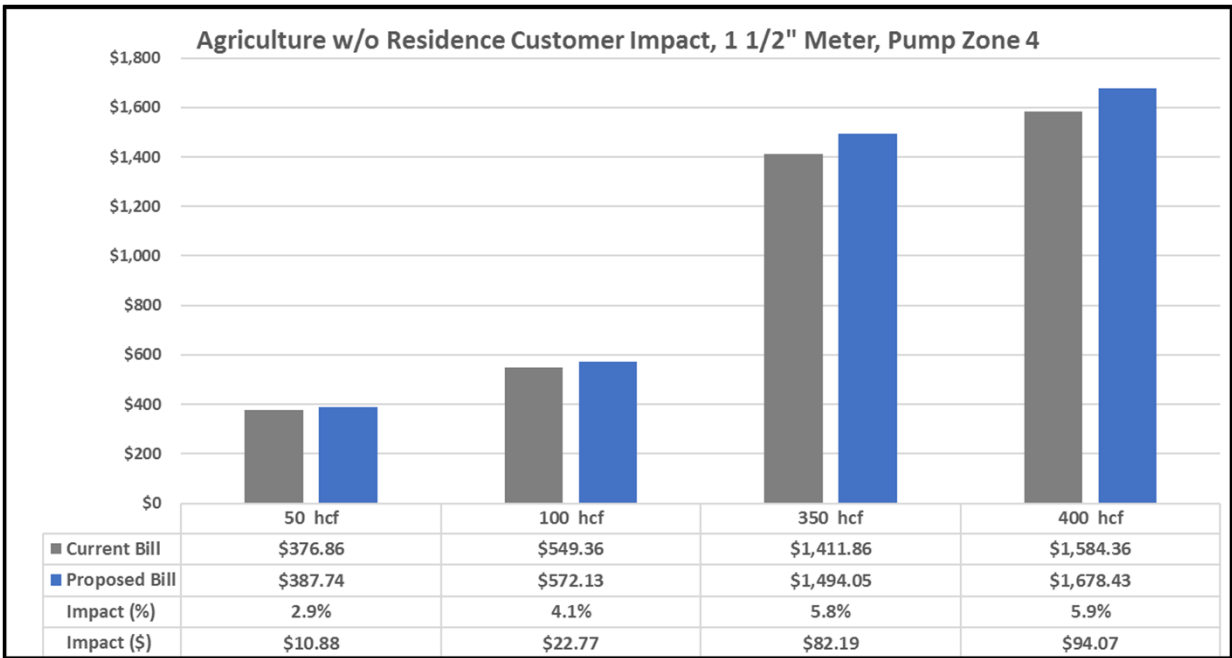
77% of TSAWR Commercial accounts fall within pumping zone 0 and do not pay a pumping charge



9% of TSAWR Commercial accounts fall within pumping zone 4

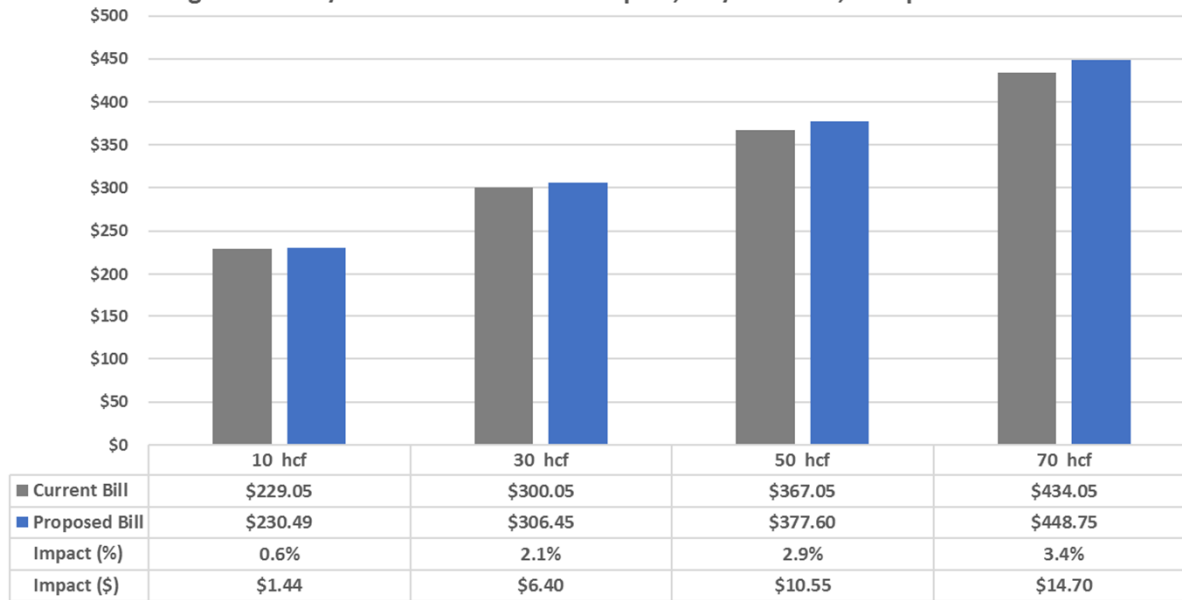


83% of Ag w/o Res. accounts fall within pumping zone 0 and do not pay a pumping charge



5% of Ag w/o Res. accounts fall within pumping zone 4

Agriculture w/ Residence Customer Impact, 1 1/2" Meter, Pump Zone 0



80% of Ag w Res. accounts fall within pumping zone 0 and do not pay a pumping charge

Agriculture w/ Residence Customer Impact, 1 1/2" Meter, Pump Zone 4



9% of Ag w Res. accounts fall within pumping zone 4

Wastewater Rate Study

Key Assumptions

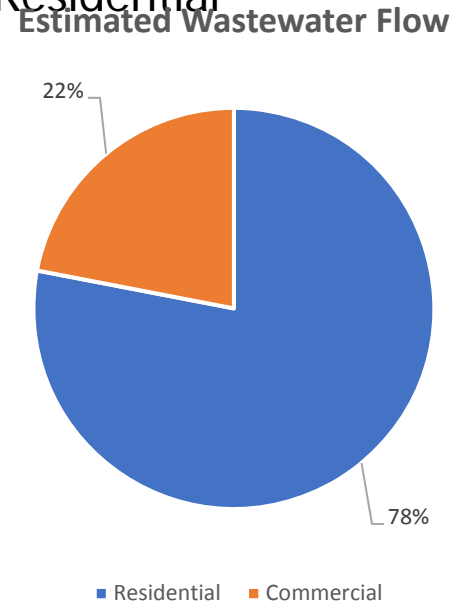
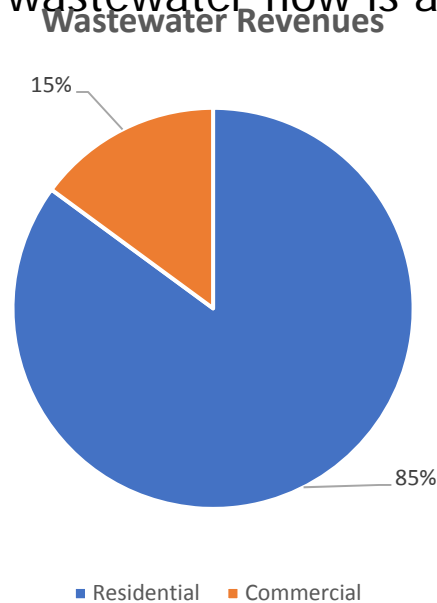
- » Account growth – 10% Residential growth in FY 2018 to 2021
- » Non-rate revenues – 1%
- » Reserve interest rate – 1% in FY 2018, 1.5% other years
- » Expense inflation factors
 - Benefits – 3%
 - Capital – 2%
 - Energy – 5%
 - General – 3%
 - Salaries – 5%
 - Oceanside Agreement Costs – 5%

System Overview

	Accounts	EDUs	Water Usage (hcf)	Wastewater Flow (hcf)	Annualized Avg. Winter Usage (hcf)
Single Family	2,202	2,270	559,049	165,534	343,113
Multi-Family	86	1,148	98,791	64,611	84,761
Sewer Only	5	6	1,428	423	0
Commercial	24	188	28,481	25,633	19,428
Commercial w/ Irrigation	23	325	102,058	40,823	42,732

System Overview

- » Wastewater influent is 227 MG per year (FY 2017)
- » Infiltration and Inflow is estimated to be 2% of influent
- » Commercial return factor is 90%, Commercial w/ Irrigation return factor is 40%
- » Remaining wastewater flow is allocated to Residential



Operating Expenses

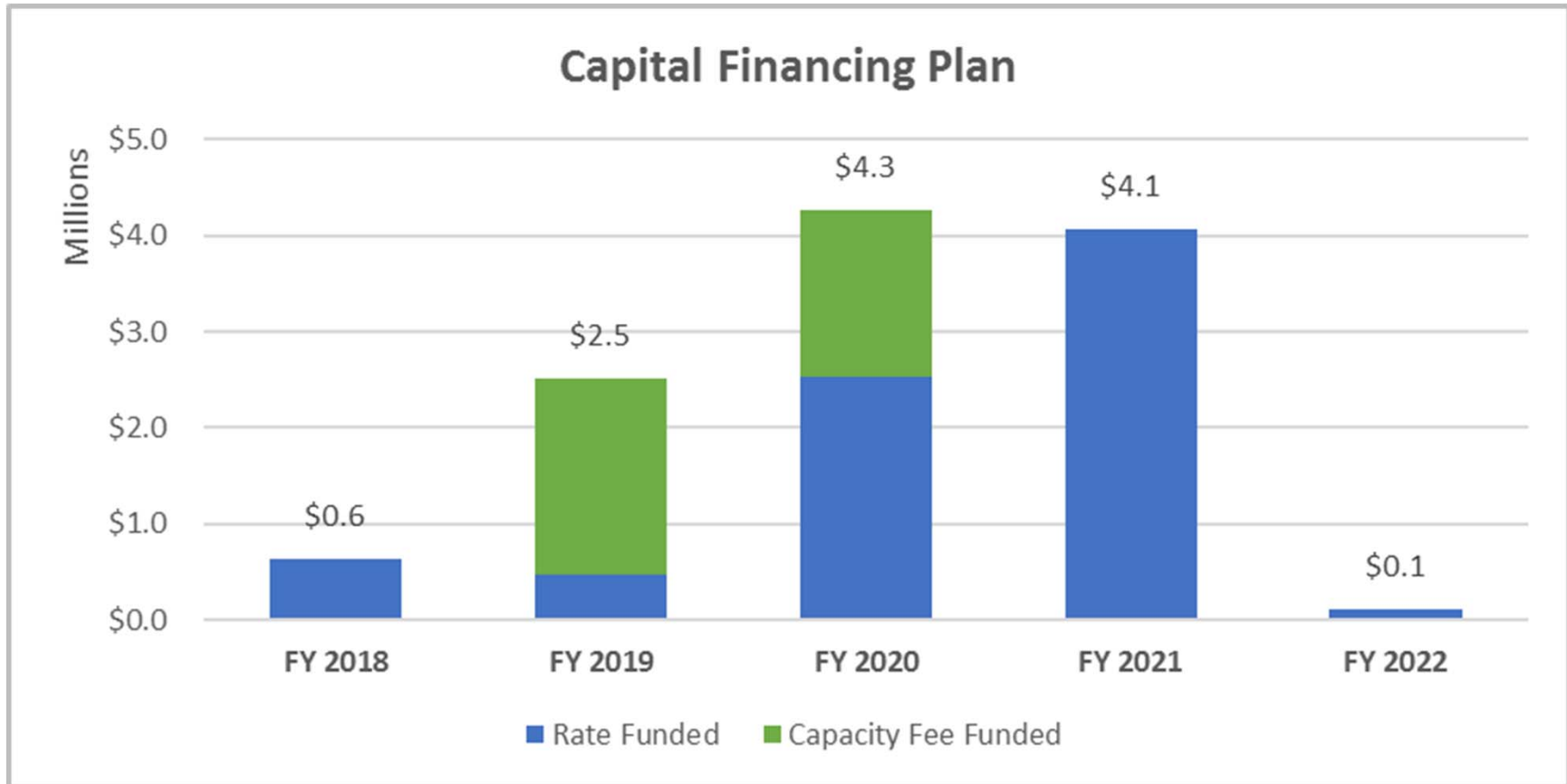
- » Increasing 1.5 to 4.4% each year of the study
- » Wastewater expenses include Oceanside agreement costs

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
O&M Expenses					
Payroll & Employee Expense	\$715,070	\$744,819	\$775,875	\$808,299	\$842,152
Wastewater Expenses	\$1,443,000	\$1,417,600	\$1,477,768	\$1,540,623	\$1,606,290
Cost Allocation	\$901,514	\$943,255	\$987,016	\$1,032,897	\$1,081,003
Total - O&M Expenses	\$3,059,584	\$3,105,674	\$3,240,659	\$3,381,819	\$3,529,445

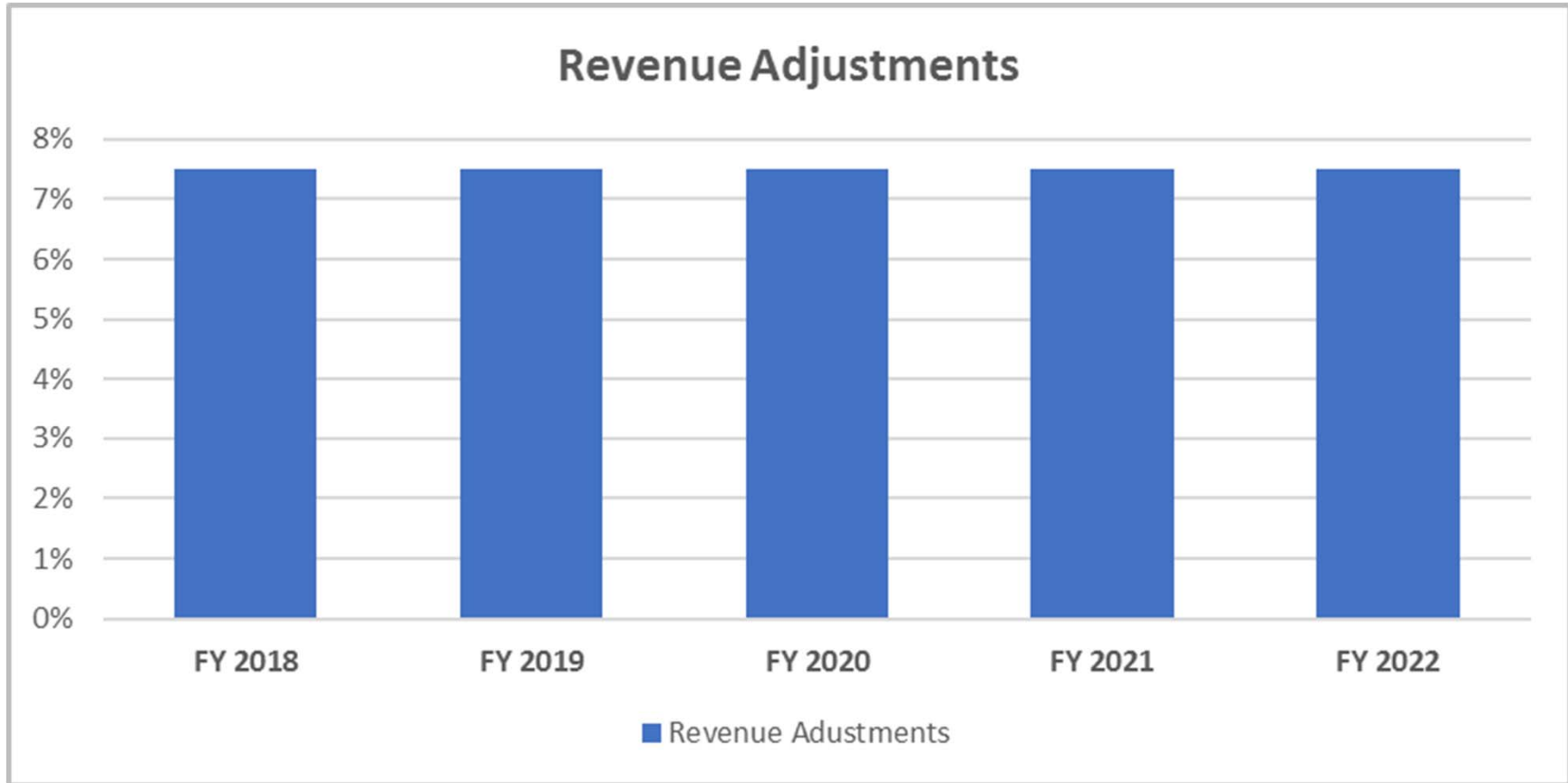
Capital Projects

- » Approximately \$11.6M in planned projects
 - General projects – \$1.7M
 - Growth (capacity fee funded) projects – \$9.9M
- » Capacity fee funded projects
 - Thoroughbred EQ Basin and Schoolhouse LS – starting FY 2019, approximately \$9.5M (current dollars)
- » Approximately \$3.8M in capacity fee revenue
 - \$6.1M of the EQ Basin and LS project is being funded through rates/reserves and not capacity fees
 - Total rate funded projects – \$7.8M
 - Total capacity fee funded projects – \$3.8M

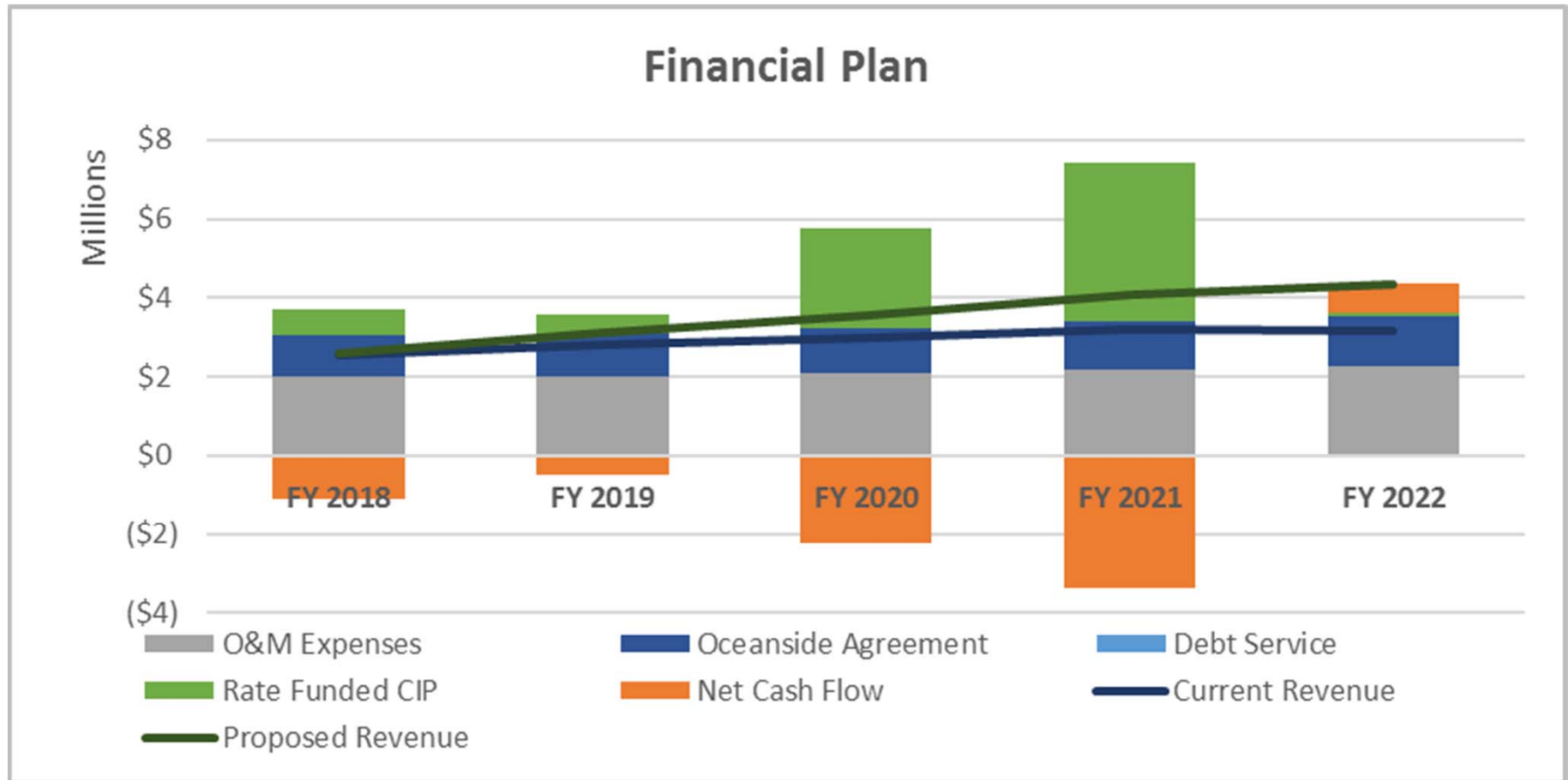
Capital Financing Plan



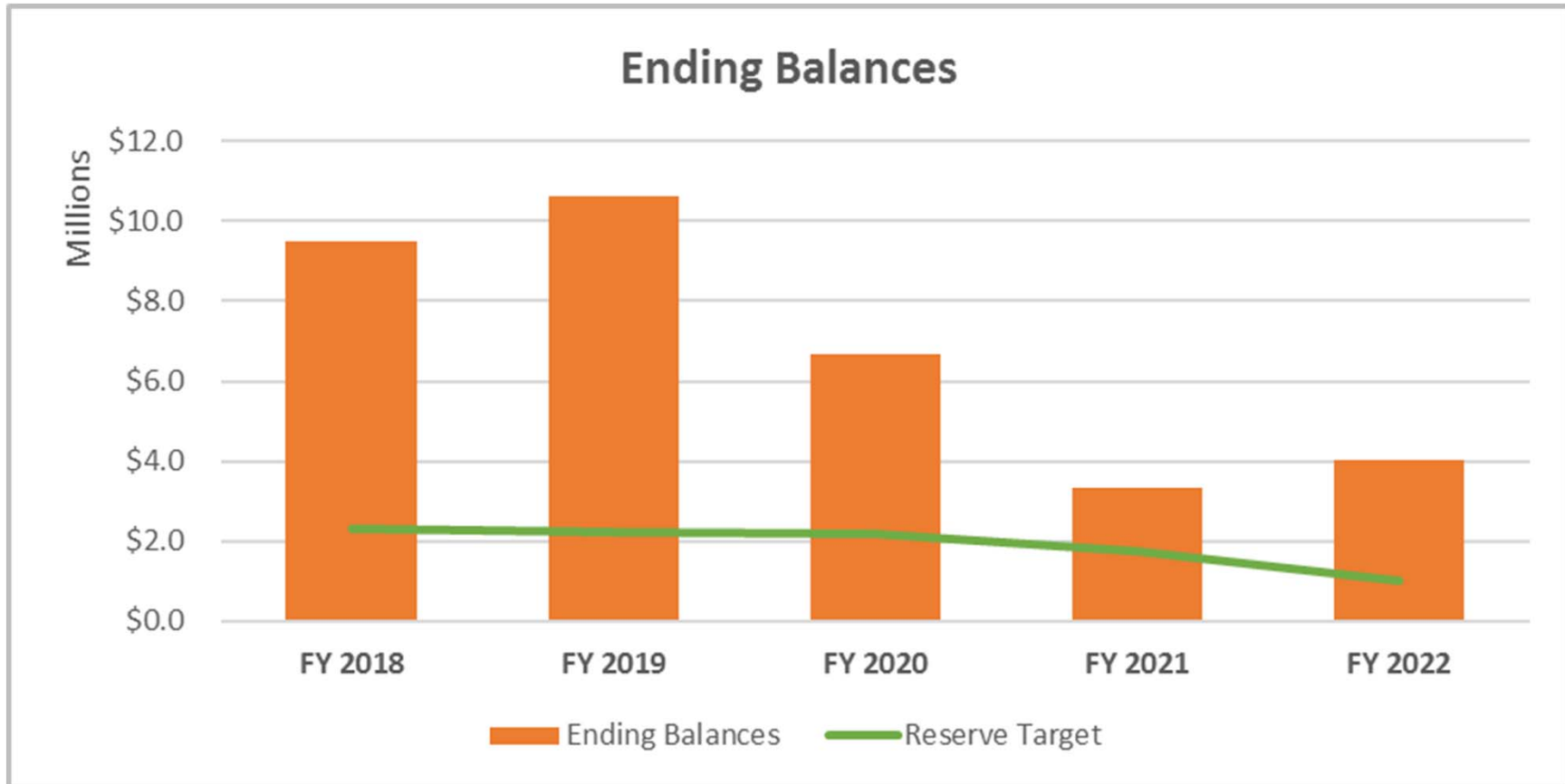
Revenue Adjustments



Operating Financial Plan



Projected Ending Balances



Reserve Targets:

Operating = 25% of operating expenses, Capital = average 5-year replacement CIP

Current Wastewater Rates

FY 2018

Residential Rate (per EDU per month)

1 Unit of Water or Less	\$28.70
2 Units of Water	\$35.70
3 Units of Water (or Multi-Family)	\$42.50
4 Units of Water	\$49.50
5 Units of Water	\$56.20
6 to 10 Units of Water	\$63.20
11 Units of Water or Greater	\$75.50

Commercial Rate (per EDU per month) \$75.50

Unconnected Rate (per EDU per month) \$41.67

Proposed Wastewater Rates

	March 2018	January 2019	January 2020	January 2021	January 2022
Monthly Service Charge per DU					
Single Family	\$55.07	\$59.21	\$63.66	\$68.44	\$73.58
Multi-Family	\$40.51	\$43.55	\$46.82	\$50.34	\$54.12
Sewer Only	\$54.40	\$58.48	\$62.87	\$67.59	\$72.66
Variable Charge per hcf of water					
Commercial	\$6.67	\$7.18	\$7.72	\$8.30	\$8.93
Commercial w/ Irrigation	\$2.99	\$3.22	\$3.47	\$3.74	\$4.03
Monthly Minimum Charge					
Commercial	\$40.51	\$43.55	\$46.82	\$50.34	\$54.12

Flat charges for Residential

Variable Rates for non-residential

- » Simple to implement
- » Provides revenue stability
- » May impact low volume users

- » Combined Commercial rate is \$3.79 per hcf of water

Customer Impacts

Customer Impacts	EDUs per Customer Type	Est. Monthly Water Usage (hcf)***	Avg. Current Charge	Avg. Proposed Charge	Difference (\$)	Difference (%)
Single Family Residence*	1.00		\$56.20	\$55.07	(\$1.13)	-2%
Apartment/Condominium**	1.00		\$42.50	\$40.51	(\$1.99)	-5%
Mobile Home Park**	0.80		\$42.50	\$32.41	(\$10.09)	-24%
Bakery	1.00	17.00	\$75.50	\$113.39	\$37.89	50%
Car Wash	1.20	20.40	\$90.60	\$136.07	\$45.47	50%
Grocery Store	1.20	20.40	\$90.60	\$136.07	\$45.47	50%
Restaurant	2.70	45.90	\$203.85	\$306.15	\$102.30	50%
Country Club****	1.20	20.40	\$90.60	\$61.00	(\$29.60)	-33%

*Single Family Residences are currently charged based on lowest winter month usage, average is 5 hcf of water

**Multi-Family Residences are currently charged a flat rate, equal to 3 hcf of lowest winter water usage

***Estimated monthly usage is based on 17 hcf per EDU per month multiplied by number of EDUs per customer type

****Country Clubs are considered Commercial w/ Irrigation





SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING FEBRUARY 22, 2018

- 9-1. Authorize the General Manager to continue the lease agreement for the Water Authority's Los Angeles Office.
The Board authorized the General Manager to continue the existing lease agreement for Water Authority's Los Angeles Office space for 14 additional months through fiscal year 2019 and increase the General Manager's authority to pay the lease payments by \$16,702, for a new amount not to exceed \$266,159.
- 9-2. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed monthly Treasurer's Report.
- 9-3. Short-Term General Counsel Contract Extension.
The Board extended the current General Counsel contract from March 14 through June 30, 2018.
- 9-4. Federal Legislative Priorities for 2018.
The Board adopted federal legislative priorities for 2018.
- 9-5. Approve enhanced value of water regional communications program and authorize the General Manager to enter into a professional services agreement with Southwest Strategies.
The Board approved the enhanced value of water regional communications program Brought to You by Water; authorized the General Manager to enter into a 12-month professional services agreement with Southwest Strategies in an amount not to exceed \$244,000 for public outreach services to assist in the implementation of the program; and approved the reallocation of \$55,000 from the General Manager's budget contingency fund to the Public Outreach and Conservation Department's FY 2018 and 2019 budget to implement the program.
- 9-6. Retirement of Director.
The Board adopted Resolution No. 2018-02 honoring Yen Tu upon her retirement from the Board of Directors.



TO: Rainbow Municipal Water District
FROM: Alfred Smith
DATE: March 27, 2018
RE: Attorney Report: Inverse Condemnation and Public Records Act Update
501668-0002

I. INTRODUCTION.

This attorney report provides an update on two pending appellate cases affecting public agencies. The first case, *City of Oroville v. Superior Court* (Case Number S243247), is an inverse condemnation matter. The *Oroville* case involves whether a public agency can be held liable for property damage caused by a plaintiff's failure to install code-mandated systems under an inverse condemnation theory. The *Oroville* case is pending before the California Supreme Court.

The second case, *National Conference of Black Mayors ("NCBM") v. Chico Community Publishing, Inc.* ("Chico Publishing," Case Number 083956), involves the issue of whether the California Public Records Act ("CPRA") allows for a judgment of attorney's fees against a public agency in a "reverse-CPRA" lawsuit. A reverse-CPRA action involves an interested party taking legal action to block the release of documents requested from a public agency pursuant to the CPRA. The *Chico Publishing* case is currently pending before the California Third District Court of Appeal.

II. INVERSE CONDEMNATION: CITY OF OROVILLE V. SUPERIOR COURT

A. BACKGROUND.

Inverse condemnation occurs when a public agency is held liable for physical damage to private property caused by a public improvement, requiring compensation to the property owner.

In *Oroville*, three dentists ("Plaintiffs") purchased property and constructed an office building in the City of Oroville ("City"). State and local laws in place at the time required the installation and ongoing maintenance of a backwater valve on the private sewer lateral for the building; however, no backwater valve was ever installed by the Plaintiffs.

In 2009, sewage backed up into Plaintiffs' building. It is undisputed that there was a partial root blockage in the City's sewer main, and that sewage would not have entered Plaintiff's building had a backwater valve been installed and working properly.

Plaintiffs and their insurance company filed suit against the City for inverse condemnation and nuisance. The trial court granted a motion for a judicial determination of the City's liability for inverse condemnation. The City then filed a writ petition with the Court of Appeal, seeking reversal of the trial court's order. The Court of Appeal denied the petition, explaining that: "[i]n order to absolve itself of liability, the City would have to prove 'that other forces alone produced the injury.'" The City appealed and the California Supreme Court granted review.

B. LEGAL ISSUE.

The claims asserted by the plaintiffs in the *Oroville* case are generally considered "spurious" by most public agencies. It is generally recognized that that a public agency should not be held liable for inverse condemnation where the plaintiff itself failed to install a legally required system, such as a backwater valve. Accordingly, the City argued that the Plaintiffs' code violation, not the City's sewer system, created a risk that, once realized, represented the overriding cause of Plaintiff's damage. In addition, the City argued that merely because Plaintiffs were able to get their building approved without including a backwater valve in the plans and without installing a backwater valve, they were not free to sit on their hands ignoring the risk of a potential sewer backup, which eventually occurred, then demand recovery. The City further argued that Plaintiffs defeated the sewer system design by failing to comply with the law, and public policy does not support awarding this failure.

C. CONCLUSION.

The *Oroville* case has attracted statewide attention, Multiple *amicus curiae* briefs have been filed, including briefs by the California Special Districts Association, League of California Cities, California Joint Powers Insurance Authority, Public Entity Risk Management Authority, California Association of Joint Powers Authorities, and California Sanitation Risk Management Authority.

The case is now scheduled for oral argument before the California Supreme Court for a determination as to whether a public agency can be held liable by an aggrieved plaintiff, even where the damage was caused by the plaintiff's own failure to install code-mandated systems required by the local agency.

III. REVERSE PUBLIC RECORDS ACT: NCBM V. CHICO PUBLISHING

A. BACKGROUND.

In 2015, the Sacramento News and Review (“SN&R”) filed a CPRA request seeking emails sent from Mayor Kevin Johnson’s email account used for his role as President of the National Conference of Black Mayors (“NCBM”). The City responded to the request and identified responsive records. The City determined that some of the records may be privileged pursuant to the attorney-client privilege.

The City also determined that it did not have standing to assert the privilege as Mayor Johnson individually was required to assert the privilege. The City notified Mayor Johnson of its determination and the impending records release. Subsequently, NCBM and Mayor Johnson filed a petition to stop the City’s disclosure of the privileged documents. The City did not take a position as to whether the documents were privileged, and ultimately released documents under the direction of its attorneys and the trial court.

B. LEGAL ISSUES.

The SN&R sought to recover attorneys’ fees against the City under the CPRA. The SN&R argued that Mayor Johnson was acting in his capacity as Mayor and against the NCBM under the California Civil Code section 1021.5, the private attorney general statute.

The Sacramento Superior Court issued a decision denying attorney’s fees under both the CPRA and the private attorney general statute. The motion against the City was denied based on SN&R’s failure to establish itself as the successful party, and because SN&R did not seek to recover fees from the appropriate party (the City). The trial court found that the City did not violate the CPRA as it was prepared to release all responsive documents upon request. This case is now being heard on appeal.

C. CONCLUSION.

The *Chico Publishing* case has also generated significant interest. On January 24, the California Special Districts Association, the California State Association of Counties, and the League of California Cities filed *amicus curiae* briefs supporting the City of Sacramento.

The *amicus* briefs urge the Court of Appeal to affirm the trial court decision, arguing that the plain language of the CPRA does not allow an attorney fee award to a records requester who participates in a reverse-CPRA lawsuit against the public agency in possession of the records. The briefs point out that once an interested third-party files a reverse-CPRA action to prevent the agency from disclosing the records, the public agency is simply caught in the middle of the legal battle between the requester and interested third-party, with little to no control over the litigation costs.

Additionally, the briefs ask the court to consider that public agencies should not be penalized for being intertwined in disputes involving conflicts between the State's open government laws and legitimate privacy rights, and that public policy does not support an award of attorney's fees for local agencies caught in the middle of such disputes.

AES

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 13, 2017**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on February 13, 2018 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:03 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Ross, Member Moss, Member Gasca, Alternate Nelson.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Alternate Martinez, Associate Engineer Powers.

Absent: Member Hensley.

No members of the public were present.

4. **SEATING OF ALTERNATES**

Mr. Stitle stated Mr. Nelson would be seated as an alternate for this meeting.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

There were no comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

Mr. Ross announced he would not be attending the March committee meeting.

*8. **APPROVAL OF MINUTES**

A. December 12, 2017

Motion:

To approve the minutes.

Action: Approve, Moved by Member Gasca, Seconded by Member Moss.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Member Stitle, Member Ross, Member Moss, Member Gasca, Alternate Nelson.

B. January 9, 2018

Motion:

To approve the minutes.

Action: Approve, Moved by Member Ross, Seconded by Member Gasca.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Member Stitle, Member Ross, Member Moss, Member Gasca, Alternate Nelson.

9. WATER AVAILABILITY PROPERTY REVENUE ANALYSIS

Mr. Kennedy explained the processes and options available for conducting a water availability property revenue analysis. Discussion ensued.

10. AUDIT UPDATE

Mrs. Martinez referenced the draft audit, including a letter from the auditor addressed to the Board of Directors and management, provided in the handout packet. She explained how Beck Reservoir, construction in progress, and abandonment of assets were topics of discussion between staff and the auditors. Discussion followed.

Mrs. Martinez stated staff was going to attempt creating an accounting manual to capture all the policies, practices, and procedures for monthly and quarterly close as well as year end from which checklists will be formed.

Mrs. Martinez pointed out a Treasurer's Report will now be included in both the Budget and Finance Committee agenda as well as in the Board meeting agenda packets.

Mrs. Martinez continued to review the audit report providing background on highlighted areas.

Mr. Gasca asked about the policy for reconciling accounts. Mrs. Martinez explained there was no formal policy, but RMWD's practice is to have the reconciliation completed four weeks after the close of month which is the general standard industry-wide. Mr. Nelson ask what the District's policy for closing a month. Mr. Kennedy stated depending on outstanding invoices, it could be 60 days. Discussion followed regarding closing the books at the end of each fiscal year.

Discussion ensued regarding consulting work, payroll master file auditing, completion of leave request forms, year-end closing, and any developer deposits.

Mr. Kennedy pointed out this audit was very thorough, including monitoring the management activities. He stated he did not believe there was anything found to be too bad; however, staff will be making some necessary adjustments going forward. Discussion followed.

Mr. Ross inquired about the asset valuation. Mr. Kennedy explained this was one of the topics of an ongoing discussion between two different consultants; however, he has requested that this matter be continued for now and then picked up again in Spring 2018 when this audit is completed.

Mrs. Martinez drew attention to the operations portion of the audit as she reviewed each of the items that led to the changes reflected to the change in acre feet sales. Discussion ensued regarding abandonment of certain facilities as well as existing infrastructure and project planning capitalization.

Mr. Stitle asked about the pension adjustments referenced on Page 14. Mrs. Martinez explained this was the difference between deferred outflows and inflows related to CalPERS' investments in addition to RMWD's actual payment amounts. She noted every three years a liability report is updated and how in 2018 the overhead amount will drop off significantly.

Mr. Kennedy noted the auditor will attend a Board meeting to review the report with the Directors before which time he would like to have any committee member comments or questions brought to him or Mrs. Martinez to address.

11. ABM PROJECT AND REMOTE READING WATER METER SYSTEM UPDATE

Mr. Kennedy announced ABM was ready to move forward; however, there were some challenges with programming between ITRON and SDG&E. He stated the goal was to make this as broadly compatible with every meter type; however, it was found the readings were being truncated which resulted in staff working with the vendors to find some type of resolve. He stated based on these results, the project was currently in a holding pattern. Discussion followed.

12. CHANGE IN ACCOUNTING SYSTEM UPDATE

Mr. Kennedy talked about the steps taken regarding updating the system. He mentioned several vendors were interviewed and how Infor was found to have an accelerated implementation process. He mentioned RMWD will be hiring an internal person to handle the day-to-day operations as well as with applications.

Mr. Kennedy mentioned he anticipated having a contract and costs associated with this program brought to the Board at their March meeting for consideration. He concluded with noting if the transition was completed within one year, it would be amazingly awesome; however, it may take until the end of Fiscal Year 2018.

13. REVIEW THE FOLLOWING:

- A.** Income Statement
- B.** Balance Sheet
- C.** Cash Flow
- D.** Treasurer's Report

Mrs. Martinez noted a mid-year itemized income statement either at the February or March Board meeting with adjustments to both revenues and expenditures.

Mrs. Martinez referenced the monthly Treasurer's Report set up for the investment policy was provided as a handout.

Discussion ensued regarding development progress.

14. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

It was noted the fixed revenue interim analysis, ABM/ABI project, accounting system, and auditor presentation will be on the next committee agenda.

15. ADJOURNMENT

The meeting was adjourned with a motion made by Alternate Nelson and seconded by Member Ross.

The meeting adjourned at 2:52 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE COMMUNICATIONS COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 1, 2018**

1. **CALL TO ORDER** – The Communications Committee Meeting of the Rainbow Municipal Water District on February 1, 2018 was called to order by Chairperson Daily at 3:35 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Chairperson Daily, presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Daily, Member Hamilton, Alternate Gray.

Also Present: General Manager Kennedy, Executive Assistant Washburn.

Absent: Member Kurnik, Member Kirby.

No members of the public were present.

4. **SEATING OF ALTERNATES**

Mrs. Gray was seated as an alternate for this meeting.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA**

There were no comments.

COMMITTEE ACTION ITEMS

*7. **APPROVAL OF MINUTES**

A. January 4, 2018

Mrs. Gray noted there were minor corrections to the minutes that would be revised.

Motion:

To approve the minutes including the revisions suggested by Mrs. Gray.

Action: Approve, Moved by Member Hamilton, Seconded by Alternate Gray.

Vote: Motion carried by unanimous vote (summary: Ayes = 3).

Ayes: Member Daily, Member Hamilton, Alternate Gray.

8. DISCUSSION REGARDING BENEFITS OF EXPANDED QUARTERLY NEWSLETTER

It was noted the expansion would be a two-page (front and back) quarterly newsletter.

Discussion ensued regarding costs and subject matter.

Mr. Hamilton mentioned his suggestion would be to introduce staff to the public.

Mr. Daily recommended the committee work on putting together a structured planning calendar with the anticipated start date being April 2018.

Mr. Kennedy noted there were projects on which he could provide articles. Mr. Hamilton pointed out there have been public requests for information on long-term water supply. Discussion followed.

Mr. Kennedy recommended possibly spotlighting RMWD customers as well as committee members. He directed Mrs. Gray to put together a list of the ideas named at this meeting and bringing it back to the next committee meeting for review, comment, and input. He stated the validated costs for shipping and printing would also be provided at the next committee meeting.

Discussion followed.

Mr. Hamilton inquired about a recent drought declaration. Mr. Kennedy explained the State Water Board released proposed water use restriction regulations; however, a drought was not declared. Discussion ensued regarding climate and weather pattern changes.

9. EAM NEWSLETTER ARTICLE

Mrs. Gray mentioned this would most likely be included in the expanded quarterly newsletter.

Mr. Hamilton suggested including focus on one segment related to the benefit to the ratepayers.

10. FACILITY NAMING UPDATE AND COMPLETION OF ADDITIONAL LIFT STATION SITES

Mrs. Gray explained the system operators pointed out there were three additional lift stations that had not been renamed. Mr. Hamilton inquired about Lift Station 1. Mr. Kennedy stated Lift Station 1 was being decommissioned, B Plant was going out of service, one was being renamed Rancho Viejo and the other Rancho Monserate. He confirmed Lift Station 2 has been renamed Old River Lift Station.

11. QUARTERLY SNIPE CALENDAR IDEAS

Mr. Kennedy suggested tying this into the expanded quarterly newsletter except when there are other matters of importance.

12. DISCUSSION REGARDING RATEPAYER INCENTIVE PROGRAM

Mr. Kennedy stated after giving this idea consideration he recommended there be an article in the upcoming newsletter encouraging any customers who have an idea in terms of a better way to do something to make a presentation at a committee meeting. Mr. Hayden suggested RMWD provided a list of points that should be addressed in the customer presentations.

13. PUBLIC COMMUNICATIONS AND OUTREACH ITEMS

A. Topics

It was noted this item was covered during earlier discussions at this meeting.

B. Strategic Plan Objectives

Mrs. Gray recommended the committee hold a mock-up tour in March 2018. Ms. Washburn agreed to work with the committee members and coordinate a time and day that works for most of the members for an afternoon tour starting after 12:00 p.m.

Mrs. Gray talked about the May 2018 Vintage Car Show noting she was seeking volunteers to assist with the RMWD booth. She stated she would work with the committee and staff to put together a rotation schedule to be shared with staff and committee members.

Discussion ensued regarding the types of items RMWD may want to have available to hand out to booth visitors during community events.

C. Calendar

It was noted the Vintage Car Show will be held on May 27, 2018 and the Avocado Festival on April 15, 2018.

14. REVIEW AND ANALYSIS OF RMWD RELATED MEDIA STORIES

There was reference to the article in The Village News on January 18, 2018 noting RMWD approved time extensions for the Pala Mesa Highlands sewer agreement.

15. COMMITTEE MEMBER COMMENTS

Mr. Hamilton inquired as to the RMWD sign being replaced at the entrance to the District. Mr. Kennedy said he would follow up with Mrs. Harp on this.

Mr. Hamilton asked how RMWD plans to get interest in the CSDA contests from its local schools. It was noted Mrs. Gray is already working with the schools on this as well as other reach out programs. Discussion ensued regarding means of gaining interest from local students while presenting RMWD to them.

It was recommended an announcement RMWD was seeking committee members be included in the upcoming newsletter.

16. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED COMMUNICATIONS COMMITTEE MEETING

It was noted the strategic objectives, story board preview, and extended newsletter matrix would be on the next committee agenda.

17. ADJOURNMENT

The meeting was adjourned with a motion made by Member Daily.

The meeting adjourned at 4:50 p.m.

Mike Daily, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE ENGINEERING SERVICES COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 3, 2018**

1. **CALL TO ORDER** – The Engineering Services Committee Meeting of the Rainbow Municipal Water District on January 3, 2018 was called to order by Chairperson Prince at 3:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028, Chairperson Prince presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Prince, Member Stitle, Member Taufer, Member Brazier, Member Ratican, Member Robertson, Member Marnett, Alternate Nelson.

Also Present: General Manager Kennedy, Associate Engineer Powers, Engineering Manager Kirkpatrick, Eng. Tech Rubio.

Absent: Alternate Kirby, Interim Engineering Manager Gerdes.

There was one public member present: Mr. Spencer (HDR, Inc.)

4. **SEATING OF ALTERNATES**

There were no seating of alternates.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes to the agenda.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA**

There were no public comments.

COMMITTEE ACTION ITEMS

*7. **APPROVAL OF MINUTES**

A. December 6, 2017

Approval of minutes was deferred to next month's meeting.

8. **UPDATE ON LILAC FIRE ACTIVITIES**

Mr. Kennedy provided Lilac Fire Perimeter maps delineating the areas affected by the Lilac fires. He said the fire spread quickly causing loss of power and evacuation of the District, although the District's generator maintained the power until it was regained. He mentioned all the vehicles were also relocated. He pointed out staff ensured all the tanks had enough water. He said the Emergency Operations Command (EOC) was activated and two Incident Commanders were assigned to ensure there was 24 hour coverage.

Mr. Kennedy provided the following information and lessons learned:

- Rancho Monserate Mobile Home Park was experiencing pressure issues due to the large flows of water focused in the area. District staff increased the pressure to ensure constant high flows, although tragically many homes were lost.
- There were 8 mainline breaks and many customer line breaks. Unfortunately, one house was flooded due to a mainline break costing the District approximately \$60K. The mainline would be moved to a new location pending replacement design.
- Mainline breaks were mostly caused by water hammer. Local fire fighters were aware of the high water pressures in the area, but fire fighters from out of state were not.
- There were no District structures lost.
- Learned not to use natural gas backup generators, due to the gas being shutoff.
- The structure of the EOC could use improvement with training and preparation of crew turn arounds, backup personnel from other agencies, setup a TV in a larger room with SCADA/GPS systems.
- Easements, previously covered in brush were cleaned by the fire and should be marked out and maintained.

Mr. Kennedy said the lessons learned and required improvements would be addressed. Discussion ensued.

9. HDR CONDITION ASSESSMENT UPDATE

Mr. Spencer the consultant from HDR, provided a presentation regarding the water pipeline investment program report. He pointed out the District owns about \$400M in water main infrastructure with a finite life that deteriorates over time reducing service levels. He said age alone was not an accurate correlator to assess the condition of the water mains. He mentioned evolving from an age base program to a performance and condition base program to ensure wise investments. He said ultimately the program goal was to cost effectively sustain desired service levels out into the future. He continued, in order to achieve the goals of the program the following steps would be required:

- Optimizing collection of the right data
- Determining the appropriate reinvestment level
- Focus those investments to get the most bang for the buck
- Developing a staff owned program, not a static project

Mr. Spencer said in order to understand the condition of the District's system, historic break data was digitized, consolidated and cleansed to support data driven decision making and to forecast breaks. He continued the data was also used for various investment scenarios to find an appropriate balance between service levels and affordability for the customers. He said included in the current proposed rate structure was a gradual increase of half a million a year over the next six years to maintain a sustainable investment level, and allowing time to replace the water mains. Discussion ensued.

Mr. Spencer said developing the risk model would assist in prioritizing the sustainable investment level. He pointed out about 60% of the system has never experienced a break and data shows that 40% of all breaks occurred on only 5% of the system. He also mentioned 80% of the historic breaks were on 20% of the water mains by length, which indicates that a small cohort of water mains were responsible for most of the breaks. He said focusing on a small portion of the system would yield more return on investment.

Mr. Spencer explained the reasons some pipes were deteriorating faster than others. He said there were two primary reasons. The first was due to deficient contractor work especially at the joints and the second reason was due to pipe characteristics causing some to deteriorate faster, especially with a combination of high pressure and soil corrosivity. Discussion ensued.

Mr. Spencer discussed the prioritizing of investments and the development of a risk map based on the water main analysis. He pointed out that these projects for pipeline replacement would require internal commitment to execute at the most cost-effective method. Mr. Kennedy said the District would have to develop a clear plan and target the most critical areas. He mentioned starting with the following: checking pressure areas, environmental impact report, project planning, placing pipes in better places, etc. Discussion ensued.

Mr. Kennedy said the District was reserving funds, although the rates would need to be increased to cover the cost of this project. He mentioned he would inform the Board that the Engineering Committee reviewed the report and had no objections.

Mr. Prince asked that future savings be factored into the report. Mr. Kennedy replied some numbers can be put together, although it would be difficult to predict the future. Mr. Spencer stated the industry has struggled with a strictly financial model to get a true return on investment for water main infrastructure. He said it was difficult to predict breaks and even more difficult was quantifying the value of the breaks. Discussion ensued.

10. ABM UPDATE

Mr. Kennedy stated that 35 radio reads were installed last month in Brookhills and 250 more units would be installed in Vista Valley and Rainbow Hills.

11. DISCUSSION AND POSSIBLE ACTION TO APPOINT 2018 COMMITTEE OFFICERS

Mr. Kennedy said there was an opportunity to select a new Chairperson and Co-Chairperson. Mr. Robertson said he was content with the current appointees and recommends no change

Motion: *Leave appointees as status quo.*

Action: *Approve, Moved by Member Robertson, Seconded by Member Stitle*

Vote: *Motion carried by unanimous vote (summary: Ayes = 7).*

Ayes: *Member Prince, Member Stitle, Member Brazier, Member Taufer, Member Ratican, Member Robertson, Member Marnett.*

12. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED ENGINEERING SERVICES COMMITTEE MEETING

The following agenda items were suggested:

- HDR Feedback
- AMI Update
- Gird to Monserate Update
- Lift Station 1 Replacement
- Development Update

Mr. Kennedy said one of the Board member's recommended including Operations information in one of the committees. He suggested expanding the Engineering Committee to include Operations information, which would be reviewed and addressed as an admin code change.

13. ADJOURNMENT

Motion: To Adjourn the meeting.

Action: Approve, Moved by Member Stitle, Seconded by Member Brazier.

The meeting adjourned at 5:15 p.m.

Timothy Prince, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE ENGINEERING SERVICES COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 7, 2018**

1. **CALL TO ORDER** – The Engineering Services Committee Meeting of the Rainbow Municipal Water District on February 7, 2018 was called to order by Chairperson Prince at 3:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Chairperson Prince, presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Prince, Member Stitle, Member Taufer, Member Brazier, Member Ratican, Member Robertson, Member Marnett.

Also Present: General Manager Kennedy, Alternate Flint, Interim Engineering Manager Gerdes, Associate Engineer Powers, Operations Manager Milner, Engineering Technician Rubio.

Absent: Alternate Kirby.

There were no public members present.

4. **SEATING OF ALTERNATES**

There were no changes.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

Mr. Kennedy added an update item regarding the recent water main break, after agenda item 12.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA**

There were no public comments.

COMMITTEE ACTION ITEMS

*7. **APPROVAL OF MINUTES**

A. December 6, 2017

Motion: Approve the minutes as altered.

Action: Approve, Moved by Member Robertson, Seconded by Member Ratican.

Vote: Motion passed (summary: Ayes = 6, Noes = 0 Abstain = 1).

Ayes: Member Stitle, Member Taufer, Member Brazier, Member Ratican, Member Robertson, Member Marnett.

Abstain: Member Prince.

Alternate Nelson arrived at 3:08 p.m.

B. January 3, 2018

Mr. Stitle and Mr. Taufer pointed out some typos to be corrected. Mr. Prince referred to Item 9, HDR Condition Assessment Update, stating he had raised a point regarding no mention of the savings or the money saved if the plan was implemented. Mr. Kennedy said it was discussed at the meeting that there was no direct ROI it was just less losses. Discussion ensued.

Mr. Kennedy said the recording would be reviewed and the minutes amended if needed.

Motion: Bring the minutes back next month.

Action: Approve, Moved by Member Robertson, Seconded by Member Stitle.

Vote: Motion passed (summary: Ayes = 7, Noes = 0, Abstain = 0)

8. LIFT STATION 1 REPLACEMENT ALTERNATIVES

Mr. Powers conducted a presentation regarding alternatives for the Lift Station 1 (LS) Replacement Project. He said the general purpose of this project was to meet current and future capacity demands and to remove maintenance and reliability issues. He mentioned originally this project included upsizing the existing 12" sewer line along Highway 76 to the Thoroughbred LS site, which would otherwise not be large enough to keep up with the current demands of the new development currently under construction. He continued the original plan also included a LS on Thoroughbred Lane to pump the wastewater across the bridge through a force main instead of using a siphon. He said the force main would then gravity feed into the Schoolhouse LS, which was the replacement for LS1. He continued the Schoolhouse LS included an upsize sewer force main to the Old River Road LS, which lifts the wastewater to Oceanside.

Mr. Kennedy pointed out when Mrs. Kirkpatrick was handling this project she forecasted the timing of the projects by including the funding received from future development. He pointed out future funding was not coming in as forecasted, and the \$10M to 12M cash flow projections were not available to fund the design of current projects. He said the District has taken a more conservative assumption for this project by determining how to fund the project assuming there were no future development funds. He brought up the following questions that were being considered:

- How can this project be funded?
- What can be done to handle all the flows?
- What can be done to upsize in the future when funding was available?

Mr. Powers discussed the following LS alternatives taking into consideration the current budget:

- Base Project – Address immediate capacity needs by building an Equalization Basin and Upsizing the Existing 12" Sewer Line. \$4.5 – 5.5 Million

- Add Alternate 1 – Address reliability of Lift Station 1 by building the Schoolhouse Lift Station and Component Force Main. \$4 – 4.5 Million
- Add Alternate 2 – Address future needs with concurrent construction of Wet Wells for future Thoroughbred Lift Station.

Mr. Kennedy said overall the goal was to try to equalize the flows in the system to remove the peaks and take some O&M maintenance hits, but with big capital savings. He pointed out regrettably there were not a lot of options for this project and by managing the commitments to provide wastewater with the current budget the Base Project was the mechanism that was selected. He said in addition, if bidding results include adding alternatives 1 and 2 at an affordable price then the District would include them. Discussion ensued.

9. GIRD AND MONSERATE PIPELINE REPLACEMENT UPDATE

Mr. Powers provided an update on the Gird to Monserate Pipeline Replacement Project. He said 12 years ago the pipeline broke under the creek and approximately 1,500 feet would have to be replaced. He mentioned the existing pipe runs under Wetlands and Diegan Coastal Sage Scrub. He said in 2016 the original final design to replace the existing pipe in place included trenching or pipe bursting and some Horizontal Directional Drilling (HDD). He explained the original design ran into significant environmental mitigation costs, since the HDD pits would be in sensitive areas and the trenching for the existing pipe would be in habitat for endangered species. He explained the District would be required to purchase mitigation land to replace the land being affected, which involved significant costs.

Mr. Powers said the new design rerouted the pipeline so impacted areas were outside of the Wetlands and Diegan Coastal Sage. He said the construction for the new design was estimated at \$1.5M where the old design was \$1.2M plus cost for mitigation land. Mr. Kennedy discussed other methods of replacing the pipe during an emergency situation and installing a bridge to the section of pipe that was on environmentally sensitive land. Discussion ensued.

Mr. Kennedy concluded that the current design concept was as far as he wanted to go at this time. He explained reviewing other methods to get across the environmental areas would be explored further.

10. METER STANDARDS AND ABM METER REPLACEMENT AND AMI PROJECT UPDATE

Mr. Powers said as discussed at the December 6, 2017 - Engineering Committee Meeting, if the District goes forward with the ABM Meter Replacement Project there would be a potential annual revenue recovery of \$900K from accurate meters. He said ABM was currently moving forward with calculating the cost for the Meter Replacement Project and as part of that the District had to provide a standard depicting how the replacement meters should be built. He discussed the different standard drawing variations that were created. He said currently the District was in the process of selecting a preferred method. He went over the option to keep everything in one large meter box where there would be limited space to work in or to add a second box provided there was enough room to install the second box. Mr. Kennedy recommended placing everything in one box for simplicity. Discussion ensued.

Mr. Kennedy provided a brief AMI update stating there were 35 meters installed and SDG&E had to install two more meters to obtain additional coverage, due to topography issues. He said there

were also some issues with the trunk reads. He mentioned all the issues should be resolved within a week.

11. DEVELOPMENT UPDATE

Mr. Gerdes provided an update regarding current development as follows:

- Pala Mesa Highlands - 124 lots: Progressing slowly - most of the water and sewer installed, anticipate models in late Spring or early Summer 2018.
- Golf Green Estates - 94 lots: Most of the water and sewer installed, four models completed.
- Horse Creek Ridge - 754 lots: Construction on site completed in phases, one phase was sold to to Richmond American, 39 units closed escrow.
- Horse Creek LS: Construction behind schedule, should be complete by late March/April 2018.
- Palomar College: Construction started, completed sewer installation and will tie-in with the Pala Mesa sewer line when the LS is completed, first classes scheduled to start on June 11, 2018.

12. DISCUSSION REGARDING CHANGING CHARTER OF THE COMMITTEE TO INCLUDE OPERATIONS

Mr. Kennedy said Mr. Gasca wanted to see an operations committee to review operational functions. He suggested including operations with the Engineering Committee. He asked the committee for recommendations regarding the type of operational functions to include.

Mr. Marnett suggested adding one standard operational procedure a month.

Mr. Robertson suggested when reworking the charter to keep it very loose.

Mr. Stitle asked Mr. Milner how many distinct operations he managed at a time. Mr. Milner responded with four departments: Operations, Construction, Wastewater, and Technical Services Group. Mr. Stitle suggested breaking down the operational functions by the four departments. Discussion ensued.

Mr. Kennedy stated the direction of the committee was to proceed with the charter change and bring back a draft write up next month.

13. WATER MAIN BREAK ON WILD ACRES

Mr. Kennedy said in 1956 a 12", tar wrapped steel pipeline was built from Turner Tank to Wild Acres and on the evening of February 2, 2018 it broke. He continued the break caused a flood knocking down a customer's fence and erosion damage. He said staff worked through the night to repair the break, although the pipe failed again further down. He said an emergency contractor had to be called in to repair the new break, due to staff being spent. He mentioned the contractor had to expose 120 feet to get to a competent piece of pipe to weld to. He said the pipe was full of pinholes with internal and external corrosion. He pointed out it was number 16 on the high-risk list for replacement. He stated there were 30 people without water over the weekend. Discussion ensued.

13. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED ENGINEERING SERVICES COMMITTEE MEETING

- Brent Alspach- Newer technology to handle salt brine with zero liquid discharge.
- January 3, 2018 Minutes
- AMI / ABM Update
- Operations Charter
- Update on rates from the Board Meeting

14. ADJOURNMENT

Motion: To Adjourn the meeting.

Action: Approve, Moved by Member Prince, Seconded by Member Stitle.

Vote: Motion passed (summary: Ayes = 7, Noes = 0 Abstain = 0).

Ayes: Member Prince, Member Stitle, Member Taufer, Member Brazier, Member Ratican, Member Robertson, Member Marnett.

Timothy Prince, Committee Chairperson

Dawn M. Washburn, Board Secretary

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-05 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST

BACKGROUND

With recent changes to certain position titles as well as an additional new position, it is necessary to update Administrative Code Section 1.02.020 – Conflict of Interest.

DESCRIPTION

Title changes have been made to include changing “Engineering Manager” to “District Engineer,” “Safety Administrator I/II” to “Environmental Health and Safety Officer,” “Information Technology Administrator” to “Information Technology and Applications Analyst/Senior Information Technology and Applications Analyst” as well as the addition of “Right-of-Way and Facilities Coordinator.”

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Administrative Code Section 1.02.020.

Strategic Focus Area Three: Workforce Development

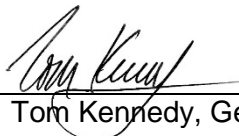
BOARD OPTIONS/FISCAL IMPACTS

- 1) Approve Ordinance No. 18-05 amending and updating Administrative Code Section 1.02.020.
- 2) Approve Ordinance No. 18-05 amending and updating Administrative Code Section 1.02.020 with revisions.
- 3) Provide staff with further direction.
- 4) Do not approve Ordinance No. 18-05 amending and updating Administrative Code Section 1.02.020.

There will be no known direct fiscal impact associated with any of the Board Options.

STAFF RECOMMENDATION

Approve Ordinance No. 18-05 amending and updating Administrative Code Section.



Tom Kennedy, General Manager

March 27, 2018

Ordinance No. 18-05

**Ordinance of the Board of Directors of the Rainbow Municipal Water District
Amending the Administrative Code
Section 1.02.020 – Conflict of Interest**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

Section 1.02.020 – Conflict of Interest

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 27th day of March 2018.

**AYES:
NOES:
ABSTAIN:
ABSENT:**

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

Section 1.02.020
Conflict of Interest

1.02.020.01 The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. Section 18730) that contains the terms of a standard conflict of interest code and may be incorporated by reference in any agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

1.02.020.02 Therefore, the terms of 2 California Code of **Regulations Section 18730** and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating positions, and establishing disclosure requirements, shall constitute the conflict of interest code of the Rainbow Municipal Water District.

1.02.020.03 Individuals holding designated and non-designated positions shall file their Statements of Economic Interest with Rainbow Municipal Water District, which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) Upon receipt of the statements for the Board Members and General Manager, the Board Secretary shall make and retain copies and forward the originals of these statements to the County Board of Supervisors. Statements for all other designated employees shall be retained by Rainbow Municipal Water District.

Any public officials who manage public investments shall be considered non-designated positions under Government Code section 87200 and shall make the disclosures required by law. Originals of all Statements of Economic Interest filed by non-designated positions will be maintained at the District office.

Appendix A
Rainbow Municipal Water District Conflict of Interest Code

Preamble

Any person designated in Section I of this Appendix who is unsure of any right or obligation arising under this Code may request a formal opinion or letter of advice from the FPPC or an opinion from Rainbow Municipal Water District's General Counsel. (Gov. Code § 83114; 2 CCR § 18730(b)(11).) A person who acts in good faith in reliance on an opinion issued to him or her by the FPPC shall not be subject to criminal or civil penalties for so acting, provided that all material facts are stated in the opinion request. (Gov. Code § 83114(a).)

Opinions rendered by General Counsel do not provide any statutory defense to an alleged violation of conflict of interest statutes or regulations. The prosecuting agency may, but is not required to, consider a requesting party's reliance on General Counsel's opinion as evidence of good faith. In addition, Rainbow Municipal Water District may consider whether such reliance should constitute a mitigating factor to any disciplinary action that Rainbow Municipal Water District may bring against the requesting party under Government Code section 91003.5.

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Part I - Designated Positions

<u>Designated Employees</u>	<u>Categories Disclosed</u>
Members of the Board of Directors	All
General Manager	All
General Counsel	All
District Engineer Engineering Manager	All
Operations Manager	All
Human Resources Manager	All
Construction/Maintenance Superintendent	All
Water Operations Superintendent	All
Wastewater Superintendent	All
Associate Engineer	All
Purchasing & Inventory Control Specialist I/II	All
Environmental Health and Safety Specialist OfficerSafety Administrator I/II	All
Engineering Inspector I/II	All

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Water Quality Technician I/II	All
<u>Information Technology and Applications Analyst Senior and Senior Information Technology and Applications Analyst-Administrator</u>	All
<u>Right-of-Way and Facilities Coordinator</u>	All
¹ Consultants	2

Part II – Non-Designated Positions

Finance Manager	Pursuant to Applicable Laws
Standing District Committee Members	2
Auditor	2

¹ With respect to consultants, the General Manager may determine in writing that a particular consultant, although a “designated employee,” is hired to perform a range of duties that is limited in scope and thus is not required to comply with the written disclosure requirements described in these categories. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection by Rainbow Municipal Water District in the same manner as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

Part II - Disclosure Categories

Category 1.

A designated employee or person in this category shall report all interests in real property, and investments in, and income from, business entities of the type to operate or provide any of the following:

- Accounting or auditing services
- Banks and savings and loans
- Computer hardware or software, or computer services or consultants
- Communications equipment or services
- Insurance brokers and agencies
- Insurance adjusting, claims auditing or administration, or underwriting services
- Office equipment or supplies
- Personnel and employment companies and services
- Printing or reproduction services, publications, and distribution
- Securities, investment or financial services companies
- Title insurance and escrow
- Construction supplies, service or equipment
- Engineering and surveying services
- Land development services

Category 2.

A designated employee in this category shall disclose all business positions in, investments in, and income from any business of the type to provide personnel, services, supplies, material, machinery, or equipment to Rainbow Municipal Water District and is associated with the job assignment or position of the designated employee or person.

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Appendix B Statement of Duties of Employees of and Consultants to Rainbow Municipal Water District

Members of the Board of Directors

The Board of Directors acts as the Rainbow Municipal Water District's governing body. Members of the Board of Directors formulate general policy and programs of Rainbow Municipal Water District, and each member of the Board of Directors therefore is designated.

General Manager

General Manager oversees the day-to-day operations of Rainbow Municipal Water District. He or she participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and therefore is designated.

General Counsel

General Counsel, currently hired on a contract basis, advises Rainbow Municipal Water District on its day-to-day activities, including its relationships with the independent contractors who serve in a staff capacity to Rainbow Municipal Water District, and compliance with applicable laws and regulations. He or she participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and therefore is designated.

Financial Manager

An employee of the Rainbow Municipal Water District, the Financial Manager is Rainbow Municipal Water District's Chief Financial Officer and helps manage the finances of Rainbow Municipal Water District. The Financial Manager makes reports from time to time on the financial results of operations of Rainbow Municipal Water District, and recommends fiscal policies to the Board of Directors. The Financial Manager "manages public investments" within the meaning of applicable regulations. He or she therefore is not designated.

District EngineerEngineering Manager

The District EngineerEngineering Manager provides engineering services and oversight to Rainbow Municipal Water District, including implementation of capital replacement projects. He or she participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of engineering and is therefore designated.

Operations Manager

An employee of Rainbow Municipal Water District, the Operations Manager oversees the operation and maintenance of the water and wastewater lines and structures; risk management; and employee safety. He or she participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of operations and maintenance and is therefore designated.

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Human Resources Manager

The Human Resources Manager plans, directs and oversees the following programs and activities: human resources; labor relations; workers' compensation, property and liability insurance and is therefore designated.

Construction/Maintenance Superintendent

The Construction/Maintenance Superintendent has managerial responsibilities to direct and oversee the Construction and Valve Maintenance and Fleet Divisions. This position coordinates and manages the installation, maintenance and repair of water mains, service lines, fire hydrants, valves, pressure regulating stations, pumps, motors and other related appurtenances used in the District water distribution, treatment and storage facilities and fleet maintenance and repair and is therefore designated.

Water Operations Superintendent

The Water Operations Superintendent has managerial responsibilities to direct and oversee the Water Operations Division, the electrical program and the Supervisory Control and Data Acquisition (SCADA) and telemetry systems. This position will coordinate and manage the installation, maintenance, repair and operation of District water distribution, treatment, pumping and storage facilities and electrical, electronic and telemetry repair and maintenance and is therefore designated.

Wastewater Superintendent

The Wastewater Superintendent has managerial responsibility to direct and oversee the Wastewater Division. This position coordinates and manages the repair, maintenance and operation of the wastewater pumping and collection system as well as may assist with installation, maintenance and repair of water distribution facilities and is therefore designated.

Associate Engineer

The Associate Engineer performs a variety of routine and semi-routine professional level civil engineering work in the research, design and construction of water and sewer capital improvement and construction projects as well as reviews development plans and is therefore designated.

Purchasing & Inventory Control Specialist I/II

The Purchasing & Inventory Control Specialist I/II has responsibility for all functions associated with the warehouse including purchasing, receiving and inventory control and administration of the office cleaning contract as well as maintaining inventory of parts and supplies and is therefore designated.

Environmental Health & Safety Specialist/Officer Safety Administrator I/II

The Environmental Health & Safety Specialist/Officer Safety Administrator I/II has responsibility for the planning and administration of the District programs and services related to safety, security, emergency preparedness and environmental compliance functions and is therefore designated.

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Water Quality Technician I/II

The Water Quality Technician I/II performs a wide variety of professional, analytical and technical water quality functions involved in the District's water treatment and distribution system; interprets water quality test results and prepares reports; performs tasks related to quality assurance; ensure compliance with permit requirements, ordinances and federal and state regulations regarding potable water and is therefore designated.

Information Technology and Applications Analyst-Administrator /-Senior IT and Applications Analyst

The ~~Senior(Senior)~~ Information Technology ~~and Applications Analyst/Senior Information and Applications AnalystAdministrator~~ position monitors, maintains, troubleshoots, and diagnoses hardware, software, database and network problems and identifies courses of action. This position also supervises the purchasing, inventorying, maintenance and the disposing of computing and communication devices, hardware and software and is therefore designated.

Right-of-Way and Facilities Coordinator

The Right-of-Way and Facilities Coordinator is responsible for monitoring and resolving right-of-way issues related to acquisitions, vegetation clearing, and encroachments. This position also coordinates all facilities maintenance, including selecting service providers and vendors for landscaping, building and grounds maintenance, and is therefore designated.

Auditor

Rainbow Municipal Water District has contracted with one or more accounting firms to handle financial audits of Rainbow Municipal Water District's finances and investments. These firms implement decisions of the Rainbow Municipal Water District's Board of Directors. Because these auditors' duties are restricted in the manner described herein, they do not participate in the formulation and implementation of the policies and programs of Rainbow Municipal Water District, and also do not "manage public investments" within the meaning of applicable regulations. Therefore, standing district committee members shall be considered non-designated positions and will file Statements of Economic Interest forms with the District only for public review and information purposes.

Standing District Committee Members

A member or alternate committee member of a Rainbow Municipal Water District standing committee serves at the pleasure of the Board. These committees are advisory to the Board with regard to matters within their respective areas of responsibility. A committee has jurisdiction to consider and make a recommendation to other committees and to the Board regarding any item of business within the responsibility of the committee. Committee recommendations shall be communicated to the Board. A committee may consider other matters referred to it by the Board. Therefore, standing district committee

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Section 1.02.020
Conflict of Interest

1.02.020.01 The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. Section 18730) that contains the terms of a standard conflict of interest code and may be incorporated by reference in any agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

1.02.020.02 Therefore, the terms of 2 California Code of **Regulations Section 18730** and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating positions, and establishing disclosure requirements, shall constitute the conflict of interest code of the Rainbow Municipal Water District.

1.02.020.03 Individuals holding designated and non-designated positions shall file their Statements of Economic Interest with Rainbow Municipal Water District, which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) Upon receipt of the statements for the Board Members and General Manager, the Board Secretary shall make and retain copies and forward the originals of these statements to the County Board of Supervisors. Statements for all other designated employees shall be retained by Rainbow Municipal Water District.

Any public officials who manage public investments shall be considered non-designated positions under Government Code section 87200 and shall make the disclosures required by law. Originals of all Statements of Economic Interest filed by non-designated positions will be maintained at the District office.

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Appendix A
Rainbow Municipal Water District Conflict of Interest Code

Preamble

Any person designated in Section I of this Appendix who is unsure of any right or obligation arising under this Code may request a formal opinion or letter of advice from the FPPC or an opinion from Rainbow Municipal Water District's General Counsel. (Gov. Code § 83114; 2 CCR § 18730(b)(11).) A person who acts in good faith in reliance on an opinion issued to him or her by the FPPC shall not be subject to criminal or civil penalties for so acting, provided that all material facts are stated in the opinion request. (Gov. Code § 83114(a).)

Opinions rendered by General Counsel do not provide any statutory defense to an alleged violation of conflict of interest statutes or regulations. The prosecuting agency may, but is not required to, consider a requesting party's reliance on General Counsel's opinion as evidence of good faith. In addition, Rainbow Municipal Water District may consider whether such reliance should constitute a mitigating factor to any disciplinary action that Rainbow Municipal Water District may bring against the requesting party under Government Code section 91003.5.

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Part I - Designated Positions

<u>Designated Employees</u>	<u>Categories Disclosed</u>
Members of the Board of Directors	All
General Manager	All
General Counsel	All
District Engineer	All
Operations Manager	All
Human Resources Manager	All
Construction/Maintenance Superintendent	All
Water Operations Superintendent	All
Wastewater Superintendent	All
Associate Engineer	All
Purchasing & Inventory Control Specialist I/II	All
Environmental Health and Safety Officer	All
Engineering Inspector I/II	All

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Water Quality Technician I/II	All
Information Technology and Applications Analyst and Senior Information Technology and Applications Analyst	All
Right-of-Way and Facilities Coordinator	All
¹ Consultants	2

Part II – Non-Designated Positions

Finance Manager	Pursuant to Applicable Laws
Standing District Committee Members	2
Auditor	2

¹ With respect to consultants, the General Manager may determine in writing that a particular consultant, although a “designated employee,” is hired to perform a range of duties that is limited in scope and thus is not required to comply with the written disclosure requirements described in these categories. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection by Rainbow Municipal Water District in the same manner as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

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Part II - Disclosure Categories

Category 1.

A designated employee or person in this category shall report all interests in real property, and investments in, and income from, business entities of the type to operate or provide any of the following:

- Accounting or auditing services
- Banks and savings and loans
- Computer hardware or software, or computer services or consultants
- Communications equipment or services
- Insurance brokers and agencies
- Insurance adjusting, claims auditing or administration, or underwriting services
- Office equipment or supplies
- Personnel and employment companies and services
- Printing or reproduction services, publications, and distribution
- Securities, investment or financial services companies
- Title insurance and escrow
- Construction supplies, service or equipment
- Engineering and surveying services
- Land development services

Category 2.

A designated employee in this category shall disclose all business positions in, investments in, and income from any business of the type to provide personnel, services, supplies, material, machinery, or equipment to Rainbow Municipal Water District and is associated with the job assignment or position of the designated employee or person.

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Appendix B
Statement of Duties of Employees of
and Consultants to Rainbow Municipal Water District

Members of the Board of Directors

The Board of Directors acts as the Rainbow Municipal Water District's governing body. Members of the Board of Directors formulate general policy and programs of Rainbow Municipal Water District, and each member of the Board of Directors therefore is designated.

General Manager

General Manager oversees the day-to-day operations of Rainbow Municipal Water District. He or she participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and therefore is designated.

General Counsel

General Counsel, currently hired on a contract basis, advises Rainbow Municipal Water District on its day-to-day activities, including its relationships with the independent contractors who serve in a staff capacity to Rainbow Municipal Water District, and compliance with applicable laws and regulations. He or she participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and therefore is designated.

Financial Manager

An employee of the Rainbow Municipal Water District, the Financial Manager is Rainbow Municipal Water District's Chief Financial Officer and helps manage the finances of Rainbow Municipal Water District. The Financial Manager makes reports from time to time on the financial results of operations of Rainbow Municipal Water District, and recommends fiscal policies to the Board of Directors. The Financial Manager "manages public investments" within the meaning of applicable regulations. He or she therefore is not designated.

District Engineer

The District Engineer provides engineering services and oversight to Rainbow Municipal Water District, including implementation of capital replacement projects. He or she participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of engineering and is therefore designated.

Operations Manager

An employee of Rainbow Municipal Water District, the Operations Manager oversees the operation and maintenance of the water and wastewater lines and structures; risk management; and employee safety. He or she participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of operations and maintenance and is therefore designated.

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BOARD OF DIRECTORS

March 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION ACCEPTING THE AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2017

BACKGROUND

Annually, the District contracts for the preparation of an independent audit of the financial statements with a Certified Public Accountant (CPA) firm. This year the District authorized for the first year with White Nelson Diehl Evans LLP to conduct the fiscal year 2016-17 annual audit.

The Budget & Finance Committee considered and recommended the audited financial statements for the year ended June 30, 2017 at the Board's March meeting.

DESCRIPTION

Annually, the District prepares the annual Financial Report for the District and by and independent audit of the financial statements performed. This year's audit was performed by White Nelson Diehl Evans LLP.

The audited financial statements serve as a vital resource for financial information and fiscal transparency.

The annual financial report is segregated into three sections: 1.) Introductory Section, including independent auditor's report; 2.) Financial Section, including the financial statements and notes; and 3.) required supplementary information.

The statements present a picture of the District's financial condition. The following are highlights of the District's financial condition that are depicted within the Fiscal Year 2016-17 audit.

- The District's ending net position was \$83,286,070.
- The District had a loss from operations in the amount of \$3,976,747 in the current year compared to a loss from operations of \$2,866,378 in the previous year. Included in current year loss is depreciation of \$3,445,476. The net loss disaggregated from depreciation was \$531,271 from declined water demand.
- This year the District had \$6,357,321 worth of net additions to capital assets compared to \$3,521,028 last year.

Audit adjustments – The District, in combination with the District's external audit firm, reviewed prior year's recognition of capacity revenue in the amount of \$4,334,823 and made an adjustment as a prior period. Capacity Fee and Connection Fee Liabilities were adjusted to include liabilities previously removed from District books. During the course of the audit it was determined that the District had not

performed the work necessary to recognize the previously collected fees as District revenue, and as a result these fees should have been reflected as a liability in the prior year. A prior period adjustment in the amount of \$4,334,823 was made to record this adjustment. The bulk of these capacity fee liabilities are allocated in wastewater. It is associated to special developer agreements with the District stemming from prior years. In these agreements, the developer gave up certain rights and allowed the District to start commencing monthly sewer fees. The District decided to forgo these charges and hold off recognizing the capacity fees until such time the construction projects are completed related to these developments.

The audit received an unqualified opinion of the representation of the financial records. An unqualified opinion indicates that the financial records have been maintained in accordance with the standards known as Generally Accepted Accounting Principles (GAAP).

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility

This audit was performed to document our practice of using Generally Accepted Accounting Principles (GAAP) that demonstrate prudent fiscal activities.

Copies of the audit are mailed to the State Controller's Office and the San Diego County Auditor & Controller. Upon request a copy of the audit will be mailed to the Special Districts Risk Management Authority.

BOARD OPTIONS/FISCAL IMPACTS

Board option of non-acceptance would result in no changes to the numbers presented within the audit itself.

ATTACHMENTS

- Audited Financial Report FY 17
- Management Letter
- Other Comments Letter
- Communication with those Charged with Governance Letter
- Management Representation Letter

STAFF RECOMMENDATION

Staff recommends the Board of Directors accept the June 30, 2017 audit of the District by the CPA firm of White Nelson Diehl Evans LLP.



Vanessa Martinez
Finance Manager

March 27, 2018



Rainbow Municipal Water District

Annual Financial Report

**For the Fiscal Year Ended
June 30, 2017**

RAINBOW MUNICIPAL WATER DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rainbow Municipal Water District
Fallbrook, California

Report on the Financial Statements

We have audited the accompanying financial statements of Rainbow Municipal Water District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rainbow Municipal Water District as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 11 to the basic financial statements, the District recorded a prior period adjustment resulting in a \$4,780,351 reduction of previously reported net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability, Schedule of Contributions - Defined Benefit Pension Plans, and Schedule of Funding Progress - Other Post Employment Benefit Plans, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on Management’s Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability, Schedule of Contributions - Defined Benefit Pension Plans, and Schedule of Funding Progress - Other Post Employment Benefit Plan because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Carlsbad, California
March XX, 2018

As management of the Rainbow Municipal Water District (the District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report consists of three main parts (1) Management's Discussion and Analysis, (2) Basic Financial Statements, and (3) Required Supplemental Information.

The financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management Discussion and Analysis for State and Local Governments*.

FINANCIAL HIGHLIGHTS

The District's ending net position was \$83,286,070.

The change in net position for the fiscal year was a decrease of \$9,967,981.

The District had a loss from operations in the amount of \$3,976,747 in the current year compared to a loss from operations of \$2,866,378 in the previous year.

This year the District had \$6,357,321 worth of net additions to capital assets compared to \$3,521,028 last year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements.

Financial Statements. The financial statements of the District are reported using accounting methods similar to those used by companies in the private sector. These statements offer short-term and long-term financial information about its activities.

The *Statement of Net Position*, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position*, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* provides information regarding the District's cash receipts and cash disbursements during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

The *Notes to the Basic Financial Statements* are included to provide more detailed data and explain some of the information in the statements.

DISTRICT'S FINANCIAL ANALYSIS

Our analysis of the District begins on page 8 of the financial statements. One of the most important questions to ask about the District's finances is "Whether the District, as a whole, is better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. Measuring the change in the District's net position - the difference between assets and liabilities - is one way to measure financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

DISTRICT'S FINANCIAL ANALYSIS (continued)

The District's net position from the prior fiscal year decreased by 10.7%. Operating revenue for this fiscal year increased 3.9% over the prior year.

Operating expenses increased by 6.5% from the prior year due to increase in water sales volume. Non-operating expenses increased by \$1,624,450 due to abandonment of capital assets.

Statement of Net Position

To begin our analysis, a summary of the District's Condensed Statement of Net Position is presented in Table I for the current year and the prior year.

Net Position is the difference between assets acquired, owned, and operated by the District and amounts owed (liabilities). In accordance with Generally Accepted Accounting Principles (GAAP), capital assets acquired through purchase or construction by the District are recorded at historical cost. Capital assets contributed by developers are recorded at developers' bonded cost. Net Position represents the District's net worth including, but not limited to, capital contributions received to date and all investments in capital assets since inception.

Net position may serve over time, as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$83,286,070 as of June 30, 2017.

Total liabilities increased as a result of the increase to the District's pension and OPEB liability. The Net Pension Liability had an increase of \$1.424 million compared to fiscal year 2016 and an increase of \$2.52 million compared to fiscal year 2015. Net Pension Liability is reported at \$6,009,026 million for Fiscal Year 2017 and it is based on the District's proportionate share of the net pension liability for the Miscellaneous Classic and PEPRAs plans under the CalPERS retirement program. The District's Net Pension Liability was \$4,584,303 and \$3,482,335 for fiscal years 2016 and 2015, respectively.

The District's financial position is the product of several financial transactions including the net results of revenue and expense, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1
Condensed Statement of Net Position

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current assets	\$ 33,878,794	\$ 33,929,059	\$ (50,265)	-0.1%
Noncurrent assets	81,717,253	84,881,107	(3,163,854)	-3.7%
TOTAL ASSETS	<u>115,596,047</u>	<u>118,810,166</u>	<u>(3,214,119)</u>	-2.7%
DEFERRED OUTFLOWS OF RESOURCES				
	<u>2,350,628</u>	<u>1,083,129</u>	<u>1,267,499</u>	117.0%
LIABILITIES				
Current liabilities	6,499,958	6,097,417	402,541	6.6%
Noncurrent liabilities	27,702,708	22,273,196	5,429,512	24.4%
TOTAL LIABILITIES	<u>34,202,666</u>	<u>28,370,613</u>	<u>5,832,053</u>	20.6%
DEFERRED INFLOWS OF RESOURCES				
	<u>457,939</u>	<u>384,399</u>	<u>73,540</u>	19.1%
NET POSITION				
Net investment in capital assets	65,217,530	84,881,107	(19,663,577)	-23.2%
Restricted for future capacity	894,491	6,827,952	(5,933,461)	-86.9%
Unrestricted	17,174,049	1,544,992	15,629,057	1011.6%
TOTAL NET POSITION	<u>\$ 83,286,070</u>	<u>\$ 93,254,051</u>	<u>\$(9,967,981)</u>	-10.7%

DISTRICT'S FINANCIAL ANALYSIS (continued)

Statement of Revenues, Expenses and Changes in Net Position

The District's total operating revenues for the fiscal year ended June 30, 2017, excluding inter-fund transfers, increased by \$1,351,561 to \$36,141,307. This was due primarily to the increased water sales to customers.

The District's total operating expenses increased by \$2,461,930 to \$40,118,054 due to the increased wholesale cost of water purchases as a result of the increase in water sales.

The loss from operations was \$3,976,747.

The following table presents a summary of the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2017:

Table 2
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
OPERATING REVENUES	\$ 36,141,307	\$ 34,789,746	1,351,561	3.9%
OPERATING EXPENSES	(40,118,054)	(37,656,124)	(2,461,930)	6.5%
NON-OPERATING REVENUES	925,204	2,031,857	(1,106,653)	-54.5%
NON-OPERATING EXPENSES	<u>(2,292,389)</u>	<u>(667,939)</u>	<u>(1,624,450)</u>	243.2%
INCOME BEFORE CAPITAL				
CONTRIBUTIONS	(5,343,932)	(1,502,460)	(3,841,472)	255.7%
CAPITAL CONTRIBUTIONS	<u>156,302</u>	<u>1,091,515</u>	<u>(935,213)</u>	-85.7%
CHANGES IN NET POSITION	(5,187,630)	(410,945)	(4,776,685)	1162.4%
NET POSITION, BEGINNING	93,254,051	86,772,146	6,481,905	7.5%
PRIOR PERIOD ADJUSTMENT	(4,780,351)	6,892,850	(11,673,201)	-169.4%
NET POSITION, BEG. RESTATED	<u>88,473,700</u>	<u>93,664,996</u>	<u>(5,191,296)</u>	-5.5%
TOTAL NET POSITION, ENDING	<u>\$ 83,286,070</u>	<u>\$ 93,254,051</u>	<u>\$ (9,967,981)</u>	-10.7%

DISTRICT'S FINANCIAL ANALYSIS (continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

**Table 3
Changes in Capital Assets**

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 1,977,490	\$ 1,977,490	-	0.0%
Construction in progress	3,150,012	7,309,505 *	(4,159,493)	-56.9%
Buildings and improvements	969,773	969,773	-	0.0%
Reservoir, pipelines, and tanks	141,120,689	137,275,860 *	3,844,829	2.8%
Meters	622,478	497,818	124,660	25.0%
Equipment	3,989,111	3,571,503	417,608	11.7%
Investment in sewer rights	7,811,490	7,613,442	198,048	2.6%
Less: accumulated depreciation	<u>(77,923,790)</u>	<u>(74,478,314) *</u>	<u>(3,445,476)</u>	<u>4.6%</u>
Total capital assets, net	<u>\$ 81,717,253</u>	<u>\$ 84,737,077</u>	<u>\$ (3,019,824)</u>	<u>-3.6%</u>

* Denotes restated balance

Debt

**Table 4
Changes in Debt**

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Loan Payable SRF Morro	9,403,814	9,829,955	(426,141)	-4.3%
Loan Payable SRF Beck	7,095,909	7,417,466	(321,557)	-4.3%
Total debt	<u>\$ 16,499,723</u>	<u>\$ 17,247,421</u>	<u>\$ (747,698)</u>	<u>-4.3%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's Board of Directors and management considered many factors when setting the fiscal year 2017 budget, user fees, and charges. These indicators were taken into consideration when adopting the District's budget for year 2018.

CONTACTING THE DISTRICT

Questions regarding this report should be directed to Tom Kennedy, General Manager, or Vanessa Martinez, Finance Manager, at (760) 728-1178, or by mail at 3707 Old Highway 395, Fallbrook, California 92028.

RAINBOW MUNICIPAL WATER DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

	<u>2017</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 11,564,324
Restricted cash and cash equivalents	894,491
Investments	12,729,467
Accounts receivable - water and sewer, net	6,384,192
Interest receivable	90,379
Taxes and assessments receivable	10,703
Other receivables	37,466
Inventories	1,860,104
Prepaid expenses	307,668
Total Current Assets	<u>33,878,794</u>
Noncurrent Assets:	
Capital assets:	
Land	1,977,490
Construction in progress	3,150,012
Buildings and improvements	969,773
Reservoir, pipelines, and tanks	141,120,689
Meters	622,478
Equipment	3,989,111
Investment in sewer rights	7,811,490
Less: accumulated depreciation	<u>(77,923,790)</u>
Total Noncurrent Assets	<u>81,717,253</u>
Total Assets	<u>115,596,047</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts from pension	<u>2,350,628</u>

(Continued)

See accompanying independent auditors' report and notes to basic financial statements.

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RAINBOW MUNICIPAL WATER DISTRICT

STATEMENT OF NET POSITION (Continued)
June 30, 2017

	2017
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,559,457
Accrued expenses	258,573
Construction meter deposits	86,759
Developer deposits	215,415
Current portion of notes payable	379,754
Total Current Liabilities	<u>6,499,958</u>
Noncurrent Liabilities:	
Net OPEB liability	369,558
Compensated absences	468,595
Net pension liability	6,009,026
Prepaid capacity fees	4,735,560
Notes payable, net of current portion	16,119,969
Total Noncurrent Liabilities	<u>27,702,708</u>
Total Liabilities	<u>34,202,666</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts on pension	<u>457,939</u>
NET POSITION	
Net investment in capital assets	65,217,530
Restricted	894,491
Unrestricted	17,174,049
Total Net Position	<u>\$ 83,286,070</u>

See accompanying independent auditors' report and notes to basic financial statements.

RAINBOW MUNICIPAL WATER DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2017

	2017
OPERATING REVENUES	
Water sales	\$ 33,091,641
Wastewater revenue	2,548,647
Other operating revenue	501,019
Total Operating Revenues	<u>36,141,307</u>
OPERATING EXPENSES	
Cost of purchased water sold	23,282,393
Water pumping	580,556
Transmission and distribution	4,876,960
Meter services	1,085,553
Sewer collection services	1,735,473
General and administrative	2,855,623
Engineering	1,279,194
Finance	545,976
Customer service	430,850
Depreciation	3,445,476
Total Operating Expenses	<u>40,118,054</u>
Operating Income (Loss)	<u>(3,976,747)</u>
NONOPERATING REVENUES (EXPENSES)	
Property tax revenue	595,250
Investment income	(1,889)
Other nonoperating revenue	331,842
Interest expense	(359,148)
Loss on abandonment of capital assets	(1,933,240)
Total Nonoperating Revenues (Expenses)	<u>(1,367,185)</u>
Income Before Capital Contributions	(5,343,932)
Capital Contributions	<u>156,302</u>
Changes in Net Position	<u>(5,187,630)</u>
Net Position, Beginning of Year, As Originally Stated	93,254,051
Prior Period Adjustment	<u>(4,780,351)</u>
Net Position, Beginning of Year, As Restated	<u>88,473,700</u>
Net Position, End of year	<u>\$ 83,286,070</u>

See accompanying independent auditors' report and notes to basic financial statements.

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RAINBOW MUNICIPAL WATER DISTRICTSTATEMENT OF CASH FLOWS
For the year ended June 30, 2017

	2017
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers for water sales and service	\$ 35,934,308
Payments to vendors and suppliers for materials and services	(29,735,306)
Payments for employee wages, benefits and related costs	(7,043,097)
Net Cash Provided (Used) by Operating Activities	(844,095)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from property taxes	594,220
Net Cash Provided (Used) by Noncapital Financing Activities	594,220
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,358,892)
Proceeds from capital contributions	557,036
Other nonoperating revenue	331,842
Principal paid on notes payable	(747,698)
Interest paid on notes payable	(359,148)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,576,860)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(8,983,100)
Proceeds from sales and maturities of investments	8,473,214
Interest received	313,721
Net Cash Provided (Used) by Investing Activities	(196,165)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,022,900)
Cash and Cash Equivalents, Beginning of Year (As Restated)	15,481,715
Cash and Cash Equivalents, End of Year	\$ 12,458,815

(Continued)

See accompanying independent auditors' report and notes to basic financial statements.

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RAINBOW MUNICIPAL WATER DISTRICT

STATEMENT OF CASH FLOWS (Continued)
For the year ended June 30, 2017

	<u>2017</u>
Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:	
Operating Income (Loss)	\$ (3,976,747)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation and amortization	3,445,476
GASB 68 pension adjustments	230,765
Changes in operating assets and liabilities:	
(Increase) Decrease in operating assets:	
Accounts receivable	(198,042)
Other receivables	(8,957)
Inventory	(766,435)
Prepaid expenses	10,377
Increase (Decrease) in operating liabilities:	
Accounts payable	34,789
Accrued expenses	140,396
Net OPEB liability	4,387
Compensated absences	20,417
Construction meter deposits	31,789
Developer deposits	187,690
Net Cash Provided (Used) by Operating Activities	<u>\$ (844,095)</u>
Reconciliation to Statement of Net Position	
Cash and cash equivalents	\$ 11,564,324
Restricted cash and cash equivalents	894,491
Total cash and cash equivalents	<u>\$ 12,458,815</u>

See accompanying independent auditors' report and notes to basic financial statements.

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June 30, 2017

1. Summary of Significant Accounting Policies

a. Organization

The Rainbow Municipal Water District (District) was established in 1953 and is a Special District, organized under Section 71000 of the California Water Code. The District provides water and sanitation services to the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside and Fallbrook.

The District services and maintains approximately 315 miles of water main, 7 pump stations, 4 reservoirs, and 13 storage tanks to deliver water to its customers. It also provides sewer services to parts of the District and maintains 6 lift stations and 60 miles of sewer main located in northern San Diego County.

The District is governed by a Board of Directors made up of five members elected by the voters within the District.

b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering water in connection with the District’s principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses and Changes in Net Position.

When both restricted and unrestricted resources are available for use, it is the District’s practice to use restricted resources first, then unrestricted resources as they are needed.

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The basic financial statements of the Rainbow Municipal Water District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

1. Summary of Significant Accounting Policies (Continued)
- b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Restricted Net Position

This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component of net position consists of net position that does not meet the definition of “net investment in capital assets,” or “restricted net position”.

- c. New Accounting Pronouncements:

Current Year Standards:

- GASB Statement No. 74 - *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,”* effective for periods beginning after June 15, 2016 and did not impact the District.
- GASB Statement No. 77 - *“Tax Abatement Disclosure,”* effective for periods beginning after December 15, 2015 and did not impact the District.
- GASB Statement No. 78 - *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,”* effective for periods beginning after December 15, 2015 and did not impact the District.
- GASB Statement No. 79 – *“Certain External Investment Pools and Pool Participants,”* was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the District.
- GASB Statement No. 80 - *“Blending Requirements for Certain Component Units,”* effective for periods beginning after June 15, 2016 and did not impact the District.

Pending Accounting Standards:

GASB has issued the following statements which may impact the District’s financial reporting requirements in the future:

- GASB 75 - *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,”* effective for periods beginning after June 15, 2017.
- GASB 81 - *“Irrevocable Split-Interest Agreements,”* effective for periods beginning after December 15, 2016.
- GASB 82 - *“Pension Issues,”* effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 84-*“Omnibus 2017,”* effective for periods beginning after June 15, 2017.
- GASB 85-*“Certain Debt Extinguishment Issues,”* effective for periods beginning after June 15, 2017.
- GASB 87- *“Leases,”* effective for periods beginning after December 15, 2019.

1. Summary of Significant Accounting Policies (Continued)

d. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions for employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.
- Deferred outflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2016.
- Deferred outflow related to pensions for changes in proportion. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2016.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that will qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2016.
- Deferred inflows from pensions resulting from the changes in assumptions and differences between employer contributions and proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.

1. Summary of Significant Accounting Policies (Continued)

e. Cash, Cash Equivalents and Investments

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include petty cash, demand deposits with financial institutions, deposits in money market mutual funds (SEC registered), and deposits in external investment pools, and marketable securities that mature within 90 days of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.

State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment Valuation

Investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

f. Water Sales

Water sales revenue is recorded when water is delivered and service is rendered, including an estimated amount for unbilled service.

g. Allowance for Doubtful Accounts

The District recognizes bad debt expense relating to receivables when it is probable that the accounts will be uncollectible. Water and sewer accounts receivable at June 30, 2017 have been reduced by an allowance for doubtful accounts of \$168,684.

h. Inventories

Materials inventory is stated at the lower of current average cost or market. Water inventory is stated at its purchase cost using the first-in, first-out method.

i. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

j. Restricted Assets

Amounts shown as restricted assets have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specified purposes, such as service of debt and construction of capital assets.

RAINBOW MUNICIPAL WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

k. Capital Assets and Depreciation

Capital assets are valued at cost when constructed or purchased. Donated assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are valued at their estimated fair market value on the date accepted. The District capitalizes all assets with a historical cost of at least \$5,000 and a useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense. Capital projects are subject to depreciation or amortization when completed and placed in service. The ranges of estimated useful lives of capital assets are as follows:

Buildings	10-50 years
Water Systems	10-50 years
Improvements of Sites	7-25 years
Equipment	5-10 years
Capacity Rights	17 years

l. Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Changes in compensated absences for the year ended June 30, 2017, were as follows:

Balance			Balance
July 1, 2016	Additions	Deletions	June 30, 2017
\$ 448,178	39,707	19,290	\$ 468,595

m. Capital Contributions and Capacity Fee Liability

Capital contributions are recorded when the District receives cash contributions or accepts contributions of capital assets in kind or when governmental construction grants are earned. Capital contributions are reported as a separate line item on the Statement of Revenues, Expenses, and Changes in Net Position. Capacity fees are paid by new customers prior to connecting to the District’s system. Such charges are periodically adjusted based upon changes in construction costs and other factors, and are intended to compensate the District for a new customer’s equitable share of current and future system capacity. Capacity fees are reflected as a liability and are recorded as Capital Contributions on the Statement of Revenues, Expenses, and Changes in Net Position when the customer connects to the District’s system.

n. Property Taxes

The County of San Diego (the “County”) bills and collects property taxes on behalf of the District. The County’s tax calendar year is July 1 to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

1. Summary of Significant Accounting Policies (Continued)

o. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. As of June 30, 2017, the following timeframes are used:

Valuation Date (VD) June 30, 2015
 Measurement Date (MD) June 30, 2016
 Measurement Period (MP) July 1, 2015 to June 30, 2016

P. Interest Expense

The District incurs interest charges on long-term debt. Interest expense for the year ended June 30, 2017 was \$359,148 and was reflected as nonoperating on the Statement of Revenues, Expenses and Changes in Net Position. The District did not capitalize any interest during the year ended June 30, 2017.

q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RAINBOW MUNICIPAL WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

2. Cash, Cash Equivalents, and Investments

Cash and investments at June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position:	<u>2017</u>
Current Assets:	
Cash and cash equivalents	\$ 11,564,324
Restricted cash and cash equivalents	894,491
Investments	<u>12,729,467</u>
Total cash and investments	<u><u>\$ 25,188,282</u></u>

Cash and investments consist of the following:

Cash on hand	\$ 1,200
Deposits with financial institutions	3,607,526
Investments	<u>21,579,556</u>
Total cash and investments	<u><u>\$ 25,188,282</u></u>

Investments Authorized by the California Government Code and the District’s Investment policy:

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	100%	None
U.S. Government Sponsored Entities	5 years	100%	None
U.S. Government Agency Callable	5 years	75%	None
Banker’s Acceptances	270 days	40%	None
Commercial Paper	270 days	15%	None
Negotiable Certificates of Deposit	5 years	30%	None
Time Certificates of Deposit	N/A	25%	None
Repurchase Agreements	90 days	100%	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	None
Local Government Investment Pool	N/A	20%	None
Local Agency Investment Fund	N/A	100%	\$30,000,000

RAINBOW MUNICIPAL WATER DISTRICT **NOTES TO BASIC FINANCIAL STATEMENTS**

2. Cash, Cash Equivalents, and Investments (Continued)

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity at June 30, 2017.

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund (LAIF)	\$ 7,519,805	\$ 7,519,805	\$ -	\$ -	\$ -
Money Market Mutual Funds	1,330,488	1,330,488	-	-	-
Negotiable Certificates of Deposit	2,979,593	-	-	2,979,593	-
Medium-Term Notes	7,073,675	-	-	7,073,675	-
U.S. Sponsored Entities	2,675,995	-	-	2,675,995	-
Total	\$ 21,579,556	\$ 8,850,293	\$ -	\$ 12,729,263	\$ -

RAINBOW MUNICIPAL WATER DISTRICT **NOTES TO BASIC FINANCIAL STATEMENTS**

2. Cash, Cash Equivalents, and Investments (Continued)

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s Investment Policy, or debt agreements, and the Moody’s rating for each investment type at June 30, 2017.

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End			
				AAA	AA	A	Not Rated
Local Agency Investment Fund (LAIF)	\$ 7,519,805	N/A	\$ -	\$ -	\$ -	\$ -	\$ 7,519,805
Money Market Mutual Funds	1,330,488	N/A	-	-	-	-	1,330,488
Negotiable Certificates of Deposit	2,979,593	N/A	-	2,007,096	-	-	972,497
Medium-Term Notes	7,073,675	A2	-	3,119,729	2,962,736	991,210	-
U.S. Sponsored Entities	2,675,995	N/A	-	2,675,995	-	-	-
Total	\$ 21,579,556		\$ -	\$ 7,802,820	\$ 2,962,736	\$ 991,210	\$ 9,822,790

Concentration of Credit Risk:

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. Investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments is as follows:

Issuer	Investment Type	2017
Farmer Mac MTN	U.S. Govt Sponsored Entities	\$ 1,450,522

2. Cash, Cash Equivalents, and Investments (Continued)

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2017, \$3,370,674 of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

Fair Value Measurements:

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

RAINBOW MUNICIPAL WATER DISTRICT **NOTES TO BASIC FINANCIAL STATEMENTS**

2. Cash, Cash Equivalents, and Investments (Continued)

Fair Value Measurements (Continued):

The asset’s or liability’s level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the District’s management. District management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management’s perceived risk of that investment or liability.

The following is a description of the recurring valuation methods and assumptions used by the District to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by District management.

The District has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	June 30, 2017
Investments by Fair Value Level				
U.S. Government Sponsored				
Entity Securities				
FNMA	\$ -	\$ 214,777	\$ -	\$ 214,777
FMM	-	1,450,522	-	1,450,522
FHLMC	-	1,010,696	-	1,010,696
Negotiable Certificates of Deposit	-	2,979,593	-	2,979,593
Medium Term Notes	-	7,073,675	-	7,073,675
Total Investments by Fair Value Level	<u>\$ -</u>	<u>\$ 12,729,263</u>	<u>\$ -</u>	<u>12,729,263</u>
Investments measured at Cost or Net Asset Value (NAV)				
Local Agency Investment Fund (LAIF)				7,519,805
Money Market Mutual Funds				1,330,488
Total Investments at Cost or Net Assets Value (NAV)				<u>8,850,293</u>
Total Investments				<u>\$ 21,579,556</u>

3. Capital Assets

Changes in capital assets for the year ended June 30, 2017, were as follows:

	(As Restated)			Balance June 30, 2017
	Balance June 30, 2016	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 1,977,490	\$ -	\$ -	\$ 1,977,490
Construction in progress	7,309,505	1,772,176	(5,931,669)	3,150,012
Total capital assets, not being depreciated	<u>9,286,995</u>	<u>1,772,176</u>	<u>(5,931,669)</u>	<u>5,127,502</u>
Capital assets, being depreciated:				
Buildings and improvements	969,773	-	-	969,773
Reservoirs pipelines, and tanks	137,275,860	3,844,829	-	141,120,689
Meters	497,818	124,660	-	622,478
Equipment	3,571,503	417,608	-	3,989,111
Investment in sewer rights	7,613,442	198,048	-	7,811,490
Total capital assets, being depreciated	<u>149,928,396</u>	<u>4,585,145</u>	<u>-</u>	<u>154,513,541</u>
Accumulated depreciation:				
Buildings and improvements	(861,867)	(28,257)	-	(890,124)
Reservoirs pipelines, and tanks	(69,417,710)	(3,094,804)	-	(72,512,514)
Meters	(312,436)	(25,749)	-	(338,185)
Equipment	(2,919,835)	(169,746)	-	(3,089,581)
Investment in sewer rights	(966,466)	(126,920)	-	(1,093,386)
Total accumulated depreciation	<u>(74,478,314)</u>	<u>(3,445,476)</u>	<u>-</u>	<u>(77,923,790)</u>
Total capital assets, being depreciated, net	<u>75,450,082</u>	<u>1,139,669</u>	<u>-</u>	<u>76,589,751</u>
Total capital assets, net	<u>\$ 84,737,077</u>	<u>\$ 2,911,845</u>	<u>\$ (5,931,669)</u>	<u>\$ 81,717,253</u>

Depreciation expense for depreciable capital assets was \$3,445,476 for the years ended June 30, 2017.

RAINBOW MUNICIPAL WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

4. Long-Term Debt

Changes in long-term debt for the year ended June 30, 2017 were as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Loan Payable SRF Morro	\$ 9,829,955	\$ -	\$ (426,141)	\$ 9,403,814	\$ 216,436
Loan Payable SRF Beck	<u>7,417,466</u>	<u>-</u>	<u>(321,557)</u>	<u>7,095,909</u>	<u>163,318</u>
Total	<u>\$ 17,247,421</u>	<u>\$ -</u>	<u>\$ (747,698)</u>	<u>\$ 16,499,723</u>	<u>\$ 379,754</u>

a. *SRF Morro Loan Payable*

On October 31, 2012, the District entered into an agreement with the State of California Department of Public Health for a loan in the amount of \$10,246,413 pursuant to the California Safe Drinking Water State Revolving Fund Law of 1997, Part 12, Chapter 4.5, of Division 104 of Health and Safety Code (commencing with Section 116270) to assist in financing construction of a project which will enable the District to meet safe drinking water standards. The rate of interest to be paid on the principal amount of the loan shall be 2.0933% annually. At June 30, 2017, the amount outstanding was \$9,403,814.

Future debt service requirements for the above note payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 216,436	\$ 98,425	\$ 314,861
2019	439,693	190,030	629,723
2020	448,945	180,778	629,723
2021	458,392	171,331	629,723
2022	468,038.00	161,685	629,723
2023-2027	2,492,129	656,486	3,148,615
2028-2032	2,765,602	383,012	3,148,614
2033-2035	2,114,579	89,451	2,204,030
Total	<u>\$ 9,403,814</u>	<u>\$ 1,931,198</u>	<u>\$ 11,335,012</u>

b. *SRF Beck Loan Payable*

On October 31, 2012, the District entered into an agreement with the State of California Department of Public Health for a loan in the amount of \$7,731,716 pursuant to the California Safe Drinking Water State Revolving Fund Law of 1997, Part 12, Chapter 4.5, of Division 104 of Health and Safety Code (commencing with Section 116270) to assist in financing construction of a project which will enable the District to meet safe drinking water standards. The rate of interest to be paid on the principal amount of the loan shall be 2.0933% annually. At June 30, 2017, the amount outstanding was \$7,095,909.

RAINBOW MUNICIPAL WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

4. Long-Term Debt (Continued)

Future debt service requirements for the above note payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 163,318	\$ 74,269	\$ 237,587
2019	331,782	143,393	475,175
2020	338,764	136,411	475,175
2021	345,892	129,283	475,175
2022	353,171	122,004	475,175
2023-2027	1,880,505	495,370	2,375,875
2028-2032	2,086,862	289,013	2,375,875
2033-2035	1,595,615	67,498	1,663,113
Total	<u>\$ 7,095,909</u>	<u>\$ 1,457,241</u>	<u>\$ 8,553,150</u>

5. Inventories

Inventories at June 30, 2017 consisted of the following:

	<u>2017</u>
Water inventory	\$ 527,584
Materials inventory	<u>1,332,520</u>
	<u>\$ 1,860,104</u>

6. Pension Plans

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees’ Retirement System (CalPERS). The Plan’s benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Rainbow Municipal Water District. The Rainbow Municipal Water District’s employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The Rainbow Municipal Water District does not have any rate plans in the safety risk pool.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	PEPRA Miscellaneous Plan
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.5% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.944%	6.25%
Required employer contribution rates	10.069%	6.555%

RAINBOW MUNICIPAL WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

6. Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS’ annual actuarial valuation process. Each employer rate plan’s actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan’s allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Rainbow Municipal Water District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Rainbow Municipal Water District’s contributions to the risk pools in the Plan for the year ended June 30, 2017, were as follows:

	PEPRA and Classic Miscellaneous Plan
Contributions - employers	\$ 656,639

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, Rainbow Municipal Water District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

Classic & PEPRA Plans	\$ 6,009,026
Total Net Pension Liability	\$ 6,009,026

The Rainbow Municipal Water District’s net pension liability for each risk pool is measured as the proportionate share of each risk pool’s net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer’s proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer’s proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer’s rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The Rainbow Municipal Water District’s proportionate share of the net pension liability as of June 30, 2015, the valuation date, was calculated as follows:

RAINBOW MUNICIPAL WATER DISTRICT **NOTES TO BASIC FINANCIAL STATEMENTS**

6. Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

In determining an employer’s proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2015. Each employer rate plan’s fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Rainbow Municipal Water District’s proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Rainbow Municipal Water District’s net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Rainbow Municipal Water District’s proportionate share of the net pension liability as of June 30, 2016, the measurement date, was calculated as follows:

Each risk pool’s total pension liability was computed at the measurement date, June 30, 2016, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS’ Financial Office. The net pension liability for each risk pool at June 30, 2016, was computed by subtracting the respective risk pool’s fiduciary net position from its total pension liability.

The individual employer risk pool’s proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2016, was calculated by applying Rainbow Municipal Water District’s proportionate share percentage as of the valuation date (described above) to the respective risk pool’s total pension liability and fiduciary net position as of June 30, 2016, to obtain the total pension liability and fiduciary net position as of June 30, 2016. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The Rainbow Municipal Water District’s proportionate share percentage of the net pension liability for each risk pool as of June 30, 2015, and June 30, 2016, was as follows:

	Classic & PEPRA Plans
	<hr/>
Proportion - June 30, 2015	0.167099%
Proportion - June 30, 2016	0.172977%
Change - Increase (Decrease)	0.005878%

For the year ended June 30, 2017, the Rainbow Municipal Water District recognized pension expense of \$887,404. At June 30, 2017, the Rainbow Municipal Water District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Pension contributions subsequent to measurement date	\$ 656,639	\$ -
Differences between actual and expected experience	23,519	(4,551)
Change in assumptions	-	(222,503)
Change in employer’s proportion and differences between the employer’s contributions and the employer’s proportionate share of contributions	594,761	(230,885)
Net differences between projected and actual earnings on plan investments	1,075,709	-
Total	<hr/> <hr/> \$ 2,350,628	<hr/> <hr/> \$ (457,939)

RAINBOW MUNICIPAL WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

- 6. Pension Plans (Continued)
 - B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2018	\$ 274,362
2019	254,346
2020	458,481
2021	248,861
2022	-
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Classic & PEPR Plans
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

6. Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2016 based on June 30, 2015 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ended 2017-18. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

RAINBOW MUNICIPAL WATER DISTRICT **NOTES TO BASIC FINANCIAL STATEMENTS**

6. Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

Sensitivity of the Rainbow Municipal Water District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Rainbow Municipal Water District’s proportionate share of the net pension liability of the each risk pool as of the measurement date, calculated using the discount rate, as well as what the Rainbow Municipal Water District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>Classic & PEPRA Plans</u>
1% Decrease	6.65%
Net Pension Liability	\$ 9,185,759
Current Discount Rate	7.65%
Net Pension Liability	\$ 6,009,026
1% Increase	8.65%
Net Pension Liability	\$ 3,383,614

RAINBOW MUNICIPAL WATER DISTRICT **NOTES TO BASIC FINANCIAL STATEMENTS**

- 6. Pension Plans (Continued)
 - C. Payable to the Pension Plan

The District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

- 7. Other Post-Employment Benefits

Plan Description – Benefits:

The District offers Other Post-Employment Benefits (OPEB) including medical, prescription drugs, and dental benefits, in accordance with a resolution approved by the board of Directors. Medical insurance is provided through a choice of a Blue Cross HMO or Blue Cross Classic PPO, both offered through the Association of California Water Agencies Joint Powers Insurance Authority. Dental insurance is provided through Assurant Employee Benefits.

Exempt employees of the District retiring after the later of age 50 and 5 consecutive years of District service are eligible to receive a monthly District contribution towards the purchase of health insurance. Non-exempt employees of the District are eligible after the later of age 50 and 20 consecutive years of District service. The District contribution ends after ten (10) years of benefit payments have been made, even if retiree or spouse are still under age 65 at the time.

Funding Policy:

The District is required to identify the Annual Required Contribution (ARC) of the Employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The District will pay 100% of the cost of the post-employment benefit plan, which is based on a full funding method. The District funds the plan on a pay-as-you-go basis and maintains reserves (by recording a liability) for the difference between the annual pay-as-you-go amount and the actuarially determined ARC cost.

For the year ended June 30, 2017, the District’s ARC cost was \$39,568 and paid \$35,181 in retiree benefits.

The balance at June 30, consists of the following:

Annual Required Contribution (ARC)	\$ 39,568
Interest on net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB cost (expense)	39,568
Contributions Made	<u>(35,181)</u>
Increase (Decrease) in net OPEB obligation	4,387
Net OPEB Obligation - beginning of year	<u>365,171</u>
Net OPEB Obligation - end of year	<u><u>\$ 369,558</u></u>

7. Other Post-Employment Benefits (continued)

Funding Policy (Continued)

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable/(Asset)
2017	\$ 39,568	89%	\$ 369,558
2016	\$ 39,568	75%	\$ 365,171
2015	\$ 40,481	67%	\$ 355,101

Funded Status and Funding Progress of the Plan

As of June 30, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$355,101 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$355,101.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The District purchases commercial insurance for its exposure to risk other than those under the workers’ compensation laws. Commercial insurance expense amounted to \$193,093 for the years ended June 30, 2017.

The District’s workers’ compensation risk exposure is handled by the District’s participation in the Special District Risk Management Authority (SDRMA) established by the California Special Districts Association. SDRMA is a risk pooling joint powers authority formed under the California Government Code to provide workers’ compensation coverage for SDRMA’s member districts. SDRMA purchases excess insurance from commercial carriers to reduce its exposure to large losses. Workers’ compensation expense amounted to \$120,100 for the year ended June 30, 2017.

There were no instances in the past three years where a settlement exceeded the District’s coverage provided through SDRMA or through the District’s commercial carriers.

General and Auto Liability, Public Officials’ and Employees’ Errors and Omissions and Employment Practices Liability: Total risk financing limits of \$10 Million combined with single limit at \$10 Million per occurrence, subject to the following deductibles:

- \$100,000 per occurrence for third party general liability property damage;
- \$1,000 per occurrence for third party auto liability property damage;
- 50% co-insurance of cost expended by SDRMA, in excess of \$10,000 up to \$50,000, per occurrence.

8. Risk Management (continued)

Employee Dishonesty Coverage: \$1,000,000 million per loss includes Public Employee Dishonesty, Forgery or Alteration and Theft, Disappearance and Destruction coverage's effective July 1, 2016.

Property Loss: Replacement cost, for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 Billion per occurrence, subject to a \$1,000 deductible per occurrence, effective July 1, 2016.

Boiler and Machinery: \$100,000,000 per occurrence, subject to a \$1,000 deductible per occurrence, effective July 1, 2016.

Public Officials Personal Liability: \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, deductible of \$500 per claim, effective July 1, 2016.

Comprehensive and Collision: Comprehensive and Collision limits are the actual cash value or cost of repair with deductibles of \$250/\$500 or \$500/\$1,000, as elected, for comprehensive and collision.

Workers' Compensation Coverage and Employer's Liability: Statutory limits per occurrence for Workers' Compensation and \$5.0 Million for Employer's Liability Coverage, subject to the terms, conditions and exclusions as provided in the Certificate of Coverage, effective July 1, 2016.

9. Deferred Compensation Plan

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, administered by Lincoln Financial Group, is available to all regular employees, permits deferment of a portion of current salary to future years. Benefits from the plans are not available to employees until termination, retirement, disability, death, or unforeseeable emergencies.

All assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries. The District does not meet the criteria for fiduciary fund reporting since it does not have either significant administrative involvement (e.g. custody) or perform the investment function. Therefore, the fair market value of the plan assets at June 30, 2017, in the amount of \$3,477,694, is not included in the District's financial statements.

10. Commitments and Contingencies

Tank Maintenance Commitments

On December 10, 2003, the District entered into a ten (10) year contract with Utility Service Co., Inc. to maintain twelve water tanks at an annual cost of \$615,585. The contract can be cancelled annually if intent to cancel is received within ninety (90) days prior to the anniversary date. Any outstanding balance for completed work would be due and payable within thirty (30) days of cancellation.

Capacity Rights for Sewage Treatment

On February 13, 2002, Rainbow Municipal Water District (the District) entered into a contract with the City of Oceanside, California (the City) to provide for the construction, operation, maintenance, and replacement of a wastewater system to service the needs of both the City and the District. The City owns the wastewater conveyance, treatment, and disposal facilities and the District has the contractual right to discharge wastewater into the City's System. The City and the District have previously entered into agreements on January 2, 1973, and September 10, 1989. This agreement reflects the planned expansion and rehabilitation of facilities built from those previous agreements. Under the agreement, the District's share of cost for planned expansion and rehabilitation of the facilities would be 10% of the total cost of expansion.

RAINBOW MUNICIPAL WATER DISTRICT **NOTES TO BASIC FINANCIAL STATEMENTS**

11. Restatement of Prior Year Financial Statements

The District recorded a prior period adjustment in the amount of \$4,780,351. This adjustment included recording \$4,334,823 worth of capacity fee liabilities previously removed from the District's books, a \$153,617 correction to the reporting of cash and cash equivalents balances, removing a previously capitalized study in the amount of \$137,559, and adjusting various receivable, prepaid and other asset balances in the amount of \$154,352.

Required Supplementary Information

RAINBOW MUNICIPAL WATER DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

1. Schedule of Proportionate Share of the Net Pension Liability – Defined Benefit Pension Plans

LAST TEN YEARS*

Miscellaneous Plan	Measurement Date June 30, <u>2014</u>	Measurement Date June 30, <u>2015</u>	Measurement Date June 30, <u>2016</u>
Plan's Proportion of the PERF C Net Pension Liability/(Asset)	0.055208%	0.066788%	0.069444%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$3,435,302	\$4,584,303	\$6,009,026
Plan's Covered-Employee Payroll**	\$3,873,095	\$3,829,237	\$3,679,407
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	88.70%	119.72%	163.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.26%	79.29%	74.53%

Notes to Schedule:

Changes of benefit terms – In 2017, there were no changes to the benefit terms.

Changes in assumptions – In 2017, there were no changes in assumptions.

* Fiscal Year 2015 was the first year of implementation, therefore only 3 years are shown.

** Valuation year payroll increased by assumed 3% increase.

RAINBOW MUNICIPAL WATER DISTRICT **REQUIRED SUPPLEMENTARY INFORMATION**

3. Schedule of Funding Progress - Other Post-Employment Benefit Plans

For the Fiscal Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a) / c)
7/1/2009	-	\$ 155,249	\$ 155,249	-	N/A	N/A
7/1/2012	-	\$ 282,047	\$ 282,047	-	N/A	N/A
7/1/2015	-	\$ 355,101	\$ 355,101	-	N/A	N/A

The District is only required to perform actuarial valuations every three years. The July 1, 2015 is the most recent actuarial valuation to be performed.

Board of Directors
Rainbow Municipal Water District
Fallbrook, California

In planning and performing our audit of the financial statements of the Rainbow Municipal Water District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Rainbow Municipal Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rainbow Municipal Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Rainbow Municipal Water District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Prior Period Adjustments Required to be Made to District's General Ledger

During the course of our audit we found several general ledger balances that were incorrect and required adjusting to prior years. The adjustments included:

- 1) Capacity Fee and Connection Fee Liabilities were adjusted to include liabilities previously removed from District books. During the course of the audit it was determined that the District had not performed the work necessary to recognize the previously collected fees as District revenue, and as a result these fees should have been reflected as a liability in the prior year. A prior period adjustment in the amount of \$4,334,823 was made to record this adjustment.
- 2) Cash and cash equivalents were reported incorrectly in a previous year. A prior period adjustment of \$153,617 was made to record this adjustment.
- 3) During the course of the audit it was determined that a CIP Master Plan study had been capitalized as Construction in Process in a prior year. Generally Accepted Accounting Principles state that these types of studies are not capital items, but should be expensed in the year they are produced. A prior period adjustment in the amount of \$137,559 was made to record this adjustment.

- 4) During the course of the audit it was determined that \$62,736 of miscellaneous accounts receivable that had been collected in a prior year remained on the District's books as an asset. A prior period adjustment was made to remove this receivable asset from the District's General Ledger.
- 5) During the course of the audit it was determined that \$51,299 of prepaid expenses that should have been recognized in a prior year remained on the District's books as an asset. A prior period adjustment was made to remove this prepaid asset from the District's General Ledger.
- 6) During the course of the audit it was determined that \$33,846 of interest income that had been received in a prior year remained on the District's books as an asset. A prior period adjustment was made to remove this receivable asset from the District's General Ledger.

We recommend that as a part of the closing process in any given fiscal year that all Asset and Liability accounts be reviewed and evaluated to determine if they are correctly stated at year end.

Management's Response:

- 1.) The bulk of these capacity fee liabilities are allocated in wastewater. It is associated to special developer agreements with the District stemming from prior years. In these agreements, the developer gave up certain rights and allowed the District to start commencing monthly sewer fees. The District decided to forgo these charges and hold off recognizing the capacity fees until such time the construction projects are completed related to these developments.
- 2.) The cash and cash equivalents error resulted from double posting of a transaction at year end. This entry was corrected in Fiscal Year 2017.
- 3.) Noted, staff will ensure feasibility studies will not be capitalized.
- 4.) To address the year end closing issues (Item No. 4-6), staff is working on creating an accounting procedures manual. This will be a useful tool in providing a road map to training new personnel or, in case of emergency, to help keep the accounting department running without the need of dependency on a specific individual. The manual will contain pertinent accounting rules and other information specific to the District. It will contain documentation templates and month end, quarterly, and year end close checklist as a plan to simplify closing procedures. Policies and documents used in accounting processes will be saved in the shared network, with the directory path location noted in the manual for ease of retrieval.

With the changes in the composition of the management and finance employees you lose certain institutional knowledge specific to the District. By having the accounting manual this will help minimize reliance on staff's familiarity of past transactions and practices, as it will serve as an accounting management tool.

Completed CIP Projects Not Recorded as District Capital Assets and Abandoned Project Not Expensed

During the course of the audit it was determined that \$3,912,923 of completed Construction in Progress projects had not been properly capitalized on the District's books, and abandoned projects in the amount of \$1,933,240 had not been written off in the year of abandonment. We recommend that at least annually the District review all Construction in Progress projects to determine if they should be capitalized or abandoned.

Management's Response:

The process of capitalizing assets internally, had been to recognize capital projects as CIP until a notice of completion is given to the Finance Department.

The aggregate of the construction in progress amounts were related to Highway 76 upgrades to the sewer infrastructure system, these were done in phases. It was identified that two of the phases are in use but there is still negligible repairs by contractor pending. A notice of completion has not been given to staff in respect to these projects.

The abandoned project was the Beck Reservoir UV project of \$1.35M. The remaining amount relates to the annual capital fees charged to the District by City of Oceanside related to capital cost at the San Luis Rey Wastewater Treatment facility. Historically, the District has capitalized these charges by technically according to the agreement, the facilities are not "owned" by the District, therefore it is appropriate to expense this cost.

Staff will develop a formal policy documenting the process for tracking and capitalization of assets, assets under construction, and expensing assets that were abandoned, this will be prepared and presented to the Budget & Finance for adoption and distributed to all departments to ensure that personnel have a clear understanding of the requirements. Further clarification will be included to address the treatment of additional expenditures that are incurred after the project is ready for use. A project should be capitalized and depreciation should begin when the project is put in to use. A project may be ready for use and in operation, but miscellaneous expenditures continue to occur for several years until all invoices are finally paid. Capital expenditures that have been identified as ready for use should be capitalized in the month they have been identified as ready for use as and no later than the end of the applicable fiscal year. Training will be conducted to communicate the requirements of the policy with specific attention to educating personnel on classifying a project as ready for use.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

District is not Preparing Monthly or Quarterly Treasurer's Reports as Required by District Investment Policy and California Government Code

According to the District's Investment Policy section 5.03.080, the treasurer will submit a monthly investment report (California Government Code 53607) and a quarterly investment report (California Government Code 53646) to the Board of Directors. During our audit we found that these reports were not being produced or submitted to the Board. We recommend that these reports are produced and submitted to the Board of Directors in compliance with District Investment Policy and Government Code.

Management's Response:

Monthly and quarterly treasurer reports will be reported to the Board going forward. January's board meeting has included November's monthly Treasurer's report. The report included: type of investment, issuer, date of maturity, amount of deposit, rate of interest, statement that there are or are not sufficient funds to meet the next 6 months obligations and a statement indicating compliance or noncompliance with the Statement of Investment policy.

District is Not in Compliance with Investment Policy or California Government Code

During our testing of compliance with the Investment Policy, we found that the District was not in compliance with section 5.03.150 “Investment Policy Authorized Investments”. Part 9 of section 5.03.150 limits the market value of Medium Term Notes to 30% of the market value of the District’s investment portfolio. At June 30, 2017 Medium Term Notes consisted of 35% of the market value of the District’s investment portfolio. Also, per Investment Policy Section 5.03-070 “Investment Policy Delegation of Authority” the Board is required to annually delegate investment authority to the Treasurer. We noted that this did not happen for the FY 17 year. We recommend that the District monitor their investments and other investment related items for compliance with its Investment Policy.

Management’s Response:

The investment portfolio allocation of investment types changed in the month of June, as a withdrawal of funds from LAIF was made to pay for land purchased for a future lift station site. By withdrawing these funds, it created an increased percentage share in the medium term notes. This has been rectified by trading a medium term note for an acceptable investment type that is under the maximum allowance per the policy.

The Board annually selects officers for respective committees and/or duties; delegation of the Treasurer was selected and approved at the January 2017 Board meeting.

Proof of Approval of Wire Payments Before Submission

During the course of our audit, the District was not able to provide proof that wire payments were being approved before being submitted. We recommend that the District document approvals of wire payments before they are submitted.

Management’s Response:

All nonrecurring wire transfers are configured for approval requirement. The exception to this during audit year, was the monthly recurring wire transfer to San Diego County Water Authority, this was done through an approved wire template. A wire template is a partially completed form that is used as the basis for repetitive wires. The template stores pre-defined data information such as recipient name, routing, and bank account information without having to manually enter data each time. To create a wire template approval is required, but once the template is created a single user was able to process the recurring wire.

Finance staff solely has access to the District’s online wire processing by secured log-in and encrypted token identification number. Staff has since updated the administration of wires, to include approval on wire templates. Approvals can be verified under the District’s online banking financial console.

Proof of Review and Approval of Journal Entries and Substantiation for Journal Entries

During the course of our audit we found instances where we were unable to determine if a journal entry was reviewed and/or approved before it was posted into the General Ledger. We also found an instance where there was no documentation supporting why a journal entry was being recorded in the General Ledger. We recommend that all journal entries be reviewed and approved before being posted, and that there be a separation of duties between the staff member who creates the journal entry and the staff member who reviews and/or approves it. We also recommend that documentation accompany all journal entries to support why the journal entry was being made, and who created, reviewed, approved and posted the entry.

Management's Response:

Unfortunately, the general ledger system does not have an internal workflow to segregate duties of who prepared, reviewed, and posted. To compensate for this, staff attaches a coversheet with each manually created journal entry with signature lines to show who prepared, reviewed and posted the entry. One of the entries in question was an automatic generated journal entry created from the billing process. The entry was for the period of January 2017, but inadvertently a posting error applied it to January 2016. An auto reversal of this entry was done to fix the date error, and a second entry duplicating the general ledger detail was recognized in correct period. Another adjusting journal entry was made to correct revenue posted to the wrong revenue account, the net effect of the entry was neutral to the revenues.

Beginning Net Position was Not Reconciled to Prior Year Audited Financial Statements

During the course of the audit we noted that the District did not reconcile beginning Net Position on the General Ledger to the prior year audited financial statements. We recommend that part of the closing process for any given fiscal year include reconciling the District's prior year ending net position to the prior year audited financial statement net position balance.

Management's Response:

During the transition of the accounting software in mid 2015, the set up of the chart of accounts erroneously labeled an expense account as an asset. The closing process at year end transfers all revenue and expense account totals at the end of a reporting fiscal year, to arrive at an increase or decrease change to net position. By the account not set up properly as an expense, it did not close out at year end to affect net position. This account was reclassified as an expense. Staff will verify net position reconciles to audited financial.

Rainbow Municipal Water District's written responses to the significant deficiencies and material weaknesses identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of Management, the Board of Directors, and others within Rainbow Municipal Water District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Carlsbad, California
 March XX, 2018

Mr. Tom Kennedy and Ms. Vanessa Martinez
Rainbow Municipal Water District
Fallbrook, CA

In planning and performing our audit of the financial statements of the Rainbow Municipal Water District (the District) for the year ended June 30, 2017, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole and, accordingly, we do not express such an opinion.

The Management of the District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly.

During our audit, we noted certain other matters involving the internal control structure and its operation that we wish to call to your attention. These matters are set forth below with our recommendations for improvement.

Bank Reconciliations

During our audit we noted that the District was not performing bank reconciliations timely and was not able to provide documentation showing evidence of who prepared and who reviewed monthly bank reconciliation.

We recommend that the District perform their bank reconciliations timely and document who performed and reviewed the bank reconciliation.

Management's Response:

The District had changed its online merchant processor in December 2016 with the Utility Billing conversion. Staff was encountering difficulties reconciling the clearing of batch receipting with transition. Part of the problem was the cut-off processing times were not consistent, this was causing delays in the bank reconciliation. This was the only open itemed creating delays, all other financial transactions were reconciled. Finance staff is working to ensure the reconciliation process is completed timely and make the essential changes to the process if needed.

We are current on the bank reconciliations as of today, and will maintain timeliness of reconciliation. Effective for November's bank reconciliation staff has added prepared by and reviewed by signature lines on the bank reconciliation report.

Credit Card Policy

During our audit we noted that the District does not have a Credit Card Policy that includes restrictions and guidelines for their purchases made on their American Express Credit Card.

We recommend that the District adopt a Credit Card policy that includes the use of the American Express Credit Card.

Management's Response:

The District does have a credit card policy – Administrative Code Section 5.02.050.03 Credit Card Expenditures. This section details allowable transactions that can be paid through use of District credit card. It does not specifically identify the actual card of use such as the American Express card. The type of credit card being used can change depending on the needs of the District. Nonetheless, staff is considering evaluating other credit cards to see if there are other cards that can be more advantageous to the District.

Formal Bid Policy

During our audit we noted that the District could not provide documentation supporting the selection of vendor as is required to be in compliance with their Formal Bid Policy.

We recommend that the District retain documentation showing why a subcontractor was awarded a contract.

Management's Response:

For this particular bid, there were a small amount of prequalified consultants that were selected to participate in the bid proposal process. The selection criteria included: overall experience, time available, understanding of project objectives, relevance of education and experience of probable staff, creativity exhibited by the consultant for the proposed project, clarity and usefulness of the proposed methods and techniques, and the consultant's familiarity with the service area of our organization. The consultant selected has done previous work with the District.

Payroll Master File

During the course of our audit we noted multiple employees have access to add, edit, and delete employees in the payroll master file.

We recommend the District segregate this responsibility to the Human Resources Manager and one alternate.

Management's Response:

The only personnel that has access to the payroll module is restricted to Finance staff. This includes the two Accounting Specialists that alternate processing of payroll and the Finance Manager. We are a small organization and face the problem of properly separating job functions due to limited staffing. We can incorporate simple procedures to minimize any risk by having the Human Resource and Finance Manager sign off on any changes to an employee payroll profile.

Form 941 Payroll Tax Return Reconciliation to General Ledger

During the course of our audit we were not able to reconcile the balances of employee salaries in the general ledger to the amounts shown on the 941 Payroll Tax Returns.

We recommend the District implement a process in which the Accounting Specialist reconciles the general ledger to the amounts shown on the 941 Payroll Tax Returns and provides documentation to the reviewer for approval.

Management's Response:

Payroll is reconcile every pay period to the withholdings, deductions, and employer taxes when submitting the liabilities. The reported hours by employees are reconciled against the payroll register to the summary by employee in the Enterprise Asset Management software where the hours are inputted by employees. Improvement has been recognized through the audit process to incorporate reconciling the recording of wages and salaries to the quarterly returns. Staff will implemented this change with first calendar quarter payroll tax returns.

Request for Leave Authorization

During our audit we noted that the District could not provide a Request for Leave Authorization Form for paid time off taken.

We recommend that all paid time off is supported with an approved Request for Leave Authorization Form per the Administrative Code.

Management's Response:

Finance staff will work with the Superintendents and Managers to make sure that all approved Leave Forms are completed and turned in to payroll, to be in compliance with the Administrative Code.

Positive Pay

During our audit we noted a lack of segregation of duties, as the same Accounting Specialist processes cash disbursements is also responsible for generating the positive pay list and investigating discrepancies.

We recommend the District segregate the responsibilities noted above to two separate employees.

Management's Response:

During the first few months into the audit year, the District had only one Accounting Specialist to perform all accounts payable processes. With the addition of the second Accounting Specialist, proper segregation of duties is feasible. Staff concurs with finding and has restricted access for generating positive pay list for the Accounting Specialist handling accounts payable functions; and gave the other Accounting Specialist sole access to the positive pay features.

GASB 68 Net Pension Liability

During the course of our audit we noted that the District did not record in the general ledger adjustments to Net Pension Liability, deferred outflows and inflows, and pension expense for the fiscal year ended June 30, 2017.

We recommend the District calculate and record the adjustments to Net Pension Liability, Deferred Inflows, Deferred Outflows, and the related pension expense as a part of their year-end closing process.

Developer Deposits

During the course of the audit we determined that the District recognized revenue in the amount of \$209,763 for a deposit received for inspection fees, even though the District had not yet performed the service.

We recommend the District evaluate deposit received for proper revenue recognition and reconcile the developer deposits liability each fiscal year as a part of their year-end closing process..

Management's Response:

To address the year end closing issues, staff is working on creating an accounting procedures manual. This will be a useful tool in providing a road map to training new personnel or, in case of emergency, to help keep the accounting department running without the need of dependency on a specific individual. The manual will contain pertinent accounting rules and other information specific to the District. It will contain documentation templates and month end, quarterly, and year end close checklist as a plan to simplify closing procedures. Policies and documents used in accounting processes will be saved in the shared network, with the directory path location noted in the manual for ease of retrieval.

With the changes in the composition of the management and finance employees you lose certain institutional knowledge specific to the District. By having the accounting manual this will help minimize reliance on staff's familiarity of past transactions and practices, as it will serve as an accounting management tool. To address both these year end closing issues, staff is working on creating an accounting procedures manual. This will be a useful tool in providing a road map to training new personnel or, in case of emergency, to help keep the accounting department running without the need of dependency on a specific individual. The manual will contain pertinent accounting rules and other information specific to the District. It will contain documentation templates and month end, quarterly, and year end close checklist as a plan to simplify closing procedures. Policies and documents used in accounting processes will be saved in the shared network, with the directory path location noted in the manual for ease of retrieval.

With the changes in the composition of the management and finance employees you lose institutional knowledge specific to the District. By having the accounting manual this will help minimize reliance on staff's familiarity of past transactions and practices, as it will serve as an accounting capture tool.

Rainbow Municipal Water District's written responses to these other comments has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

These matters were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the District's financial statements and this letter does not affect our report on these financial statements dated **March XX, 2018**.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

March XX, 2018.
Carlsbad, California

Board of Directors
Rainbow Municipal Water District
Fallbrook, California

We have audited the financial statements of Rainbow Municipal Water District (the District) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 18, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the District's financial statements were:

- a. Management's estimate of the fair market value of investments which is based on market values by outside sources.
- b. Management's estimate of useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- c. Management's estimate of the allowance for doubtful accounts is based on historical water revenues, historical loss levels, and an analysis of the collectability of individual accounts.

- 1 -

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Offices located in Orange and San Diego Counties

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Significant Audit Findings (Continued)*Qualitative Aspects of Accounting Practices (Continued)*

The most sensitive estimates affecting the District's financial statements were (continued):

- d. Management's estimate of the Other Post-Employment Benefits Plan actuarial accrued liability which impacts the annual required contributions are based upon several key assumptions that are set by management with the assistance of an independent third party actuary. These key assumptions include anticipated investment rate of return, health care cost trends, projected salary increases, mortality and certain amortization periods.
- e. The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the District's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

- f. The disclosure regarding depreciation expense reported in Note 1.k.
- g. The disclosure of net pension liability reported in Note 6.
- h. The disclosure regarding Other Post-Employment Benefits reported in Note 7.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management, however we did experience difficulties in obtaining supporting documentation and reconciling certain accounts balances during the course of our audit, which led to delays in the completion of the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Significant Audit Findings (Continued)*Corrected and Uncorrected Misstatements (Continued)*

The following misstatements detected as a result of audit procedures were corrected by management:

Capacity Fee and Connection Fee Liabilities were increased to include liabilities previously removed from the District books. A prior period adjustment in the amount of \$4,334,823 was made to record this adjustment. The prior period adjustment also included smaller adjustments to cash and cash equivalents, interest receivables, miscellaneous receivables, prepaid expenses and capital assets.

Construction in Progress was decreased by \$6,069,161, with \$3,912,923 of completed projects not properly capitalized on the District's books, and \$1,933,240 of abandoned projects not properly written off in the year of abandonment.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **March XX, 2018**.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

A separate letter addressed to the Board of Directors dated **March XX, 2018** was issued which described audit issues encountered during the course of this audit.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability – Defined Benefit Pension Plans, and the Schedule of Contributions - Defined Benefit Pension Plans, and the Schedule of Funding Progress - Other Post-Employment Benefit Plans, which are required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Upcoming Changes in Accounting Standards and Regulatory UpdatesOther Postemployment Benefit Standards

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The scope of this Statement addresses accounting and financial reporting for postemployment benefits other than pension (other postemployment benefits or OPEB) that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit and define contribution plans. This Statement requires governments to report a net OPEB liability or asset on the face of the financial statements. The District is required to implement this Statement in fiscal year ending June 30, 2018.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Carlsbad, California

March XX, 2018

Schedule of Uncorrected Adjustments
June 30, 2017

Account Name	Account #	Debit	Credit
1. Due To other Funds	01-00-22470	57,829.62	
Unappropriated Fund Balance	01-00-39100	3,835.36	
Unappropriated Fund Balance	02-00-39100	57,829.62	
Accounts Receivable-Wat Billed	01-00-13710		57,829.62
Accounts Receivable-Wat Billed	01-00-13710		3,835.36
Due To other Funds	02-00-22470		57,829.62

To adjust accounts receivable for prior year billing errors.



March 13, 2018

White Nelson Diehl Evans LLP
2965 Roosevelt Street
Carlsbad CA, 92008

This representation letter is provided in connection with your audit of the financial statements of Rainbow Municipal Water District (the District) as of June 30, 2017, which comprise the financial position as of June 30, 2017, the changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 13, 2018 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 15, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Rainbow Municipal Water District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grants agreements, or abuse that you have reported to us.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 30) The Rainbow Municipal Water District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Revenues and Expenses have been appropriately classified in or allocated in the Statement of Revenues, Expenses, and Changes in Net Position, and allocations have been made on a reasonable basis.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 42) Expenditures of federal awards were below the \$750,000 threshold in year ended June 30, 2017, and we were not required to have an audit in accordance with the Uniform Guidance.
- 43) We determined that the abandonment of the Beck Reservoir does not impact the debt service associated with the State Revolving Fund Loan.
- 44) Prepaid capacity fees liability balance reflects capacity fees previously collected for developers who have not yet connected to the system as of June 30, 2017.
- 45) We have determined that Non-US Corporate Bonds are in compliance with the District's Investment Policy.
- 46) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Signature: _____ Signature: _____

Title: _____ Title: _____

Schedule of Uncorrected Adjustments
June 30, 2017

Account Name	Account #	Debit	Credit
1. Due To other Funds	01-00-22470	57,829.62	
Unappropriated Fund Balance	01-00-39100	3,835.36	
Unappropriated Fund Balance	02-00-39100	57,829.62	
Accounts Receivable-Wat Billed	01-00-13710		57,829.62
Accounts Receivable-Wat Billed	01-00-13710		3,835.36
Due To other Funds	02-00-22470		57,829.62

In the course of determining and recording an appropriate allowance for uncollectible accounts at June 30, 2017, the District found a previously billed sewer connection billed in error. While this error had to do with a prior year, the District recorded the writing off of the balance in the current fiscal year. The entry above was not recorded in the accounting records, but would have recorded this adjustment as a prior period adjustment. WNDE agrees that this entry is not necessary to record in order for the Fiscal Year 2017 Financial Statements to be fairly stated in all material respects.



BOARD ACTION

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

FISCAL YEAR 2017-18 MID-YEAR BUDGET REVIEW AND BUDGET ADJUSTMENTS

DESCRIPTION

Mid-year is customarily a suitable time to compare budget estimates with the first half of actual data, and make appropriate adjustments where deemed necessary for the balance of the Fiscal Year. The District has been fortunate this year to realize higher revenues than anticipated. The drier climate has been favorable to water demand in comparison to the two preceding low consumption years'. At the moment, water consumption is up 15% higher than last year actuals and from what was budgeted in Fiscal Year 17-18. It is important to have up-to-date budget data with sound projections to ensure financial stability of the District.

Staff is recommending increasing water sales by only 10% of the 15% realized to date, by doing so it creates a safeguard in case demand declines for the subsequent months. One exception to the 10% revenue increase, is for the Construction water sales this will be increased by \$200,000 almost doubling what was initially budgeted. Another considerable adjustment, is the District has begun to realize growth by active developments connecting to our distribution system. We are projecting about 100 new connections by fiscal year end, in monetary terms that is close to \$1,000,000.

In order to appropriately budget expenditures, some budgeted funds were shifted around within their respective department or Fund itself to offset another budgeted expenditure with an overall net neutral effect. Expenditures tend to be steady and fixed throughout the year as opposed to revenues fluctuate with climate changes. The most significant mid-year expense adjustment is correlated to the increased water sales, we factored in 10.7% higher cost to purchased water. The variance from the 10% water sales increase to the 10.7% water purchase increase is due to a .7% water loss estimation. An item adjusted in capital expenditures for the Construction department was for a shoring equipment approved in prior fiscal year budget but the expenditure is anticipated to be spent in this current fiscal year. For the administration department, the purchase of the financial software with Infor was not earmarked during the budget process an adjustment of \$60,000 in Computers/Software line item has now been accounted for and another \$60,000 for professional services related to data migration services for software conversion. Lastly, an unexpected emergency repair was outsourced for a main line break for 140 feet of pipe replacement for \$100K will need to be adjusted in the Construction supplies and service account.

With the change of reporting timekeeping in the EAM system, this has created improved tracking of labor resources to specific assets or cost centers. As a result, it has impacted the way the labor expenses are being reported in the accounting software. Prior to the changeover, employees' time were being reported directly to their respective departments. Since the change, labor is being reported based on the activity code performed irrespective to their department. For instance, if a wastewater employee provided assistance to the Meters department those hours are now being reported under the Meters department wages. The overall salaries have remained in line with budget, the only change is a shift of allocation based

on EAM activity trend with a net neutral impact. Overtime did increase with the bulk attributed to both the Lilac fire and emergency repairs. For the Lilac Fire expenses we are expecting to be reimbursed by grants.

Overall, the Mid-Year review is favorable with the unanticipated increase in water demand. Several of the forecasted revenues are expected to exceed original budget estimates. Staff is doing an exceptional job on holding the line on expenditures and are cognizant of staying within budgeted amounts. If the District stays on course of forecast and remains fiscally conservative, it will be successful in meeting financial objectives of the District.

Following the completion of the Mid-Year budget review, staff will begin work on the Fiscal Year 2018-19 Budget. A planning session will be held in late February/early March with the Management team to begin to develop priorities and discuss direction regarding major capital projects for the next fiscal year.

ATTACHMENTS

- Exhibit A

BOARD OPTIONS/FISCAL IMPACTS

1. Approve Amended Budget FY 2017-18 as provided in Exhibit A with a Projected Surplus Impact.
2. Recommend revisions to staff and amend budget accordingly.
3. Provide other direction to Staff.

STAFF RECOMMENDATION

Staff recommends Option 1.



Vanessa Martinez
Finance Manager

03/27/2018

<u>EXHIBIT A</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
Revenues		
Fund 01	Revenues	\$2,732,332
Fund 02	Revenues	\$15,000
Fund 03	Revenues	\$5,000
Fund 60	Water Capacity	\$1,000,000
Total Revenues		<u>\$3,752,332</u>
Expenses		
Fund 01		
Department 00	Water Purchase	\$2,199,562
Department 32	Operations	\$0
Department 34	Construction	\$125,300
Department 35	Meter Services	\$40,000
Total for Fund 01		<u>\$2,364,862</u>
Fund 02		
Department 61	Wastewater	\$0
Total for Fund 02		<u>\$0</u>
FUND 03		
Department 20	Board of Directors	\$0
Department 36	Garage	\$50,000
Department 41	Administration	\$115,088
Department 42	Human Resources	\$0
Department 43	Safety	\$0
Department 51	Finance	\$17,000
Department 52	Customer Service	\$27,100
Department 91	Engineering	\$0
Total for Fund 03		<u>\$209,188</u>
Total Expenses		<u>\$2,574,050</u>
TOTAL NET IMPACT		<u><u>\$1,178,283</u></u>

GL Account	Account Description	Funds
Regular Salaries		
01-31-56101	Pumping	(\$44,559)
01-32-56101	Operations	\$113,507
01-33-56101	Valve Maintenance	(\$39,647)
01-34-56101	Construction	(\$130,097)
01-35-56101	Meter Services	(\$39,964)
02-61-56101	Wastewater	(\$17,873)
03-36-56101	Garage	\$11,980
03-41-56101	Administration	\$96,038
03-42-56101	Human Resources	(\$20,148)
03-43-56101	Safety	\$31,313
03-51-56101	Finance	(\$10,066)
03-52-56101	Customer Service	\$18,554
03-91-56101	Engineering	\$119,007
60-00-56101	Capitalized Labor	(\$88,045)
Total Regular Salaries		\$0

Overtime		
01-31-56103	Pumping	\$500
01-32-56103	Operations	\$15,000
01-33-56103	Valve Maintenance	\$3,000
01-34-56103	Construction	(\$10,000)
02-61-56103	Wastewater	\$10,000
03-36-56103	Garage	\$1,500
03-42-56103	Human Resources	\$500
03-43-56103	Safety	\$1,700
Total Regular Salaries		\$22,200

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE WATER SYSTEM CONSTRUCTION AGREEMENT FOR TOPA TOPA COURT, COUNTY OF SAN DIEGO TRACT NO. 5532-1

BACKGROUND

Topa Topa Place is a 11-lot development off Sterling View Drive and Old Highway 395 as shown in the vicinity map. The District has been working with the developer, Robert Frulla, and completed plan checking and coordination of the necessary facility improvements needed to serve the development. The developer, Frulla Inc. is responsible for the construction of the public improvements, including improvements to water facilities, within the subdivision.

DESCRIPTION

Joint Agreement to Improve Major Subdivision County of San Diego Tract No. 5532-1 between the District, County of San Diego and Frulla Inc. identifies the major water improvements to be installed for the Topa Topa Court Subdivision. The construction agreement is between the District and Frulla Inc. specifically for the water system improvements. Approval of the construction agreement will allow construction to proceed.

The plans call for the construction of approximately:

- 143' - 8" water main and appurtenances
- 538' – 12" water main and appurtenances
- 9 water services
- 5 fire hydrants

The construction is expected to be completed within 6 months. Performance and Labor and Material Bonds have been posted under the Joint Agreement to Improve Major Subdivision County of San Diego Tract No. 5532-1. Insurance Certificates shall be submitted by the Developer and Contractor prior to construction. The Agreement has been reviewed by District Counsel.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management. The construction of the new water and sewer mains within the subdivision adds to the District facilities and systems (assets) and increased customer base.

BOARD OPTIONS/FISCAL IMPACTS

Frulla Inc. is responsible for all District costs associated with the construction project including submittal review, inspection, project management, and meter costs/installation.

Water capacity fees are paid prior to meter installation and will total approximately \$100,000.

- 1) Approve the Water System Construction Agreement for Topa Topa Court, TM 5532-1.
- 2) Provide other direction to staff.

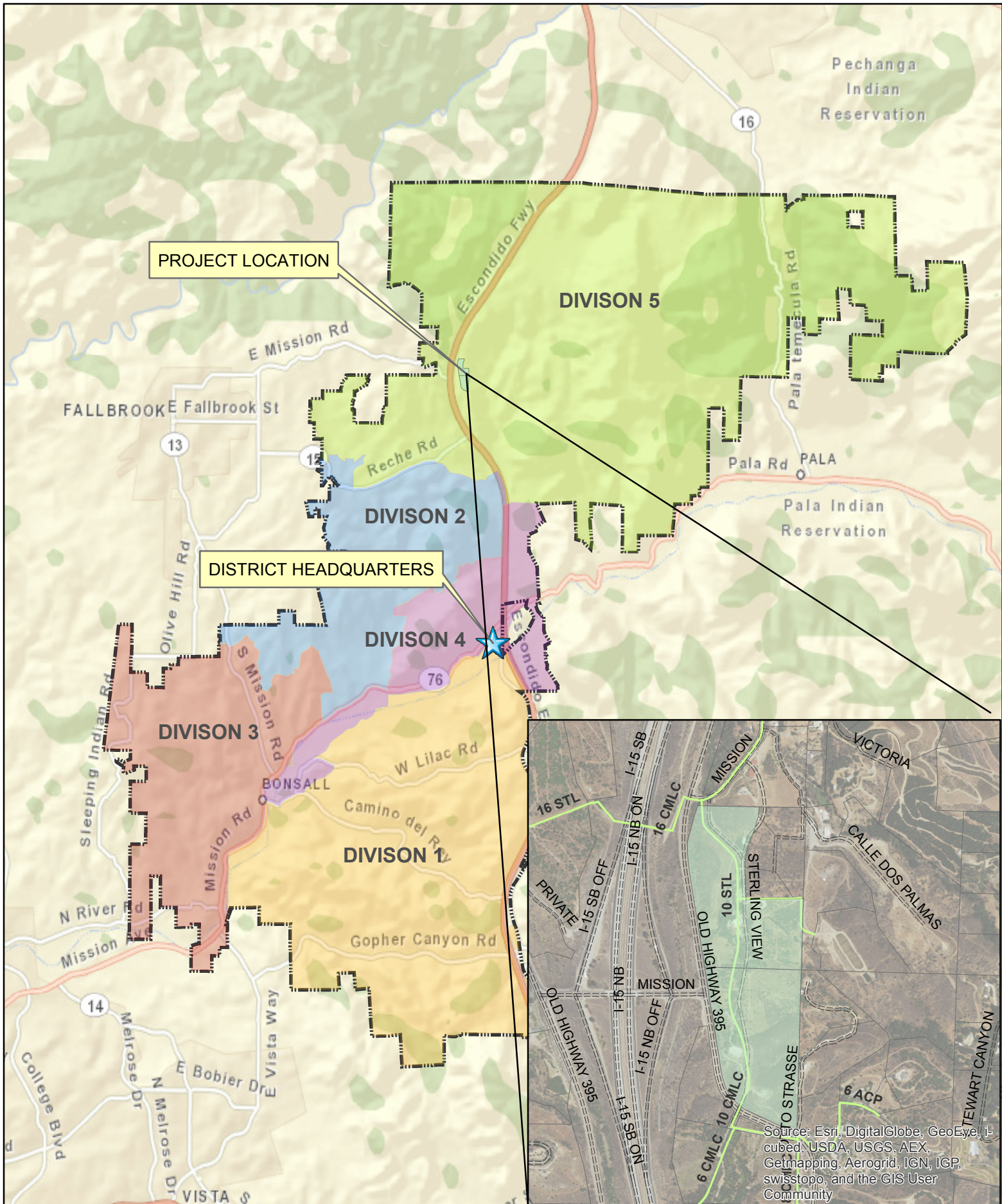
STAFF RECOMMENDATION

Staff recommends Option 1.

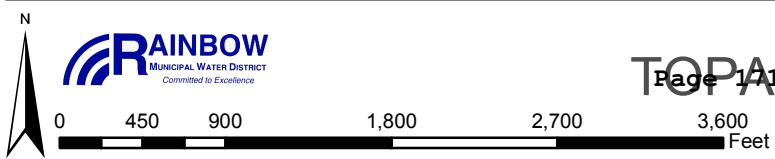


Michael Powers, P.E.
Associate Engineer

3/27/18



Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Getmapping, Aergrid, IGN, IGP, swisstopo, and the GIS User Community





RAINBOW MUNICIPAL WATER DISTRICT
3707 OLD HIGHWAY 395, FALLBROOK, CALIFORNIA 92028
TELEPHONE (760) 728-1178 FAX (760) 728-2575

WATER AND/OR SEWER SYSTEM CONSTRUCTION AGREEMENT

PROJECT NAME: TOPA TOPA COURT
PROJECT NO. _____ CONTRACT NO.: _____
(DEVELOPER INITIATED/CONTRACTOR INSTALLED)

THIS AGREEMENT ("Agreement") is made on this ____ day of _____ 2018, by and between RAINBOW MUNICIPAL WATER DISTRICT, a municipal water district, with its headquarters at Fallbrook, California ("District") and FRULLA, INC, located at P.O. Box 1731 Temecula, CA 92593 ("Developer").

WHEREAS, Developer is planning a development of 11 lot(s) located in Section ____, Township _____, Range _____, San Bernardino Base and Meridian ("Project"), and such development is referenced within records of the County of San Diego, State of California, as:

Parcel Map No.: TM 5532-1

County TPM: _____

Assessor's Parcel No(s): OLD 108-350-13-00 AND 108-370-20-00
NEW 108-372-01-00 through 108-372-11-00

WHEREAS, the Project will require a water and/or sewer system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey to the District the water and/or sewer systems after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's regulations, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and system connection fees. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer.
3. Developer shall contract for the design to be prepared by a licensed engineer in the State of California experienced in the design of similar systems, and shall obtain District's approval of said engineer prior to commencement of design work.
4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
 - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
 - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law,

Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.

6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system, and shall obtain District's approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.
8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system,

infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity, hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification, hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.

9. Developer shall guarantee the completion of construction within **six months** from the time material is delivered to the jobsite.
10. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 11.
11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
 - A. Coverage shall be at least as broad as:
 - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
 - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
 - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
 - (iv) Contractor's Pollution Liability

B. Limits of Insurance shall be:

- (i) **General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.**
- (ii) **Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.**
- (iii) **Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.**
- (iv) **Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.**

C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:

- (i) **General Liability, Automobile Liability Coverages and Pollution Legal Liability:**

- (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
 - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
 - (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
 - (4) The contractor'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.
- (ii) **Workers' Compensation and Employers Liability Coverage:**
- (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
- (iii) **All Coverages:**
- (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given

to the District.

- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.
- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

12. Developer shall provide the District with bonds in form acceptable to District, as follows:

- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(e).
- B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(e). Said bond shall be conform to requirements applicable to private works projects.
- C. A bond to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(e) and shall provide for the payment of all costs incurred by the District for the repair of such

failures within the one (1) year guarantee period.


13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District. As a condition to such acceptance, Developer shall furnish to the District any and all requested documents including but not limited to, the following:
 - A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
 - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement.;
 - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
 - D. A Grant Deed/Bill of Sale executed by Developer vesting title to the system improvements and appurtenances to the District;
 - E. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.

14. 14. The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.

15. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
16. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.
17. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
18. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.
19. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified on page 1 of this Agreement (or to such other address as may from time to time be specified in writing by such Person). Notices shall be deemed received when actually received in the office of the addressee (or by the addressee if personally delivered) or

when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

- 20. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
- 21. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
- 22. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs.
- 23. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

RAINBOW MUNICIPAL WATER DISTRICT:	[DEVELOPER NAME]:	FRULLA, INC
By _____	By	 ROBERTO E FRULLA
Name _____	Name	2-22-18
Title _____	Title	PRESIDENT

APPENDIX 1

LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

A. Worker's Compensation

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

B. Prevailing Wages

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

C. Hours of Work

Eight hours labor constitutes a legal day's work.

D. Apprenticeship

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticeable occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the

Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

E. Specific Labor Code Provisions

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

Labor Code Section 1725.5

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Beginning July 1, 2014, register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee of three hundred dollars (\$300) to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The annual renewal fee shall be in a uniform amount set by the Director of Industrial Relations, and the initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' Compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation Insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work, as defined in this chapter, entered into on or after April 1, 2015.

Labor Code Section 1771

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable to contracts let for maintenance work.

Labor Code Section 1775

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the

prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the

subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

Labor Code Section 1776

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the

forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

Regulations implementing Labor Code Section 1776 are located in Sections 16000, 16400, 16401, 16402, 16403, and 16500 of Title 8, California Code of Regulations.

Labor Code Section 1777.5

1777.5. (a) Nothing in this chapter shall prevent the employment of properly registered apprentices upon public works.

(b) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) When the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this Section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program.

"Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Prior to commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body if requested by the awarding body.

Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) When an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(A) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(B) If there are two or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(C) All training contributions not distributed under subparagraphs (A) and (B) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this Section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

All decisions of an apprenticeship program under this Section are subject to Section 3081.

Labor Code Section 1810

1810. Eight hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

Labor Code Section 1811

1811. The time of service of any workman employed upon public work is limited and restricted to 8 hours during any one calendar day, and 40 hours during any one calendar week, except as hereinafter provided for under Section 1815.

Labor Code Section 1812

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

Labor Code Section 1813

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

Labor Code Section 1815

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay.

F. Labor Nondiscrimination

Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

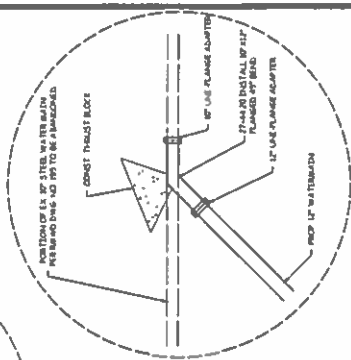
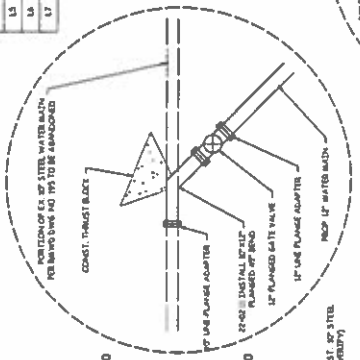
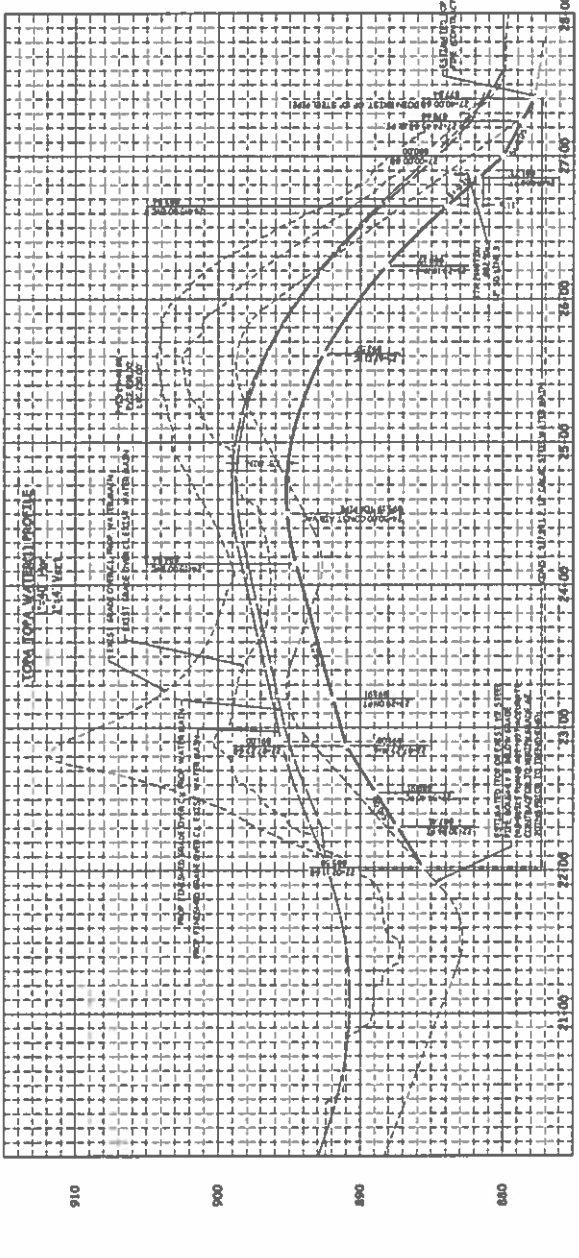
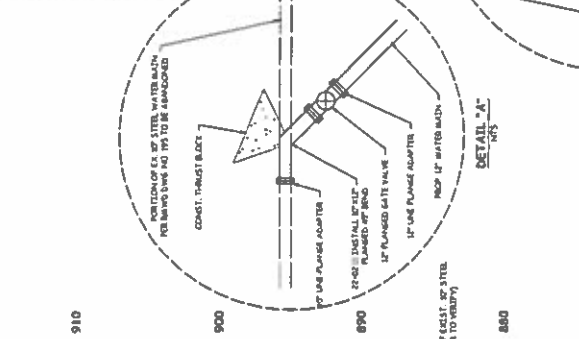
Nondiscrimination Clause

1. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. Contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code, Section 12900 et seq.) and the

applicable regulations promulgated thereunder (Cal. Admin. Code, Tit. 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Administrative Code are incorporated into this contract by reference and made a part hereof as if set forth in full. Developer and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

2. Developer shall include the nondiscrimination and compliance provisions of this clause in all contracts to perform work under the Agreement.

Number	Length	Remarks	MATERIAL
C1	12.75	12" CPVC	12" CHALC. S.L.
C2	12.75	12" CPVC	12" CHALC. S.L.
C3	12.75	12" CPVC	12" CHALC. S.L.
C4	12.75	12" CPVC	12" CHALC. S.L.
C5	12.75	12" CPVC	12" CHALC. S.L.
C6	12.75	12" CPVC	12" CHALC. S.L.
C7	12.75	12" CPVC	12" CHALC. S.L.



LOT #	DESIGN STATION	AS-BUILT STATION	COMMENTS
1	24+70.27	24+70.27	
2	27+00.76	27+00.76	
3	29+31.25	29+31.25	



COUNTY OF SAN DIEGO NOTE:
 RETURN FOR BIDDING PURPOSES ONLY

NO.	DESCRIPTION	DATE	BY

PRIVATE CONTRACT

SHEET 6 OF 6 SHEETS

COUNTY OF SAN DIEGO

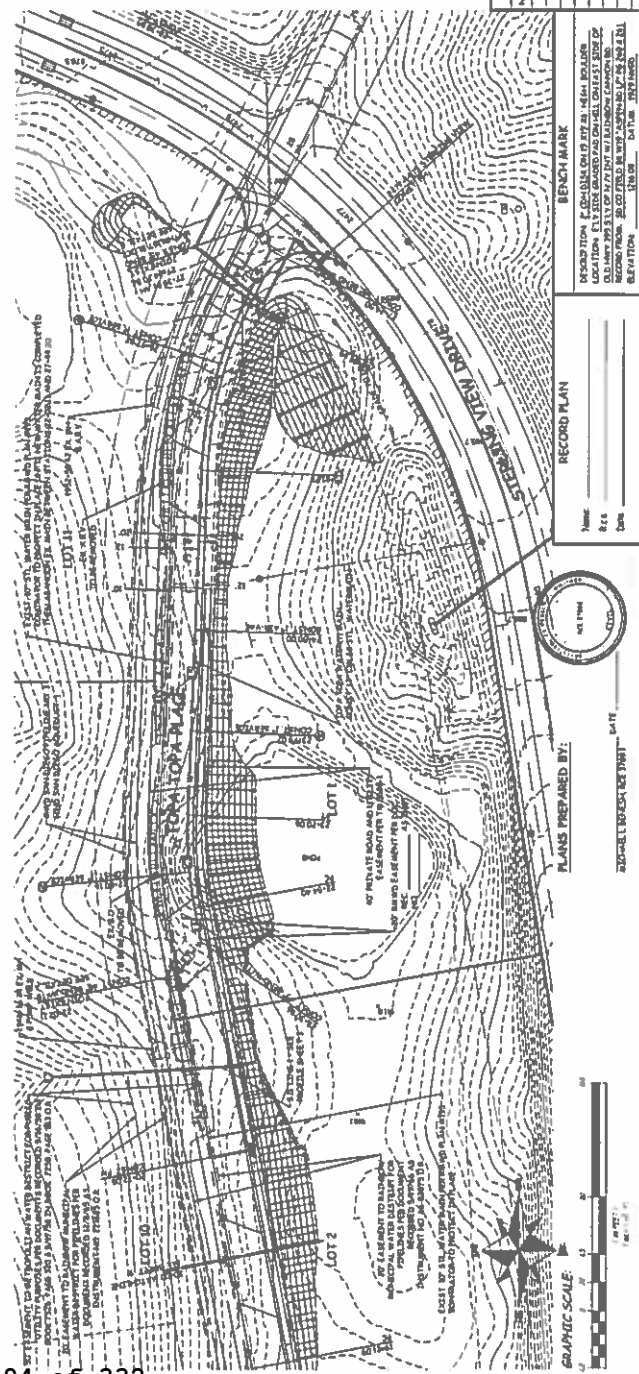
PROJECT 12

IMPROVEMENT PLAN FOR 18 7514 J

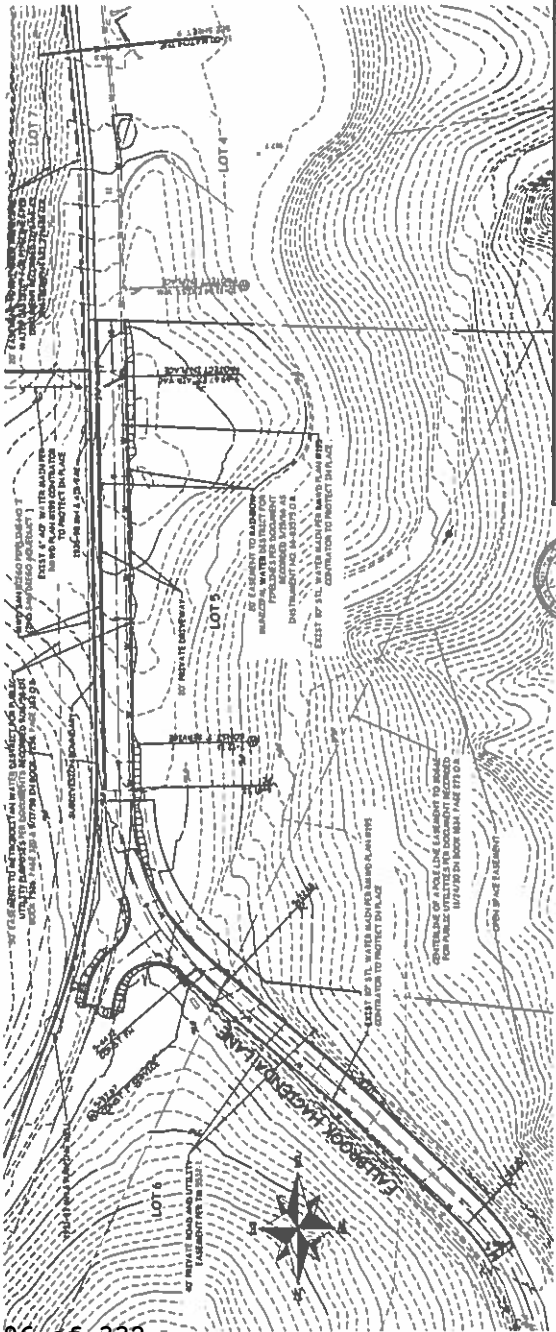
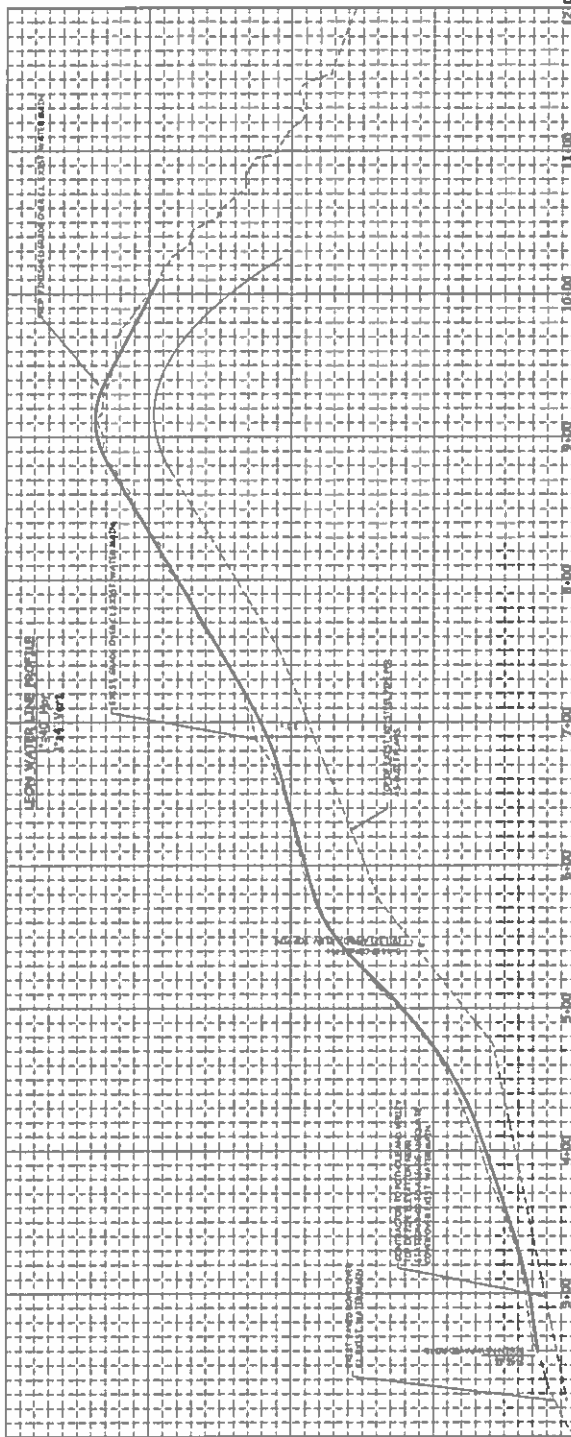
TOPA TOPA WATER MAIN

CALIFORNIA LICENSED PROFESSIONAL ENGINEER NO. 114-1775

DATE: 08/11/11



940
930
920
910



LOT #	DESIGNATION	AS BUILT STATION	COMMENTS
4	90-9184		EASTERN SERVICE
5	9-2721		
6	9-2727		



PRIVATE CONTRACT

COUNTY OF SAN DIEGO
DEPARTMENT OF PUBLIC WORKS

PROJECT NO. _____ DATE _____

PROJECT DESCRIPTION: _____

PROJECT LOCATION: _____

PROJECT OWNER: _____

PROJECT ADDRESS: _____

PROJECT PHONE: _____

PROJECT FAX: _____

PROJECT E-MAIL: _____

COUNTY OF SAN DIEGO NOTE:
BE REFERRED FOR SPECIFIC PURPOSES ONLY

NO.	DESCRIPTION	DATE BY	DATE

BENCH MARK

DESCRIPTION: _____

LOCATION: _____

DATE: _____

BY: _____

RECORD PLAN

Name: _____

Title: _____

Date: _____

PLANS PREPARED BY: _____

DATE: _____

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE WATER AND SEWER CONSTRUCTION AGREEMENT FOR HORSE CREEK RIDGE, UNIT 6-R5, (PROMONTORY), RICHMOND AMERICAN HOMES

BACKGROUND

D.R. Horton, master developer of the Horse Creek Ridge development, recently sold the 124 lot Unit 6-R5, Promontory subdivision (Tract No. 5338-6) to Richmond American Homes of California. Richmond American is responsible for the construction of the public improvements, including water and sewer facilities, within the subdivision.

DESCRIPTION

Joint Use Agreement No. 2 to Improve Major Subdivision, Tract No. 5338-6 between the District, County of San Diego and D.R. Horton identifies the major water and sewer improvements to be installed for the entire Horse Creek Ridge Development. This construction agreement is specific to the Unit 6-5R (Promontory) subdivision and is between the District, Richmond American Homes of California, Inc., and its contractor, BT Pipeline, Inc.

The plans call for the construction of approximately:

- 3,770' - 8" sewer main
- 114 sewer laterals
- 23 manholes
- 2,750' - 8" water main and appurtenances
- 630' - 12" water main and appurtenances
- 114 water services
- 11 fire hydrants

The construction is expected to be completed within 12 months. Performance and Labor and Material Bonds have been posted under the Joint Use Agreement No. 2 and Insurance Certificates have been submitted by the Developer and Contractor. The Agreement has been reviewed by all parties including District Counsel.

Approval of the Water and Sewer Construction Agreement will allow construction to proceed.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management. The construction of the new water and sewer mains within the subdivision adds to the District facilities and systems (assets) and increased customer base.

BOARD OPTIONS/FISCAL IMPACTS

Richmond American is responsible for all District costs associated with the construction project including submittal review, inspection, project management, and meter costs/installation.

Sewer capacity fees are credited to the subdivision through the District/Passerelle/D.R. Horton agreements. Water capacity fees are paid prior to meter installation and will total approximately \$1,900,000.

- 1) Approve the Water and Sewer Construction Agreement for Horse Creek Ridge Unit 6-R5, Promontory.
- 2) Provide other direction to staff.

STAFF RECOMMENDATION

Staff recommends Option 1.



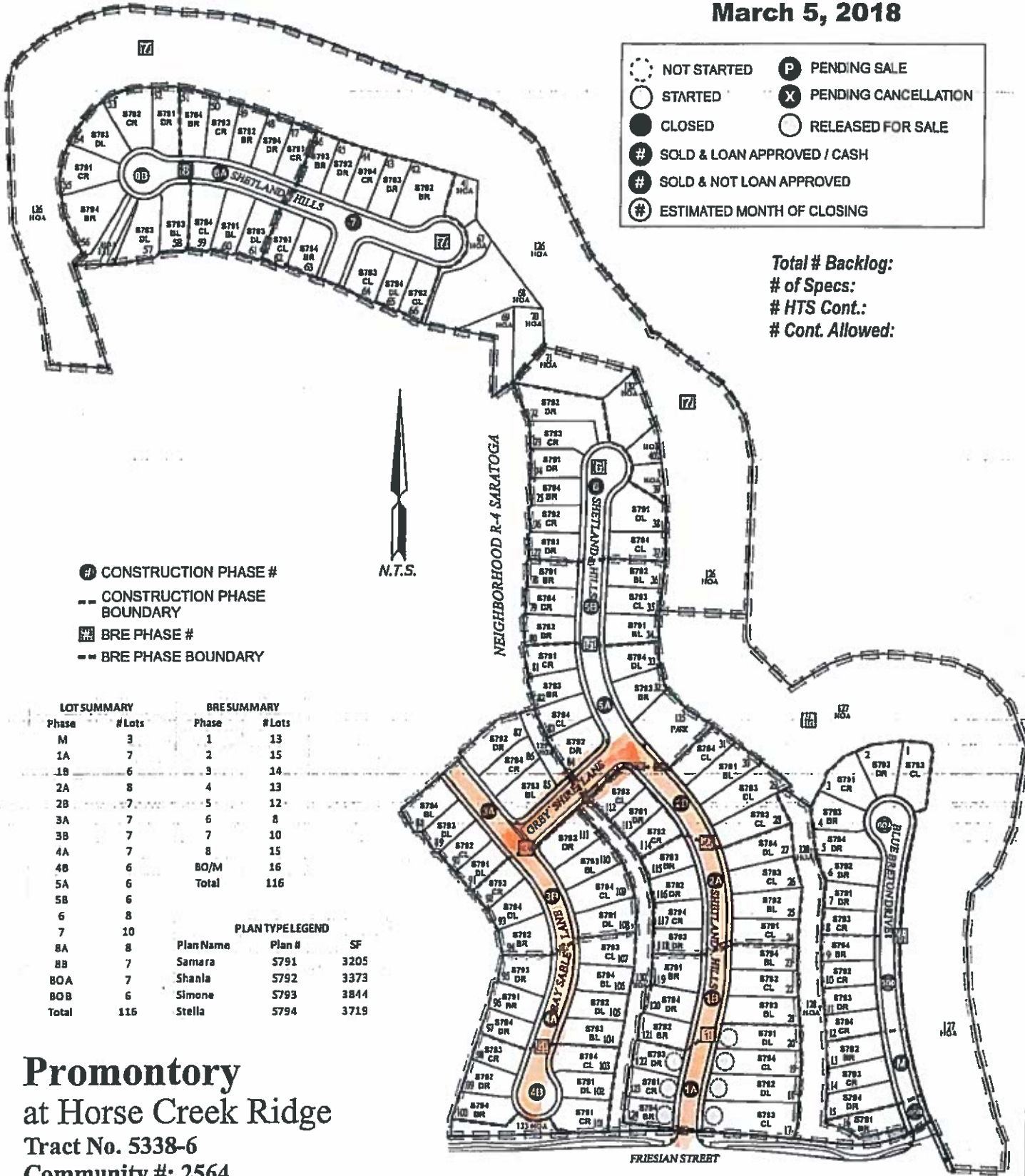
Ken Gerdes, P.E.
Interim District Engineer

3/27/18

March 5, 2018

○	NOT STARTED	P	PENDING SALE
○	STARTED	X	PENDING CANCELLATION
●	CLOSED	○	RELEASED FOR SALE
#	SOLD & LOAN APPROVED / CASH		
#	SOLD & NOT LOAN APPROVED		
#	ESTIMATED MONTH OF CLOSING		

Total # Backlog:
 # of Specs:
 # HTS Cont.:
 # Cont. Allowed:



- # CONSTRUCTION PHASE #
- CONSTRUCTION PHASE BOUNDARY
- # BRE PHASE #
- BRE PHASE BOUNDARY

N.T.S.

LOTSUMMARY		BRESUMMARY	
Phase	# Lots	Phase	# Lots
M	3	1	13
1A	7	2	15
1B	6	3	14
2A	8	4	13
2B	7	5	12
3A	7	6	8
3B	7	7	10
4A	7	8	15
4B	6	BO/M	16
5A	6	Total	116
5B	6		
6	8		
7	10		
8A	8		
8B	7		
8OA	7		
8OB	6		
Total	116		

PLAN TYPE LEGEND

Plan Name	Plan #	SF
Samara	5791	3205
Shanla	5792	3373
Simone	5793	3844
Stella	5794	3719

Promontory
 at Horse Creek Ridge
 Tract No. 5338-6
 Community #: 2564



WATER CURRENTLY INSTALLED



RAINBOW MUNICIPAL WATER DISTRICT
3707 OLD HIGHWAY 395, FALLBROOK, CALIFORNIA 92028
TELEPHONE (760) 728-1178 FAX (760) 728-2575

WATER AND SEWER SYSTEM CONSTRUCTION AGREEMENT
PROJECT NAME: HORSE CREEK RIDGE, UNIT 6 - R5
PROJECT NO.:100-100020/200-200020 CONTRACT NO.: _____
(DEVELOPER INITIATED/CONTRACTOR INSTALLED)

THIS AGREEMENT ("Agreement") is made on this ____ day of _____ 2018, by and between RAINBOW MUNICIPAL WATER DISTRICT, a municipal water district organized and operating pursuant to California Water Code § 71000 *et seq.*, with its headquarters at 3707 Old Highway 395, Fallbrook, California 92028 ("District"), and RICHMOND AMERICAN HOMES OF CALIFORNIA, INC., a Maryland Corporation, located at 5171 California Avenue, Suite 120, Irvine CA 92617 ("Developer"), and BT PIPELINE, INC., P.O. Box 40, Rancho Cucamonga, CA 91739, ("Contractor").

WHEREAS, Developer will construct water and sewer facilities for the 124 lot, Unit 6 – R5 of the Horse Creek Ridge development, referenced within records of the County of San Diego, State of California, as County of San Diego Tract No. 5338-6; and

WHEREAS, the Project will require water and sewer systems to provide service to the lands referenced above; and

WHEREAS, plans have been prepared and approved by the District and County of San Diego. Said plans are entitled "Public Improvement Plans for Horse Creek Ridge, Unit 6-R5", prepared by Hunsaker & Associates, 9707 Waples Street, San Diego, CA 92102, approved by Rainbow Municipal Water District on December 3, 2015 and by the County of San Diego on January 21, 2016, attached as **Exhibit 1** hereto and made a part hereof; and

WHEREAS, Developer is desirous of having the District provide water and sewer service to the Project and is willing to develop and convey to the District the water and sewer systems after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's rules, regulations and Administrative Code, as amended from time to time ("Rules and Regulations"). The provisions of said Rules and Regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and system connection fees. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer.
3. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
 - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said construction, and does not constitute direction or supervision of the work.
 - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest, including reasonable attorneys' fees and costs, arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
4. Developer will contract for the services of a licensed and qualified Contractor to construct the system. Said Contractor shall be currently licensed by the State of California with a General Engineering Contractor, "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
5. The entire cost of the construction of such water and sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for

conformance with the approved plans and specifications. Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 9 and 10 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

6. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity, hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification, hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
7. Developer shall guarantee the completion of construction within **twelve months** from the time material is delivered to the jobsite.
8. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 10.

9. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.
- A. Coverage shall be at least as broad as:
- (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
 - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
 - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
 - (iv) Contractor's Pollution Liability
- B. Limits of Insurance shall be:
- (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
 - (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
 - (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
 - (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.
- C. Any deductibles or self-insured retentions must be declared to and approved in writing by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, directors, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:

(i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:

- (1) The District, its officers, directors, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, directors, officials, employees or volunteers.
- (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, directors, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, directors, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
- (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, directors, officials, employees or volunteers.
- (4) The contractor'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.

(ii) Workers' Compensation and Employers Liability Coverage:

- (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, directors, officials, employees and volunteers for losses arising from work performed by the contractor.

(iii) All Coverages:

- (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.

- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to be substituted. All certificates and endorsements are to be received and approved in writing by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.
- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
10. The Master Developer, D.R. Horton has provided the following bonds and warranty, as required in **Joint Agreement No. 2 to Improve Major Subdivision, County of San Diego, Tract No. 5338-6, dated September 15, 2105**, by and between the County of San Diego, Rainbow Municipal Water District, and D.R. Horton Los Angeles Holding Company, Inc.:
- A. A Joint Improvement Security Agreement No. 2, Faithful Performance Bond – TM 5338-6, Bond #80135246, executed on December 27, 2016. Said performance bond being in the amount of \$5,185,500, representing the total construction cost of the improvements for the Major Subdivision.
- B. A Joint Improvement Security Agreement No. 2, Labor and Material Bond – TM 5338-6, Bond #80135246, executed on December 27, 2016. Said labor and material payment bond being in the amount of \$5,185,500, representing the total construction cost of the improvements for the Major Subdivision.
- C. The section entitled "SEVENTH", Item 3. Warranty, of said **Joint Agreement No. 2** referenced above, provides guarantee of the performance of the installed domestic water and sewer system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion". The warranty, in the amount of five percent (5%) of the Faithful Performance Bond referenced in 10.A., above, shall be submitted to and approved by the District in writing prior to filing of the Notice of Completion.
11. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District. As a condition to such acceptance, Developer shall furnish to the District any and all requested documents including

but not limited to, the following:

- A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
 - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement;
 - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
 - D. A Grant Deed/Bill of Sale executed by Developer vesting title to the system improvements and appurtenances to the District;
 - E. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.
12. The District will not commence water and sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 11. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
 13. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
 14. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the

provisions of this Agreement are severable.

15. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
16. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, County of San Diego, Northern District. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.
17. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified on page 1 of this Agreement (or to such other address as may from time to time be specified in writing by such Person). Notices shall be deemed received when actually received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.
18. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
19. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
20. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual

costs.

21. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer. Developer may not transfer or assign this Agreement without the written consent of the District, which consent shall not be unreasonably withheld.

RAINBOW MUNICIPAL WATER
DISTRICT:

By _____

Name _____

Title _____

RICHMOND AMERICAN HOMES OF
CALIFORNIA, INC:

By 

Name VAN MARTIN

Title VP LAND DEVELOPMENT

CONTRACTOR:

By _____

Name _____

Title _____

APPENDIX 1

LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

A. Worker's Compensation

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

B. Prevailing Wages

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

C. Hours of Work

Eight hours labor constitutes a legal day's work.

D. Apprenticeship

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticeable occupations on the Project. To ensure compliance and complete understanding of the law regarding

apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

E. Specific Labor Code Provisions

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

Labor Code Section 1725.5

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Beginning July 1, 2014, register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee of three hundred dollars (\$300) to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The annual renewal fee shall be in a uniform amount set by the Director of Industrial Relations, and the initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' Compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation Insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier. If a contractor is found to be in violation of

the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work, as defined in this chapter, entered into on or after April 1, 2015.

Labor Code Section 1771

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable to contracts let for maintenance work.

Labor Code Section 1775

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776,

1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

Labor Code Section 1776

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was

made. The public may not be given access to the records at the principal office of the contractor.

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to

Appendix I

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effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

Regulations implementing Labor Code Section 1776 are located in Sections 16000, 16400, 16401, 16402, 16403, and 16500 of Title 8, California Code of Regulations.

Labor Code Section 1777.5

1777.5. (a) Nothing in this chapter shall prevent the employment of properly registered apprentices upon public works.

(b) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) When the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this Section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program.

"Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Prior to commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the

awarding body if requested by the awarding body.

Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

Appendix 1

Page 82 of 103

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) When an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(A) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(B) If there are two or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(C) All training contributions not distributed under subparagraphs (A) and (B) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this Section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of

Appendix 1

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this section under the terms and conditions prescribed by the director.

All decisions of an apprenticeship program under this Section are subject to Section 3081.

Labor Code Section 1810

1810. Eight hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

Labor Code Section 1811

1811. The time of service of any workman employed upon public work is limited and restricted to 8 hours during any one calendar day, and 40 hours during any one calendar week, except as hereinafter provided for under Section 1815.

Labor Code Section 1812

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

Labor Code Section 1813

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

Labor Code Section 1815

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay.

F. Labor Nondiscrimination

Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this

section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

Nondiscrimination Clause

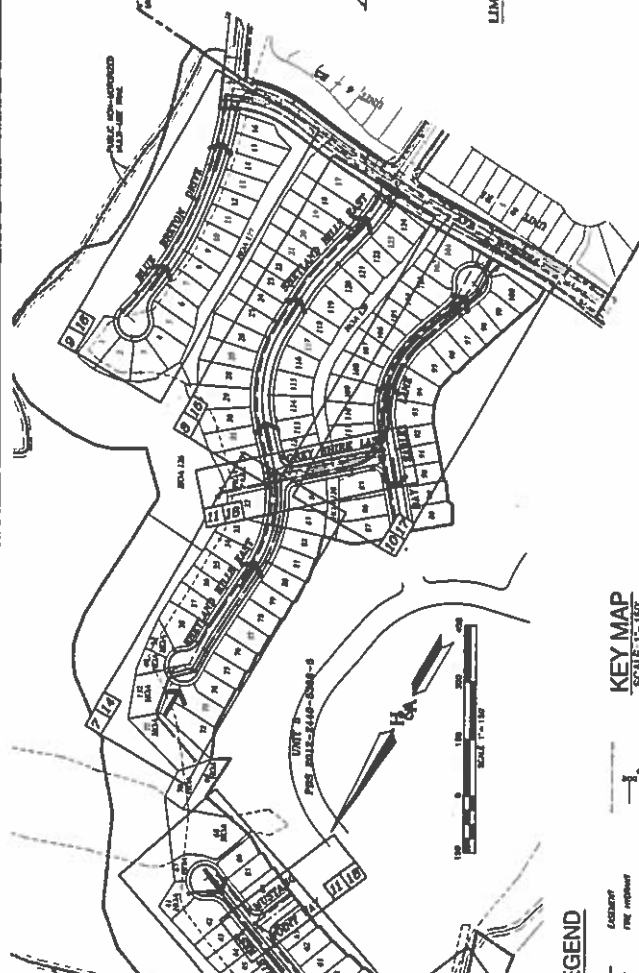
1. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. Contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (Cal. Admin. Code, Tit. 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Administrative Code are incorporated into this contract by reference and made a part hereof as if set forth in full. Developer and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
2. Developer shall include the nondiscrimination and compliance provisions of this clause in all contracts to perform work under the Agreement.

**WATER AND SEWER SYSTEM CONSTRUCTION AGREEMENT
HORSE CREEK RIDGE, UNIT 6 - R5**

EXHIBIT 1

**Public Improvement Plans for Horse Creek Ridge, Unit 6-R5
prepared by Hunsaker & Associates, 9707 Waples Street, San Diego, CA 92102**

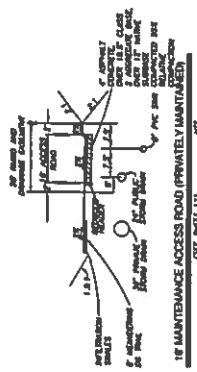
BLOCK NUMBERS	STREET NAME	BLOCK RANGE
100-109	SHELDON HILLS	2000-2009
110-119	MUSTANG POINT WAY	2010-2019
120-129	EMERY SHANK LANE	2020-2029
130-139	DAY SABLE LAKE	2030-2039
140-149	BLUE BRITTON DRIVE	2040-2049



KEY MAP
SCALE 1" = 150'

LEGEND

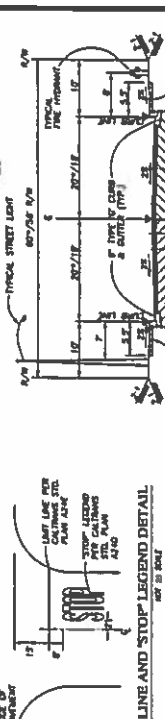
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- STREET LINE
- DRIVEWAY
- DRIVEWAY FLARE
- STREET LIGHT
- STREET LIGHT
- STREET NAME SIGN



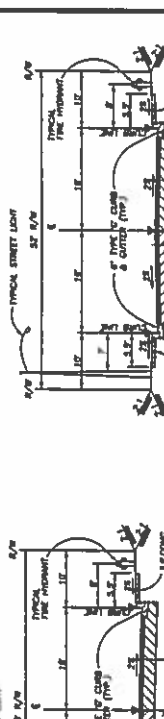
12" MAINTENANCE ACCESS ROAD (PRIVATELY MAINTAINED)
SEE SHEET 12



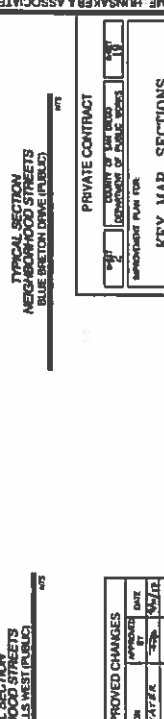
TYPICAL SECTION NEIGHBORHOOD STREETS SHELDON HILLS EAST (PUBLIC)
SEE SHEET 10



TYPICAL SECTION NEIGHBORHOOD STREETS BAY SABLE LAKE (PUBLIC)
SEE SHEET 11



TYPICAL SECTION NEIGHBORHOOD STREETS BLUE BRITTON DRIVE (PUBLIC)
SEE SHEET 12



TYPICAL SECTION NEIGHBORHOOD STREETS SHELDON HILLS WEST (PUBLIC)
SEE SHEET 13



TYPICAL SECTION NEIGHBORHOOD STREETS MUSTANG POINT WAY (PUBLIC) (11'-0\"/>

STREET NAME	BLOCK RANGE
SHELDON HILLS	2000-2009
MUSTANG POINT WAY	2010-2019
EMERY SHANK LANE	2020-2029
DAY SABLE LAKE	2030-2039
BLUE BRITTON DRIVE	2040-2049

COUNTY APPROVED CHANGES

NO.	DESCRIPTION	DATE
1	PER 27, SEC. WATER	10/11/10

RECORD PLAN

NAME	DATE
ACCL - 08/15	
DATE	

COUNTY OF SAN DIEGO RECORDS & ADMINISTRATION

RECORDING INFORMATION

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HUNSAKER & ASSOCIATES
1000 AVENUE 101C
SAN DIEGO, CA 92108
TELEPHONE: 619-594-1000
FACSIMILE: 619-594-1001

PROJECT NO. 100-109

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PHONE NO. (619) 594-1000

ENGINEERS NAME: HUNSAKER & ASSOCIATES

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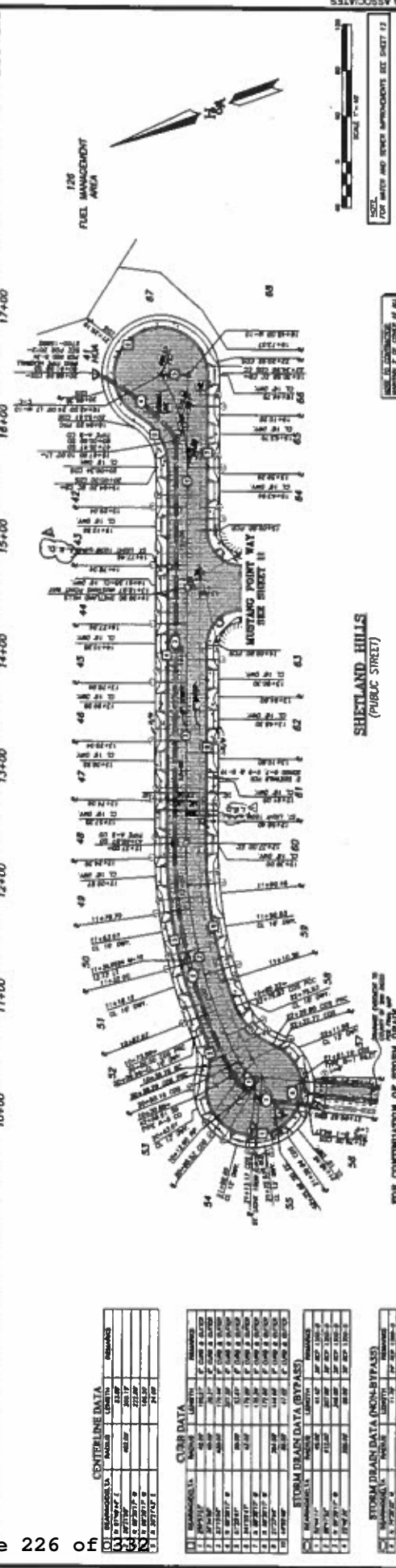
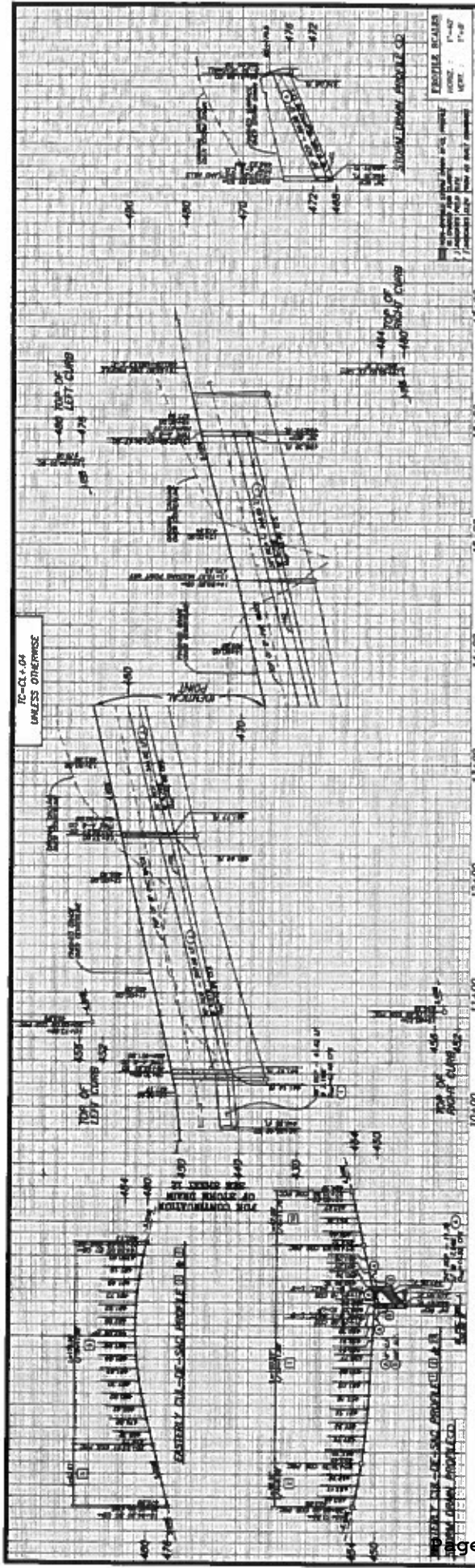
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**SHETLAND HILLS
(PUBLIC STREET)**

FOR CONTINUATION OF STORM DRAIN
SEE SHEET 12

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129+00	129+00	START OF CLEAR
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142+00	142+00	START OF CLEAR
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163+00	163+00	START OF CLEAR
164+00	164+00	START OF CLEAR
165+00	165+00	START OF CLEAR
166+00	166+00	START OF CLEAR
167+00	167+00	START OF CLEAR
168+00	168+00	START OF CLEAR
169+00	169+00	START OF CLEAR
170+00	170+00	START OF CLEAR
171+00	171+00	START OF CLEAR
172+00	172+00	START OF CLEAR
173+00	173+00	START OF CLEAR
174+00	174+00	START OF CLEAR

STORM DRAIN DATA (NON-BYPASS)

STATION	MARKER	REMARKS
101+00	101+00	START OF STORM DRAIN
102+00	102+00	START OF STORM DRAIN
103+00	103+00	START OF STORM DRAIN
104+00	104+00	START OF STORM DRAIN
105+00	105+00	START OF STORM DRAIN
106+00	106+00	START OF STORM DRAIN
107+00	107+00	START OF STORM DRAIN
108+00	108+00	START OF STORM DRAIN
109+00	109+00	START OF STORM DRAIN
110+00	110+00	START OF STORM DRAIN
111+00	111+00	START OF STORM DRAIN
112+00	112+00	START OF STORM DRAIN
113+00	113+00	START OF STORM DRAIN
114+00	114+00	START OF STORM DRAIN
115+00	115+00	START OF STORM DRAIN
116+00	116+00	START OF STORM DRAIN
117+00	117+00	START OF STORM DRAIN
118+00	118+00	START OF STORM DRAIN
119+00	119+00	START OF STORM DRAIN
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121+00	121+00	START OF STORM DRAIN
122+00	122+00	START OF STORM DRAIN
123+00	123+00	START OF STORM DRAIN
124+00	124+00	START OF STORM DRAIN
125+00	125+00	START OF STORM DRAIN
126+00	126+00	START OF STORM DRAIN
127+00	127+00	START OF STORM DRAIN
128+00	128+00	START OF STORM DRAIN
129+00	129+00	START OF STORM DRAIN
130+00	130+00	START OF STORM DRAIN
131+00	131+00	START OF STORM DRAIN
132+00	132+00	START OF STORM DRAIN
133+00	133+00	START OF STORM DRAIN
134+00	134+00	START OF STORM DRAIN
135+00	135+00	START OF STORM DRAIN
136+00	136+00	START OF STORM DRAIN
137+00	137+00	START OF STORM DRAIN
138+00	138+00	START OF STORM DRAIN
139+00	139+00	START OF STORM DRAIN
140+00	140+00	START OF STORM DRAIN
141+00	141+00	START OF STORM DRAIN
142+00	142+00	START OF STORM DRAIN
143+00	143+00	START OF STORM DRAIN
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145+00	145+00	START OF STORM DRAIN
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149+00	149+00	START OF STORM DRAIN
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156+00	156+00	START OF STORM DRAIN
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160+00	160+00	START OF STORM DRAIN
161+00	161+00	START OF STORM DRAIN
162+00	162+00	START OF STORM DRAIN
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164+00	164+00	START OF STORM DRAIN
165+00	165+00	START OF STORM DRAIN
166+00	166+00	START OF STORM DRAIN
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168+00	168+00	START OF STORM DRAIN
169+00	169+00	START OF STORM DRAIN
170+00	170+00	START OF STORM DRAIN
171+00	171+00	START OF STORM DRAIN
172+00	172+00	START OF STORM DRAIN
173+00	173+00	START OF STORM DRAIN
174+00	174+00	START OF STORM DRAIN

TO=CL+04
UNLESS OTHERWISE

NOTE: FOR WATER AND SEWER IMPROVEMENTS SEE SHEET 12

SCALE: 1"=40'

PRIVATE CONTRACT

COUNTY OF TARRANT
DEPARTMENT OF PUBLIC WORKS

PROJECT NO. 1148-1234-4

STATIONING FROM 101+00 TO 174+00

CAUTION: CONTRACT AREA 204-11140

DATE: 1-21-18

BRANCH MAP

SECTION 22.00 (SEE SHEET 12) LOCAL LINE

LOCATION: SECTION 22.00

SECTION FROM: COUNTY CONTROL MONUMENT DATA

EXPLANATION: SEE SHEET 12 & 13

COUNTY APPROVED CHANGES

NO.	DESCRIPTION	DATE
1	SEE SHEET 12	1/21/18

RECORD PLAN

DATE: 1-21-18

BY: [Signature]

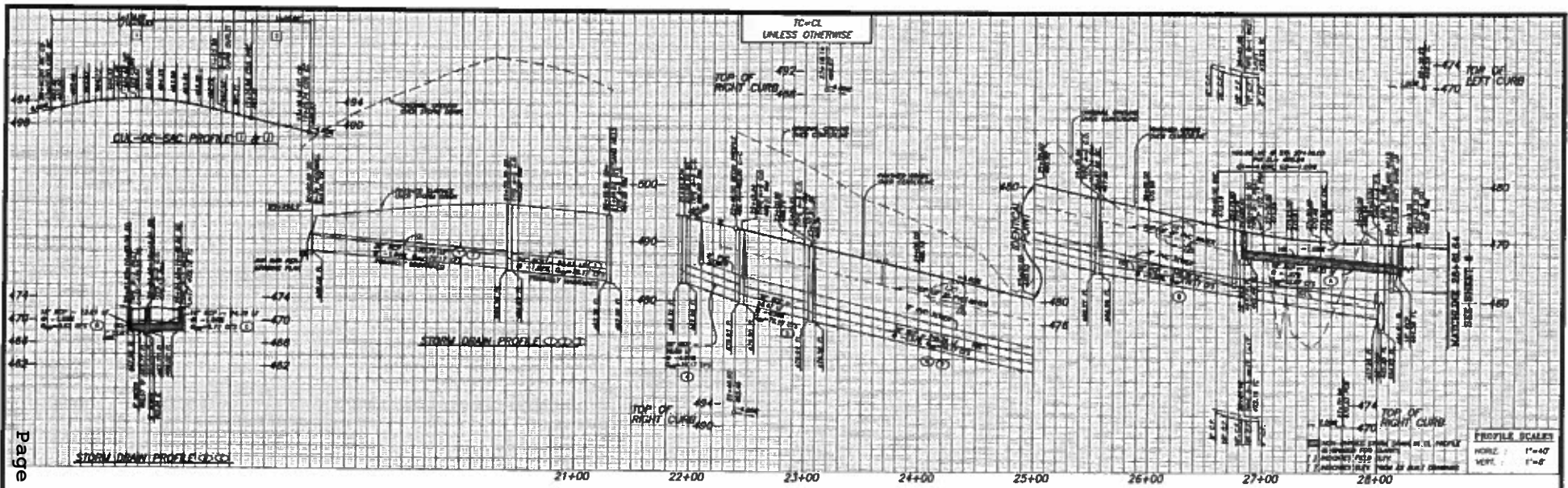
FOR CONTINUATION OF STORM DRAIN
SEE SHEET 12

HUNSAKER & ASSOCIATES
P.L.L.C.

1000 W. 11th St.
Arlington, Texas 76010

REGISTERED PROFESSIONAL ENGINEERS
STATE OF TEXAS

PROJECT NO. 1148-1234-4



CENTERLINE DATA

STATION	BEARING	ANGLE	LENGTH	REMARKS
21+00.00	S 89° 52' 00" W	90.00'	22.00'	CL
21+22.00	S 89° 52' 00" W	90.00'	22.00'	CL
21+44.00	S 89° 52' 00" W	90.00'	22.00'	CL
21+66.00	S 89° 52' 00" W	90.00'	22.00'	CL
21+88.00	S 89° 52' 00" W	90.00'	22.00'	CL
22+10.00	S 89° 52' 00" W	90.00'	22.00'	CL
22+32.00	S 89° 52' 00" W	90.00'	22.00'	CL
22+54.00	S 89° 52' 00" W	90.00'	22.00'	CL
22+76.00	S 89° 52' 00" W	90.00'	22.00'	CL
22+98.00	S 89° 52' 00" W	90.00'	22.00'	CL
23+20.00	S 89° 52' 00" W	90.00'	22.00'	CL
23+42.00	S 89° 52' 00" W	90.00'	22.00'	CL
23+64.00	S 89° 52' 00" W	90.00'	22.00'	CL
23+86.00	S 89° 52' 00" W	90.00'	22.00'	CL
24+08.00	S 89° 52' 00" W	90.00'	22.00'	CL
24+30.00	S 89° 52' 00" W	90.00'	22.00'	CL
24+52.00	S 89° 52' 00" W	90.00'	22.00'	CL
24+74.00	S 89° 52' 00" W	90.00'	22.00'	CL
24+96.00	S 89° 52' 00" W	90.00'	22.00'	CL
25+18.00	S 89° 52' 00" W	90.00'	22.00'	CL
25+40.00	S 89° 52' 00" W	90.00'	22.00'	CL
25+62.00	S 89° 52' 00" W	90.00'	22.00'	CL
25+84.00	S 89° 52' 00" W	90.00'	22.00'	CL
26+06.00	S 89° 52' 00" W	90.00'	22.00'	CL
26+28.00	S 89° 52' 00" W	90.00'	22.00'	CL
26+50.00	S 89° 52' 00" W	90.00'	22.00'	CL
26+72.00	S 89° 52' 00" W	90.00'	22.00'	CL
26+94.00	S 89° 52' 00" W	90.00'	22.00'	CL
27+16.00	S 89° 52' 00" W	90.00'	22.00'	CL
27+38.00	S 89° 52' 00" W	90.00'	22.00'	CL
27+60.00	S 89° 52' 00" W	90.00'	22.00'	CL
27+82.00	S 89° 52' 00" W	90.00'	22.00'	CL
28+04.00	S 89° 52' 00" W	90.00'	22.00'	CL

CURB DATA

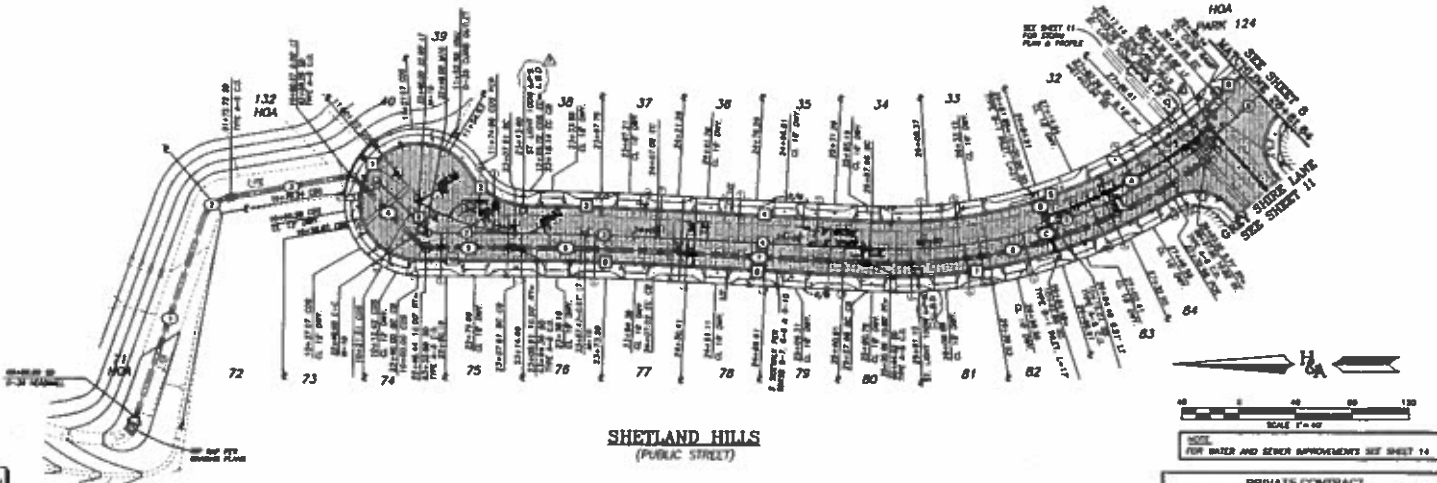
STATION	BEARING	ANGLE	LENGTH	REMARKS
21+00.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
21+22.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
21+44.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
21+66.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
21+88.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
22+10.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
22+32.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
22+54.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
22+76.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
22+98.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
23+20.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
23+42.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
23+64.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
23+86.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
24+08.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
24+30.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
24+52.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
24+74.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
24+96.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
25+18.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
25+40.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
25+62.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
25+84.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
26+06.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
26+28.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
26+50.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
26+72.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
26+94.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
27+16.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
27+38.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
27+60.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
27+82.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF
28+04.00	S 89° 52' 00" W	90.00'	174.00'	0" CURB & SURF

STORM DRAIN DATA (BYPASS)

STATION	BEARING	ANGLE	LENGTH	REMARKS
21+00.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+22.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+44.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+66.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+88.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+10.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+32.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+54.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+76.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+98.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+20.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+42.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+64.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+86.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+08.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+30.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+52.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+74.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+96.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+18.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+40.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+62.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+84.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+06.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+28.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+50.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+72.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+94.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+16.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+38.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+60.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+82.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
28+04.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0

STORM DRAIN DATA (ON BYPASS)

STATION	BEARING	ANGLE	LENGTH	REMARKS
21+00.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+22.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+44.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+66.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
21+88.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+10.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+32.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+54.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+76.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
22+98.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+20.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+42.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+64.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
23+86.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+08.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+30.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+52.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+74.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
24+96.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+18.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+40.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+62.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
25+84.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+06.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+28.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+50.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+72.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
26+94.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+16.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+38.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+60.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
27+82.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0
28+04.00	S 89° 52' 00" W	90.00'	195.71'	30" RCP 1.500-0



HUNSAKER & ASSOCIATES
 100 BIRD ST. INC.
 15000 W. 15th Ave. Suite 100
 Denver, CO 80202
 303.755.1100

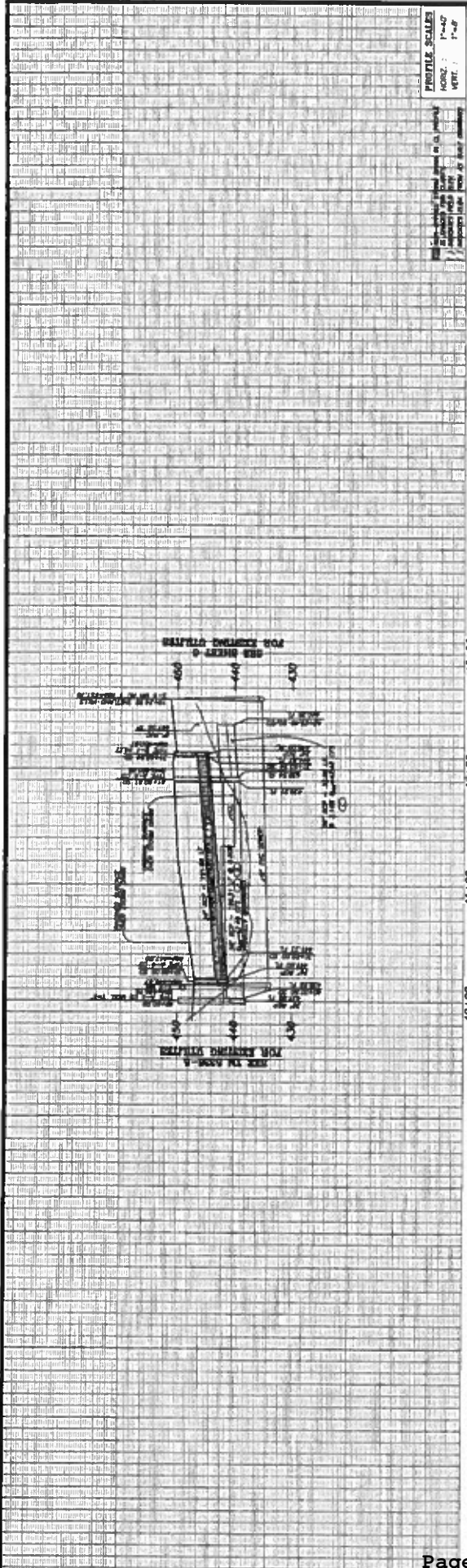
NOTE: ALL DIMENSIONS SHOWN TO FACE UNLESS OTHERWISE NOTED.
 ALL DIMENSIONS TO FACE UNLESS OTHERWISE NOTED.
 ALL DIMENSIONS TO FACE UNLESS OTHERWISE NOTED.

NO.	DESCRIPTION	APPROVED BY	DATE
1	ADD ST. LIGHT FIXTURES	[Signature]	1/21/16
2	UPGRADE WATER	[Signature]	1/21/16

BENCH MARK
 DESCRIPTION: 3.00' CONCRETE STAMPED BY 12/28/1988
 LOCATION: 28+13.75
 RECORD FROM: 2014/08/04 (CONTRACT RECORDING SHEET)
 ELEVATION: 308.48 DATUM: USC & G.D. DATUM OF 1988

PRIVATE CONTRACT
 COUNTY OF SOUTHERN CALIFORNIA
 DEPARTMENT OF PUBLIC WORKS
 IMPROVEMENT PLAN FOR:
SHETLAND HILLS EAST
 STATION: 20+83.48 TO 28+01.84
 CALIFORNIA COORDINATE ZONE: 42S-171N(0)
 [Signatures]
 1-21-16
 PWS2013-1146-3336-0

ENGINEER NAME: HUNSAKER & ASSOCIATES
 PHONE NO.: (303) 556-4500



CURB DATA

NO.	MANHOLE NO.	INVERT	LENGTH	REMARKS
1	111	2.2727' E	12.00'	EDGE OF PAVEMENT
2	112	2.2727' E	12.00'	EDGE OF PAVEMENT

STORM DRAIN DATA (NON-BYPASS)

NO.	MANHOLE NO.	INVERT	LENGTH	REMARKS
1	111	2.2727' E	12.00'	12" DIA. 12' LONG
2	112	2.2727' E	12.00'	12" DIA. 12' LONG

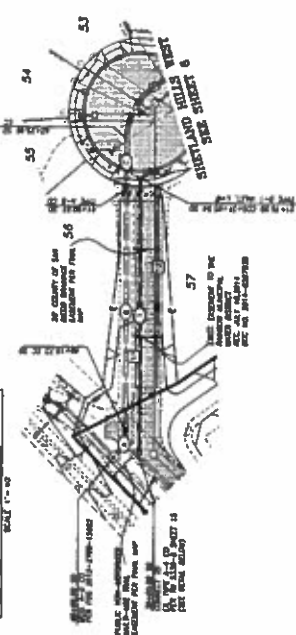
STORM DRAIN DATA (BYPASS)

NO.	MANHOLE NO.	INVERT	LENGTH	REMARKS
1	111	2.2727' E	12.00'	12" DIA. 12' LONG
2	112	2.2727' E	12.00'	12" DIA. 12' LONG

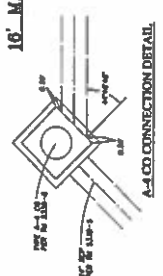
PROFILE SCALES

VERT. : 1"=4'-0"

VERT. : 1"=4'-0"



16' MAINTENANCE ACCESS ROAD
 (PRIVATELY MAINTAINED)



ALL DIMENSIONS ARE TO CENTER UNLESS NOTED OTHERWISE. ALL DIMENSIONS TO BE CHECKED IN THE FIELD BY THE CONTRACTOR.

PRIVATE CONTRACT

COUNTY OF SAN DIEGO
 DEPARTMENT OF PUBLIC WORKS

STATION: 30+00.00 TO 32+87.00

CALIFORNIA CONTRACT NO. 13-111-03

DATE: 11/11/11

PROJECT NO. 1100-1330-4

COURTY APPROVED CHANGES

NO.	DESCRIPTION	BY	DATE

BENCH MARK

RECONSTRUCTION 2.27' 2002. ELEV. 218.21 METERS. ST. 13.71. 1000.

LOCATION: 30.11.171

RECORD FROM: CALIFORNIA GEODESIC SURVEY DATA

DATE: 2002. SOURCE: U.S.G. BUREAU OF LAND SURVEY

RECORD PLAN

NAME: _____

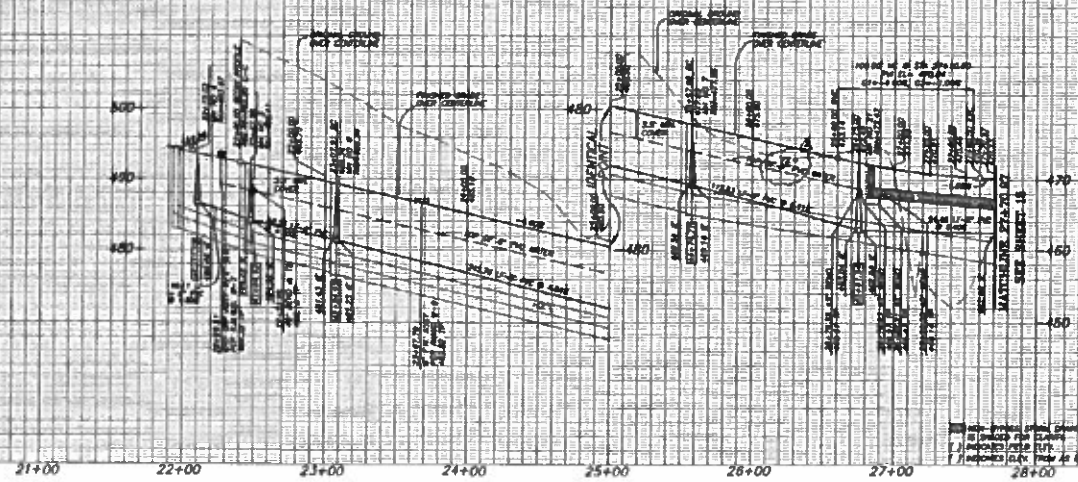
SCALE: _____

DATE: _____

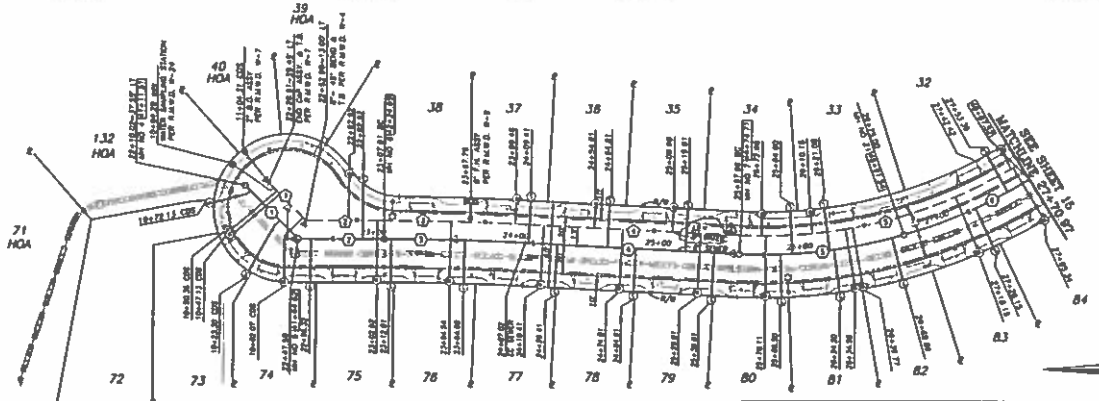


HUNSAKER & ASSOCIATES, INC.
 11000 La Jolla Village Drive
 San Diego, CA 92131
 (619) 558-4500
 www.hunsaaker.com

SLOPE OF WATER MAIN TO MATCH PROPOSED SURFACE UNLESS OTHERWISE SHOWN.



PROFILE SCALES
 HORZ. 1"=40'
 VERT. 1"=8'



SHETLAND HILLS EAST
 STATION: 22+40.00 TO 27+70.07

NOTE FROM COUNTY OF SAN DIEGO:
 THIS SHEET INCLUDED ON COUNTY TITLE
 BLOCK FOR BONDING PURPOSES.
 APPROVAL IS BY F.L.M.W.D.



SEWER DATA

NO.	DIAMETER	LENGTH	REMARKS
1	12" PIP	151.17'	6" P.C. 150-38
2	12" PIP	86.52'	6" P.C. 150-38
3	12" PIP	80.13'	6" P.C. 150-38
4	12" PIP	128.64'	6" P.C. 150-38
5	12" PIP	208.87'	6" P.C. 150
6	12" PIP	208.87'	6" P.C. 150

WATER DATA

NO.	DIAMETER	LENGTH	REMARKS
1	12" PIP	37.01'	6" P.C. 150
2	12" PIP	24.50'	6" P.C. 150
3	12" PIP	86.70'	6" P.C. 150
4	12" PIP	188.04'	6" P.C. 150
5	12" PIP	208.87'	6" P.C. 150

HUNSAKER & ASSOCIATES
 P.L.L.C.



PLANNING: 8880 Village Street
 ENCINITAS, San Diego, CA 92021
 SUPERVISING: PHOENIX-200-748-2228

RAINBOW
 3707 OLD HWY 205
 FALLBROOK, CA 92028

WATER/SEWER REVIEWED BY:
Quinn Plunka
 DISTRICT ENGINEER

APPROVED CHANGES

REV.	BY	DATE	REVISIONS	APPR.	DATE
1	ATA	3/16/15	UPSIZE WATER	PC	3/16/15

BENCH MARK
 DESCRIPTION: 2.11' EXH. DISC. STAMPED BY 11/21/1982
 LOCATION: SEE 13/79
 RECORD FROM: CALTRANS CONTROL MONUMENT DATA
 ELEVATION: 208.04 DATUM: V.C. & C.I. DATUM OF 1922

PRIVATE CONTRACT

CITY OF SAN DIEGO
 COUNTY OF SAN DIEGO
 DEPARTMENT OF PUBLIC WORKS

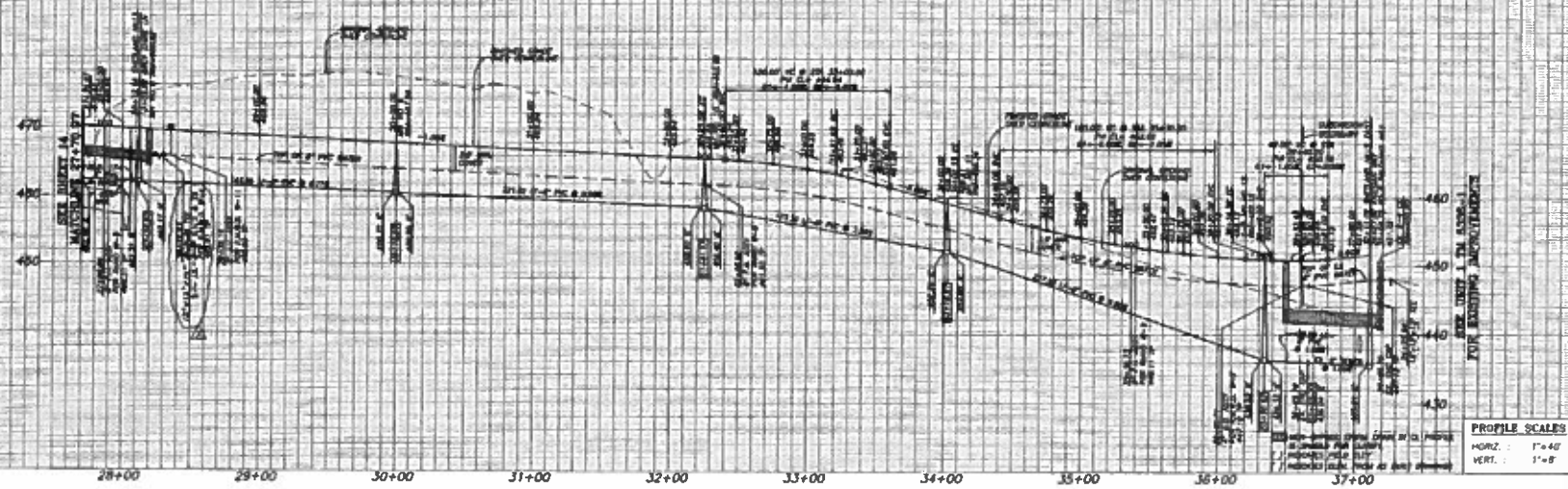
IMPROVEMENT PLAN FOR
SHETLAND HILLS EAST
 SEWER & WATER PLAN

CALIFORNIA COORDINATE INDEX 438-117182

PROJECT NO. 2140-5338-6

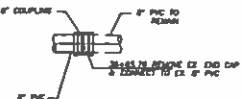
ENGINEER'S NAME: HUNSAKER & ASSOCIATES
 PHONE NO. (619) 554-4300

SLOPE OF WATER MAIN TO MATCH FINISHED SURFACE UNLESS OTHERWISE SHOWN



PROFILE SCALES
 HORIZ. 1"=40'
 VERT. 1"=8'

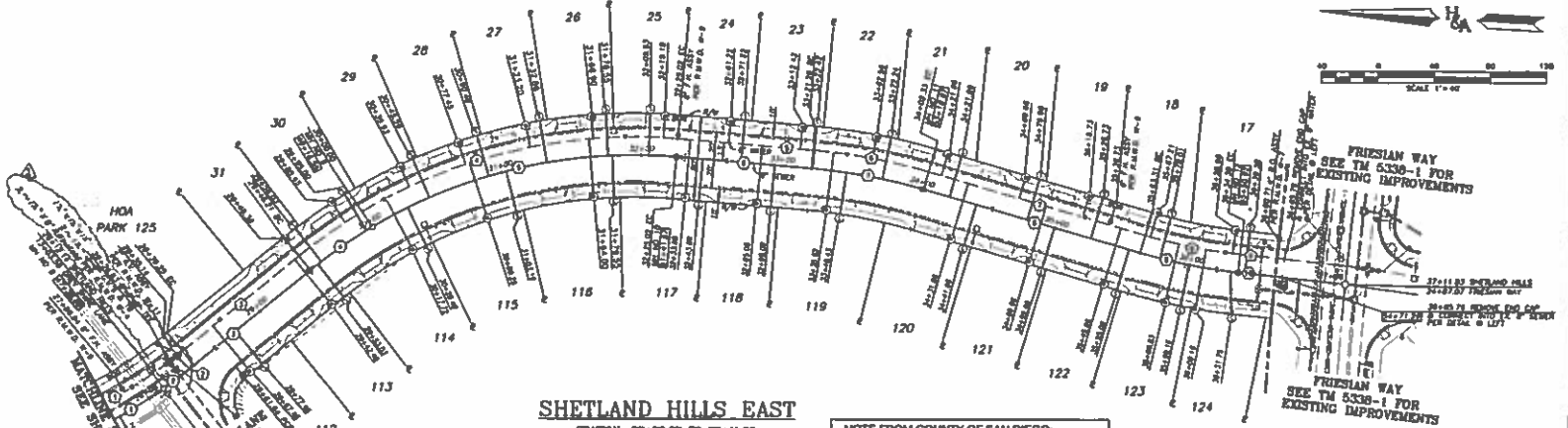
Page 235 of 332



SEWER & WATER CONNECTION DETAIL

BEARING/DELTA	ANGLE	LENGTH	REMARKS
1 8°42'30"	200.00'	47.17'	F.P.C. CL. 150
2 1°02'15"	200.00'	27.11'	F.P.C. CL. 150
3 0°47'33" R	200.00'	166.00'	F.P.C. CL. 150
4 8°21'30"	200.00'	53.77'	F.P.C. CL. 150
5 20°16'00"	200.00'	225.00'	F.P.C. CL. 150
6 0°17'00" L	200.00'	80.25'	F.P.C. CL. 150
7 17°00'30"	400.00'	61.80'	F.P.C. CL. 150
8 0°12'45" L	400.00'	180.00'	F.P.C. CL. 150
9 18°00'00"	400.00'	75.00'	F.P.C. CL. 150
10 0°23'45" L	400.00'	31.20'	F.P.C. CL. 150

BEARING/DELTA	ANGLE	LENGTH	REMARKS
1 8°42'30"	333.00'	63.75'	F.P.C. CL. 150
2 2°00'00"	333.00'	11.00'	F.P.C. CL. 150
3 0°47'33" R	375.00'	166.00'	F.P.C. CL. 150
4 8°21'30"	375.00'	300.00'	F.P.C. CL. 150
5 0°17'00" L	375.00'	80.25'	F.P.C. CL. 150
6 17°00'30"	615.00'	61.80'	F.P.C. CL. 150
7 0°12'45" L	615.00'	180.00'	F.P.C. CL. 150
8 18°00'00"	615.00'	80.25'	F.P.C. CL. 150
9 0°23'45" L	615.00'	31.20'	F.P.C. CL. 150



SHETLAND HILLS EAST
 STATION 27+70.97 TO 37+11.03

NOTE FROM COUNTY OF SAN DIEGO:
 THIS SHEET INCLUDED ON COUNTY TITLE
 BLOCK FOR BONDING PURPOSES.
 APPROVAL IS BY R.L.W.D.

HUNSAKER & ASSOCIATES
 SAN DIEGO, CA
 ENGINEER
 1545 LA JOLLA VILLAGE DRIVE
 SAN DIEGO, CA 92161
 (619) 594-1100

RAINBOW
 3707 OLD HWY 200
 FALLBROOK, CA 92028
 WATER/SEWER REVIEWED BY
 RAINBOW MUNICIPAL WATER DISTRICT
 DISTRICT ENGINEER
 DATE 7/1/15

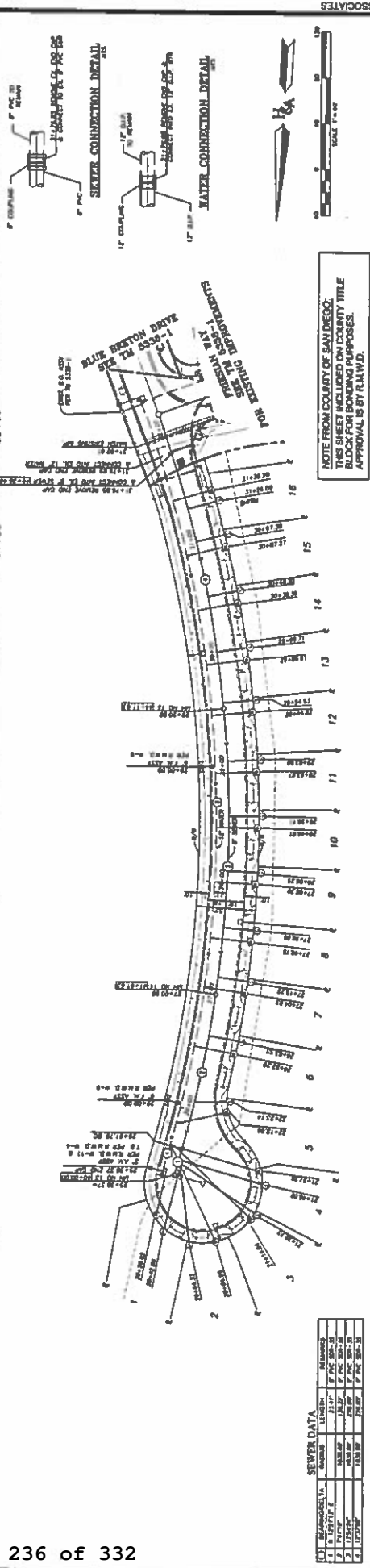
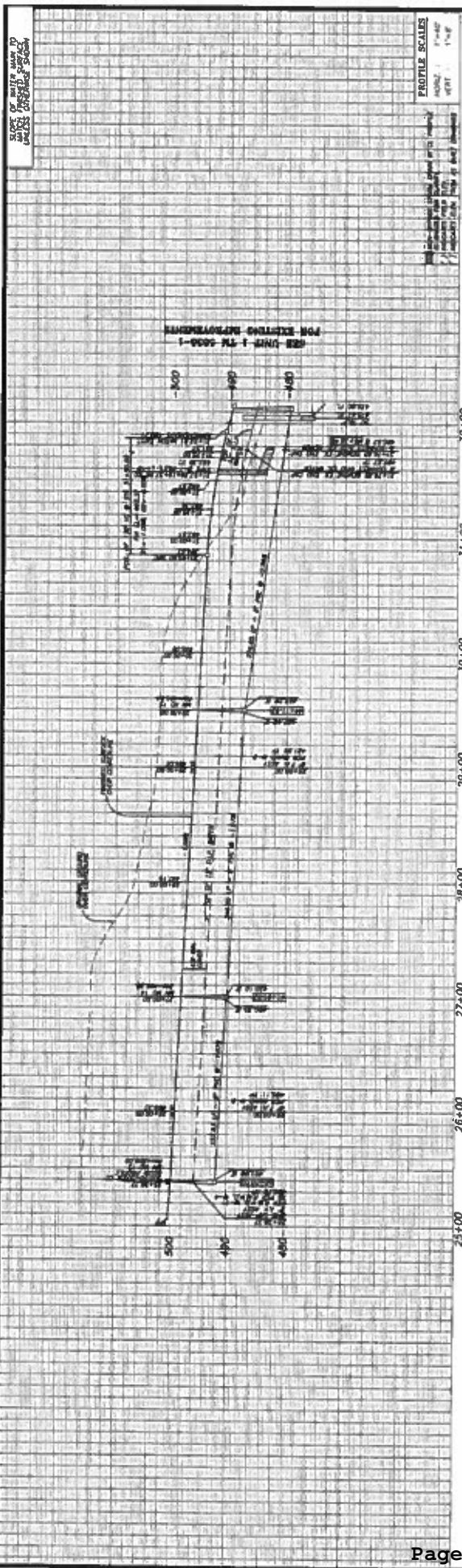
REV	BY	DATE	APPROVED CHANGES	REVISIONS	APPR	DATE
1	HEAD	07/01/15	UPSIZE WATER			

BENCHMARK
 DESCRIPTION: 2.25" 42021 GPC STUMPER SW 12/78 1980
 LOCATION: SEE PLAN
 ACCORD FROM: CALTRANS CONTROL MONUMENT DATA
 ELEVATION: 308.48' DATUM: USE A.C. DATUM OF 1929

PRIVATE CONTRACT
 COUNTY OF SAN DIEGO
 DEPARTMENT OF PUBLIC WORKS
 IMPROVEMENT PLAN FOR
SHETLAND HILLS EAST
 SEWER & WATER PLAN
 CALIFORNIA COORDINATE INDEX 429-1716(1)
 PROJECT NO. 21-00-5330-0
 SHEET NO. 235 OF 332

ENGINEER'S NAME: HUNSAKER & ASSOCIATES
 PHONE NO. (619) 594-1100

WOB 1278-0216



ENGINEER'S NAME: HUNSAKER & ASSOCIATES
 PHONE NO: (619) 556-4300

PROJECT: BLUE BRETON DRIVE
 SHEET: 236 OF 332

DATE: 7/18/15

NOTE FROM COUNTY OF SAN DIEGO:
 THIS SHEET IS INCLUDED ON COUNTY TITLE
 RECORDS AND IS SUBJECT TO COUNTY
 APPROVAL BY R.A.M.D.

BENCH MARK
 DESCRIPTION: 2.00' D.I. ROD, INSTALLED IN JULY 1990
 LOCATION: 25+12.71
 RECORD FROM: CALIFORNIA COUNTY RECORDS
 DATE: 08/04/90

REV	BY	DATE	APPROVED CHANGES

RAINBOW
 3750 OLD WAY DR
 FALLBROOK, CA 92028

DESIGNED BY: [Signature]
 CHECKED BY: [Signature]
 DATE: 7/18/15

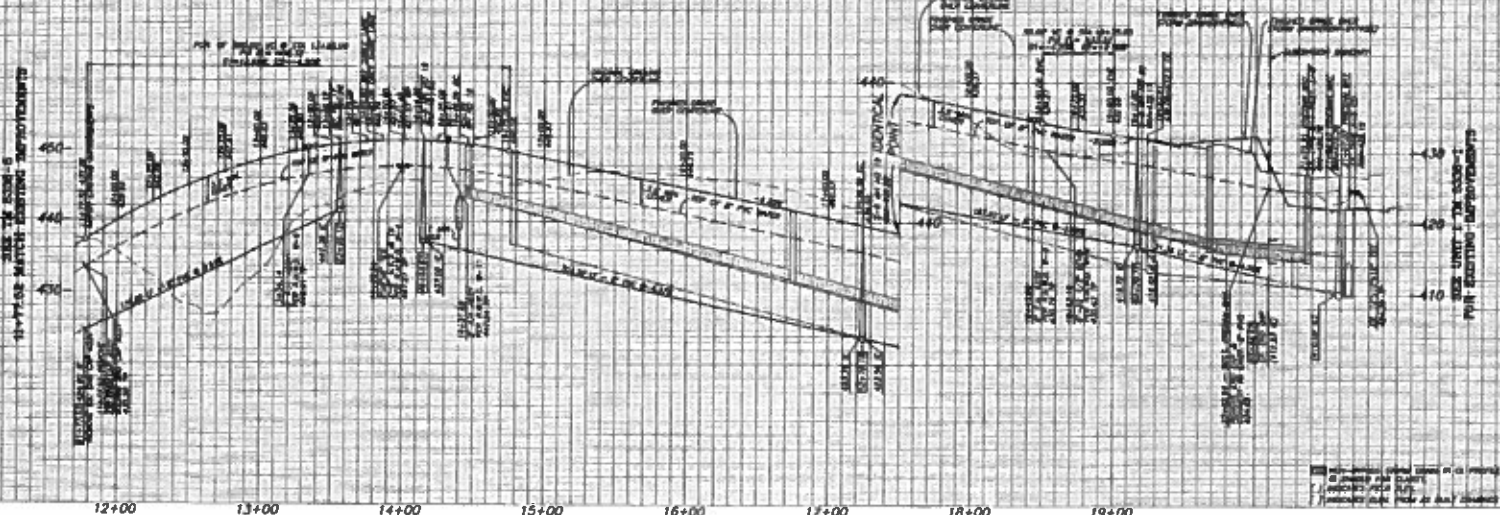
SEWER DATA			
NO.	DIAMETER (IN)	LENGTH (FEET)	INVERT ELEVATION
1	15"	11.47'	251.32
2	15"	12.82'	251.32
3	15"	12.82'	251.32
4	15"	12.82'	251.32
5	15"	12.82'	251.32

WATER DATA			
NO.	DIAMETER (IN)	LENGTH (FEET)	INVERT ELEVATION
1	15"	11.47'	251.32
2	15"	12.82'	251.32
3	15"	12.82'	251.32
4	15"	12.82'	251.32
5	15"	12.82'	251.32

HUNSAKER & ASSOCIATES
 1400 S. GARDEN ST.
 SAN ANTONIO, TX 78205

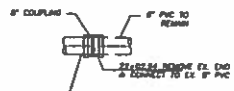
DATE: 7/18/15

SLOPE OF WATER MAIN TO MATCH FINISHED SURFACE UNLESS OTHERWISE SHOWN

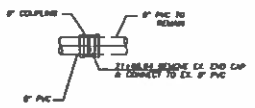


PROFILE SCALES
HORIZ: 1"=40'
VERT: 1"=8'

- EASEMENTS:**
- NO PUBLIC NON-RESERVED EASEMENT SHALL BE THE EASEMENT PER COUNTY OF SAN DIEGO DISTRICT NO. 1118-2
 - EXISTING EASEMENT REFERRED TO BY COUNTY OF SAN DIEGO DISTRICT NO. 1118-2
 - EXISTING EASEMENT FOR ROAD AND UTILITY PURPOSES TO COUNTY OF SAN DIEGO DISTRICT NO. 1118-2 AS RECORDED JANUARY 8, 1981 AS INSTRUMENT NO. 88-181118, 8000 G.L. PER THE 1118-2
 - EASEMENT TO THE RAINBOW MUNICIPAL WATER DISTRICT



WATER CONNECTION DETAIL



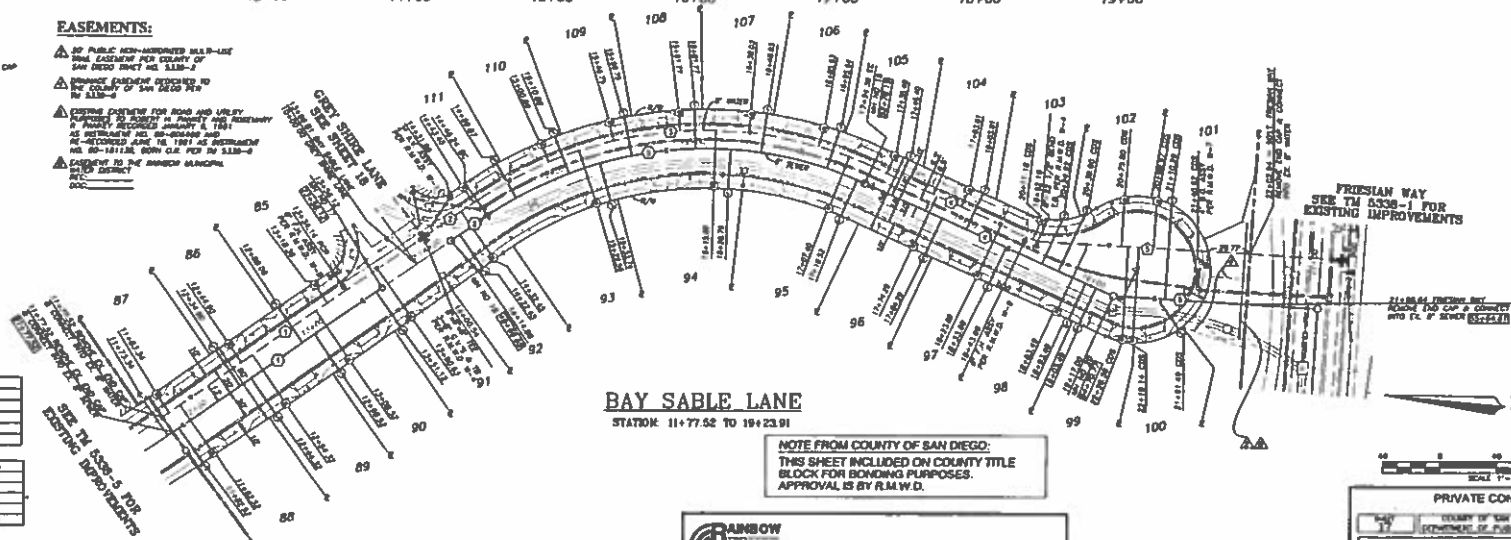
SEWER CONNECTION DETAIL

SEWER DATA

NO.	BEARING/Delta	RADIUS	LENGTH	REMARKS
1	N 82°11' W	176.80'	278.15'	8" P.C. C-200
2	N 82°11' W	31.30'	31.30'	8" P.C. C-200
3	S 87°27' E	288.00'	278.15'	8" P.C. C-200
4	N 82°11' W	176.80'	278.15'	8" P.C. C-200
5	N 72°30' E	116.77'	116.77'	8" P.C. C-200

WATER DATA

NO.	BEARING/Delta	RADIUS	LENGTH	REMARKS
1	N 82°11' W	223.80'	223.80'	8" P.C. C-150
2	N 82°11' W	45.30'	45.30'	8" P.C. C-150
3	S 87°27' E	291.80'	291.80'	8" P.C. C-150
4	N 82°11' W	176.77'	176.77'	8" P.C. C-150



NOTE FROM COUNTY OF SAN DIEGO:
THIS SHEET INCLUDED ON COUNTY TITLE BLOCK FOR BONDING PURPOSES.
APPROVAL IS BY R.M.W.D.

HUNSAKER & ASSOCIATES
SAN DIEGO, CALIF.
PLANNING: W.W. Wiggins, Jr.
ENGINEERING: San Diego, Ca 92101
REGISTERED PROFESSIONAL ENGINEER NO. 42820

RAINBOW 3797 OLD HWY 295
FALLSBROOK, CA 92028
WATER/SEWER REVIEWED BY:
RAINBOW MUNICIPAL WATER DISTRICT
DISTRICT ENGINEER

APPROVED CHANGES

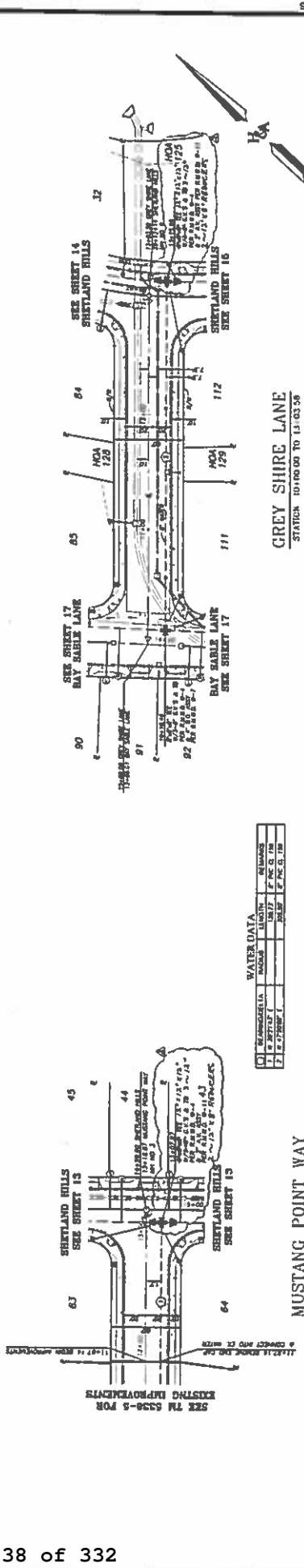
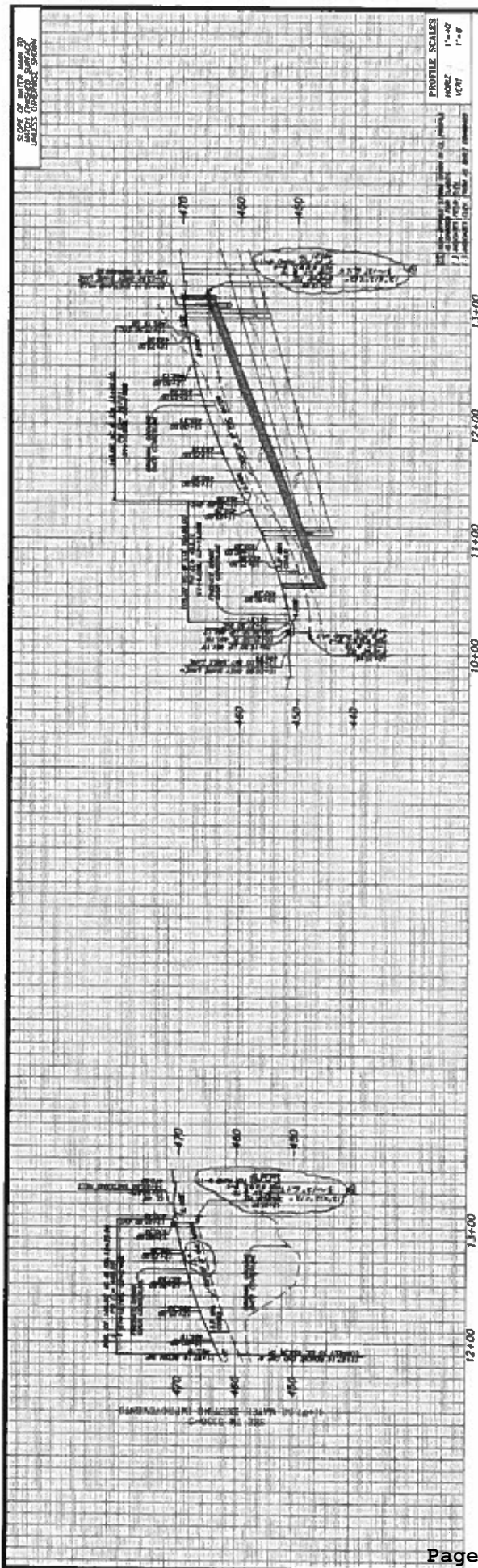
REV	BY	DATE	REVISIONS	APPR	DATE

BENCH MARK

DESCRIPTION: 3.27' CONCRETE STAMPED ON 12/25/1988
LOCATION: SEE 11/03
RECORD FROM: SAN DIEGO COUNTY RECORDS DEPT.
ELEVATION: 308.98' DATE: USC & GS DATUM OF 1922

PRIVATE CONTRACT
COUNTY OF SAN DIEGO
DEPARTMENT OF PUBLIC WORKS
IMPROVEMENT PLAN FOR
BAY SABLE LANE
SEWER & WATER PLAN
CALIFORNIA COORDINATE INDEX 428-121847
PROJECT NO. 11-1140-5336-4

ENGINEERS NAME: HUNSAKER & ASSOCIATES



SCALE 1"=40'

MUSTANG POINT WAY
STATION 11+80.41 TO 13+18.87

SCALE 1"=40'

GREY SHIRE LANE
STATION 10+00.00 TO 13+03.58

SCALE 1"=40'

NOTE FROM COUNTY OF SAN DIEGO:
THIS SHEET INCLUDED ON COUNTY TITLE
BLOCK FOR BONDING PURPOSES.
APPROVAL IS BY P.M.W.D.

WATER DATA	
1. ROADWAY	2. ELEVATION
3. WIDTH	4. GRADE
5. SLOPE	6. MATERIAL

SEE TM 6330-5 FOR EXISTING IMPROVEMENTS

SEE SHIRE LANE 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0

SEE SHIRE LANE 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0

SEE SHIRE LANE 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0

SCALE 1"=40'

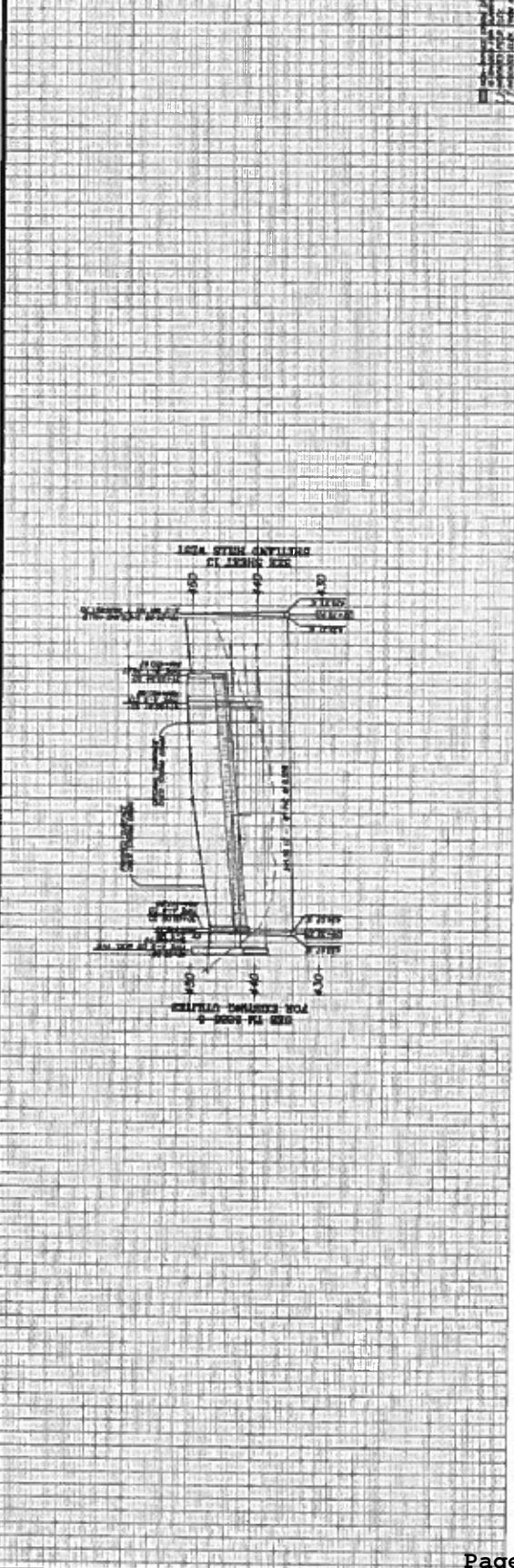
HUNSAKER & ASSOCIATES
11180 VICTORY DRIVE, SAN DIEGO, CA 92121
TEL: 619-594-9000
FAX: 619-594-9001
WWW.HUNSAKER.COM

SCALE 1"=40'

PRIVATE CONTRACT

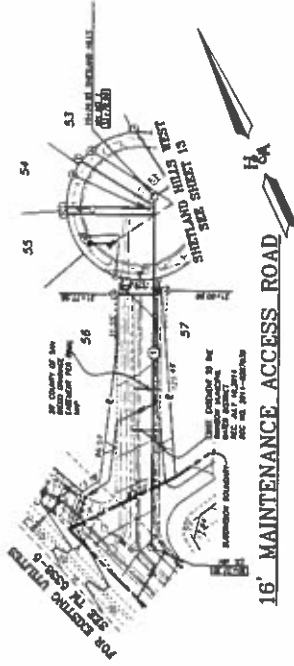
CLIENT: GREY SHIRE LANE
MUSTANG POINT WAY
COUNTY: SAN DIEGO
PROJECT NO: 11180-V-01

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
ENGINEER'S NAME: HUNSAKER & ASSOCIATES



PROFILE SCALES
VERTICAL 1" = 4'
HORIZONTAL 1" = 40'

NOTE: THE PROFILE IS TO BE CONSIDERED AS A GUIDE ONLY. THE EXACT ELEVATIONS AND STATIONING SHALL BE AS SHOWN ON THE FIELD NOTES AND THE RECORD DRAWING.



SEWER DATA

STATIONING	MANHOLE	LENGTH	DIAMETER	REMARKS
54+00	1	10.00	18"	NEW
55+00	2	10.00	18"	NEW
56+00	3	10.00	18"	NEW
57+00	4	10.00	18"	NEW

NOTE FROM COUNTY OF SAN DIEGO:
THIS SHEET INCLUDED ON COUNTY TITLE
BLOCK FOR BONDING PURPOSES.
APPROVAL IS BY T.M.H.D.



REV	DATE	BY	DESCRIPTION

PRIVATE CONTRACT

COUNTY OF SAN DIEGO
APPROPRIATE PLAN FOR
PRIVATE DRIVE

STATIONING: 54+00 TO 57+00
CALIFORNIA CONTRACT NO. 123456789
ISSUED ON 01/01/2024

DATE: 1/1/24

BENCH MARK
DESCRIPTION: 2.0' DIRT DISK, SURVEYED ON 11/29/1988
LOCATION: 28 13721
RECORD FROM: CALIFORNIA COGNATE, COUNTY OF SAN DIEGO
ELEVATION: 288.19 - DATA USE & SOURCE BY: 1028

HUNSAKER & ASSOCIATES, INC.
1800 La Jolla Village Drive
San Diego, CA 92161
Tel: 619-444-1111
Fax: 619-444-1112

RAMBOW 2700 Old Hwy 395
Folsom, CA 95630

WATER/SEWER APPROVED BY
Rambow Municipal Water District

[Signature]
PROJECT ENGINEER

DATE: 7/1/15

DATE: 7/1/15

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ACCEPT WATER SYSTEM IMPROVEMENTS FOR THE MOOSA CREST PIPELINE EMERGENCY REPAIR AND END THE STATE OF EMERGENCY DECLARED IN RESOLUTION 17-10

BACKGROUND

The Moosa Crest pipeline is a 16-inch water transmission pipeline that was originally installed in 1960 and runs north to south perpendicular to Camino Del Rey. During a storm in late February, Moosa Creek drastically increased in flow and compromised the pipe and put it out of service. The Moosa Crest pipeline is a vital transmission main to the District's Morro and South Zone and is necessary to meet demands during the peak summer months. The Board declared the project an emergency by adopting Resolution 17-10 on February 28, 2017 and authorized the General Manager to proceed with the replacement of the pipeline. The Design for the pipeline replacement was completed by IEC in June 2017 and the construction agreement with Cass Construction was executed on July 17, 2017. The pipeline was placed in service in October 2017 in time for the aqueduct shutdown. All construction has now been completed. District staff provided inspection and construction management with specialty inspection by outside consultants.

DESCRIPTION

When completed, newly constructed facilities are accepted by the Board of Directors to become District property. This construction project consists of the installation of foundations, a 120 ft. span prefabricated utility bridge, and 235 ft. of 16" diameter CMLC steel pipe with appurtenances. The contractor has provided the District with the required security to guarantee repairs due to failure of materials or workmanship for a period of one year following the filing of a Notice of Completion.

The repair or replacement of the Moosa Crest Line was necessary to mitigate the emergency situation faced by the District and its residents according to Resolution 17-10. Thus, by accepting the facilities, the Board will end the state of emergency described in Resolution 17-10.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management. This project continued the service of a major District asset through replacement.

BOARD OPTIONS/FISCAL IMPACTS

By accepting the water system improvements and authorizing the filing of a Notice of Completion, the District takes ownership of the asset and enters a one year warranty period.

- 1) Accept Water System Improvements for the Moosa Crest Pipeline Emergency Repair, authorize the filing of a Notice of Completion, release retention funds, and End the State of Emergency described in Resolution 17-10.
- 2) Provide other direction to staff.

STAFF RECOMMENDATION

Staff recommends option 1.



Michael Powers
Associate Engineer

3/27/2018

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE A VARIANCE TO ORDINANCE 17-07 TO ALLOW A PROPERTY LARGER THAN 0.5 ACRES TO QUALIFY FOR CAPACITY CLASS B

BACKGROUND

On July 25, 2017 the Board of Directors adopted Ordinance 17-07 which states “Lot size less than 21,788 sqft (0.5 acres) may qualify for a ¾ inch meter.” A property owner has requested a variance from the ordinance because he is proposing to install a ¾ inch meter and pay the capacity charges for capacity class B for a 7.16 acre property. The property owner will be keeping the native landscaping which will require little to no irrigation and building an 1,800 sqft residence. According to the Ordinance, the property owner would qualify for capacity class C which has a higher capacity charge and results in higher monthly charges. The property owner has stated that capacity class B will more than cover his needs and he believes it is unreasonable to require a larger capacity class simply because of the size of his parcel.

DESCRIPTION

The Capacity charges were developed through a comprehensive study based on an analysis by Willdan and Raftelis of the value of District assets and the maximum day use patterns of existing customers with particular meter sizes. The reference meter size for capacity class B is ¾ inch. According to the Raftelis analysis, the maximum allowable usage for capacity class B should be 50 CCF/mo, or 1.38 AF/yr. The lot size requirement was included in the ordinance to protect the District from customers over using their allotted capacity. An agreement could be drafted to allow a parcel larger than 0.5 acres to qualify for capacity class B with the protection that if the customer does regularly use water beyond the intended capacity of 50 CCF/mo, they would be required to pay the charge for the capacity class appropriate to their use. This type of agreement would require additional tracking which has not yet been developed.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area One: Water Resources. Allowing property owners with large parcels to qualify for capacity class B and pay lower capacity and monthly charges may incentivize the use of drought tolerant and native landscaping which uses less water and puts less strain on existing water resources.

Strategic Focus Area Four: Fiscal Responsibility. Ensuring that customers with large parcels have agreed to pay the charges for use beyond the allotted capacity protects the District and other customers from subsidizing large water users.

Strategic Focus Area Five: Customer Service. This type of agreement allows the Board to fit the needs of an individual customer based on their specific use patterns which fall outside the expectations of typical use patterns covered by the existing policy.

BOARD OPTIONS/FISCAL IMPACTS

If the Board allows the variance, the customer will pay \$6,241 less in capacity charges and \$13.38 less per month in monthly charges unless they regularly use capacity beyond 50 CCF/mo. There would also be additional expense for drafting the agreement and tracking the customer's compliance with the agreement.

- 1) Approve a variance to Ordinance 17-07 to allow a property larger than 0.5 acres to qualify for capacity class B and direct staff to draft an agreement which includes a means of remedy if the customer regularly exceeds the intended capacity of 50 CCF/mo.
- 2) Provide other direction to staff.

STAFF RECOMMENDATION

Staff supports direction.



Michael Powers
Associate Engineer

3/27/2018

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

CONSIDER ADOPTION OF RESOLUTION NO. 18-08, TAKING A SUPPORT POSITION FOR THE "DRINKING WATER TAX OPPOSE-UNLESS-AMENDED COALITION" AND CONSIDER MAKING A FINANCIAL CONTRIBUTION TO THE EFFORT TO OPPOSE THE BILL

DESCRIPTION

This agenda item is to consider taking a formal Board position to oppose the "Water Tax" being proposed in Sacramento. This tax would require all water agencies to collect fees from our customers to be sent to Sacramento where these funds would be used to assist disadvantaged communities (DACs) where they have compromised water supply systems. The Association of California Water Agencies (ACWA) is leading the statewide charge to oppose this measure and the District has already sent in letters of opposition to previous versions of the bill. ACWA is now asking for voluntary contributions from member agencies to fund a specific outreach effort to oppose the measure.

BACKGROUND

In several areas of the state, primarily in poor agricultural areas of the Central Valley, small communities water systems that cannot produce water suitable for human consumption and do not have the resources to fix their systems. The problems include undercapitalization of the water systems, but a significant part of the problem is contamination of the wells from dairy and agricultural operations.

For the last two years the State has been working to push through a new water tax in order to fund cleanup efforts. In a deal worked out with the dairy and agricultural interests, this program would have these cleanup efforts funded at a 15% level by the dairy and ag interests, with the rest of the statewide water customers picking up the other 85%. As the attached Assembly Subcommittee Analysis shows, this does not follow the principle of "the polluter pays" when it comes to cleanup.

More troubling is the fact that once the State attaches a taxing mechanism to water bills, it is unlikely that this will be the only problem they will try to "solve" through increased taxation. This is the proverbial camel's nose under the tent – once you see the nose, it is not long until the whole camel is in the tent.

Last year, SB 623 was held at bay, but this year the Governor is pushing the measure through as a budget trailer bill. This process avoids much of the committee hearing process and is an effort to shove this through on the budget. We have only a few months to inform legislators that this is a terrible bit of policy and that they should not cave to the pressure being applied by the Administration.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility - If adopted, this water tax will make our rate setting process more difficult as our bills go up but the revenue goes up to the State.

Strategic Focus Area Five: Customer Service – We are the last line of defense for our customers in this shameless cash grab by the State – we need to push hard to convince the Legislature to find another way to correct this problem.

BOARD OPTIONS/FISCAL IMPACTS

Should the Board choose to fund the effort to oppose the Water Tax, there will be an immediate fiscal impact in the amount chosen. Staff is recommending \$10,000 which is available in this year's budget.

In the long term, this water tax will cost our ratepayers a lot of money – an amount that is hard to define now but is certain to increase over time.

Staff offers the following options:

1. Approve Resolution No. 18-08 and a voluntary contribution of \$10,000 to support the ACWA effort to oppose the Water Tax.
2. Approve Resolution No. 18-08 with no voluntary contribution to the ACWA effort to oppose the Water Tax
3. Give staff other direction

STAFF RECOMMENDATION

Staff recommends Option 1.


Tom Kennedy
General Manager

March 27, 2018

RESOLUTION NO. 18-08

**RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW
MUNICIPAL WATER DISTRICT OPPOSING THE PROPOSED
WATER TAX BILL**

WHEREAS, the Board of Directors of Rainbow Municipal Water District is committed to representing the interests of its ratepayers as well as the larger water community as a whole; and

WHEREAS, there are areas of our state that have poorly funded water systems that have been affected by water contamination, and

WHEREAS, the State of California has correctly identified this as an issue that must be addressed because all citizens of California deserve access to safe drinking water, and

WHEREAS, in the 2017 legislative year, Senator Monning proposed SB623 which would have placed a tax on water bills throughout the state to fund an effort to address these problems, and

WHEREAS, SB 623 did not make it out of committee during the 2017 legislative year but has been brought back as a proposed Budget Trailer Bill for this year renamed the Safe and Affordable Drinking Water Act, and

WHEREAS, the proposed Safe and Affordable Drinking Water Act is an unnecessary overreach of the State Government as a tax on water, and

WHEREAS, numerous other funding sources are currently available to address the issue, including State Revolving Funds, General Obligation Bonds, and the State General Fund, and

WHEREAS, the proposed Safe and Affordable Drinking Water Act does not compel the sources of pollution to pay a fair share for the cleanup, and

WHEREAS, the proposed Safe and Affordable Drinking Water Act is an unnecessary overreach of the State Government, and

WHEREAS, the adoption of this proposed bill will have a significant negative impact on the customers of Rainbow Municipal Water District.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED That the Board of Directors formally opposes the adoption of the Safe and Affordable Drinking Water Act as currently proposed

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 27rd day of March 2018 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

From: Timothy Quinn <Tim.Quinn@acwa.com>
Sent: Tuesday, March 06, 2018 3:03 PM
To: Tim Quinn; Heather Engel; Cindy Tuck; Paula Currie
Cc: Michaela Martinez
Subject: Update for ACWA's No Drinking Water Tax Coalition

Dear No Drinking Water Tax Coalition Member,

Thank you for your continued support in fighting the proposed tax on drinking water, which I believe is one of the most important fights undertaken by ACWA and member agencies in recent years. To date, ACWA has received pledges totaling \$110,000 for this campaign. We hope to secure \$300,000 in voluntary contributions to potentially sustain the campaign through the summer.

Thanks to your contributions, ACWA has selected a public affairs firm to assist staff with the external affairs campaign. Specifically, they will help update ACWA's toolkit, write and coordinate placement of op-eds throughout the state, assist with media relations, develop a digital and social media advertising campaign targeted to key legislative districts and develop a new website, among other tasks.

In response to questions from some member agencies, ACWA consulted with its legal counsel. To ensure compliance with applicable laws and give you a level of comfort and security moving forward, we are dividing all the money raised for this campaign into separate accounts for public and private funds. The public funds will only be used for expenses related to direct lobbying of legislators and educational components.

If you haven't already, I urge you to submit a voluntary contribution to fund this effort using the attached contribution form.

If you have any questions or concerns, please don't hesitate to contact me directly at timq@acwa.com or ACWA's Director of Communications Heather Engel at heathere@acwa.com. We are currently scheduling briefings with member agencies. Please let me know if you would like to schedule an in-person meeting to discuss this effort.

Best Regards,

Tim Quinn

Executive Director

Association of California Water Agencies

916.441.4545 | TimQ@acwa.com | www.acwa.com



**3940 STATE WATER RESOURCES CONTROL BOARD
8570 DEPARTMENT OF FOOD AND AGRICULTURE****ISSUE 12: SAFE AND AFFORDABLE DRINKING WATER**

The Governor's budget proposes trailer bill language to establish the Safe and Affordable Drinking Water Program and the Safe and Affordable Drinking Water Fund (SADWF). The Governor's budget also requests a one-time loan of \$4.7 million from the Underground Storage Tank Cleanup Fund to begin implementation of this new program. Specifically, this budget proposal and trailer bill:

- 1) Establishes the Safe and Affordable Drinking Water Program and Fund to be administered by the State Water Resources Control Board.
- 2) Provides the Department of Food and Agriculture (CDFA) the authority to impose and collect fees from certain agricultural entities.
- 3) Exempts an agricultural operation from enforcement for causing or contributing to nitrate in groundwater if they demonstrate certain mitigation requirements are followed.
- 4) \$3.3 million and 23 positions for the State Water Resources Control Board to:
 - 1) develop and adopt a fund implementation plan, 2) process charges that would be deposited into SADWF, 3) map areas at high risk for drinking water contamination and process drinking water data provided by local agencies, 4) develop an assessment of the total amount of annual funding needed to assist water systems in the state to provide safe drinking water, and 5) perform accounting and other administrative tasks.
- 5) \$1.4 million and 7 positions for the CDFA to collect charges from agricultural entities.

BACKGROUND

Federal, State, and Local Entities Regulate Drinking Water. The federal Safe and Affordable Drinking Water Act (SDWA) was enacted in 1974 to protect public health by regulating drinking water. California has enacted its own safe drinking water act to implement the federal law and establish state standards. The U.S. Environmental Protection Agency (EPA) enforces the federal SDWA at the national level. However, most states, including California, have been granted "primacy" by the U.S. EPA, giving them authority to implement and enforce the federal SDWA at the state level.

Maximum contaminant levels (MCLs) are health-based drinking water standards that public water systems are required to meet. MCLs take into account the health risk, detectability, treatability, and costs of treatment associated with a pollutant. Agencies responsible for regulating water quality enforce these standards.

The SWRCB's Division of Drinking Water (DDW) regulates public water systems that provide water for human consumption and have 15 or more service connections, or

regularly serve at least 25 individuals daily at least 60 days out of the year. (A “service connection” is usually the point of access between a water system’s service pipe and a user’s piping.) DDW does not regulate water systems with less than 15 connections; county health officers oversee them. At the local level, 30 of the 58 county environmental health departments in California have been delegated primacy—known as Local Primacy Agencies (LPAs)—by the SWRCB to regulate systems with between 15 and 200 connections within their jurisdiction. For investor-owned water utilities under the jurisdiction of CPUC, the DDW or LPAs share water quality regulatory authority with CPUC.

The DDW regulates approximately 7,500 water systems. About one-third of these systems have between 15 and 200 service connections. The number of smaller systems—specifically, those with 14 or fewer connections—is unknown but estimated to be in the thousands.

Multiple Causes of Unsafe Drinking Water. The causes of unsafe drinking water can be separated into two categories: 1) contamination caused by human action and 2) naturally occurring contaminants. In some areas, there are both human caused and natural contaminants in the drinking water.

Three of the most commonly detected pollutants in contaminated water are arsenic, perchlorate, and nitrates. While arsenic is naturally occurring, perchlorate contamination is generally a result of military and industrial uses. High concentrations of nitrate in groundwater are primarily caused by human activities, including fertilizer application (synthetic and manure), animal operations, industrial sources (wastewater treatment and food processing facilities), and septic systems. Agricultural fertilizers and animal wastes applied to cropland are by far the largest regional sources of nitrate in groundwater, although other sources can be important in certain areas.

Unsafe Drinking Water a Statewide Problem. SWRCB has identified a total of 331 water systems that it or LPAs regulate that are in violation of water quality standards. These water systems serve an estimated 500,000 people throughout the state. The number of water systems with 14 or fewer connections that are currently in violation of water quality standards is unknown, but estimated to be in the thousands by SWRCB. Of the 331 systems identified by SWRCB, 68 have violations associated with nitrates (and in some cases, additional contaminants). In some of these water systems, unsafe contamination levels persist over time because the local agency cannot generate sufficient revenue from its customer base to implement, operate, or maintain the improvements necessary to address the problem. The challenge in these systems is often a product of a combination of factors, including the high costs of the investments required, low income of the customers, and the small number of customers across whom the costs would need to be spread.

Safe and Affordable Drinking Water a Human Right. In response to concerns about the prevalence of unsafe drinking water in California, Chapter 524 of 2012 (AB 685, Eng) was enacted. This law declares the state’s policy that every human being has the

right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. Under Chapter 524, state agencies are required to consider this policy when revising, adopting, or establishing policies, regulations, and grant criteria. Chapter 524 clarifies that it does not expand the state's obligations to provide water or require the state to fund water infrastructure.

SWRCB Administers Programs to Provide Safe Drinking Water. The SWRCB administers the Drinking Water State Revolving Fund (DWSRF), which provides continuously appropriated funding for low- and zero-interest loans, debt refinancing, principal forgiveness, and grants to public water systems for infrastructure improvements to correct system deficiencies and improve drinking water quality. Eligible projects include the planning, design, and construction of drinking water projects such as water treatment systems, distribution systems, and consolidation with another water system that has safe drinking water. The program is funded by annual capitalization grants from the U.S. EPA and a federally required 20 percent state match (usually from bond funds). The federal and state funds are then used to provide financial assistance for eligible projects. In 2016-17, SWRCB estimates the DWSRF disbursed about \$330 million and provided technical assistance to water systems.

SWRCB also administers temporary programs to provide safe and affordable drinking water. For example, SWRCB administers the Clean Drinking Water Program for Disadvantaged Households, which provided one-time funding of \$8 million General Fund in 2017-18 to disadvantaged households and small water systems, to ensure they have adequate access to clean drinking water and adequate sanitation. Eligible projects include capital costs for replacement and repair of existing domestic wells. The board has also administered funds approved by the voters through various bond measures for capital investments, and some operations and maintenance costs aimed at providing safe drinking water. For example, Proposition 1 (2014) authorized \$520 million for grants and loans for projects that improve water quality, including to help provide clean, safe, and reliable drinking water to all Californians. Some of this funding supports the DWSRF.

LAO COMMENTS

The LAO identified three issues for the Legislature to consider as it deliberates on the proposal: 1) consistency with the state's human right to water policy, 2) uncertainty about the estimated revenues that would be generated by the proposal and the amount of funding needed to address the problem, and 3) consistency with the polluter pays principle.

Proposal Is Consistent With Human Right to Water Policy. The Governor's proposal is consistent with the state's statutory policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption. The proposal would make safe and affordable drinking water more widely available throughout the state largely by providing funding for operations and maintenance activities for water treatment systems. While the administration has not conducted its

own estimate of the number of people this proposal would help, based on the information available, it would appear that this funding could address a large share of the problem. In particular, the proposal would prioritize additional funding to disadvantaged communities and low-income households served by water systems with less than 14 connections.

Uncertain to the Extent Proposed Revenues Will Fully Address Problems. A private consulting firm estimated the total annual cost to address contaminated drinking water at \$140 million (\$30 million for nitrate treatment and \$110 million for other contaminants). However, this estimate is highly uncertain given the lack of data about the number of smaller water systems and domestic wells that fail to provide safe drinking water. It is possible that actual costs could be significantly higher. We note that under the proposal, SWRCB would be required to prepare an annual needs assessment, which could provide the Legislature with greater certainty in the future.

There is also uncertainty about the amount of revenue that will be generated under this proposal, particularly from the agricultural entities. The budget trailer legislation allows SWRCB to adjust ratepayer charges downward if the funding provided exceeds future demand for the funds. However, if the demand exceeds funding in the future, any increase in charges would require approval by the Legislature.

Might Not Fully Implement the Polluter Pays Principle. The “polluter pays” principle is the concept that those entities that cause an environmental harm should be responsible for the costs associated with cleaning up that contamination and addressing the harm done. The vast majority of nitrate contamination is caused by agricultural activities. As such, the administration’s proposal to have agricultural entities pay charges to address the effects of that contamination appears consistent with the polluter pays principle. However, in at least two ways, the proposal might not be entirely consistent with the principle. First, it is worth noting that some of the current nitrate contaminants in groundwater are not entirely from current agricultural operations. Instead, some of these nitrates are legacy contamination that could be from as much as decades ago. Therefore, it might not be entirely consistent with the polluter pays principle to have current operators pay for contamination caused by previous operators. Second, based on the information available, it appears that the funds raised by charges on agricultural entities might not be sufficient to address the costs related to nitrate contamination. The assessment performed by the private consulting firm estimated annual total costs of \$30 million to address drinking water systems exceeding the nitrate MCL. However, CDFA estimates the charges on dairies and fertilizer combined would total about \$19 million per year when fully implemented. (At the time this analysis was prepared, the administration had not completed a revenue estimate for the charge on confined animals.) Consequently, the proposal could result in nitrate-related contamination in drinking water being addressed from revenues generated by the charge on water system customers rather than from agricultural entities. To the extent that occurs, it would be inconsistent with the polluter pays principal.

STAFF COMMENTS

A significant number of California communities, especially disadvantaged communities, rely on a contaminated groundwater source for their drinking water supply. Contaminants include nitrate, arsenic, and disinfectant byproducts. Water treatment systems are the key to providing safe drinking water to these communities, but the installation, operation and maintenance of such systems are often very costly. There are funds such as Proposition 1 and the Safe Drinking Water Revolving Fund that provides financial assistance for the construction cost of the treatment systems. However, there are no funding sources available to provide funding for long-term operations and maintenance costs.

This proposal seeks to address this funding gap by imposing a fee on water users and fees on various agricultural operations. The funds would provide necessary upgrades to water infrastructure and provide financial assistance for operations and maintenance of drinking water systems in disadvantaged areas in order to clean up contaminated groundwater and improve inadequate water systems and wells.

The goal of this proposal is very much needed and principled. However, there are additional policy considerations needed. For example, by indemnifying various agricultural operations as long as they meet certain mitigation requirements assumes that nitrate contamination is mostly a legacy problem. Further, the fees imposed on the various agricultural operations only cover a portion of the funding needed to address nitrate contamination. Lastly, this proposal does not include a requirement for agricultural operation to pay the fertilizer fee/dairy fee in a timely fashion to enjoy the enforcement immunity. As we deliberate this proposal, there should be thoughtful consideration on how to deal with ongoing issues with contamination.

Staff Recommendation: Hold Open

A significant number of California communities, especially disadvantaged communities, rely on a contaminated groundwater source for their drinking water supply. Contaminants include nitrates, arsenic, and disinfection byproducts. Water treatment systems are the key to providing safe drinking water to these communities, but the installation, operation and maintenance of such systems are often very costly. There are funds such as Proposition 1 and the Safe Drinking Water Revolving Fund that provide financial assistance for the construction cost of the treatment systems. However, there are no funding sources available to provide funding for long-term operations and maintenance costs.

The proposal seeks to address this funding gap by imposing a fee on water users and fees on various agricultural operations. The funds would provide necessary upgrades to water infrastructure and provide financial assistance for operations and maintenance of drinking water systems in disadvantaged areas in order to clean up contaminated groundwater and improve irreplaceable water systems and wells.

The goal of this proposal is very much needed and prioritized. However, there are additional policy considerations needed. For example, by indemnifying various agricultural operations as long as they meet certain mitigation treatments assumes that nitrate contamination is merely a legacy problem. Further, the fees imposed on the various agricultural operations only cover a portion of the funding needed to address nitrate contamination. Lastly, this proposal does not include a requirement for agricultural operation to pay the fertilizer liability fee in a timely fashion to enjoy the enforcement immunity. As we deliberate this proposal, there should be thoughtful consideration on how to deal with ongoing issues with contamination.

Staff Recommendation: Hold Open



March 2018

Facts on Proposed State Tax on Drinking Water

A proposal to impose a state tax on drinking water is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill related to safe drinking water.

ACWA is committed to developing alternative effective solutions and advancing appropriate funding strategies to address this important public health and social issue.

Background on Drinking Water Tax Proposals

In March 2017, Sen. Monning introduced SB 623, a bill aimed at funding drinking water solutions for disadvantaged communities. The bill was amended at various times throughout the year, however, language proposing the tax on drinking water was added to the bill on Aug. 21 – just two days before the bill was scheduled to be heard in the Assembly Appropriations Committee.

SB 623 was made a two-year bill on Sept 1, 2017. The Assembly Appropriations Committee referred the bill to the Assembly Rules Committee, where it remains today. The Assembly Rules Committee could refer the bill to one or more policy committees, or move the bill directly to the Assembly floor at any time.

In January, Gov. Jerry Brown released his proposed 2018-'19 budget, and the summary document signaled that the administration will be advancing statutory language consistent with the framework of SB 623. The California Department of Finance posted the budget trailer bill language on Feb. 1 that is essentially the SB 623 language. ACWA's State Legislative Committee took an oppose-unless-amended position on the budget trailer bill on Feb. 9, 2018.

If the Brown Administration is not successful with the budget trailer bill, Sen. Monning will likely try to move SB 623. Regardless of whether the vehicle is a budget trailer bill or a policy bill, a proposal for a new tax requires a two-thirds majority vote of both the Assembly and the Senate.

Association of California Water Agencies
www.acwa.com

Local, public water agencies are committed to providing safe and reliable water and support the intent of the bill. ACWA maintains an oppose-unless-amended position for several reasons, including:

- The state should not tax something that is essential to life. California does not currently tax water or essential food products. The public does not support the precedent of starting to tax resources that are essential to life.
- The cost of living in California is already too high. Californians do not support a new tax on drinking water.
- A tax on drinking water would work against the goal of keeping water affordable for Californians.
- This new law would turn local water agencies into tax collectors for the state of California.

Alternative Approach

ACWA believes that this important public health and social issue requires focused state leadership. A more appropriate way to fund the solution for this state social issue is a package of funds comprised of ongoing federal safe drinking water funds, voter-approved general obligation bond funds, the agricultural assessments related to nitrate in groundwater proposed in the budget trailer bill and SB 623 and dollars from the state general fund.

The state appropriately uses its general fund to pay for other important programs and social issues that have been identified as state priorities – including public health, education, housing, disability services, and other programs that serve and protect residents and communities in need.

More Information

Additional information about the proposed drinking water tax and ACWA's advocacy efforts has been posted on ACWA's website at www.acwa.com/no-water-tax.

ACWA is a statewide association of public agencies whose more than 440 members are responsible for about 90% of the water delivered in California. For more information, visit www.acwa.com.

March 7, 2018

The Honorable Bob Wieckowski, Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

Re: **Budget Trailer Bill: Safe and Affordable Drinking Water Fund/
TAX ON DRINKING WATER**

Position: **OPPOSE UNLESS AMENDED**

Dear Chair Wieckowski and Chair Bloom:

The below-listed organizations are **OPPOSED UNLESS AMENDED to the drinking water tax budget trailer bill.**

Alameda County Water District
Amador Water Agency
Anderson-Cottonwood Irrigation District
Antelope Valley – East Kern Water Agency
Association of California Water Agencies
Bella Vista Water District
Brooktrails Township Community Services District
Browns Valley Irrigation District
Calaveras County Water District
CalDesal
California Municipal Utilities Association
California Special Districts Association
Calleguas Municipal Water District
Camrosa Water District
Carmichael Water District
Casitas Municipal Water District
Citrus Heights Water District
City of Beverly Hills
City of Fairfield
City of Garden Grove
City of Glendale Water and Power
City of Newport Beach
City of Oceanside
City of Redding
City of Roseville
City of San Diego
City of Santa Rosa
City of Shasta Lake
Coachella Valley Water District
Contra Costa Water District

Crescenta Valley Water District
Crestline-Lake Arrowhead Water Agency
Cucamonga Valley Water District
Del Paso Manor Water District
Desert Water Agency
Dublin San Ramon Services District
East Orange County Water District
East Valley Water District
Eastern Municipal Water District
El Dorado Irrigation District
El Toro Water District
Elsinore Valley Municipal Water District
Fair Oaks Water District
Fallbrook Public Utility District
Foothill Municipal Water District
Georgetown Divide Public Utility District
Glenn-Colusa Irrigation District
Helix Water District
Hidden Valley Lake Community Services District
Humboldt Bay Municipal Water District
Humboldt Community Services District
Indian Wells Valley Water District
Indio Water Authority
Irvine Ranch Water District
Kern County Water Agency
Kinneloa Irrigation District
Laguna Beach County Water District
Lake Hemet Municipal Water District

Las Virgenes Municipal Water District
Lindsay-Strathmore Irrigation District
Long Beach Water Department
Malaga County Water District
Mammoth Community Water District
Mariana Ranchos County Water District
McKinleyville Community Services District
Mendocino County Russian River Flood Control & Water Conservation Improvement District
Merced Irrigation District
Mesa Water District
Mid-Peninsula Water District
Millview County Water District
Mission Springs Water District
Mojave Water Agency
Monte Vista Water District
Municipal Water District of Orange County
Nevada Irrigation District
North Marin Water District
Northern California Water Association
Olivenhain Municipal Water District
Orange County Water District
Orchard Dale Water District
Otay Water District
Padre Dam Municipal Water District
Palm Ranch Irrigation District
Palmdale Water District
Paradise Irrigation District

Pico Water District
Placer County Water Agency
Quartz Hill Water District
Rainbow Municipal Water District
Rancho California Water District
Regional Water Authority
Redwood Valley County Water District
Richvale Irrigation District
Rincon del Diablo Municipal Water District
Rio Alto Water District
Rio Linda Elverta Community Water District
Rowland Water District
Sacramento Suburban Water District
San Diego County Water Authority
San Gabriel Valley Municipal Water District
San Juan Water District

Santa Fe Irrigation District
Santa Margarita Water District
Santa Ynez River Water Conservation District Improvement District No. 1
Scotts Valley Water District
Shasta Community Services District
South Coast Water District
South Tahoe Public Utility District
Southern California Water Committee
Stockton East Water District
Tahoe City Public Utility District
Templeton Community Services District
Three Valleys Municipal Water District
Tulare Irrigation District
Tuolumne Utilities District
United Water Conservation District
Upper Russian River Water Agency

Upper San Gabriel Valley Municipal Water District
Vallecitos Water District
Valley Center Municipal Water District
Valley of the Moon Water District
Ventura County Economic Development Association
Vista Irrigation District
Walnut Valley Water District
Westlands Water District
Western Canal Water District
Western Municipal Water District
Wheeler Ridge-Maricopa Water Storage District
Yolo County Flood Control Water Conservation District
Yorba Linda Water District
Yuba County Water Agency
Zone 7 Water Agency

This budget trailer bill is essentially a modified version of SB 623 (Monning, D-Carmel), which is a 2-year bill. The budget trailer bill would establish a fund to be administered by the State Water Resources Control Board (SWRCB) to assist those who do not have access to safe drinking water. The organizations listed on this letter agree with the intent of the bill. The lack of access to safe drinking water in certain disadvantaged communities is a public health issue and a social issue that the State needs to address. The bill proposes two types of funding: 1) fees related to confined animal facilities excluding dairies (CAFED), fertilizer sales and dairies to address nitrate contamination; and 2) a state-mandated tax on drinking water that the bill would require local water agencies to assess on their local ratepayers and send to Sacramento. **No policy committee has heard the proposed tax. The above-listed organizations oppose the proposal for a tax on drinking water.**

PROBLEMS WITH A TAX ON DRINKING WATER: Following are examples of problems with a tax on drinking water:

- 1) **Requiring local water agencies and cities across the state to impose a tax on drinking water for the State of California is highly problematic and is not the appropriate response to the problem;**
- 2) **It is not sound policy to tax something that is essential to life;**
- 3) **State law sets forth a policy of a human right to water for human consumption that is safe, clean, affordable and accessible. Adding a tax on water works against keeping water affordable for all Californians; and**
- 4) **It is inefficient for local water agencies across the state to collect the tax and send it to Sacramento.**

Instead of turning local water agencies into taxation agencies for the state, the above-listed organizations suggest the following funding solution:

SUGGESTED ALTERNATIVE FUNDING SOLUTION – A FUNDING PACKAGE:

- 1) **Safe Drinking Water State Revolving Fund (SRF)** – this ongoing federal funding can be used to fund capital costs;
- 2) **General Obligation (G.O.) Bonds** – SB 5 (de León, 2017), which will be on the June 2018 ballot as Proposition 68, proposes \$250 million for safe drinking and clean water, and another bond initiative which is expected to be on the November ballot proposes \$500 million for safe drinking water. These bonds propose to prioritize the drinking water funding to disadvantaged communities (DACs);
- 3) **Ag Funding** – the nitrate-related fees proposed in the bill could be used for replacement water, including point-of-use and point-of-entry treatment, for nitrate contamination; and
- 4) **General Fund** – General Fund funding can fund the non-nitrate operation and maintenance (O&M) costs needs at public water systems in certain DACs.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a public health and social issue for which the General Fund is an appropriate source of funding as part of the above-suggested funding package.

AMENDMENTS: In addition to including the General Fund as part of a funding package instead of a tax on drinking water, the organizations listed above are suggesting the amendments shown on the attachment to address various concerns regarding this funding measure. The above-listed organizations urge your “No” vote on the budget trailer bill unless the proposed tax on drinking water is removed and replaced with an acceptable funding source.

If you have questions, please contact Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies at (916) 441-4545 or at cindy@acwa.com.

cc: The Honorable Governor Edmund G. Brown Jr.
Honorable Members, Senate Budget Subcommittee No. 2
Honorable Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor
Ms. Joanne Roy, Consultant, Senate Budget Subcommittee No. 2
Ms. Susan Chan, Consultant, Assembly Budget Subcommittee No. 3
Mr. Trevor Taylor, Legislative Aide, Office of Senator William W. Monning
Ms. Rocel Bettencourt, Budget Consultant, Senate Republican Caucus
Ms. Barbara Gausewitz, Consultant, Assembly Republican Caucus

Attachment
SAFE AND AFFORDABLE DRINKING WATER FUND BUDGET TRAILER BILL
AMENDMENTS SUGGESTED BY
WATER AGENCIES AND WATER ORGANIZATIONS LISTED ON THIS LETTER

- 1) Do NOT include a tax on drinking water. (See Page 3 for the suggested alternative funding solution.)**
- 2) Exclude capital costs as an eligible funding category** and focus on funding O&M costs, which are difficult to fund through G.O. bonds and cannot be funded with SRF dollars. (G.O. bonds and the SRF are effective in funding capital costs.)
- 3) Limit the funding to disadvantaged communities (DACs)** and low income domestic well users that do not have access to safe drinking water, consistent with 4) below.
- 4) Exclude individual domestic wells and “state small water systems” (with 5 to 14 connections) as eligible funding categories (with one exception for nitrate). Data is lacking to support a credible needs assessment.** For example, the state does not require owners of private wells to sample their wells, and consequently a comprehensive database for these groundwater sources does not exist. **The bill should explicitly exclude these two categories from funding with the exception that funding could be made available for replacement water** for individual domestic wells or state small water systems in rural areas of the state for which the local health officer has certified that data documents that the wells for which funding is being sought in that area are contaminated with **nitrate**. The proposed definition of “replacement water” should be narrowed to make this exception workable. (Bottled water, point-of-use treatment and point-of-entry treatment are reasonable parts of this proposed definition.)
- 5) Make sure the funding goes to address situations where the water is not safe.** For example, the proposed language in Section 116769 references systems that “may be at risk of failing.” Funding for safe drinking water should go to where there are real problems as opposed to going to where there is a chance of a problem.
- 6) Focus on safe drinking water and recognize that affordability issues are being discussed in the State Water Board’s AB 401 implementation process.** The language should be deleted from Section 116769 which would include in the needs assessment all CWSs in DACs that charge fees that exceed the affordability threshold in the Clean Water State Revolving Fund Intended Use Plan (i.e., fees that equal or exceed 1.5 percent of the median household income). The State Water Board is currently developing a plan for a low-income water rate assistance program pursuant to AB 401 (Dodd, 2015), and there are many questions being raised about how affordability thresholds should be determined.
- 7) Clarify what is intended by the proposed authority for the State Water Board to take “additional action as may be appropriate for adequate administration and operation of the fund.”** Instead of simply including this rather vague provision in Section 116768, the bill should be specific as to what this proposed authority is intended to cover.
- 8) Delete the proposal to give the State Water Board and the Board’s staff broad liability protection as they implement the Fund.** No case has been made as to why they should have such protection for this program.

CONTRIBUTION FORM

Please Print or Type

MEMBER AGENCY INFORMATION

Organization

Contact Person

Phone

Email

Billing Address

City, State, Zip

CONTRIBUTION INFORMATION

We contribute a total of

\$

Payment Option

- Please send an invoice for processing
- A check will be mailed to ACWA within 30 days.
Please make check payable to ACWA and mail it to 910 K Street, Ste. 100, Sacramento, CA 95814.

Please send this completed form to Michaela Martinez at michaelam@acwa.com

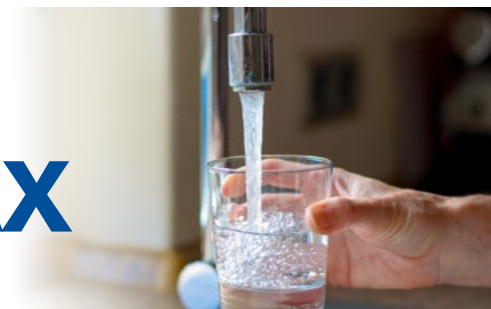
Printed Name

Title

Signature

Date

WE CAN SOLVE IT WITHOUT A
DRINKING WATER TAX



BOARD OF DIRECTORS

March 27, 2018

SUBJECT

CONSIDER ADOPTION OF ORDINANCE 18-06 AMENDING ADMINISTRATIVE CODE SECTION 8.06 - INSTALLATIONS

DESCRIPTION

In 2017 the Board of Directors adopted a new Capacity Fee schedule that included a provision to decouple meter capacity from meter size. A series of Capacity Classes was defined as part of the process that were linked to the historical meter sizes but going forward would not be linked specifically to meter size. Previously, if a customer paid capacity fees for a ¾ inch meter, the size of the meter always was the same as the customer's assigned capacity class. This assigned capacity class defines the monthly service fee each customer must pay, and in certain conditions the assigned capacity class can be applied to offset any additional capacity fees that may be assessed when a property redevelops. The most common situation is a property with a large (1.5" – 2") meter that subdivides into smaller lots with smaller meters.

This change to the Administrative Code will establish clear policies on the right of the District to install any size meter without affecting a customer's originally assigned capacity class. The customer will stay in the capacity class that they were originally assigned to and retain all obligations to pay the fixed charges associated with those capacity classes. The District will continue to apply the originally assigned capacity class to offset any additional capacity fees that may be assessed when a property redevelops.

BACKGROUND

With a long agricultural history, Rainbow MWD is home to many properties with large meters that used to serve groves and other agricultural uses that are no longer irrigating in large quantities. The meters at these properties are too large to accurately measure what is now mainly residential uses and thereby the District has a significant quantity of water loss through the meters. A second, but less frequent situation is where the original meter was undersized for the current use and a customer uses more water than the meter can handle. In both situations it is in the District's interest to get the right size meter in each property to accurately record the amount of water used.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management. Ensuring that we have the right sized metering assets to measure consumption accurately.

Strategic Focus Area Four: Fiscal Responsibility. Decreasing water loss through more accurate metering.

BOARD OPTIONS/FISCAL IMPACTS

There are no immediate fiscal impacts to this policy adoption although over time the installation of more accurate metering systems will decrease losses due to inaccurate meters.

STAFF RECOMMENDATION

Staff recommends adoption of Ordinance 18-06.



Tom Kennedy
General Manager

March 27, 2018

Ordinance No. 18-06

**Ordinance of the Board of Directors of the Rainbow Municipal Water District
Amending the Administrative Code
Chapter 8.06 – Installations**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

Chapter 8.06: Installations

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 27th day of March 2018.

AYES:
NOES:
ABSTAIN:
ABSENT:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

Chapter 8.06
INSTALLATIONS

Sections	
8.06.010	Service Connections
<u>8.06.010.1</u>	<u>Meter Sizing</u>
8.06.020	Cross-Connections
8.06.030	Backflow Devices
8.06.040	Booster Pumps
8.06.050	Ownership
8.06.060	Maintenance

Section 8.06.010 Service Connections

The District reserves the right to approve the size, number and location of all service connections. No more than one service connection may be extended to any single parcel without the consent of the District. The District will inspect all new installations. Only authorized employees or contractors of the District may change, repair, replace or remove service connections and meters. All meter registers shall be sealed by the District at the time of installation, and no seal shall be broken or altered except by the District's authorized employee or agent.

8.06.010.1 Meter Sizing

At the time of initial installation, the District Engineer will determine the appropriate size of the meter to serve a given property based on a water consumption projection in accordance with Section 8.11. The service will be assigned to a capacity class and capacity charges will be required to be paid in accordance with the capacity fee schedule in effect of the time of application. If at any future date, the District identifies that a given property's water consumption patterns are different than those forecast, and that this difference will inhibit the effective registration of water flowing through the meter, the District, in its sole discretion, shall have the right to replace the meter with a meter of a different type or size at no charge to the customer. This replacement meter may be smaller or larger than the initially installed meter, but this change in meter size will not affect the capacity class assigned to the account. The customer shall be billed at the same monthly fixed charge as the original meter size/capacity class assigned to the account, irrespective of meter size. At all times the District will ensure that the metering systems installed at a property will meet the water demand patterns of the customer up to the maximum amount allowed by the capacity class of the account.

If a smaller meter is installed because the customer's water consumption is too low to be accurately measured by a larger meter, the customer has an option to permanently downsize their meter and be assigned to a lower meter size/capacity class in accordance with Section 8.11.030.3.

Section 8.06.020 Cross-Connections

A cross-connection is unprotected connection between any part of the District's potable water supply system and a source or system which potentially contains water or a substance not approved for human consumption. By-pass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.

Cross-connections are to be avoided. Whenever any cross-connection exists, the District's water supply shall be protected at the Customer's expense against backflow by the installation of approved protective backflow devices as specified by this code, the Health and Safety Code of the State of California, and all rules and regulations adopted by any other regulatory body having jurisdiction.

Section 8.06.030 Backflow Devices

Whenever backflow protection is necessary on a water supply line entering a Customer's premises, or when more than one domestic or irrigation service connection supplies water to a single premises, water supply lines from the District's mains entering such premises, buildings or structures shall be protected by an approved backflow device, regardless of the use of the additional water supply lines. Installation and maintenance of approved backflow devices are the responsibility of the Customer. Under requirements of the Title 17, any Customer property that has any potential hazards, such as a fertilizer injection system or private wells, must have an approved backflow device installed immediately downstream of the water meter in accordance with Section 8.20. This device shall be tested yearly to determine it is functioning satisfactorily. Testing must be performed by a person possessing a valid Certificate of Competence issued by the San Diego County Connection Control Certification Program.

Section 8.06.040 Booster Pumps

When a Customer chooses to install a booster pump on the service to any premises, such pump shall be equipped with a low pressure cut-off switch designed to shut off the pump when the pressure drops below a safe operating level. Appropriate backflow protection will be required. It shall be the duty of the Customer to maintain the cut-off device in proper working order.

Low-pressure cut-off device certification shall be by a person deemed competent by the District.

Section 8.06.050 Ownership

All service connections, meters or measuring devices, mains and appurtenances connected to the District's distribution system shall become the property of the District after installation and final inspection, and shall be operated and maintained by the District. Dedication of such mains and appurtenances to the District shall be made, in a form acceptable for recording, prior to commencement of service through any new system. No Customer shall have the right to tamper with any part of said meter or recording device. The District may immediately shut off the water and apply a penalty fee for any Customer violating this rule.

Section 8.06.060 Maintenance

8.06.060.1 The District will be responsible for the maintenance and repair of the service connection from the main line up to and including the meter. The Customer is responsible for maintenance and repair of the service connection beyond the meter. District costs for repairs that are the result of the Customer's negligence in the operation of the Customer's water distribution system shall be billed to and paid by the Customer.

8.06.060.2 The Customer shall, at all times, keep the meter box in place and in good repair, free of dirt and debris, and see that the surrounding area is reasonably clear to permit access and protect the meter. Noncompliance may result in the District's cleaning the area and billing the cost of such cleaning to the Owner.

8.06.060.3 The District will, at all reasonable times, have the right of access to a Customer's premises for any purpose normally connected with the furnishing of water service as a condition of Customer's water service. The District shall have the right to remove any and all property owned by the District on the Customer's premises upon the termination of service.

8.06.060.4 The District will not be responsible for any loss or damage caused by any act of a Customer or his representatives when installing, maintaining or operating the Customer's water system.

**Chapter 8.06
INSTALLATIONS**

Sections	
8.06.010	Service Connections
8.06.010.1	Meter Sizing
8.06.020	Cross-Connections
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8.06.060.3 The District will, at all reasonable times, have the right of access to a Customer's premises for any purpose normally connected with the furnishing of water service as a condition of Customer's water service. The District shall have the right to remove any and all property owned by the District on the Customer's premises upon the termination of service.

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BOARD OF DIRECTORS

March 27, 2018

SUBJECT

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) CALL FOR NOMINATIONS SEAT A AND CONSIDERATION OF ADOPTING RESOLUTION NO. 18-07 CONCURRING IN THE NOMINATION OF JO MACKENZIE TO THE CSDA BOARD OF DIRECTORS

DESCRIPTION

The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2019-2021 term.

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The Board of Directors is crucial to the operation of the Association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the Board requires one's interest in the issues confronting special districts statewide.

A list of commitment and expectations as well as nomination procedures is provided in the attached CSDA memorandum. A copy of the member district's resolution or minute action and Candidate Information Sheet must accompany the nomination. The deadline for receiving the nominations is April 18, 2018.

Nominees will receive a Candidate's letter in the mail which will serve as confirmation that CSDA has received the nomination and will also include campaign guidelines.

Jo MacKenzie has reached out to the Board Members Southern Network, including RMWD, asking each agency's Board of Directors to consider approving a resolution concurring in her nomination to the CSDA Board of Directors (see attached Resolution No. 18-07). Ms. MacKenzie's Candidate Information Sheet has been attached for reference purposes.

NEW THIS YEAR! CSDA will be using a **web-based online voting system**, allowing districts to cast a vote easily and securely. Electronic ballots will be emailed to the main contact at RMWD June 18, 2018. All votes must be received through the system no later than **5:00 p.m. August 10, 2018**.

Districts can opt to cast a paper ballot instead; but RMWD must contact Beth by email at bethh@csla.net by April 18, 2018 in order to ensure RMWD receives the paper ballot on time.

CSDA will mail paper ballots on June 17, 2018 **per District request only**. ALL ballots must be received by CSDA no later than **5:00 p.m. August 10, 2018**.

The successful candidates will be notified no later than August 14, 2018. All selected Board Members will be introduced at the Annual Conference in Indian Wells, CA in September 2018.

POLICY

N/A

BOARD OPTIONS/FISCAL IMPACTS

- 1) Approve Resolution No. 18-07.
- 2) Approve Resolution No. 18-07 and submit additional nominations.
- 3) Do not approve Resolution No. 18-07 and submit additional nominations.
- 4) Do not approve Resolution No. 18-07 nor submit additional nominations.

STAFF RECOMMENDATION

Staff supports Board decision



Tom Kennedy, General Manager

3/27/18



**California Special
Districts Association**

Districts Stronger Together

DATE: February 16, 2018
TO: CSDA Voting Member Presidents and General Managers
FROM: CSDA Elections and Bylaws Committee
SUBJECT: **CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS
SEAT A**

The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2019 - 2021 term.

The leadership of CSDA is elected from its six geographical networks. Each of the six networks has three seats on the Board with staggered 3-year terms. Candidates must be affiliated with an independent special district that is a CSDA Regular member in good standing and located within the geographic network that they seek to represent. (See attached CSDA Network Map)

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The Board of Directors is crucial to the operation of the Association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the Board requires one's interest in the issues confronting special districts statewide.

Commitment and Expectations:

- Attend all Board meetings, usually 4-5 meetings annually, at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento.
(CSDA reimburses Directors for their related expenses for Board and committee meetings as outlined in Board policy).
- Attend, at minimum, the following CSDA annual events: Special Districts Legislative Days - held in the spring, and the CSDA Annual Conference - held in the fall.
- Complete all four modules of CSDA's Special District Leadership Academy within 2 years of being elected.
(CSDA does not reimburse for expenses for the two conferences or the Academy classes even if a Board or committee meeting is held in conjunction with the events).

(over)

Nomination Procedures: Any Regular Member in good standing is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors), for election to the CSDA Board of Directors.

- **A copy of the member district's resolution or minute action and Candidate Information Sheet must accompany the nomination.**
- **Deadline for receiving nominations is April 18, 2018. Nominations and supporting documentation may be mailed or emailed to Beth Hummel. No faxes please.**

Mail: CSDA Attention: Beth Hummel
1112 I Street, Suite 200, Sacramento, CA 95814

E-mail: bethh@csda.net

Once received, nominees will receive a candidate's letter in the mail. The letter will serve as confirmation that CSDA has received the nomination and will also include campaign guidelines.

Expiring Terms

(See enclosed map for Network breakdown)

Northern Network Seat A-Ralph Emerson, GM, Garberville Sanitary District*
Sierra Network Seat A-Noelle Mattock, Director, El Dorado Hills CSD*
Bay Area Network Seat A-Robert Silano, Director, Menlo Park Fire Protection District*
Central Network Seat A-Joel Bauer, GM, West Side Cemetery District*
Coastal Network Seat A-Elaine Magner, Director, Pleasant Valley Recreation & Park District*
Southern Network Seat A-Jo MacKenzie, Director, Vista Irrigation District*
(* = Incumbent is running for re-election)

If you have any questions, please contact Beth Hummel at 877-924-CSDA or bethh@csda.net.

NEW THIS YEAR!

This year we will be using a web-based online voting system, allowing your district to cast your vote easily and securely. *Electronic Ballots will be emailed to the main contact in your district June 18, 2018. All votes must be received through the system no later than 5:00 p.m. August 10, 2018.*

Districts can opt to cast a paper ballot instead; but you must contact Beth by e-mail Bethh@csda.net by April 18, 2018 in order to ensure that you will receive a paper ballot on time.

CSDA will mail paper ballots on June 17 per district request only. ALL ballots must be received by CSDA no later than 5:00 p.m. August 10, 2018.

The successful candidates will be notified no later than August 14, 2018. All selected Board Members will be introduced at the Annual Conference in Indian Wells, CA in September 2018.



**California Special
Districts Association**
Districts Stronger Together

2018 BOARD OF DIRECTORS NOMINATION FORM

Name of Candidate: _____

District: _____

Mailing Address: _____

Network: _____ (see map on back)

Telephone: _____

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: _____

E-mail: _____

Nominated by (optional): _____

Return this form and a Board resolution/minute action supporting the candidate and Candidate Information Sheet by mail, or email to:

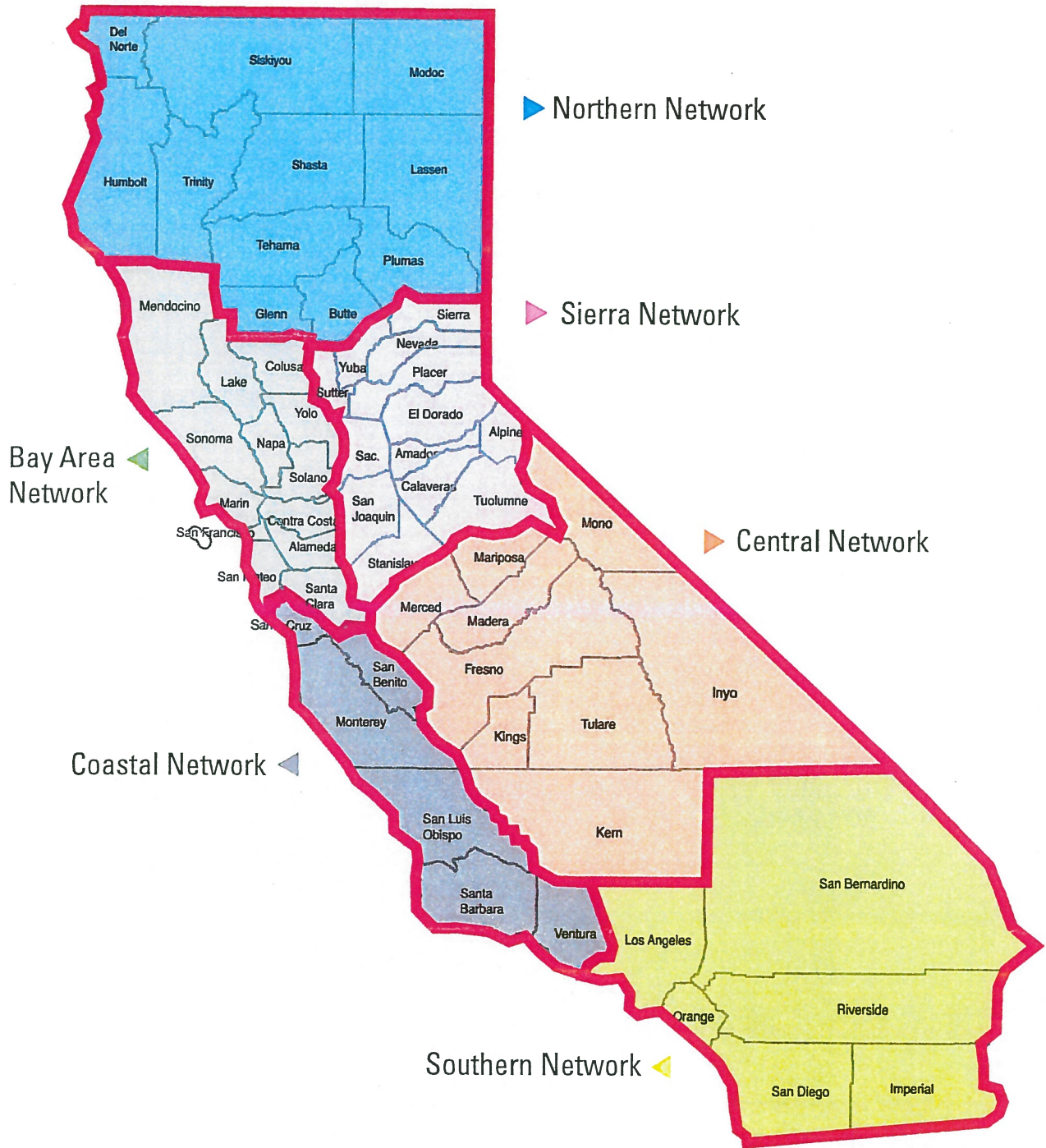
CSDA
Attn: Beth Hummel
1112 I Street, Suite 200
Sacramento, CA 95814
(877) 924-2732 (916) 442-7889 fax

bethh@csda.net

DEADLINE FOR RECEIVING NOMINATIONS – April 18, 2018



California Special Districts Association
DISTRICT NETWORKS





2018 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: _____

District/Company: _____

Title: _____

Elected/Appointed/Staff: _____

Length of Service with District: _____

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

4. List civic organization involvement:

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2018 will not be included with the ballot.**

Dawn Washburn

Subject: FW: CSDA NOMINATION FOR BOARD OF DIRECTORS

From: "Jo MacKenzie"

Subject: CSDA NOMINATION FOR BOARD OF DIRECTORS

Date: March 12, 2018 at 6:53:22 PM PDT

Board Member Southern Network,

Nominations are now in progress for the CSDA Board of Directors, Seat A. There are three directors in each Network with rotating 3-year terms. I am running for my seat on the CSDA Board. I would appreciate your board of directors considering approving a concurring nomination resolution on my behalf. I have attached my Candidate Information Sheet and a Concurring Nomination Resolution Template.

It has been a privilege and honor to represent the California Special Districts Southern Network. I have served as President and Treasurer, plus serving on other CSDA Committees. I am presently President of the CSDA Finance Corp---if you need money for a capital improvement project, the Finance Corp provides competitive financing. I believe during my tenure on the board of directors I have provided the leadership necessary to grow the association so that it has the influence and visibility needed in the Capitol to represent the diverse needs of all special districts. I hope to continue this leadership role to provide the direction, ideas and participation necessary for CSDA to continue its upward progress.

Serving on the CSDA Board of Directors requires a commitment of time along with an interest in the issues confronting special districts statewide. Also, it's imperative that a Board Member have a true interest in seeing that our members have the information and assistance they need in a timely fashion in order for them stay on top of new legislation affecting special districts and the educational opportunities provided by CSDA. I try to connect with new members so that they know what CSDA has to offer in the way of educational opportunities along with how CSDA represents our members at the Capitol.

I would truly be honored if your district would approve the concurring resolution.

Jo MacKenzie, Vice President

Vista Irrigation District

mackgroup@cox.net

760-743-7969

FYI

- 03/15/18 -- [Webinar: Legislative Round-Up](#) (FREE for CSDA Members)
- 05/09/18 - [Beyond the Basics: Strategies for Implementing Funding](#) - Claremont
- 05/22/18 - 05/23/18 - [Special District Legislative Days](#) -- Sacramento
- 05/30/18 - [Sexual Harassment Prevention Training](#) -- Idyllwild
- 05/30/18 - [Proposition 26, Proposition 2118, and Rate Setting](#) - Las Flores
- 07/18/18 - [Sexual Harassment Prevention Training](#) - Riverside
- 09/24/18 - 09/27/18 - [2018 Annual Conference & Exhibitor Showcase](#) - Indian Wells



2018 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Jo MacKenzie

District/Company: Vista Irrigation District

Title: President, Board of Directors

Elected/Appointed/Staff: Elected

Length of Service with District: 26 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

- President 2011, Vice President 2010, Treasurer 2008-2009
- CSDA Legislative Advocate of the Year 2010
- Finance Corporation 2007-present, President 2012, 2013, 2015- present
- Special District Leadership Foundation Board of Directors, Treasurer 2014-present
- Fiscal and Audit Committees; Membership Committee 2011- present
- Legislative Committee 2004-present; Chair, 2006-2010 and 2012
- San Diego Chapter, Board of Directors 1993-present, President 1998-2000
- Graduate of CSDA Governance Academy
- Attend Annual Conference and Legislative Days

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

- ACWA: Past Board Director; Local Government, Chair 2014-2015 and Membership Committees
- ACWA Region 10 Board, Vice Chair, Alternate Chair, Director 1997-2010
- Special District Official of the Year by PublicCEO 2011

3. List local government involvement (such as LAFCO, Association of Governments, etc.):

- San Diego LAFCO, 1994-present, Current Chair; served on Advisory Committee for 14 years
- CALAFCO Board member
- Served on City of San Marcos Planning and Traffic Commissions
- Personally initiated the City of San Marcos Budget Review Committee in 1980, Chair 1996-2006

4. List civic organization involvement:

- San Marcos Chamber of Commerce, Lifetime Ambassador
- Graduate Leadership 2000, Cal State San Marcos
- Soroptimist International

****Candidate Statement-**Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2018 will not be included with the ballot mailing.**

RESOLUTION NO. 18-07

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE RAINBOW MUNICIPAL WATER DISTRICT
CONCURRING IN THE NOMINATION OF JO MACKENZIE
TO THE CSDA BOARD OF DIRECTORS**

WHEREAS, the California Special Districts Association (CSDA) is holding an election for its Board of Directors for the Southern Network, Seat A for the 2019-21 term; and

WHEREAS, the Rainbow Municipal Water District is a voting member of CSDA and a voting member of the Southern Network; and

WHEREAS, the incumbent, Jo MacKenzie, of the Vista Irrigation District is seeking re-election for this position; and

WHEREAS, Jo MacKenzie has been involved with the CSDA Board since 2003 and has served in a wide variety of roles including Board President in 2011, Vice President in 2010, and Treasurer in 2008 and 2009; and

WHEREAS, the Board of Directors of the Rainbow Municipal Water District believes that Jo MacKenzie is an effective member of the CSDA Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Rainbow Municipal Water District does concur in the nomination of Jo MacKenzie to represent the Southern Network, Seat A, on the CSDA Board of Directors; and

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the attention of the Board Secretary of the Vista Irrigation District at 1391 Engineer Street, Vista, CA 92081, or email Lsota@vidwater.org forthwith.

PASSED AND ADOPTED by the following roll call vote of the Board of Directors for the Rainbow Municipal Water District this 27th day of March 2018.

**AYES:
NOES:
ABSTAIN:
ABSENT:**

Helene Brazier, President

ATTEST:

Dawn Washburn, Secretary
Rainbow Municipal Water District

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

VARIABLE					
DATE	2018	MEETING	LOCATION	ATTENDEES	POST
April	12	SDCWA Special Board Meeting	SDCWA	GM	N/A
April	*	CSDA – San Diego Chapter	(Location to be Announced) 6:00 p.m.	Mack	N/A
April	*	LAFCO Special Meeting	County Admin Center, Room 302 – 9:30am	(As Advised by GM)	N/A
April	*	Santa Margarita River Watershed Watermaster Steering Committee	Rancho California Water District	Hamilton	N/A

* To Be Announced

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

RECURRING					
DATE	2018	MEETING	LOCATION	ATTENDEES	POST
April	2	LAFCO	County Admin. Center Room 302 9:00 am	As Advised by GM	N/A
April	4	Engineering Committee Meeting	RMWD Board Room 3:00 p.m.	Appointed Director, General Manager	3/28
April	5	Communications Committee Mtg.	RMWD Board Room 3:30 p.m.	Appointed Director, General Manager	3/28
April	10	Budget & Finance Committee Mtg.	RMWD Board Room 1:00 p.m.	Appointed Director, General Manager	3/28
April	17	SDCWA GM's Meeting	SDCWA, San Diego 9:30 a.m.	General Manager	N/A
April	17	Council of Water Utilities	Hotel Karlan 14455 Penasquitos Drive San Diego 7:15 a.m. Poway	All Directors, General Manager	4/12
April	20	NC Managers	Golden Egg 7:45 a.m.	General Manager	N/A
April	24	RMWD General Board	RMWD Board Room (Start Time to Be Determined)	All Directors	4/17
April	25	North County Water Group	Rincon Del Diablo, Escondido 7:30 a.m.	All Directors on a Rotating Schedule, General Manager	N/A
April	25	San Luis Rey Watershed Council	Pala Administration Building 1:00 p.m.	Stewart	N/A
April	26	SDCWA Full Board Meeting	SDCWA Board Room, 3-5 p.m.	General Manager	N/A



STAFF TRAINING REPORT

ATTENDEES NAME(S):	Dawn Washburn, Cynthia Gray
TITLE OF TRAINING/CONFERENCE/WORKSHOP/CLASS:	The Public Records Act and Record Retention
DATE(S) ATTENDED:	February 28, 2018
AGENCY HOSTING TRAINING/CONFERENCE/WORKSHOP/CLASS:	CSDA
LOCATION:	Fountain Valley, CA
BRIEF DESCRIPTION:	
<p>Public Records Act - Great deal of discussion regarding what qualifies as discloseable documents as well as the various Government Codes that relate to the topic of Public Records Act. Government Code Section 6254(c) was provided as a reference list.</p> <p>It was recommended no personal devices be used for conducting business to avoid having those personal devices subject to public records requests, draft documents may be considered discloseable (depending on what is contained in the draft), documents cannot be withheld because the District does not want to put something "out there", and that by copying your District Counsel on an email, this does not automatically provide an attorney-client privilege.</p> <p>Most importantly, the District does not need to produce documents requested within 10 days; however, it does owe a response to the requesting party within ten days. If 10th day falls on a Saturday, Sunday or holiday, then the next business day will be considered the tenth day for purposes of providing a response. Always work with the requesting party to be helpful in narrowing onerous requests. Contracts with a confidentiality statement are not exempt from PRA requests and vendors should be made aware and have this removed from their contracts in negotiations of contract.</p> <p>Records Management - Proper terminology is the District has a "retention" and "record management" policy as opposed to a "destruction policy". Past practices are not in the best interest of the agency and this cycle needs to be broken by realizing the system belongs to the District, not individuals. Staff is actively working on putting together a new records management system that will protect the District.</p> <p>Records management and Public Records Act work together in that when denying a PRA, a records management system will provide backup for the denial.</p>	



STAFF TRAINING REPORT

ATTENDEES NAME(S):	Please refer to attached employee roster
TITLE OF TRAINING/CONFERENCE/WORKSHOP/CLASS:	"Developing a Brighter Future Together"
DATE(S) ATTENDED:	March 7, 2018 - March 8, 2018 (Wednesday/Thurs.)
AGENCY HOSTING TRAINING/CONFERENCE/WORKSHOP/CLASS:	2018 - ACWA/JPIA Annual Training Conference
LOCATION:	Claremont, CA 91711 (Doubletree by Hilton)
BRIEF DESCRIPTION:	
<p>The ACWA JPIA Professional Development Program (PDP) was developed to offer current, in-depth training and educational opportunities for JPIA members. The Program focuses on giving participants the tools to perform their job safely, legally, and efficiently.</p> <p>The ACWA/JPIA's PDP aims to assist JPIA members in reducing losses by providing their management, supervisors, and staff with the skills needed to maximize personal and organizational success while reducing risks. The net impact to the District is the reduction of the potential for liability, increased productivity, and awareness for safety.</p> <p>Operations Staff who attended this training are enrolled in the PDP, and are required to attend these in-person face-to-face classes/courses as part of the Operations Specialty curriculum in order to receive credits towards the PDP. However, all of the classes offered fulfilled requirements under all specialties including Supervisor Basics and Human Resources. In summary, RMWD Staff within Operations attended courses on the schedule that mainly focused on the Operations Specialty, which provided skills on health and safety issues, particularly Cal/OSHA mandated work requirements. These training courses were geared towards employees and supervisors with operations and operations support responsibilities.</p> <p>The employees also benefited from this training by learning how to:</p> <ul style="list-style-type: none"> - Better understand the regulatory objectives and risks associated with every day operations; - Develop the skills to become a more effective employee, supervisor, manager and leader; - Decrease stress and mistakes on the job. <p>Lastly, all employees will receive contact hours for employment related certifications, which may be applicable to CEU's, hours, and other requirements. Highly recommend sending staff who weren't scheduled, or couldn't make it to attend the next opportunity in San Diego (Summer 2018). Please refer to the attached flyer for dates and course location, however schedule isn't available yet. More information provided here: http://www.acwajpia.com/Training.aspx</p>	



SEMINAR / CONFERENCE / WORKSHOP TRAINING ATTENDANCE REQUEST

Employee	Multiple - see attachment
Name of Conference	ACWA-JPIA Spring Training Day
Date(s) / Time(s)	March 7,8
Location	Claremont, CA
Vehicle	<input checked="" type="checkbox"/> District <input checked="" type="checkbox"/> Personal (Insurance Card on File?) Mileage Reimbursement? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Employee Contact Phone Number at Conference	Phone No. () _____
Registration	80.00 per person per day
Other Costs (List Details)	no travel expenses, except mileage
Total Cost	\$1,920 for 20 employees 1 day each, 2 employees 2 days
Budgeted in GL Acct No.	75300, cost centers on attachment

Brief Summary of Content – See attachment. Classes count toward ACWA Professional Development Program (PDP) certificate.	
Benefit to RMWD – Employee Will Learn – Professional development in the areas of operations, safety, and supervision.	

Attach Seminar, Conference or Workshop Description

Employee Signature	Date
	2/12/18 / 2/12/18
Department/Manager Approval	Date
	2/12/18
GM Approval <small>(After approval: Original to Manager Copy to Supervisor and Employee)</small>	Date

2018 ACWA/JPIA Training Conference

Event Location: Claremont, CA (Near Ontario)

http://www.acwajpia.com/filecabinet/trngnopw/Mar18_TrainingConferenceFlyer.pdf

Professional Development Program (PDP) Employee Attendee List

 Wednesday, March 7th 2018				
	Employee Name	Department/Cost Center	Carpool (Yes/No)	Mode of Transportation
1	Steve Coffey	Operations (32)	Yes	District / Pool Vehicle
2	Chris Heincy	Operations (32)	Yes	District / Pool Vehicle
3	Jerry Kraft	Operations (32)	Yes	District / Pool Vehicle
4	Chuck Faust	Valve Maintenance (33)	Yes	Pool Vehicle
5	Armando Lopez	Construction (34)	Yes	Pool Vehicle
6	Scott Terrell	Construction (34)	Yes	Pool Vehicle
7	Justin Demary	Construction (34)	Yes	Pool Vehicle
8	Ruben Lopez	Wastewater (61)	Yes	Pool Vehicle
9	Dawn Washburn	Administration (41)	Yes	Pool Vehicle
10	Rene Del Rio	Technical Services (32)	Yes	Pool Vehicle
11	Mark Cline	Technical Services (32)	Yes	Pool Vehicle
12	Karleen Harp	HR (42)	Yes	Personal Vehicle

Registration

Deadline for conference registration: February 19, 2018! Space is limited, so register early! JPIA members have first priority.

- 1.** You must first log in to the JPIA Learning Management System. Select *2018 JPIA Training Conference* link on left side. Add one or both days to your shopping cart.
- 2.** Select *Checkout*, then complete the payment information using either a credit card, or by selecting PO and mailing a check to the JPIA Finance Dept.
- 3.** After your initial enrollment is approved through the system, you will receive an email confirmation with a two-page form attached. Complete both pages and return them to JPIA training: training@acwajpia.com.

2018 ACWA/JPIA Training Conference

For questions call JPIA Training at (800) 231-5742.

Event Location: Claremont, CA (Near Ontario)

http://www.acwajpia.com/filecabinet/trngnopw/Mar18_TrainingConferenceFlyer.pdf

Professional Development Program (PDP) Employee Attendee List

 Thursday, March 8th 2018				
	Employee Name	Department/Cost Center	Carpool (Yes/No)	Mode of Transportation
1	Darren Milner	Construction (34)	Yes	District Vehicle
2	John Maccarrone	Construction (34)	Yes	District Vehicle
3	Marc Walker	Operations (32)	Yes	District Vehicle
4	Bryan Rose	Valve Maintenance (33)	Yes	Pool Vehicle
5	Jesus Hernandez	Operations (32)	Yes	District / Pool Vehicle
6	Gerardo Carcino	Valve Maintenance (33)	Yes	Pool Vehicle
7	Scott Simpson	Valve Maintenance (33)	Yes	Pool Vehicle
8	Chris Hand	Wastewater (61)	Yes	Pool Vehicle
9	Dawn Washburn	Administration (41)	Yes	District / Pool Vehicle
10	Ed Bradley	Technical Services (32)	Yes	Pool Vehicle
11	Joe Perreira	Technical Services (32)	Yes	Pool Vehicle
12	Karleen Harp	HR (42)	NO	Personal Vehicle



Wednesday, March 7

Time	Event	Instructor
7:00 AM – 8:00 AM	Registration and Breakfast Buffet	
8:00 AM – 8:15 AM	Announcements, Introductions, etc	
Choose one class in this time slot		
8:15 AM – 12:15 PM	Defensive Driver Training	Scott Wood
8:15 AM – 12:15 PM	Traffic Control & Flagger	Peter Kuchinsky

OR

Choose one class in this time slot		
8:15 AM – 10:00 AM	Documenting	Sarah Crawford
10:00 AM – 10:15 AM	Break	
AND Choose one class in this time slot		
10:15 AM – 12:15 PM	Worker's Comp/Return to Work	Melody Tucker
10:15 AM – 12:15 PM	Discrimination & Harassment	Patricia Slaven
12:15 PM – 1:15 PM	Lunch	
Choose one class in this time slot		
1:15 PM – 4:30 PM	Performance Appraisals	Patricia Slaven
1:15 PM – 4:30 PM	Performance Management	Sarah Crawford

OR

Choose one class in this time slot		
1:15 PM – 2:45 PM	Injury & Illness Prevention Program	Carol Barake
1:15 PM – 2:45 PM	Ergonomics	Lee Patton
2:45 PM – 3:00 PM	Break	
AND Choose one class in this time slot		
3:00 PM – 4:30 PM	Accident Investigation	Lee Patton
3:00 PM – 4:30 PM	Hazard Identification	Scott Wood

Thursday, March 8

Time	Event	Instructor
7:00 AM – 8:00 AM	Registration and Breakfast Buffet	
8:00 AM – 8:15 AM	Announcements, Introductions, etc.	
Choose one class in this time slot		
8:15 AM – 12:15 PM	Trenching & Excavation	Peter Kuchinsky
8:15 AM – 12:15 PM	Confined Space	Lee Patton

OR

Choose one class in this time slot		
8:15 AM – 10:00 AM	Communication	Sarah Crawford
10:00 AM – 10:15 AM	Break	
AND Choose one class in this time slot		
10:15 AM – 12:15 PM	Nuts & Bolts of Supervisor Laws	Patricia Slaven
10:15 AM – 12:15 PM	Worker's Comp/Return to Work	Melody Tucker
Choose one class in this time slot		
12:15 AM – 1:15 PM	Lunch	
Choose one class in this time slot		
1:15 PM – 4:30 PM	Effective Performance Feedback	Patricia Slaven
1:15 PM – 4:30 PM	Managing Generations	Sarah Crawford

OR

Choose one class in this time slot		
1:15 PM – 2:45 PM	Cal OSHA Inspections	Peter Kuchinsky
1:15 PM – 2:45 PM	Silica: It's Not Just Dust	Carol Barake
2:45 PM – 3:00 PM	Break	
AND Choose one class in this time slot		
3:00 PM – 4:30 PM	Heat Stress Prevention	Scott Wood
3:00 PM – 4:30 PM	Hazard Communication	Carol Barake

2018



Training Conference

Coming to
San Diego
in Fall
2018

“Developing a **Brighter** Future Together”

September 26 & 27, 2018

Hilton San Diego/Del Mar

Classes will fulfill requirements for the JPIA Professional Development Program.

Registration will open in Summer 2018 — We hope to see you there!

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

Operations Report for February 2018

DESCRIPTION

Activities for Operations & Maintenance Division

CONSTRUCTION & MAINTENANCE DEPARTMENT:

The Construction crews repaired eight (8) leaks, six (6) main line repairs and one (1) service. The crew performed several planned/emergency shutdowns. The construction crew is also currently replacing 180' of 8" CMLC pipe on Wrightwood. We are also installing approximately 80' of 8" CMLC to replace a highline and rehab a pressure station on Old Highway 395. The department replaced one (1) 10" gate valve. The crew also installed and/or repaired two (2) appurtenances. The Construction & Maintenance Crew maintained District easements as well as completed the work at the District Yard. Lastly, the Construction Superintendent along with other District employee support built the District's pipe static display for demonstration purposes to show during upcoming District Tours.

WATER OPERATIONS & VALVE MAINTENANCE DEPARTMENT:

The Valve Maintenance Crew exercised a total of one hundred seventy-four (174) valves, below their average goal of 303 per month, which was due to focusing their efforts toward supporting other departments. The crew also completed one hundred ninety-four (194) DigAlert tickets/mark-outs for the District, while assisting with shutdowns, leak repairs, and providing backfill support as-needed.

Water Operations completed and/or oversaw the following:

- 13 monthly tank inspections and 3 reservoir cover inspections completed
- Located easements in Lilac Fire area – Easement markers purchased/need to install
- Morro Reservoir chlorine injection system testing - Ongoing
- Assisted with or performed water quality complaints
- Evaluated Pressure Stations for maintenance and rehabilitation – Fifteen (15) pressure stations were identified needing maintenance and/or repairs, and all were 100% completed
- Purchased new 24" Flow Meter for Morro Reservoir – Installation scheduled for late March

WASTEWATER DEPARTMENT:

Monthly, Semi Annual and Annual Reports:

California Integrated Water Quality System (CIWQS): Confirmation #2509939 Reported "No Spill Report"

Lift Stations Pumps / Preventative Maintenance

February 22, 2018 – Old River Road Lift Station removed and replaced 100' of electrical cord for Pump #2 & Pump #3 due excess hydrogen sulfide and tested low when megging during inspections.

February 26, 2018 – Stallion monitor system trends – 15 min. spikes. System flow confirmed okay

Megging Locations:

3-1-2018: Old River Road Lift Station Electrical Megging on Pump #s 1,2 & 3

3-1-2018: Thoroughbred Lift Station Electrical Megging on Pump #'s 1,2 & 3

3-1-2018: Fallbrook Oaks Lift Station Electrical Megging on Pump #s 1,2

3-1-2018: Rancho Monserate Lift Station Electrical Megging on pumps #'s 1 & 2

3-1-2018: Rancho Viejo Lift Station Electrical Megging on pumps #s 1 & 2

3-1-2018: B-Plant Lift Station Electrical Megging on pumps #s 1 & 2

Flow Meter Demo: Hach Company:

Continuing demo trial for Engineering as part of Capital Improvement Project (Sewer Flow Monitoring) - Installed Flodar sewer flow meter at Pala Mesa / Set-up confined space entry, and set-up flow meter for data/testing purposes.

Sewer Line Cleaning:

February 1, 2018 – February 7, 2018 = 7,854'

February 8, 2018 – February 14, 2018 = 2,451'

Total footage cleaned for February = 10,305'

High Frequency

February 15, 2018 – February 21,2018 = 1,540'

February 22, 2018 – February 28,2018 = 2,115'

February 23, 2018 = 1,410' (Siphon)

Manhole Inspections:

February 1, 2018 – February 07,2018: 44 manholes inspected

February 8, 2018 – February 14,2018: 13 manholes inspected

February 15, 2018 – February 21,2018: 13 manholes inspected

February 22, 2018 – February 28,2018: 47 manholes inspected

Total manholes inspected: 117

CCTV/CONTRACTOR

February 15, 2018 = 134'

Smart/Cover Alarm Units:

2-3-2018 - High Level Alarm North River Road – Responded

2-20-2018 - Tilt alarm – Responded/Reset

TECHNICAL SERVICES DEPARTMENT:

Fleet/Garage:

The District's mechanic completed a total of sixteen (16) District vehicles with regular *scheduled* preventative maintenance and/or repairs. All repairs and maintenance were logged into the Mitchel Program. All five (5) budgeted vehicles completely equipped, and a total of five (5) older vehicles being replaced were decommissioned and auctioned off via GovDeals. In addition, the new Gasboy Fuel Fleet Management System went online after installing 100% of all cube readers to vehicles to access pump & fuel. All three (3) crane-mounted units on trucks received their regularly routine inspections as-required.

The following maintenance and/or repairs were considered *unscheduled*:

- Vehicles with Emergency Repairs (5)
- Small Equipment (5)
- Off-Road Equipment / Trailers Repairs & Maintenance (3)
- Off-Road Equipment / Trailer Emergency Repairs (1)
- Large Vehicles Maintenance / Repairs (2)
- Large Equipment Emergency Repairs (0)
- Safety Recalls (0)

Water Quality:

- Completed twenty-two (22) Routine samples
- Completed twenty (20) Nitrification samples
- Completed four (4) Water quality calls (checked residuals and flushed as necessary)
- Completed three (3) Special samples for Developers (D.R. Horton)
- Completed two (2) Special District samples (Grammer Road/North River Road)
- Consumer Confidence Report (CCR) Preparation - Ongoing
- Bacteriological Sample Site Plan Prepared - Ongoing
- National Pollution Discharge Elimination System (NPDES) Report Preparation - Ongoing
- 514 Backflows tested

Electrical/SCADA:

Status update provided below on District-wide projects supported by Electrical/SCADA Staff:

- Installing flow meters at southern tanks (Gopher, Hutton, Turner) - Ongoing
- New truck lift in District Garage – Rerouting electrical circuits – Scheduled w/contractor
- Sumac Antenna Project - Installing new temporary SCADA Communication Tower – Ongoing
- Coordinated installation of electric service to new Engineering trailer (Bldg. 2C) – Completed
- Installation of phone/data line communications to Building 2C Trailer – Scheduled w/contractor
- Routine Facility Electric Maintenance to District Buildings – Completed
- Repair of North Reservoir rain water cover pump controls – Completed
- Installation of new SCADA Equipment at Hutton Tank – Ongoing
- Morro Reservoir Flow Meter (24”) Replacement – Scheduled
- Upgraded District Standby cellular phones - Completed

EMPLOYEE RECOGNITION – OPERATIONS & MAINTENANCE DIVISION

District's Monthly "Excellence Program" Coin Award Winners

Responsibility:

- Mark Cline
- Carlos Ramos (Honorable Mention)

Professionalism:

- Clem Taylor (Honorable Mention)

Other Certifications Obtained

None



Darren S. Milner
Operations Manager

3/27/18

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

Engineering Report for February 2018

DESCRIPTION

CAPITAL PROJECTS:

Bonsall Basin Imported Return Flow: Consultant is working on updating the model and confirming water rights.

Condition Assessment of Water Facilities: The Consultant has submitted a final draft of the technical memorandum.

Gird to Monserate Hill: Final plans, specs and environmental documents reviewed by staff. Pursuing alternative design with lower construction cost.

Horse Creek Lift Station: The Lift Station is scheduled to be completed by the end of April 2018.

Highway 76 East Segment: Caltrans will be submitting as-built drawings.

Lift Station 1 Replacement: New design underway with equalization basin at Thoroughbred Lift Station site and Schoolhouse Lift Station.

Moosa Crest Waterline (Emergency) Project: Staff working on project close out.

Rainbow Height's Pump Station Rehabilitation: Metropolitan Water District denied working in their easement. Staff evaluating alternatives/redesign to smaller station. Advertise for bids in Summer 2018.

Wastewater Outfall Replacement: Project on hold until further evaluation from local water alternatives. Project may take the form of rehabilitation with equalization basin.

Weese Filtration Plant Interconnect: IEC is working on completing the design by May 2018.

DEVELOPER PROJECTS:

Golf Green Estates (Development Solutions): 94 SFR / 102.46 EDUs - Planned across from Bonsall Elementary School on Old River Road. Contractor completed installing the 8" waterline and are working on installing the appurtenances/testing. The model homes have been completed. 15 water meters purchased to date.

Horse Ranch Creek Ridge (D.R. Horton): 751 WMs / 754 EDUs - Off of Highway 76 and Horse Ranch Creek Road. Models completed. 174 water meters purchased to date.

Malabar Ranch (Davidson Communities): 31 SFR / 29 EDUs - Off of Via Monserate/La Canada. There are 17 out of 31 homes built. Contractor completing waterline relocation and punch list items.

Nessy Burger: Nessy Burger's is constructing a permanent building.

Pala Mesa Highlands (Beazer Homes): 124 SFR / 124 EDUs - On Old Highway 395. Contractor has been installing 8" and 12" waterlines. Sewer service agreement being prepared. Models expected by Summer 2018.

Palomar College: 1 WM / 100 EDUs - Staff working on sewer service agreement. Sewerline construction completed to connection point. Connection to existing sewer is scheduled in March/April 2018, after the Horse Creek Lift Station is completed and operational. Waterline construction completed. Three fire services and one 6" meter service have been installed. Palomar has not purchased a meter at this time.

Topa Topa Place (Frulla Inc.): Waterline relocation. Staff processing construction agreement. Preconstruction meeting held on February 28, 2018.

OTHER:

ITEMS	NO#	ITEMS	NO#
Water Availability Letters	2	Water Meters Purchased	27
Sewer Availability Letters	0	Sewer EDUs Purchased	0
Water Commitment Letters	0	Developer Shutdowns	0
Sewer Commitment Letters	0	Jobs Closed: Knottwood Way	0



Michael Powers
Associate Engineer, P.E.

3/27/18

BOARD OF DIRECTORS

January 11, 2018

SUBJECT

December: Customer Service & Meter Services

DESCRIPTION

METER SERVICES:

Meter Services completed 873 service orders. Here is a summary of the most pertinent service orders shown by category.

SERVICE ORDERS	COMPLETED
Check Reads	497
Transfers	56
Locked	25
Unlocked	17
Pressure Calls	12
Leaks	30
Drought	0


CUSTOMER SERVICE & METER SERVICES:

METERS: Phase I of the SDG&E Pilot Program was completed. With the coordination of Itron and RMWD staff, 35 RIVA endpoints were successfully installed in the Brookhills Community.



Vanessa Martinez
Finance Manager

01/11/2018



Kenny Diaz
Meter Services Crew Leader

01/11/2018

BOARD OF DIRECTORS

February 13, 2018

SUBJECT

December: Customer Service & Meter Services

DESCRIPTION

METER SERVICES:

Meter Services completed 779 service orders. Here is a summary of the most pertinent service orders shown by category.

SERVICE ORDERS	COMPLETED
Check Reads	472
Transfers	52
Locked	40
Unlocked	28
Pressure Calls	14
Leaks	40
Drought	0

CUSTOMER SERVICE & METER SERVICES:

Nothing to report.



Vanessa Martinez
Finance Manager

02/13/2018



Kenny Diaz
Meter Services Crew Leader

02/13/2018

BOARD OF DIRECTORS

March 27, 2018

SUBJECT

HUMAN RESOURCES REPORT FOR FEBRUARY/MARCH 2018

DESCRIPTION

Personnel changes, human resources activities, and safety report for February/March 2018

PERSONNEL CHANGES:

- One Construction Crew Leader's leave of absence is still on leave. Utility Worker IIIs are alternating as acting Crew Leader until his return.
- The Senior Information Technology and Applications Analyst, Ahmed Khattab, started with the District on February 6.

STAFFING:

Right of Way and Facilities Coordinator

Interviews for the position were conducted on February 26, and one candidate was invited for a tour on March 9th. The candidate, Kimberly Brown, was offered the position and is expected to start on April 2, 2018. Ms. Brown is a Professional Geologist (PG) and offers five years of previous experience with Santa Ynez River Water Conservation District. Most recently Ms. Brown was a Project Manager for Southern California Edison on Catalina Island, running projects related to improving the water, gas, and power infrastructure on the island.

District Engineer

The position was posted for recruitment on February 16, 2018. Advertising sources included governmentjobs.com, BC Water Jobs, Indeed.com, ZipRecruiter, waterdistrictjobs.com, American Society of Civil Engineers, and on social media. The posting has received over 650 page views, which generated over 20 applications in the first four weeks, six of whom appear to be qualified enough to invite for an interview.

Environmental Health and Safety Officer

This position was posted for recruitment on March 6, 2018. Advertising sources include governmentjobs.com, Indeed.com, BC Water Jobs, American Society of Safety Engineers, and social media. The position received 590 page views and over 20 applications in the first week. The application window will remain open until sufficient qualified applicants have been received.

TRAINING:

Association of California Water Agencies (ACWA) Spring Training Conference 2018

As one of the District's strategic plan goals, a group of 20 employees attended at least one day of the ACWA Training Conference in Claremont on March 7 and 8, 2018. Training sessions included classes that count towards ACWA's Professional Development Program (PDP) certification. Topics covered will include operations, safety, human resources issues and supervision.

The Human Resources Manager, Karleen Harp, and the Board Secretary are both working towards ACWA's Human Resources PDP certificate. They attended classes on Communication, Managing Generations in the Workplace, Nuts and Bolts of Supervisor Laws, Performance Documentation, Performance Appraisals, and Worker's Compensation and Return to Work programs.

Special District Risk Management Association – Safety Specialist Certificate

The Human Resources Manager is scheduled to attend the SDRMA Spring Training Day in Sacramento on March 20, 2018 and complete the Safety Specialist Certificate program. Obtaining the certificate will qualify the District for incentive points towards our liability and worker's compensation insurance plans, which would reduce premiums for the next fiscal year by \$3,000 - \$6,000. Registration for the program is free, and the cost of travel will be less than \$800.

EMPLOYEE RECOGNITION:

Excellence Coin Awards

The following coin was issued in February:

Professionalism

Clem Taylor - A customer submitted a website comment to complement Clem on his professionalism. The customer said that he is "a great person to represent the Rainbow Municipal Water District" and that they were very impressed with his service.

Responsibility

Mark Cline – During the transition of IT when we had a third-party contractor providing IT support, several cell phones needed replaced. The contractors were not authorized users on our Verizon account, so the process was delayed. When Mark (who is an authorized user) heard about the problem, he took the initiative to call and handle the request. He learned we were eligible for free upgrades of the phones and expedited delivery. Mark took action on something outside of his regular duties in order to take care of this problem.

Carlos Ramos - The Water Standby duty over the President's Day holiday weekend needed to be filled at the last minute. Carlos volunteered to do it with only one days' notice. We appreciate that he stepped up at the last minute.

NEOGOV:

Insight Module

We currently have 2,573 active email subscriptions for notifications of job openings.

Onboard Module

All new employees are completing the new hire onboarding process through the Neogov portal. Activity checklists, forms, and general information are all in the system and it is updated as needed.

Perform Module

The first DREAM team meeting to present the system to employees and get their input took place on February 20, 2018. Employees provided useful feedback on the self-evaluation form and other changes that will be presented to them at the next meeting later in March.

LILAC FIRE UPDATE:

The District has applied for and been approved for two FEMA grants. The List of Projects submitted with the applications totaled \$220,124.

Fire Management Assistance Grant (FMAG): May reimburse us for up to 75% of our overtime costs associated with our response to aid in fighting the fire.

California Disaster Assistance Act (CDAA): A sub-grant through FEMA. This may reimburse us for up to 75% of the costs of damage to property or equipment associated with the fire.

A representative from California Office of Emergency Services met with key District personnel on February 21, 2018 to help determine which expenses may qualify for both grants, and to determine which grant applies to each project. Mr. Pao asked for additional information and documentation on specific projects, which was provided mid-March. If the application and all expenses qualify, the District could receive reimbursement of \$165,093, plus 10% for administrative costs, for a total of \$181,602.

SAFETY AND RISK MANAGEMENT:

SDRMA Renewal

The annual renewal questionnaire for the property, liability, and worker's compensation insurance policies was completed and submitted on March 1. The SDRMA Board approved a longevity distribution for long-term worker's compensation clients. Because the District participated in the Worker's Compensation program for 12 consecutive years, we will receive a \$3,939 credit on our 2018-2019 renewal invoice.

Incidents

It has been 140 days since our last injury, which was a lost time incident.

Safety Training

Target Solutions online training: 62 completions for February 2018

Tailgate Trainings

Jack Hammer Lift Assist – 24 employees
Handwashing – 27 employees

Bi-Monthly Office Safety Meeting – Four Generations Working Together



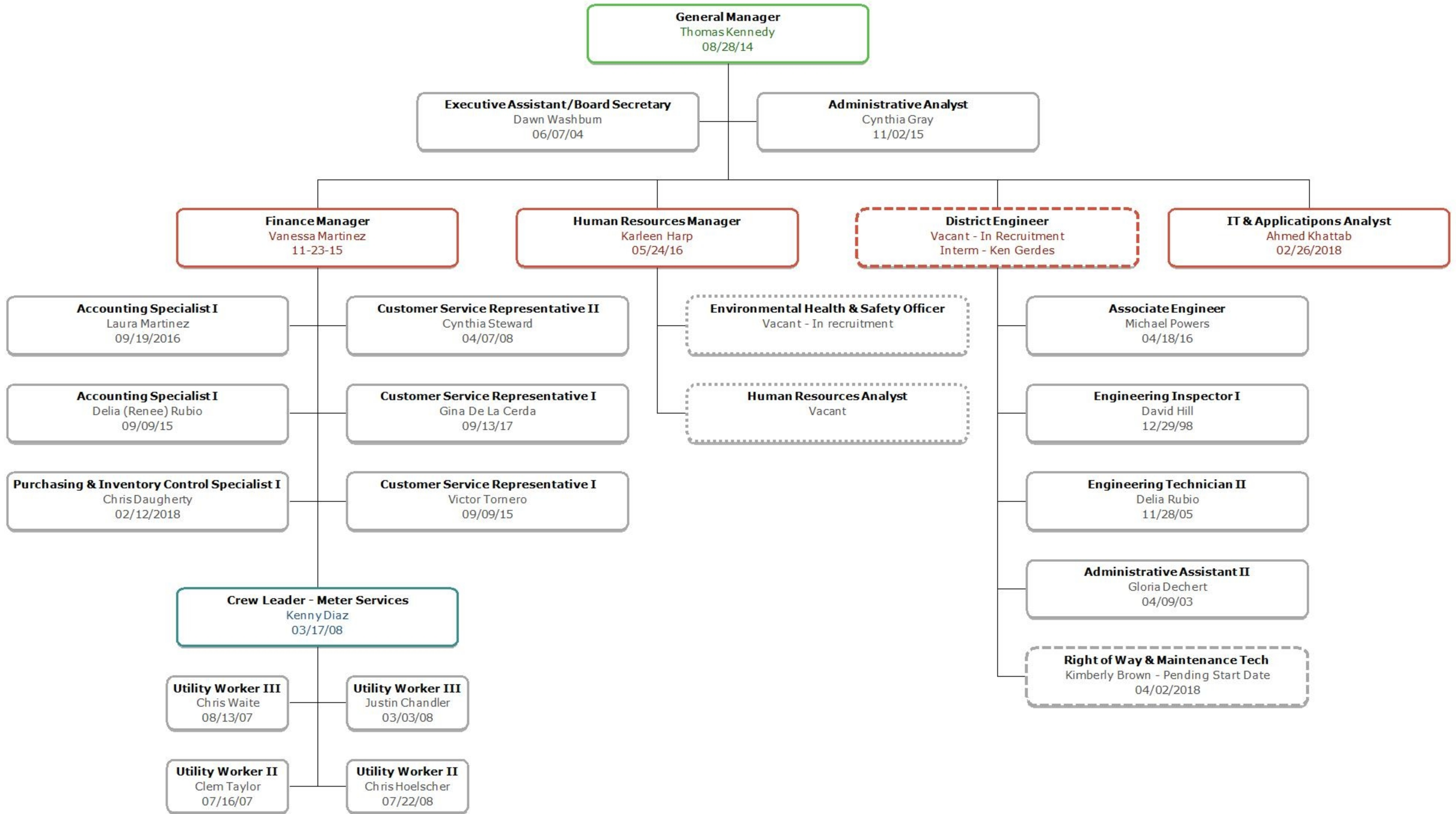
Karleen Harp, COSM
Human Resources Manager

03/27/2018

**RAINBOW MUNICIPAL WATER DISTRICT
ORGANIZATIONAL CHART
PAGE 1 OF 2**

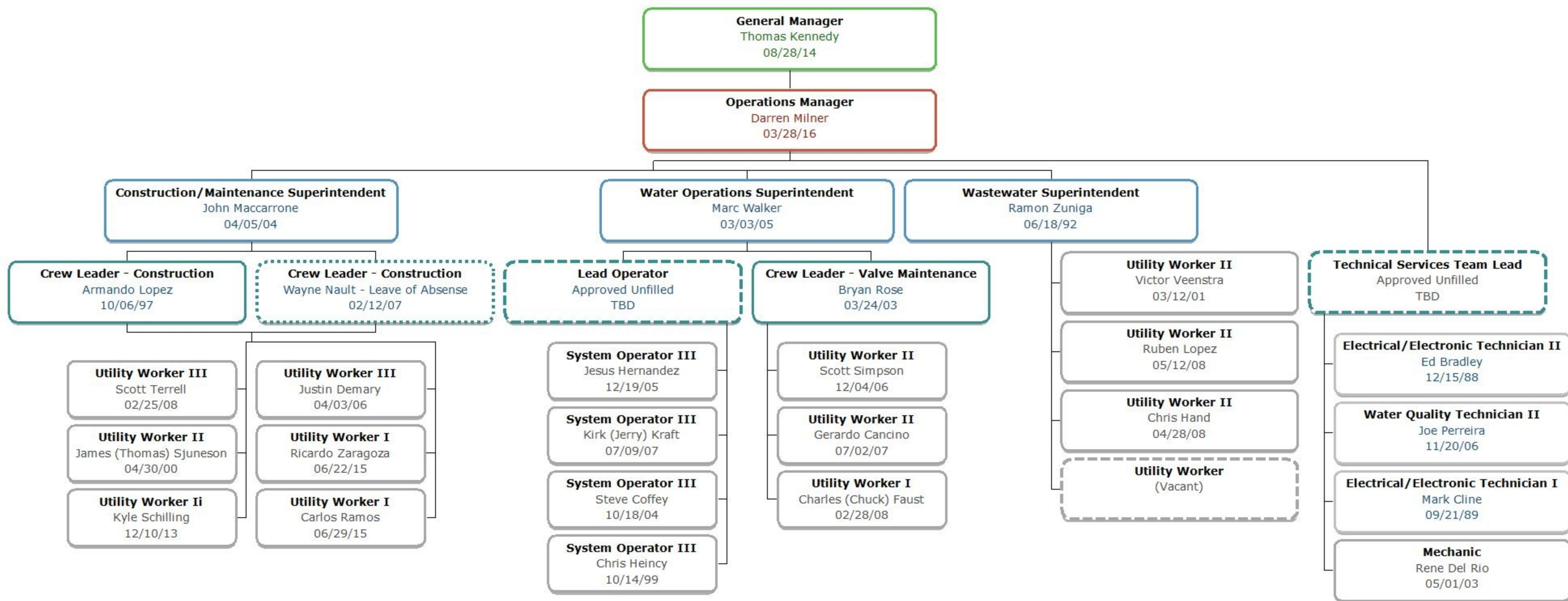
Creation Date 8/21/2014

Last Modified 3/14/2018



Creation Date 8/21/2014

Last Modified 3/14/2018



Interim Financials
Period: January 2018



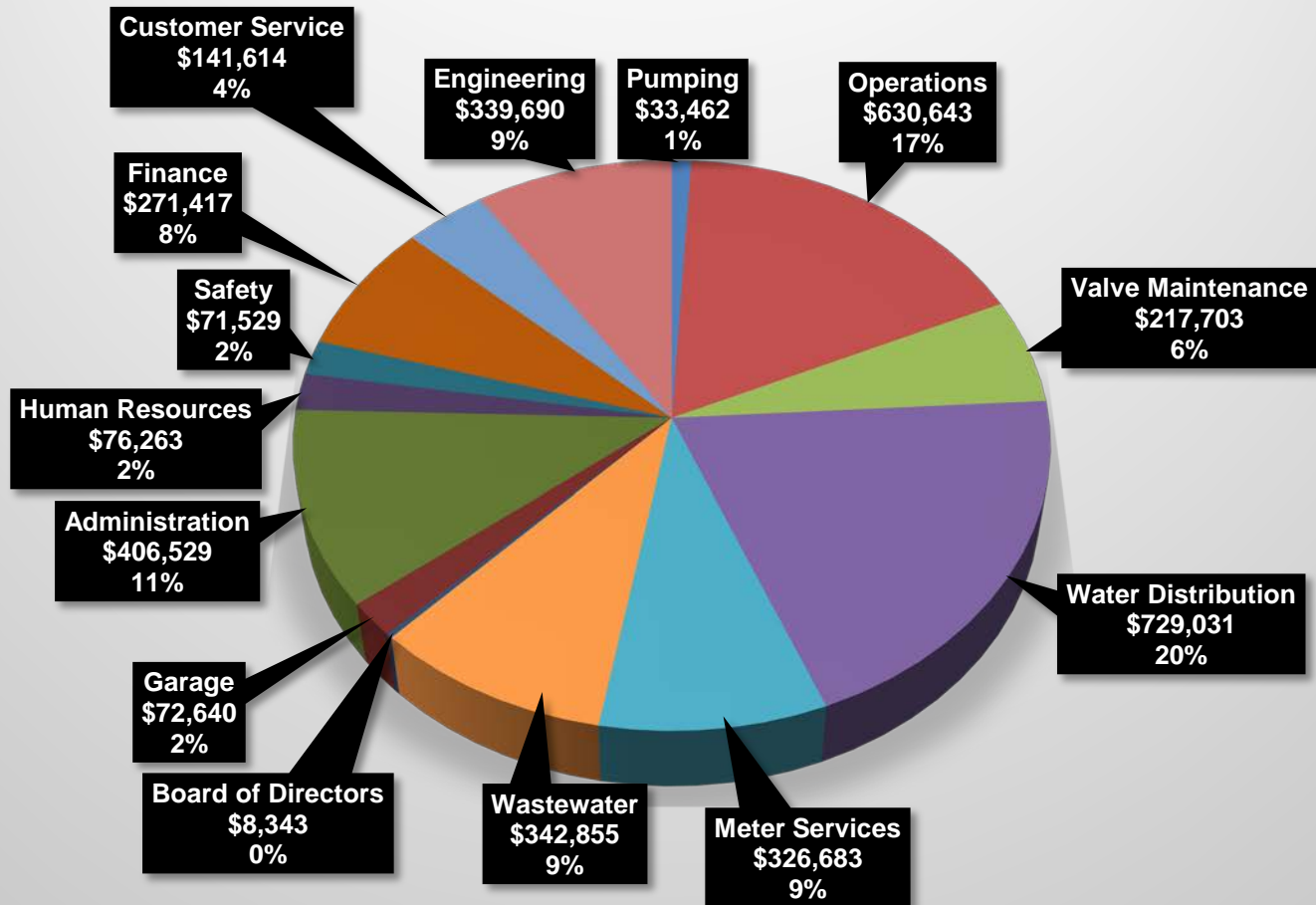
		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 01: Water						
Operating Revenues:						
	Water Revenues	\$35,662,367	\$3,217,369	\$26,868,861	\$8,793,506	25%
	Other Revenues	\$366,500	\$110,531	\$300,249	\$66,251	18%
Total Revenues:		\$36,028,867	\$3,327,900	\$27,169,110	\$8,859,757	25%
Operating Expenses:						
	Cost of Water Sold	\$24,197,523	\$1,751,828	\$18,511,005	\$5,686,518	24%
	Labor	\$0	\$8,039	\$34,848	(\$34,848)	0%
	Overhead Transfer to General	\$3,843,297	\$0	\$0	\$3,843,297	100%
	Debt Service	\$1,120,142	\$0	\$0	\$1,120,142	100%
Department Expenses						
	Pumping					
	31 Labor	\$143,493	\$2,368	\$33,462	\$110,031	77%
	Expenses	\$590,500	\$45,605	\$289,955	\$300,545	51%
	Operations					
	32 Labor	\$1,051,812	\$125,967	\$630,643	\$421,169	40%
	Expenses	\$983,343	\$62,982	\$486,495	\$496,848	51%
	Valve Maintenance					
	33 Labor	\$516,028	\$53,190	\$217,703	\$298,325	58%
	Expenses	\$102,500	\$1,762	\$40,780	\$61,720	60%
	Water Distribution					
	34 Labor	\$1,620,860	\$138,866	\$729,031	\$891,829	55%
	Expenses	\$411,000	\$61,922	\$260,299	\$150,701	37%
	Meter Services					
	35 Labor	\$697,087	\$69,738	\$326,683	\$370,404	53%
	Expenses	\$409,000	\$38,796	\$182,329	\$226,671	55%
	Capital	\$135,000	\$15,950	\$222,850	(\$87,850)	0%
Total Operating Expenses:		\$35,821,585	\$2,377,012	\$21,966,085	\$13,855,500	39%
Water Fund Totals:		\$207,282	\$950,888	\$5,203,025	\$4,995,743	
Fund 02: Wastewater						
Operating Revenues:						
	Wastewater Revenues	\$2,380,500	\$199,264	\$1,567,653	\$812,847	34%
	Other Revenues	\$40,000	\$11,585	\$33,196	\$6,804	17%
Total Revenues:		\$2,420,500	\$210,850	\$1,600,849	\$819,651	34%
Operating Expenses:						
	Overhead Transfer to General	\$901,514	\$0	\$0	\$901,514	100%
Department Expenses						
	Wastewater					
	61 Labor	\$715,070	\$69,087	\$342,855	\$372,215	52%
	Expenses	\$1,418,000	\$19,085	\$105,326	\$1,312,674	93%
	Capital	\$25,000	\$0	\$10,340	\$14,660	59%
Total Operating Expenses:		\$3,059,584	\$88,172	\$458,521	\$2,601,063	85%
Wastewater Fund Totals:		(\$639,084)	\$122,678	\$1,142,328	\$1,781,412	

Interim Financials
Period: January 2018

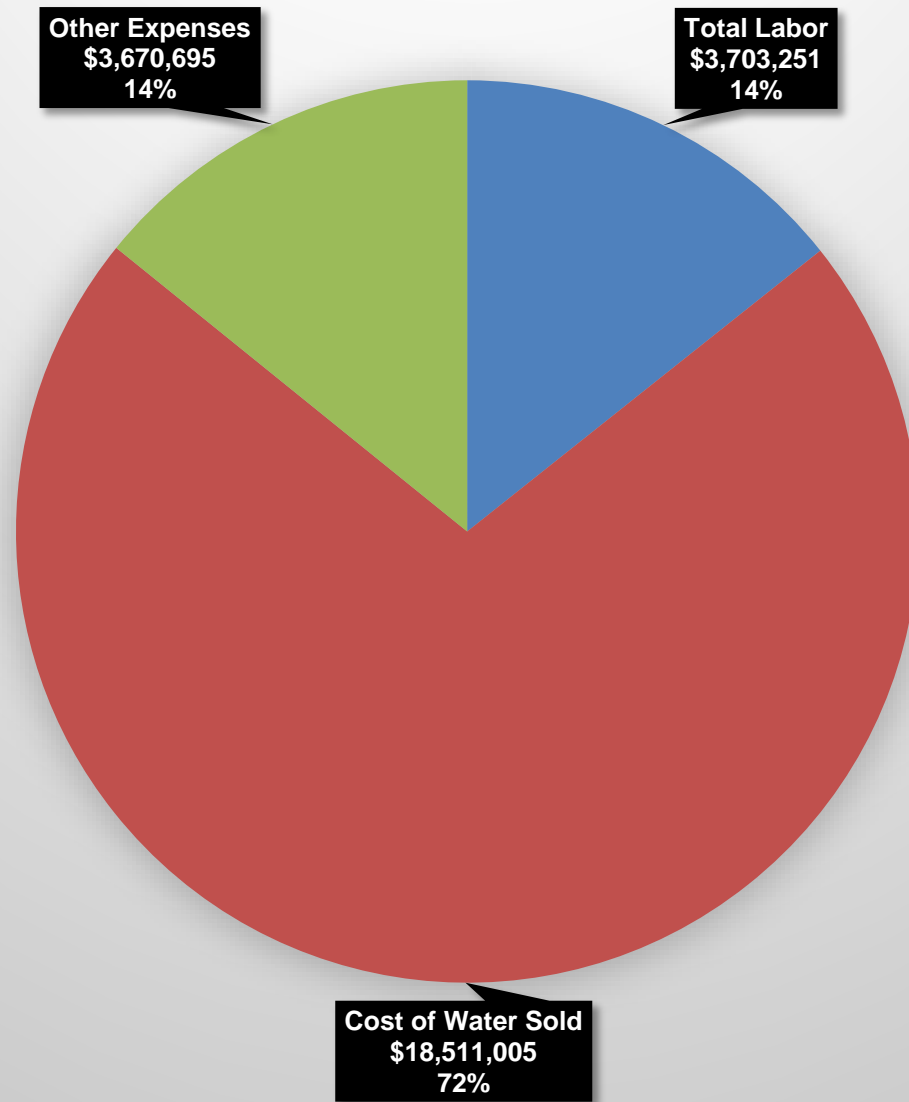


		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 03: General						
Operating Revenues:						
	Overhead Transfers	\$4,744,811	\$0	\$0	\$4,744,811	100%
	Other Revenues	\$428,470	\$81,693	\$324,604	\$103,866	24%
	Total Revenues:	\$5,173,281	\$81,693	\$324,604	\$4,848,677	94%
Operating Expenses:						
	Other Expenses	\$0	\$0	\$171,084	(\$171,084)	0%
Department Expenses						
	Board of Directors					
	20 Labor	\$14,613	\$0	\$8,343	\$6,270	43%
	Expenses	\$25,300	\$1,342	\$8,711	\$16,589	66%
	Garage					
	36 Labor	\$134,509	\$12,705	\$72,640	\$61,869	46%
	Expenses	\$219,500	\$28,576	\$117,803	\$101,697	46%
	Capital	\$284,500	\$12,007	\$178,755	\$105,745	37%
	Administration					
	41 Labor	\$596,306	\$85,662	\$406,529	\$189,777	32%
	Expenses	\$1,162,890	\$154,751	\$964,258	\$198,632	17%
	Capital	\$100,000	\$0	\$95,184	\$4,816	5%
	Human Resources					
	42 Labor	\$190,797	\$15,863	\$76,263	\$114,534	60%
	Expenses	\$169,150	\$8,907	\$58,830	\$110,320	65%
	Safety					
	43 Labor	\$111,275	\$11,246	\$71,529	\$39,746	36%
	Expenses	\$76,350	\$4,396	\$34,661	\$41,689	55%
	Finance					
	51 Labor	\$530,694	\$46,847	\$271,417	\$259,277	49%
	Expenses	\$116,500	\$23,792	\$87,616	\$28,884	25%
	Customer Service					
	52 Labor	\$262,859	\$23,330	\$141,614	\$121,245	46%
	Expenses	\$219,500	\$26,724	\$147,138	\$72,362	33%
	Engineering					
	91 Labor	\$633,709	\$61,079	\$339,690	\$294,019	46%
	Expenses	\$329,029	\$6,240	\$208,282	\$120,747	37%
	Total Operating Expenses:	\$5,177,481	\$523,467	\$3,460,345	\$1,717,136	33%
	General Fund Totals:	(\$4,200)	(\$441,774)	(\$3,135,740)	(\$3,131,540)	
	Net Income	(\$436,002)	\$631,792	\$3,209,612	\$3,645,614	

YTD Labor Costs (January 2018)



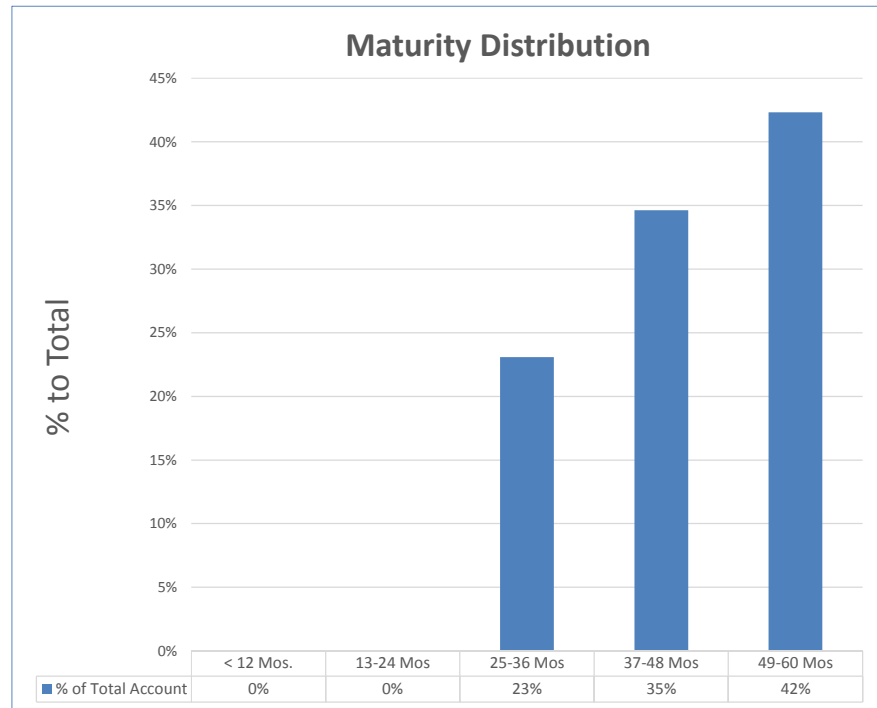
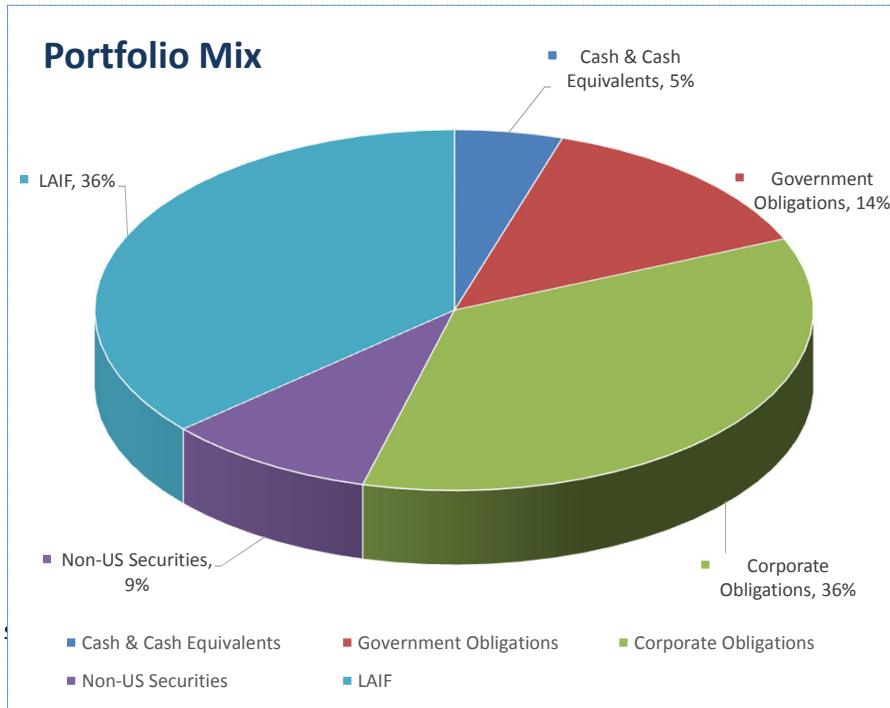
YTD Expense Allocation (January 2018)



RAINBOW MUNICIPAL WATER DISTRICT
TREASURER'S MONTHLY REPORT OF INVESTMENTS
PORTFOLIO SUMMARY
1/31/2018



TYPE	ISSUER	CUSIP	Bond Rating	Date of Maturity	Cost Basis	Market Value	Interest Rate	Yield to Maturity	Next Interest Payment Date	Semi-Annual Interest	Days to Maturity
Money Market Funds	JP MORGAN MONEY MARKET	48125C068S	N/A		\$ 1,047,118	\$ 1,047,118					
Total Cash & Cash Equivalents					\$ 1,047,118	\$ 1,047,118					
Callable Note	FEDERAL NATL MTG ASSN	3135GOT45	Aaa	04/05/22	\$ 1,002,910	\$ 974,940	1.875%	1.810%	04/05/18	\$ 9,402	1525
Callable Note	FEDERAL HOME LN MTG CORP	3134G3F96	Aaa	08/28/20	\$ 1,032,851	\$ 995,136	1.660%	1.320%	02/28/18	\$ 8,573	940
Callable Note	FEDERAL FARM CR BKS	3133EHRU9	Aaa	07/19/22	\$ 200,938	\$ 194,224	1.900%	1.800%	01/19/18	\$ 1,909	1630
Callable Note	FEDERAL HOME LN MTG CORP	3134GBS94	Aaa	10/26/22	\$ 651,918	\$ 635,843	2.100%	1.800%	04/26/18	\$ 6,845	1729
Total Government Obligations					\$ 2,888,616	\$ 2,800,143					
Callable Note	MASSMUTUAL GLOBAL FDG	57629XBHO	A2	11/23/20	\$ 545,990	\$ 522,879	1.530%	1.500%	05/23/18	\$ 4,177	1027
Callable Note	BB&T CORP	05531FAV5	A2	05/10/21	\$ 491,789	\$ 468,758	2.050%	2.050%	05/10/18	\$ 5,041	1195
Callable Note	CATERPILLAR FINL CORP	14912HSR2	A2	09/15/21	\$ 1,000,000	\$ 942,430	1.600%	1.600%	03/15/18	\$ 8,000	1323
Callable Note	ORACLE CORP	68389XBKO	A1	09/15/21	\$ 1,011,470	\$ 972,790	1.910%	1.900%	03/15/18	\$ 9,660	1323
Callable Note	TOYOTA MOTOR CREDIT CORP	89236TDP7	Aa3	01/11/22	\$ 499,271	\$ 486,908	2.600%	2.600%	01/09/18	\$ 6,491	1441
Callable Note	WELLS FARGO	95000U2B8	A2	07/22/22	\$ 989,232	\$ 962,762	2.625%	2.410%	01/22/18	\$ 12,984	1633
FDIC Ins. CD	MORGAN STANLEY	61747MF634	N/A	01/11/23	\$ 246,000	\$ 246,512	2.650%	2.650%	07/11/18	\$ 3,260	1806
FDIC Ins. CD	AMERICAN EXPRESS CENTRN	02587DB64	Aaa	09/23/20	\$ 250,000	\$ 248,880	2.310%	2.300%	03/23/18	\$ 2,888	966
Callable Note	BARCLAYS BK DEL	06740JK4	Aaa	09/16/20	\$ 245,000	\$ 244,797	2.210%	2.200%	03/16/18	\$ 2,707	959
FDIC Ins. CD	GOLDMAN SACHS BK USA NY	38148PKT3	N/A	06/14/22	\$ 245,000	\$ 243,523	2.350%	2.350%	12/14/18	\$ 2,879	1595
FDIC Ins. CD	CAPITAL ONE BK USA NATL	140420Y95	Aaa	03/08/22	\$ 250,000	\$ 248,585	2.300%	2.300%	03/08/18	\$ 2,875	1497
FDIC Ins. CD	CAPITAL ONE NATL ASSN VA	14042RKL4	N/A	11/22/22	\$ 250,000	\$ 247,985	2.400%	2.400%	05/22/18	\$ 3,000	1756
FDIC Ins. CD	SALLIE MAE BK SLT LAKE CITY	79540ZW8	Aaa	03/22/22	\$ 250,000	\$ 248,993	2.340%	2.340%	03/22/18	\$ 2,925	1511
FDIC Ins. CD	SYNCHRONY BK RETAIL	87165EMKO	N/A	05/26/22	\$ 240,000	\$ 239,153	2.400%	2.400%	05/26/18	\$ 2,880	1576
FDIC Ins. CD	STATE BK INDIA NEW YORK NY	8562846U3	Aaa	03/14/22	\$ 250,000	\$ 248,063	2.250%	2.250%	03/14/18	\$ 2,813	1503
FDIC Ins. CD	DISCOVER BANK	254672F29	N/A	08/10/21	\$ 248,000	\$ 240,587	1.500%	1.500%	02/10/18	\$ 1,860	1287
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 98,000	\$ 94,759	1.550%	1.550%	02/17/18	\$ 760	1294
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 150,000	\$ 145,040	1.550%	1.550%	02/17/18	\$ 1,163	1294
FDIC Ins. CD	AMERICAN EXPRESS FED SVGS BK	02587CED8	Aaa	07/29/20	\$ 248,000	\$ 247,048	2.360%	2.340%	01/29/18	\$ 2,926	910
Total Corporate Obligations					\$ 7,507,751	\$ 7,300,450					
Callable Note	AUSTRALIA & NEW ZEALA BKG	05253JAM3	Aa2	06/01/21	\$ 517,228	\$ 491,435	2.300%	1.550%	12/01/17	\$ 5,948	1217
Callable Note	NATIONAL AUSTRALIA BK NY	63254AAR9	Aa2	07/12/21	\$ 508,870	\$ 483,960	1.875%	1.880%	01/12/18	\$ 4,771	1258
Callable Note	BANK OF MONTREAL	06367TJX90	Aa3	08/27/21	\$ 1,011,840	\$ 969,270	1.900%	1.900%	02/27/18	\$ 9,612	1304
Total Non-US Securities					\$ 2,037,938	\$ 1,944,665					
Subtotal Long Term Pooled Investment					\$ 13,481,423	\$ 13,092,376					
Local Agency Investment Fund (LAIF)					\$ 7,584,576	\$ 7,584,576	1.172%				
Portfolio Totals					<u>\$ 21,065,999</u>	<u>\$ 20,676,952</u>					



This monthly report accurately reflects all District pooled investments. It is in conformity with the Investment Administrative code section 5.03.080. The District has sufficient cash flow to meet six months of obligations. This is in effect is in compliance with the current Investment Policy.

Vanessa Martinez, Treasurer

3/13/2018

Accounts Payable

January American Express



Check Number	Check Date	Amount
1895 - COUNTY OF SAN DIEGO CLERK Line Item Account		
2081806	02/08/2018	
Inv 20180067	2018 ENVIRONMENTAL FILING FEE, RAINBOW H	52.50
2081806 Total:		52.50
1895 - COUNTY OF SAN DIEGO CLERK Total:		52.50
1965 - CALIFORNIA SPECIAL DISTRICTS ASSOCIATION Line Item Account		
2081804	02/08/2018	
Inv 64504	RECOGNITION IN SPECIAL DISTRICT GOVERNAN	65.00
Inv 64737	ETHICS AB1234 COMPLIANCE TRAINING-BSTEWA	25.00
Inv 64841	ETHICS AB1234 COMPLIANCE TRAINING-HBRAZI	25.00
Inv 64992	2018 SPECIAL DISTRICT LEADERSHIP ACADEMY	650.00
2081804 Total:		765.00
1965 - CALIFORNIA SPECIAL DISTRICTS ASSOCIATION Total:		765.00
2027 - CULLIGAN OF ESCONDIDO Line Item Account		
2081807	02/08/2018	
Inv 123117	WATER SOFTNER, SERVICE PERIOD01/01-01/3	72.78
2081807 Total:		72.78
2027 - CULLIGAN OF ESCONDIDO Total:		72.78
245 - ABCANA INDUSTRIES Line Item Account		
2081801	02/08/2018	
Inv 1018835	UN1791 HYPOCHLORITE SOLUTION 12.5% 8 PG	1,195.98
Inv 1019364	UN1791 HYPOCHLORITE SOLUTION 12.5% 8 PG	784.87
2081801 Total:		1,980.85
245 - ABCANA INDUSTRIES Total:		1,980.85
280 - AMAZON.COM Line Item Account		
2081802	02/08/2018	
Inv 2679373-1640250	RETURNED ITEM: MONEY TREE	-15.05
Inv 2883384-3279404	BROTHER BU300CL BELT UNIT	113.47
2081802 Total:		98.42

280 - AMAZON.COM Total:		98.42
2885 - CORELOGIC INFORMATION Line Item Account		
2081805	02/08/2018	
	Inv 81857626 REALQUEST.COM MAP SEARCH, GEOGRAPHIC MAP	192.50
	Inv 81858486 REALQUEST.COM DOC IMAGE	50.00
2081805 Total:		242.50
2885 - CORELOGIC INFORMATION Total:		242.50
3325 - GRAINGER, W.W. INC. Line Item Account		
2081809	02/08/2018	
	Inv 9641315180 2" Y-STRAINER THREADED (3CEH7)	384.80
2081809 Total:		384.80
3325 - GRAINGER, W.W. INC. Total:		384.80
4565 - LOS ANGELES FREIGHTLINER Line Item Account		
2081812	02/08/2018	
	Inv RA290000551 Emergency repairs to Unit #71, 10-Ton Du	7,430.03
2081812 Total:		7,430.03
4565 - LOS ANGELES FREIGHTLINER Total:		7,430.03
5425 - OFFICE DEPOT Line Item Account		
2081814	02/08/2018	
	Inv 882837 LABELS, 5X8	15.07
2081814 Total:		15.07
5425 - OFFICE DEPOT Total:		15.07
5910 - PACIFIC PIPELINE SUPPLY Line Item Account		
2081815	02/08/2018	
	Inv 318831 3/8"x1/4" BRASS BUSHING	3,893.38
	Inv 318985 RESIDENTIAL FIRE HYDRANT	3,665.27
	Inv 319066 1/4" WATTS TEST COCK	168.63
	Inv 319362 4" #38 DRESSER COUPLING	205.52
2081815 Total:		7,932.80
5910 - PACIFIC PIPELINE SUPPLY Total:		7,932.80
5976 - PRUDENTIAL OVERALL SUPPLY Line Item Account		
2081817	02/08/2018	
	Inv 130796314 MONTHLY UNIFORMS	140.73

Inv 130796315	MONTHLY UNIFORMS	99.80
Inv 130797843	MONTHLY UNIFORMS	301.14
Inv 130797844	MONTHLY UNIFORMS	99.80
Inv 130799344	MONTHLY UNIFORMS	140.73
Inv 130799345	MONTHLY UNIFORMS	99.80
2081817 Total:		882.00
5976 - PRUDENTIAL OVERALL SUPPLY Total:		882.00
603187 - PERRAULT CORPORATION Line Item Account		
2081816	02/08/2018	
Inv 98188	CLASS II BASE	135.23
Inv 98189	CLASS II BASE	134.69
Inv 98247	CLASS II BASE	139.69
Inv 98296	CLASS II BASE	409.06
Inv 98301	CLASS II BASE	145.61
Inv 98365	1" MINUS	274.38
Inv 98371	CLASS II BASE	141.30
2081816 Total:		1,379.96
603187 - PERRAULT CORPORATION Total:		1,379.96
603218 - BROWN & CALDWELL, BC WATER Line Item Account		
2081803	02/08/2018	
Inv 245837	JOB POSTING	200.00
2081803 Total:		200.00
603218 - BROWN & CALDWELL, BC WATER Total:		200.00
603257 - EVENTBRITE Line Item Account		
2081808	02/08/2018	
Inv 718965740	ELGL ROADSHOW: LA QUINTA-CGRAY & KHARP	109.68
2081808 Total:		109.68
603257 - EVENTBRITE Total:		109.68
603404 - NATUREBOX Line Item Account		
2081813	02/08/2018	
Inv 00148045	EMPLOYEE SNACKS, NATUREBOX UNLIMITED	750.00
2081813 Total:		750.00
603404 - NATUREBOX Total:		750.00
603406 - THE FRUIT GUYS Line Item Account		
2081818	02/08/2018	
Inv 5187144	EMPLOYEE SNACKS, HARVEST-SMALL	32.00

Inv 5188480	EMPLOYEE SNACKS, HARVEST-SMALL	76.50
Inv 5192823	EMPLOYEE SNACKS, HARVEST-SMALL	38.25
2081818	Total:	146.75
603406	- THE FRUIT GUYS Total:	146.75
603431	- LINKEDIN CORPORATION Line Item Account	
2081811	02/08/2018	
Inv 3611123184	RIGHT OF WAY COORDINATOR	21.73
2081811	Total:	21.73
603431	- LINKEDIN CORPORATION Total:	21.73
603437	- ZIPRECRUITER Line Item Account	
2081823	02/08/2018	
Inv 2769599	MONTHLY SUBSCRIPTION, STARTERPLAN, 3 JO	249.00
2081823	Total:	249.00
603437	- ZIPRECRUITER Total:	249.00
603439	- INDEED Line Item Account	
2081810	02/08/2018	
Inv 12351291	DECEMBER 2017 ADVERTISING ON INDEED.COM,	175.75
2081810	Total:	175.75
603439	- INDEED Total:	175.75
603449	- TRANSITTALENT.COM Line Item Account	
2081820	02/08/2018	
Inv 012618	JOB POSTING: RIGHT-OF-WAY ANDFACILITIES	175.00
2081820	Total:	175.00
603449	- TRANSITTALENT.COM Total:	175.00
603450	- YOURMEMBERSHIP.COM Line Item Account	
2081822	02/08/2018	
Inv 1700285	JOB POSTING-RIGHT-OF-WAY FACILITIES COOR	378.00
2081822	Total:	378.00
603450	- YOURMEMBERSHIP.COM Total:	378.00
603451	- ZHO CORP Line Item Account	
2081824	02/08/2018	
Inv 63294542	MONTHLY SUBSCRIPTION FEE	25.00

2081824 Total:		25.00
603451 - ZOHO CORP Total:		25.00
603452 - THE WEBSTAURANT STORE Line Item Account		
2081819	02/08/2018	
Inv 29243439	COFFEE BREWER	247.33
2081819 Total:		247.33
603452 - THE WEBSTAURANT STORE Total:		247.33
7770 - U.S. POSTAL SERVICE Line Item Account		
2081821	02/08/2018	
Inv 1800628174	48-HOUR NOTICE PREPAY BALANCERECHARGE	300.00
Inv 1801171720	48-HOUR NOTICE PREPAY BALANCERECHARGE	300.00
2081821 Total:		600.00
7770 - U.S. POSTAL SERVICE Total:		600.00
5635 - PALA MESA RESORT		
2081825	02/08/2018	
Inv 012018	CREDIT DUE	-8.75
2081819 Total:		-8.75
Total:		24,306.20

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
07/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)	\$ 600.00			\$ 600.00	\$ 600.00	
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 300.00	\$ 300.00	\$ 700.00	\$ 300.00	
	TRAVEL EXPENSES	\$ 1,119.19			\$ 940.78	\$ 754.99	
	MILEAGE EXPENSE			\$ 23.54		\$ 577.82	
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 1,869.19</u>	<u>\$ 300.00</u>	<u>\$ 323.54</u>	<u>\$ 2,240.78</u>	<u>\$ 2,232.81</u>	<u>\$ -</u>
08/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER		\$ 30.00		\$ 30.00		
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES	\$ 25.00					
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 300.00	\$ 300.00	
	TRAVEL EXPENSES						
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 175.00</u>	<u>\$ 180.00</u>	<u>\$ 150.00</u>	<u>\$ 330.00</u>	<u>\$ 300.00</u>	<u>\$ -</u>

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
09/30/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)				\$ 580.00		
	TRAINING	\$ 45.00					
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 300.00	\$ 300.00	\$ 300.00	\$ 450.00	\$ 450.00	
	TRAVEL EXPENSES				\$ 1,303.92		
	MILEAGE AND EXPENSES	\$ 21.40					
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	\$ 366.40	\$ 300.00	\$ 300.00	\$ 2,333.92	\$ 450.00	\$ -
10/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 450.00	\$ 450.00	
	TRAVEL EXPENSES						
	MILEAGE AND EXPENSES						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	\$ 150.00	\$ 150.00	\$ 150.00	\$ 450.00	\$ 450.00	\$ -

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
11/30/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00		
	CONFERENCES (CSDA, ACWA, etc.)	\$ 699.00			\$ 699.00	\$ 699.00	
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 300.00			\$ 300.00	\$ 600.00	
	TRAVEL EXPENSES	\$ 374.90			\$ 394.90	\$ 406.35	
	MILEAGE EXPENSE	\$ 79.18			\$ 137.39	\$ 80.36	
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 1,483.08</u>	<u>\$ 30.00</u>	<u>\$ 30.00</u>	<u>\$ 1,561.29</u>	<u>\$ 1,785.71</u>	<u>\$ -</u>
12/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 300.00	
	TRAVEL EXPENSES						
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 300.00</u>	<u>\$ -</u>
	REPORT TOTAL (2017):	\$ 4,193.67	\$ 1,110.00	\$ 1,103.54	\$ 7,065.99	\$ 5,518.52	\$ -

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
01/31/18	CAL PERS - HEALTH INS. WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING						\$ 347.11
	COUNCIL OF WATER UTILITIES	\$ 40.00			\$ 40.00		
	DIRECTORS' PER DIEMS	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	
	TRAVEL EXPENSES						
	MILEAGE EXPENSE	\$ 32.70		\$ 23.98	\$ 39.24		
	REIMBURSEMENT FROM DIRECTORS						\$ (347.11)
	Monthly Totals	<u>\$ 372.70</u>	<u>\$ 300.00</u>	<u>\$ 323.98</u>	<u>\$ 379.24</u>	<u>\$ 300.00</u>	<u>\$ -</u>
02/28/18	CAL PERS - HEALTH INS. WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING						\$ 347.11
	COUNCIL OF WATER UTILITIES	\$ 40.00					
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 450.00	\$ 300.00	\$ 300.00	
	TRAVEL EXPENSES			\$ 631.74			
	MILEAGE EXPENSE	\$ 32.70		\$ 106.82	\$ 52.32		
	REIMBURSEMENT FROM DIRECTORS			\$ 300.00			\$ (347.11)
	Monthly Totals	<u>\$ 252.70</u>	<u>\$ 180.00</u>	<u>\$ 2,138.56</u>	<u>\$ 382.32</u>	<u>\$ 330.00</u>	<u>\$ -</u>

Bank Reconciliation

January Check Register



Check No.	Vendor/Employee	Transaction Description	Date	Amount
Fund: 01 WATER FUND				
Department: 00				
ACH	ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - FEB 2018	01/18/2018	76,407.20
ACH	AFLAC	AFLAC Post-Tax	01/18/2018	24.36
ACH	ASPIRE FINANCIAL SERVICES, LLC	2018 401(a) Medical Retirement Deposit - Employer	01/31/2018	60,110.00
ACH	HEALTH EQUITY	HSA Anthem/Kaiser - 2018 ER Contribution	01/04/2018	50,000.00
ACH	HEALTH EQUITY	HSA Anthem/Kaiser - 2018 ER Contribution (JP)	01/31/2018	400.00
ACH	INTERNAL REVENUE SERVICE	FICA Employer Portion	01/31/2018	22.96
ACH	PRINCIPAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - JAN 2018	01/31/2018	98.16
ACH	RENE BUSH	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JAN 2018	01/18/2018	726.00
ACH	RENE BUSH	REIMBURSE RETIRED EMPLOYEE HEALTH INS - FEB 2018	01/31/2018	726.00
ACH	SAN DIEGO COUNTY WATER AUTH	WIRE TRANSFER FOR WATER PURCHASES_NOV 2017	01/11/2018	1,751,165.94
ACH	SAN DIEGO COUNTY WATER AUTH.	CAPACITY FEES FOR OCT-DEC 2017	01/23/2018	317,671.00
ACH	CHARLES C. SNEED	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JAN 2018	01/18/2018	363.00
ACH	KEVIN MILLER	REIMBURSE RETIRED EMPLOYEE HEALTH INS - FEB 2018	01/31/2018	726.00
54240	LAWRENCE CARLSTROM	Refund Check	01/11/2018	296.64
54242	CORE & MAIN LP	10" HYTROL SPACER WASHER	01/11/2018	64.65
54255	VISTA VALLEY COUNTRY CLUB VILLAS HOA	Refund Check	01/11/2018	1,410.72
54275	FERGUSON WATERWORKS #1083	1" COOPER MIP ADAPTER	01/18/2018	48,129.82
54277	HAZARD CONSTRUCTION	Refund Check	01/18/2018	2,174.27
54280	IFLOW ENERGY SOLUTIONS INC.	1" KAMSTRUP W/SHIELDING P/N - M7100	01/18/2018	10,204.49
54294	POWELL CONSTRUCTORS INC.	Refund Check	01/18/2018	1,857.49
54302	CHARLES STEINER	Refund Check	01/18/2018	70.35
54310	A.M. ORTEGA CONSTRUCTION INC	Refund Check	01/25/2018	1,340.61
54312	LINCOLN NATIONAL LIFE INSURANCE COMP.	MONTHLY INSURANCE - FEB 2018	01/25/2018	8,038.62
54347	RALPH & RUTH SCHMIEDICKE	Refund Check	01/31/2018	1,563.06
54348	DAVID SEYMOUR	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JAN 2018	01/31/2018	726.00
54358	WHITE CAP CONSTRUCTION SUPPLY	PREMIXED CONCRETE 60lb BAGS	01/31/2018	1,516.47
Total for Department: 00				2,335,833.81
Department: 31 PUMPING				
54346	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #1065 087 935 1	01/31/2018	44,355.17
54352	TOTAL AIR ANALYSIS, INC.	EMISSIONS SUMMARY PREPARATION	01/31/2018	1,250.00
Total for Department: 31 PUMPING				45,605.17

Department: 32 OPERATIONS

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: NITROGEN	01/18/2018	38.59
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	01/18/2018	840.00
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	01/31/2018	1,225.00
ACH	CONSOLIDATED ELECTRIC	1/0 AWG COP 2H LUG AND 1AWG COP 2H LUG	01/18/2018	30.96
ACH	MISSION VALLEY SANITATION-SD	PORTA POTTY RENTAL FOR WEED ABATEMENT	01/18/2018	141.07
ACH	MISSION VALLEY SANITATION-SD	PORTA POTTY RENTAL FOR WEED ABATEMENT	01/31/2018	141.07
ACH	STATE WATER RESOURCES CONTROL BOARD	WATER SYSTEM FEES FOR PERIOD 7/1/17-6/30/18	01/24/2018	25,516.00
54245	HACH	ATTENDANCE AT NITRIFICATION IN THE DISTRIBUTION SYS	01/11/2018	125.00
54246	HOME DEPOT	WRENCH, 32OZ BOTTLE, XLG SPONGE	01/11/2018	468.69
54247	JOE'S HARDWARE	PIP INSULATN 6'1/2" GRAY	01/11/2018	48.81
54249	PETERS PAVING & GRADING, INC	MOVE IN EQUIPMENT FOR GRADING, D4 DOZER, WATER TRU	01/11/2018	4,550.00
54252	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRICAL SERVICE #2879 803 104 0	01/11/2018	11.05
54268	CROP PRODUCTION SVC INC,	FAN HOUSING	01/18/2018	85.86
54273	FALLBROOK IRRIGATION SUPPLIES	CAP PVC SLIP 6	01/18/2018	11.90
54283	JOE'S HARDWARE	7" 100 PC STD CABLE TIES BLACK	01/18/2018	14.09
54291	PETTY CASH	TRAINING EXPENSE - JPERREIRA	01/18/2018	37.83
54300	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #9632 211 707 2	01/18/2018	77.10
54308	WALTERS WHOLESALE	BLK LEGEND PLATE	01/18/2018	196.33
54323	DEPT OF FORESTRY & FIRE PROTEC	WEED AND BRUSH ABATEMENT DONE BY CAL FIRE CAMP	01/31/2018	342.60
54325	FALLBROOK AUTO PARTS	GENERATORS: OIL FILTER, 10W30 QT, COOLANT FILTER, FLEE	01/31/2018	236.45
54330	HOME DEPOT	2' TRI TAP, 25' CORD, 25FT CORD	01/31/2018	122.48
54335	LAYFIELD USA CORPORATION	LAYFIELD WILL PROVIDE ONE (1) SUPERVISOR AND FOUR (4)	01/31/2018	23,383.00
54346	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #2879 803 104 0	01/31/2018	5,063.54
54354	CHRIS WAITE	REIMBURSE FOR TUITION FEES FOR PUMPS AND MOTOR CLA	01/31/2018	201.00
54355	WALTERS WHOLESALE	#1 DIESEL LOCOMOTIVE WIRE 5 X 75' CUTS, CABLE, LUG	01/31/2018	1,267.49
1121802	UNION BANK (VISA)	UNION BANK CREDIT CARD INTEREST CHARGE	01/12/2018	520.05

Total for Department: 32 OPERATIONS

64,695.96

Department: 33 VALVE MAINTENANCE

54246	HOME DEPOT	Y55 CHAIN AND Y52 CHAIN	01/11/2018	19.36
54247	JOE'S HARDWARE	PIPE INSULATN 6'1/2" GRAY AND USA 8 IN BLK 1K	01/11/2018	56.64
54324	ESCONDIDO METAL SUPPLY, INC.	GALV STL ANGLE, CHOPSAW CUT CHARGE	01/31/2018	116.57

Total for Department: 33 VALVE MAINTENANCE

192.57

Department: 34 WATER DISTRIBUTION

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: ARGON, ACETYLENE, CARBON DIOXIDE,	01/18/2018	495.22
ACH	AIRGAS USA, LLC	ELECT STCK, HLMT WLDG, LENS CVR, SPK LIGHTER	01/31/2018	461.77
ACH	ART'S TRENCH PLATE & KRAIL SERVICE CO,	(1) 8X12 TRENCH PLATE RENTAL	01/18/2018	2,186.20
ACH	ART'S TRENCH PLATE & KRAIL SERVICE CO,	(1) 8X10 TRENCH PLATE RENTAL	01/31/2018	1,164.55
ACH	FALLBROOK EQUIPMENT RENTAL	STEAM CLEANER 3000 PSI	01/18/2018	912.00
ACH	JOE'S PAVING CO, INC	6 WORK SITES REMOVE COLD MIX/PAVE AND COMPACT 4" OI	01/31/2018	14,623.44
ACH	TRAFFIC SAFETY SOLUTIONS, LLC	TRAFFIC CONTROL 1/22/18, RAINBOW VALLEY RD & RAINBO	01/31/2018	4,200.00
ACH	UNDERGROUND SERVICE ALERT	RAI88 NEW TICKET CHARGES + MONTHLY DATABASE MAINT	01/18/2018	245.95
54246	HOME DEPOT	TO ULTRA-RETURNED ITEM	01/11/2018	729.38
54291	PETTY CASH	AFTER HOURS MEALS	01/18/2018	41.68
54292	PETTY CASH	AFTER HOURS MEALS	01/18/2018	32.00
54297	RICK POST WELDING & WET	CUT OFF BAD 2 1/2" COUPLINE & REWELD NEW	01/18/2018	1,000.00
54319	BECHTEL TOOLS, INC.	TRAFFIC CONTROL SYSEM 2 TECHS	01/31/2018	2,113.50
54333	JOE'S HARDWARE	SCREWS AND BOLTS	01/31/2018	2.16
54336	JOHN MACCARRONE	REIMB FOR TUITION FEES FOR MANAGEMENT FOR SUCCESS	01/31/2018	120.55
54339	ONESOURCE DISTRIBUTORS, LLC	WIC 1 THHN STRND CU BLK 5000	01/31/2018	365.90
54340	PETERS PAVING & GRADING, INC	REMOVE COLD MIX AND HAUL OUT, TACK AND PAVE 3" OF F	01/31/2018	12,880.00
54343	RICK POST WELDING & WET	CUT, FIT & TACK WELD OUT 10" BUTTSTRAPS, 4" HAND HOLE	01/31/2018	750.00
54344	SALIZCO INC	EQUIPMENT CHAIN, BUCKET, DUMP TRUCK RENTAL 1/10/18	01/31/2018	12,122.85
54361	BOARD OF EQUALIZATION	4TH QUARTER 2017 ROAD USE TAX	01/31/2018	407.00
1121805	UNION BANK (VISA)	AFTER HOURS MEALS FOR EMPLOYEES	01/12/2018	35.81

Total for Department: 34 WATER DISTRIBUTION 54,889.96

Department: 35 METER SERVICES

ACH	TEMECULA VALLEY BACKFLOW, INC.	ANNUAL BACKFLOW PREVENTION DEVICE TESTING/REPAIR	01/18/2018	17,423.67
ACH	TEMECULA VALLEY BACKFLOW, INC.	BACKFLOW ASSEMBLY REPAIR, WATTS 709/909 RUBBER KIT	01/31/2018	309.00
54246	HOME DEPOT	5" METAL CUT	01/11/2018	360.44
54275	FERGUSON WATERWORKS #1083	(100) 12 JMBO PLAS BLAC BOX: SHOP- RETURNED ITEMS	01/18/2018	-4,902.63
54282	ITRON, INC	OPENWAY RIVA THROUGH LID MOUNT KIT	01/18/2018	24,476.49
54303	CLEMMON TAYLOR	REIMB CA-NV-AWWA CROSS CONNECTION SPECIALIST CERT	01/18/2018	80.00
54329	CHRIS HOELSCHER	CA-NV-AWWA CROSS CONNECTION SPECIALIST CERT RENEW	01/31/2018	100.00
54334	JUSTIN CHANDLER	CA-NV-AWWA CROSS CONNECTION SPECIALIST CERT RENEW	01/31/2018	130.00
54354	CHRIS WAITE	CA-NV-AWWA WATER USE EFFICIENCY I CERT RENEWAL REI	01/31/2018	130.00

Total for Department: 35 METER SERVICES 38,106.97

Total for Fund:01 WATER FUND 2,539,324.44

Fund: 03 GENERAL FUND

Department: 00

ACH	ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - FEB 2018	01/18/2018	3,030.19
Total for Department: 00				3,030.19

Department: 20 BOARD

54322	COUNCIL OF WATER UTILITIES	1/16/18 COUNCIL OF WATER UTILITIES MEETING-GASCA & M/	01/31/2018	80.00
54337	MICHAEL MACK	ACWA CONFERENCE MILEAGE REIMBURSEMENT-MMACK	01/31/2018	89.24
Total for Department: 20 BOARD				169.24

Department: 36 GARAGE

ACH	BP BATTERY	AUTO BATTERY WITH CORE EXCHANGE PLUS CA TAX	01/31/2018	238.33
ACH	DAR FRYER HYDRAULICS, INC	50% COMPLETION PAYMENT-VEHICLE MAINTENANCE LIFT P	01/18/2018	3,387.50
ACH	FLYERS ENERGY LLC	ORDER 1352823-17, CARB REG 10% ETH 340.10 UNITS/DSL 10 UI	01/18/2018	5,325.73
ACH	FLYERS ENERGY LLC	ORDER 1380227-18, CARB REG 10% ETH 200 UNIT/DSL 50 UNITS	01/31/2018	5,455.00
ACH	HAWTHORNE MACHINERY COMPANY	PIN-GET, RETAINER AS, TIP IMPACT	01/18/2018	174.88
ACH	O'REILLY AUTO PARTS	BLUE DEF	01/18/2018	158.67
ACH	O'REILLY AUTO PARTS	OEX BRK PADS, HAND CLEANER, AND BLUE DEF	01/31/2018	294.55
ACH	QUALITY CHEVROLET	TRIM	01/18/2018	334.99
ACH	SAFETY-KLEEN	5G BRAKE CLEANER, 30G PARTS WASHER, FUEL SURCHARGE	01/18/2018	646.86
ACH	THE WELD SHOP, INC	(1) Light Bar aluminium includes installation and hardware	01/31/2018	2,100.00
54244	FALLBROOK OIL CO	10 GALLONS OF CARB DIESEL FUEL	01/11/2018	33.61
54264	BRIDGESTONE HOSEPOWER, LLC	HYDRAULIC FLUID, LABOR, PX250, TRIP CHARGE	01/18/2018	326.70
54271	FALLBROOK AUTO PARTS	BRAKE ROTOR-ITEM RETURNED	01/18/2018	112.54
54278	HEAVY VEHICLE ELECTRONIC LICENSE PLAT	MONTHLY SERVICE - DEC 2017	01/18/2018	27.65
54279	HOME DEPOT	VP SMALL ENGINE FUEL 4-CYCLE 94 OCTANE NO ETHANOL ((01/18/2018	410.31
54284	KONECRANES, INC.	QRTL Y INSPECTION/PREVENTATIVE MAINTENANCE SERVICE	01/18/2018	945.00
54285	LINE-X OF ESCONDIDO	STANDARD BLACK LINE X	01/18/2018	897.55
54286	MIRAMAR BOBCAT, INC.	LABOR (see attachment)	01/18/2018	3,120.77
54290	NETWORK FLEET, INC.	MONTHLY AIRTIME CHARGES FOR GPS TRACKING - JAN 2018	01/18/2018	780.00
54291	PETTY CASH	PROPANE FOR FORKLIFT	01/18/2018	66.29
54306	TRANSWEST SAN DIEGO, INC.	MISC.	01/18/2018	9,009.13
54325	FALLBROOK AUTO PARTS	COOLANT FILTER AND OIL FILTER	01/31/2018	143.46
54330	HOME DEPOT	CORD PROTECT	01/31/2018	10.71
54341	QUALITY TOOL & EQUIPMENT, INC.	Bendpak XPR-12FDL Floor Plate Direct Drive 12,000lb Lift	01/31/2018	6,232.11
54351	TOP DOG TOWING	UNIT 40 TOWED TO BIRD AUTO TEMECULA	01/31/2018	172.50
Total for Department: 36 GARAGE				40,404.84

ACH	COOL ROOF RESTORATIONS	REMOVE AND REPLACE ROOF (SEE ATTACHMENT)	01/10/2018	20,190.00
ACH	HEALTH EQUITY	ADMINISTRATIVE MONTHLY FEES_JAN 2018	01/18/2018	61.95
ACH	IMAGE SOURCE	MONTHLY COPY COUNT	01/11/2018	156.63
ACH	IMAGE SOURCE	MONTHLY COPY COUNT	01/31/2018	223.31
ACH	PUBLIC EMPLOYEES RETIREMENT	CALPERS REPLACEMENT BENEFIT CONTRIBUTION: DAVE SE'	01/31/2018	6,201.67
ACH	RAFTELIS FINANCIAL CONSULTANTS	PROFESSIONAL SERVICES 12/1/17-12/31/17, RATE STUDY	01/18/2018	23,201.86
ACH	SOUTHWEST ANSWERING SERVICE, INC.	MONTHLY SERVICE AGREEMENT	01/18/2018	1,718.11
ACH	STREAMLINE	MONTHLY WEB MANAGEMENT FEE	01/31/2018	300.00
ACH	WESTERN LANDSCAPE MAINTENANCE PLUS, LANDSCAPE MAINTENANCE SERVICE		01/18/2018	507.15
ACH	WESTERN LANDSCAPE MAINTENANCE PLUS, LANDSCAPE MAINTENANCE SERVICE		01/31/2018	507.15
ACH	XEROX CORP.	MONTHLY LEASE	01/18/2018	1,342.45
54238	ADECCO USA, INC	STAFFING: A. ACHARTZ (CS CLERK)	01/11/2018	945.40
54239	AT&T	MONTHLY PHONE SERVICE	01/11/2018	165.81
54243	CRAIG SHOBE	PLUMBING, VERBAL DRAW	01/11/2018	120.00
54246	HOME DEPOT	HUSKY 30G	01/11/2018	394.84
54251	RANCHO HGHTS RD. AND MGMT	2018 ROAD ASSESSMENTS (MAGEE WATER TANK)	01/11/2018	1,600.00
54252	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRICAL SERVICE #4065 592 756 6	01/11/2018	2,896.50
54254	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	01/11/2018	4,549.78
54256	XEROX FINANCIAL SERVICES	MONTHLY LEASE	01/11/2018	618.34
54257	ADECCO USA, INC	STAFFING: A. ACHARTZ (CS CLERK)	01/18/2018	1,896.00
54259	AMERIGAS - TEMECULA	PROPANE GAS	01/18/2018	7,493.44
54260	AT&T	MONTHLY PHONE SERVICE	01/18/2018	602.32
54261	AT&T LONG DISTANCE	MONTHLY PHONE SERVICE	01/18/2018	16.21
54262	BONSALL PEST CONTROL	MONTHLY PEST CONTROL	01/18/2018	90.00
54265	CAPITAL ONE COMMERCIALS	Solo Heavy Plastic Spoon, White, 500 ct (SCC827272)	01/18/2018	569.03
54266	COPY 2 COPY	BUSINESS CARDS 5 NAMES 250 COUNT-BOARD MEMBERS	01/18/2018	276.86
54267	COVERALL NORTH AMERICA, INC.	COMMERCIAL CLEANING SERVICES	01/18/2018	995.00
54272	FALLBROOK CHAMBER OF COMMERCE	ANNUAL BUSINESS MEMBERSHIP DUES	01/18/2018	285.00
54274	FALLBROOK WASTE AND RECYCLING	MONTHLY REFUSE AND RECYCLE	01/18/2018	372.00
54281	INFOSEND, INC.	MONTHLY MAILINGS OF WATER BILLS AND NEWSLETTER	01/18/2018	497.33
54287	MITEL LEASING	LEASE AGREEMENT	01/18/2018	764.30
54288	MODULAR BUILDING CONCEPTS, INC	RENTAL AGREEMENT	01/18/2018	793.03
54291	PETTY CASH	STERNO FUEL FOR EMPLOYEE EVENT	01/18/2018	9.15
54292	PETTY CASH	MILEAGE REIMBURSEMENT - DWASHBURN	01/18/2018	349.76
54293	PITNEY BOWES INC.	E-Z SEAL SUPPLY	01/18/2018	82.42
54299	SAN DIEGO COUNTY ASSESSOR/RECORDER/C	PROCESSING FEE FOR RECORDING RELEASE OF LIEN DOC (1)	01/18/2018	88.00
54301	SHRED-IT USA LLC	MONTHLY SERVICE AGREEMENT	01/18/2018	133.40
54305	THE CARLSON COMPANY	M-FOLD TOWEL, PLYBATH TISSUE	01/18/2018	405.32
54313	ADECCO USA, INC	STAFFING: A. ACHARTZ (CS CLERK)	01/31/2018	1,219.20

54315	AMERICAN WATER WORKS ASSOC.	ANNUAL MEMBERSHIP RENEWAL - 04/1/18 THRU 03/31/19	01/31/2018	2,018.00
54316	AT&T	MONTHLY PHONE SERVICE	01/31/2018	165.86
54317	AT&T	MONTHLY PHONE SERVICE	01/31/2018	469.43
54318	AT&T LONG DISTANCE	MONTHLY PHONE SERVICE	01/31/2018	16.28
54322	COUNCIL OF WATER UTILITIES	1/16/18 COUNCIL OF WATER UTILITIES MEETING-KENNEDY	01/31/2018	40.00
54331	INFOR (US), INC.	CLOUDSUITE, EAM GIS SUBSCRIPTION AND WEB SERVICES, 2	01/31/2018	49,436.28
54332	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	01/31/2018	477.52
54339	ONESOURCE DISTRIBUTORS, LLC	ANGLE CAP	01/31/2018	283.85
54345	SAN DIEGO COUNTY ASSESSOR/RECORDER/C	(2) PROCESSING FEE FOR RECORDING RELEASAE OF LIEN DO	01/31/2018	176.00
54350	TIME WARNER CABLE	MONTHLY INTERNET CONNECTION - JAN	01/31/2018	1,250.00
54353	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	01/31/2018	2,444.93
54356	DAWN WASHBURN	EVENT PLANNING COMMITTEE REFUND-2018 EE RECOGNITIC	01/31/2018	192.00
54360	XEROX FINANCIAL SERVICES	MONTHLY LEASE	01/31/2018	618.34
1121801	UNION BANK (VISA)	ORBITZ BOOKING FEE - TORONTO CONFERENCE (REIMB BY R	01/12/2018	2,127.74
1121802	UNION BANK (VISA)	COSTCO - 4K ULTRA HD LED LCD TV	01/12/2018	470.32
1121803	UNION BANK (VISA)	SMART & FINAL-BREAKFAST BURRITO FIXINGS FOR ANNUAI	01/12/2018	222.39
1121804	UNION BANK (VISA)	UNION BANK CREDIT CARD INTEREST CHARGE	01/12/2018	6.74

Total for Department: 41 ADMINISTRATION/HR 143,054.40

Department: 42 HUMAN RESOURCES

ACH	TEG STAFFING, INC.	STAFFING: M. GALLOWAY & J. WHITE (HR ASSISTANTS)	01/11/2018	1,339.98
ACH	TEG STAFFING, INC.	STAFFING: M. GALLOWAY (HR ASST)	01/18/2018	3,418.62
ACH	TEG STAFFING, INC.	STAFFING: M. GALLOWAY (HR ASST)	01/31/2018	2,380.80
54289	NATIONAL BENEFIT SERVICES, LLC	COBRA SERVICES AGREEMENT & FEE SCHEDULE + PLAN COS	01/18/2018	1,000.00
54304	TEMECULA TROPHY CO.	PLATE AND NAME PLATE HOLDER	01/18/2018	166.23
54349	TEMECULA TROPHY CO.	15 & 10 YEAR ANNIVERSARY PLAQUES	01/31/2018	151.46

Total for Department: 42 HUMAN RESOURCES 8,457.09

Department: 43 SAFETY

ACH	ALL THINGS FALLBROOK	LOGO BALL CAPS UNIFORM PPE	01/31/2018	704.15
ACH	HI-WAY SAFETY RENTALS	TRAFFIC CONES 18" 3LB ORANGE 6" COLLAR	01/18/2018	243.73
54248	PACIFIC SAFETY CENTER	ANNUAL MEMBERSHIP RENEWAL, 3/1/18-2/28/19	01/11/2018	280.00
54253	CLEMMON TAYLOR	TO REIMBURSE FOR THE PURCHASE OF SAFETY BOOTS	01/11/2018	126.02
54258	AIRGAS SAFETY INC	FIRST AID KIT CONSTRUCTION	01/18/2018	807.96
54263	BOOT BARN INC	SAFETY BOOTS: R. ZUNIGA & R. DEL RIO	01/18/2018	294.42
54314	AIRGAS SAFETY INC	Scrub poison ivy Tecnu Extreme	01/31/2018	1,830.95
54338	OCCUPATIONAL HEALTH CENTERS OF CA, A	SERVICES PERFORMED AT CMC	01/31/2018	83.00

Total for Department: 43 SAFETY 4,370.23

Department: 51 FINANCE

54281	INFOSEND, INC.	MONTHLY MAILINGS OF WATER BILLS AND NEWSLETTER	01/18/2018	2,834.46
54320	CENTRO PRINT SOLUTIONS	2017 TAX FORMS - W2, 1099, ENVELOPES	01/31/2018	124.65
54326	FEDEX	DELIVERY SERVICE	01/31/2018	58.25
54332	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	01/31/2018	6,044.73
54359	WHITE NELSON DIEHL EVANS LLP	SERVICES THROUGH 12/31/17-FINANCIAL STATEMENTS YE 6/	01/31/2018	2,000.00
Total for Department: 51 FINANCE				11,062.09

Department: 52 CUSTOMER SERVICE

ACH	TCN, INC	MONTHLY 48 HOUR NOTICE CALLS	01/31/2018	42.05
54266	COPY 2 COPY	BLUE METER LOG BOOKLETS	01/18/2018	411.74
54281	INFOSEND, INC.	MONTHLY MAILINGS OF WATER BILLS AND NEWSLETTER	01/18/2018	1,190.99
54298	RT LAWRENCE CORPORATION	LOCKBOX PROCESSING FEES FOR - DEC 2017	01/18/2018	696.37
54332	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	01/31/2018	3,889.67
1101816	NEWEGG BUSINESS INC	HEADSET SAVI W730 (83543-01)	01/10/2018	248.82
Total for Department: 52 CUSTOMER SERVICE				6,479.64

Department: 91 ENGINEERING

54291	PETTY CASH	KEYS FOR ENGINEERING DEPARTMENT	01/18/2018	20.34
54327	HDR ENGINEERING, INC.	CONDITION ASSESSMENT OF WATER FACILITIES	01/31/2018	5,191.00
54328	DAVID HILL	SWRCB GRADE 3 WATER DISTRIBUTION OPERATOR CERT FEI	01/31/2018	306.00
Total for Department: 91 ENGINEERING				5,517.34

Total for Fund:03 GENERAL FUND 222,545.06

Fund: 26 NEW WATER SOURCES FUND

Department: 00				
Total for Department: 00				0.00
Total for Fund:26 NEW WATER SOURCES FUND				0.00

Fund: 60 WTR CAP EXPANSION/REPLACEMENT

Department: 00				
ACH	CONCORD ENVIRONMENTAL ENERGY, INC.	1 ½" THROUGH 2" METER & ENDPOINT RADIO	01/18/2018	7,424.00
54270	DELL BUSINESS CREDIT	PowerEdge R430 Rack Server & Windows Server 2016/20 USER Cal's	01/18/2018	4,780.98
54276	FREEDOM AUTOMATION, INC.	SCADA RTU system upgrade - Gopher Tank integration	01/18/2018	8,000.00
54330	HOME DEPOT	RGD 2.00 10', LUG, 2"90DG BELL, 5/8 GRND ROD, BUSHING	01/31/2018	173.63
Total for Department: 00				20,378.61
Total for Fund:60 WTR CAP EXPANSION/REPLAC				20,378.61

Grand Total 3,194,504.29

Comparative Water Sales YTD from Prior Years

FISCAL YEAR 2017-2018

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	33,368	29,810	36,240	31,341	32,604	31,023	27,275						509
403	AG	143,947	131,374	145,023	120,650	125,864	102,753	92,501						1,979
5	C	-	-	-	-	-	-	-						-
231	CM	33,760	42,525	33,852	26,225	24,198	16,798	18,566						450
30	CN	2,468	3,986	8,073	10,498	18,605	5,633	3,526						121
24	IS	2,320	2,440	2,793	2,488	2,335	1,700	1,339						35
88	MF	11,472	10,002	13,072	10,304	11,489	11,350	9,566						177
326	SC	179,822	156,120	202,103	148,336	176,307	145,994	119,086						2,589
1034	SD	246,972	223,157	271,457	221,749	243,725	210,020	185,162						3,678
5122	SF	175,041	165,722	194,945	155,283	162,716	146,128	120,558						2,572
7854	Total	829,170	765,136	907,558	726,874	797,843	671,399	577,579	-	-	-	-	-	12,111

FISCAL YEAR 2016-2017

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	36,216	34,134	39,119	28,217	22,903	24,494	7934						443
403	AG	156,957	152,359	172,040	132,882	104,544	96,050	31370						1,943
5	C	-	-	-	-	-	-	0						-
231	CM	47,830	45,043	43,040	26,707	20,970	21,140	5876						483
30	CN	4,900	4,950	7,309	11,456	7,427	904							85
24	IS	3,806	3,701	3,980	3,061	2,446	1,653	1408						46
88	MF	11,307	11,657	13,746	10,597	8,876	11,213	7139						171
326	SC	183,744	166,212	206,354	150,910	121,456	115,009	18861						2,210
1034	SD	279,246	253,718	298,226	222,243	181,674	171,322	39596.7						3,320
5122	SF	187,516	175,736	202,555	154,361	120,520	133,125	57385						2,367
7854	Total	911,522	847,510	986,369	740,434	590,816	574,910	169,570	-	-	-	-	-	11,068

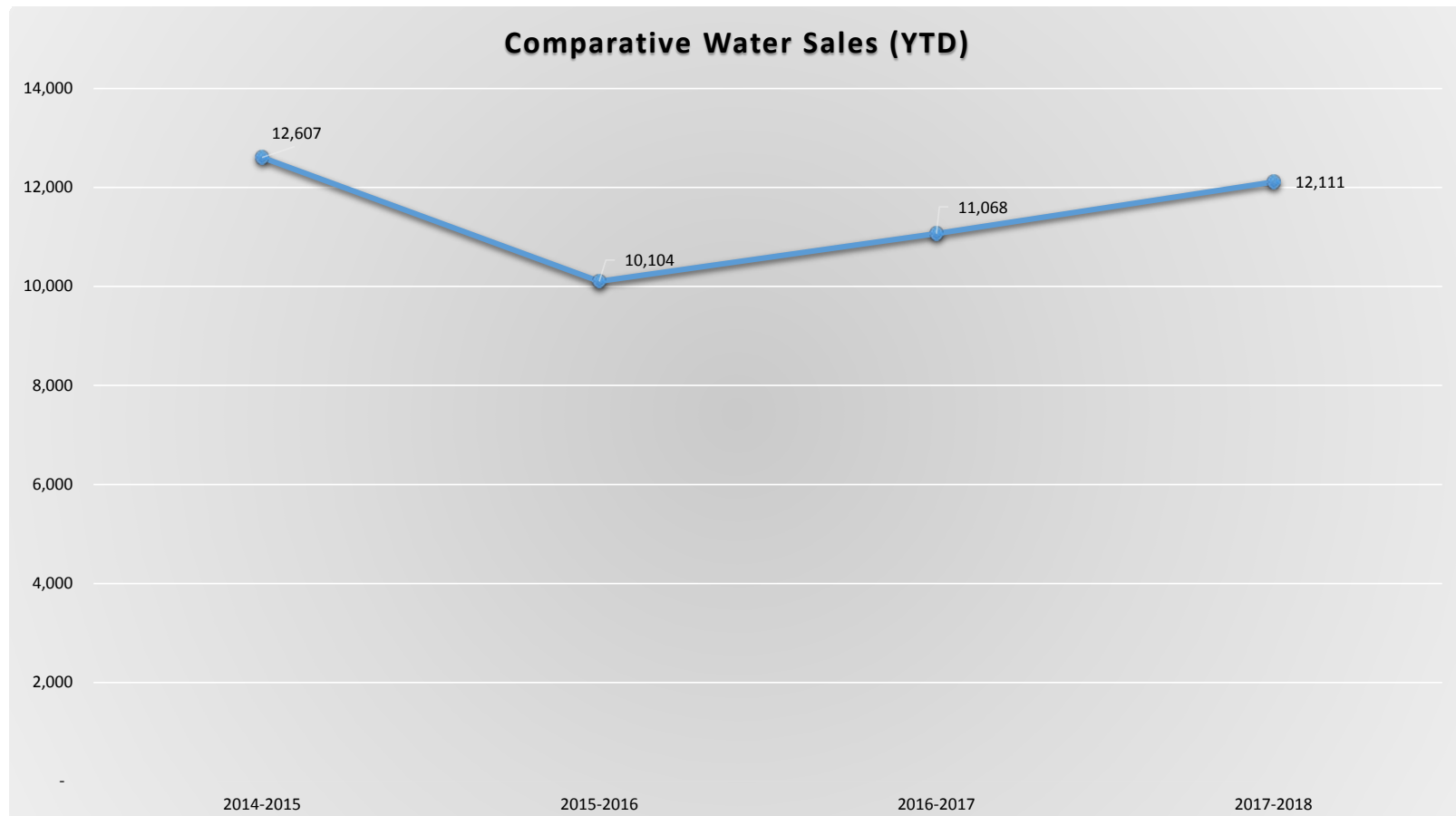
FISCAL YEAR 2015-2016

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
601	AD	29,891	26,212	33,050	25,166	24,907	20,638	12532						396
404	AG	143,174	124,130	153,414	124,219	109,795	85,664	48608						1,811
6	C	4,342	3,764	4,773	2,948	1,761	665	428						43
221	CM	28,620	33,259	34,668	28,374	14,569	11,399	8431						366
37	CN	6,680	7,040	5,931	3,994	5,788	3,061	1002						77
24	IS	2,773	2,779	2,486	3,073	3,299	2,641	828						41
88	MF	11,351	10,279	10,887	9,952	9,664	8,600	8072						158
326	SC	162,756	144,892	188,145	132,002	133,998	109,284	46707						2,107
1038	SD	245,736	213,120	257,965	197,426	188,412	162,042	82599						3,093
5092	SF	148,573	143,404	162,621	135,030	120,706	96,899	69380						2,012
7837	Total	783,896	708,879	853,940	662,184	612,899	500,893	278,587	-	-	-	-	-	10,104

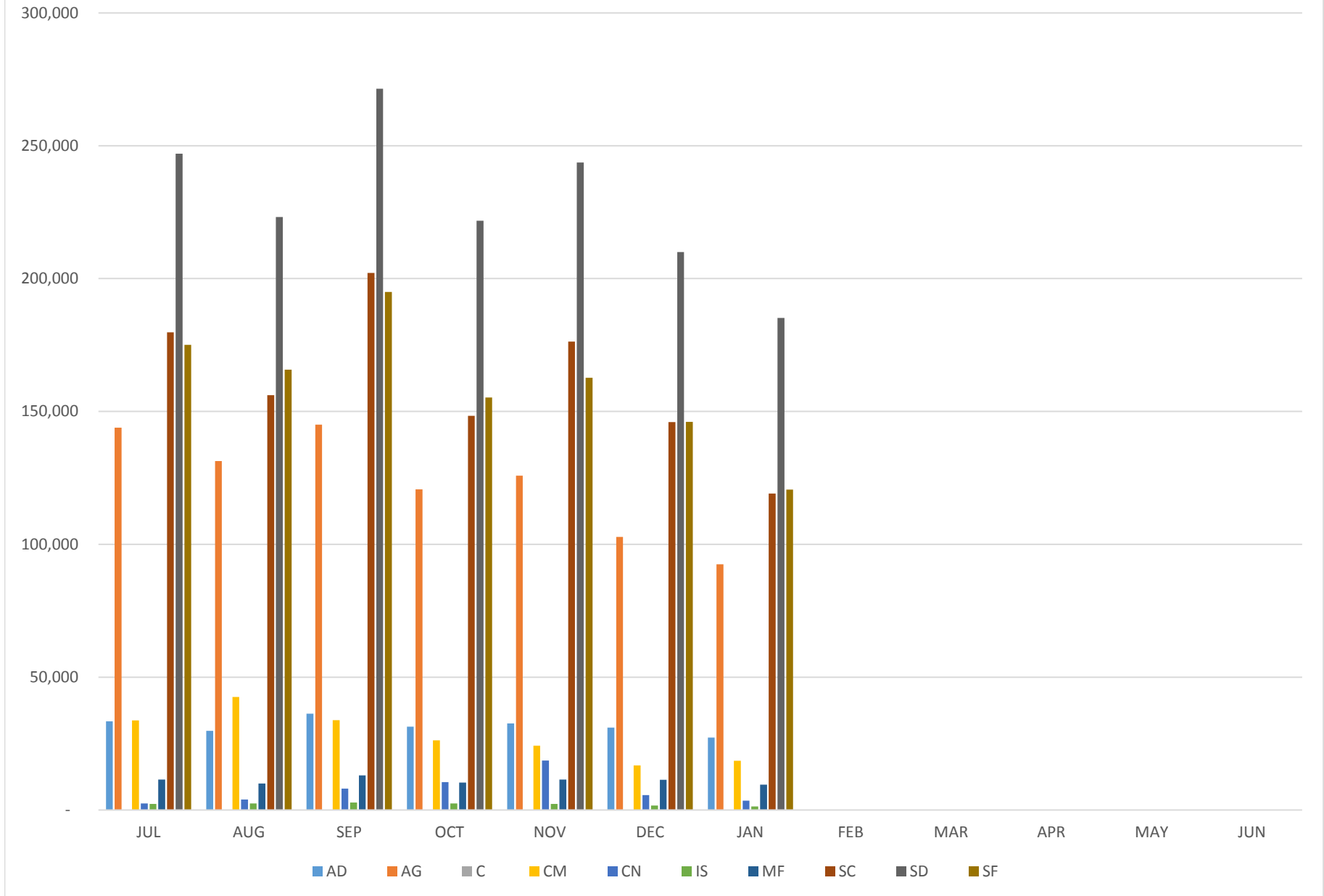
FISCAL YEAR 2014-2015

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
426	A	118,146	136,346	116,938	122,567	99,702	62,354	19943						1,552
341	C	102,461	111,946	90,197	95,608	76,060	51,612	29802						1,280
36	CN	3,175	3,510	3,579	2,898	1,119	372	1						34
5558	D	220,019	244,786	204,723	208,649	178,916	121,527	67259						2,860
96	MF	15,917	16,081	14,016	14,241	13,689	10,249	8659						213
323	SC	207,708	245,358	221,301	241,409	186,106	108,701	25015						2,837
1040	SD	284,083	332,533	282,418	297,792	260,513	165,578	46135						3,832
7820	Total	951,509	1,090,560	933,172	983,164	816,105	520,393	196,814	-	-	-	-	-	12,607

Comparative Water Sales YTD from Prior Years



USAGE BY CUSTOMER CLASS FY 17-18





**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT
FEBRUARY 2018**

STATUS SUMMARY	EDUs
Total Treatment Capacity Purchased from Oceanside	8,333.33
Less 5% Contractual Allowance	416.67
EDUs Set Aside by Board for Emergencies	60.00
EDUs Connected	4,224.62 *
EDUs Unconnected/Committed	713.50
Total EDUs Available for Purchase:	2,918.55

DEVELOPMENTS WITH UNCONNECTED/COMMITTED EDUs	EDUs	CAPACITY FEES PAID
Golf Green Estates (Dev. Solutions) - 102.46	84.46	\$ 1,523,434
Horse Creek Ridge - 754	303.80	\$ -
Passarelle (HRC Commercial) - 96.57	96.57	\$ -
Palomar College - 100	100.00	\$ -
Polo Club (Vista Valley Dev.) - 165 Lots	59.85	\$ 1,022,775 **
Pala Mesa Highlands (Beazer Homes) - 159.3	55.62	\$ 965,007 **
Others (5 or less)	13.20	\$ 204,156
TOTAL UNCONNECTED:	713.50	\$ 3,715,372

*There is a delay between connections and new account activations.

**Deferred Total Payment until Building Permits are Issued.

