



BOARD MEETING

RAINBOW MUNICIPAL WATER DISTRICT

Tuesday, September 18, 2018

Closed Session – Time: 12:00 p.m.

Open Session - Time: 1:00 p.m.

THE PURPOSE OF THE REGULAR BOARD MEETING IS TO DISCUSS THE ATTACHED AGENDA

District Office

3707 Old Highway 395

Fallbrook, CA 92028

Board Agenda Policies

Board of Directors Meeting Schedule Regular Board meetings are normally scheduled for the 4th Tuesday of the month with Open Session discussions starting time certain at 1:00 p.m.

Breaks It is the intent of the Board to take a ten minute break every hour and one-half during the meeting.

Public Input on Specific Agenda Items and those items not on the Agenda, Except Public Hearings Any person of the public desiring to speak shall fill out a "Speaker's Slip", encouraging them to state their name, though not mandatory. Such person shall be allowed to speak during public comment time and has the option of speaking once on any agenda item when it is being discussed. Speaking time shall generally be limited to three minutes, unless a longer period is permitted by the Board President.

Public Items for the Board of Directors' agenda must be submitted in writing and received by the District office no later than 10 business days prior to a regular Board of Directors' Meeting.

Agenda Posting and Materials Agendas for all regular Board of Directors' meetings are posted at least seventy-two hours prior to the meeting on bulletin boards outside the entrance gate and the main entrance door of the District, 3707 Old Highway 395, Fallbrook, California 92028. The agendas and all background material may also be inspected at the District Office.

You may also visit us at www.rainbowmwd.com.

Time Certain Agenda items identified as "time certain" indicate the item will not be heard prior to the time indicated.

Board meetings will be recorded as a secretarial aid. If you wish to listen to the recordings, they will be available after the draft minutes of the meeting have been prepared. There is no charge associated with copies of recordings. Recordings will be available until the minutes of such meeting are approved. Copies of public records are available as a service to the public; a charge of \$.10 per page up to 99 pages will be collected and \$.14 per page for 100 pages or more.

If you have special needs because of a disability which makes it difficult for you to participate in the meeting or you require assistance or auxiliary aids to participate in the meeting, please contact the District Secretary, (760) 728-1178, by at least noon on the Friday preceding the meeting. The District will attempt to make arrangements to accommodate your disability.

(*) - Asterisk indicates a report is attached.

Notice is hereby given that the Rainbow Municipal Water District Board of Directors will hold Closed Session at 12:00 p.m. and Open Session at 1:00 p.m. Tuesday, September 18, 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))**
 - Two Cases
 - B. Consider Personnel Matter-General Manager Performance Evaluation (Government Code §54957)**
 - 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.*

(*) - Asterisk indicates a report is attached.

***11. APPROVAL OF MINUTES**

- A. August 28, 2018 - Regular Board Meeting

12. 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
 - 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)
 - 1. Board Seminar/Conference/Workshop Training Attending Requests and Reports
- D. Directors Comments
- E. Legal Counsel Comments
 - 1. Employment Law Update (501668-0002)

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

- A. Budget and Finance Committee
 - 1. August 14, 2018 Minutes
- B. Communications and Customer Service Committee
 - 1. August 2, 2018 Minutes
- C. Engineering and Operations Committee
 - 1. August 1, 2018 Minutes

PRESENTATIONS

14. PIPELINE 6 RELINING PROJECT UPDATE (PRESENTED BY SDCWA)

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION REGARDING PROPOSED ORDINANCE NO. 18-23 TO REPEAL EXISTING ORDINANCE NO. 95-1, WHICH CURRENTLY REQUIRES A TWO-THIRDS VOTE OF THE ELECTORATE BEFORE THE DISTRICT CAN INCUR ADDITIONAL PUBLIC DEBT, AND TO INTRODUCE PROPOSED ORDINANCE NO. 18-23 AND SCHEDULE A PUBLIC HEARING FOR THE OCTOBER 23, 2018 BOARD MEETING**

(This agenda item is to discuss in open session the proposed repeal of Ordinance No. 95-1; to introduce proposed Ordinance No. 18-23 to effectuate the repeal; and to authorize publication of notice pursuant to Government Code Section 6066 and to schedule a public hearing for consideration of proposed Ordinance No. 18-23.)

(*) - Asterisk indicates a report is attached.

***16. CONSIDER ADOPTION OF RESOLUTION NO. 18-15 OF THE BOARD OF DIRECTORS OF THE RAINBOW MUNICIPAL WATER DISTRICT APPROVING THE FORM OF THE LEASE/PURCHASE AGREEMENT WITH ZB, N.A., SALT LAKE CITY, UTAH AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF**

(This action item is a resolution authorizing the District to enter into a Tax-Exempt Lease for the ABM meter replacement project.)

***17. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-20 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 5.02.210 APPENDIX A – PURCHASING APPROVAL LIMITS POLICY**

(This topic was considered over two public meetings of the Budget and Finance Committee where the Committee members considered the proposed changes to the policy. After consideration the Committee voted unanimously to recommend approval of this Ordinance to the Board of Directors.)

***18. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-21 ADDING SECTION 5.07 – UNCLAIMED CHECKS POLICY TO THE ADMINISTRATIVE CODE AND APPROVE AN UNCLAIMED CHECKS POLICY**

(Presently, the District does not have a formal policy established on how to handle unclaimed checks and ensure the propriety of the related accounting transactions.)

***19. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-22 AMENDING AND UPDATING AMEND ADMINISTRATIVE CODE CHAPTER 5.04 - FIXED ASSETS**

(Presently, the District does not have a detailed formal policy established on fixed/capital asset. The intended purpose of the Capital Asset Policy is to ensure adequate control, appropriate use of and proper recording of the District's infrastructure assets and fixed assets. The policy and the related procedures are intended to establish guideline for purchasing, using, financial report, logging inventory, depreciating, and disposal of infrastructure and fixed assets.)

***20. APPROVAL OF RESOLUTION NO. 18-14 ESTABLISHING CHECK SIGNING AUTHORITY**

(The purpose of this Resolution is to update the current established check signing responsibility to the current authorized signers of checks due to a change in personnel.)

21. DISCUSSION AND POSSIBLE APPOINTMENT OF TREASURER

(The last delegation of authority occurred at July 24, 2018 Board's meeting. The delegation authorized the Finance Manager as the Treasurer of the District. The Finance Manager submitted her resignation in late August with a final date of employment with RMWD effective September 10th, 2018. A new delegation of authority selecting a Treasurer is needed to comply with the Investment policy section 5.03.070.)

22. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

BOARD INFORMATION ITEMS

23. FLUME UPDATE

24. STRATEGIC PLAN UPDATE

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

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Operations Comments

1. Operations Report

C. Engineering Comments

1. Engineering Report

(*) - Asterisk indicates a report is attached.

D. Human Resource & Safety Comments

1. Human Resources Report
2. Organizational Chart

E. 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

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

27. ADJOURNMENT - To Tuesday, October 23, 2018 at 1:00 p.m.

ATTEST TO POSTING:


Hayden Hamilton
Secretary of the Board

9-13-18 @ 12:45 p.m.
Date and Time of Posting
Outside Display Cases

(*) - Asterisk indicates a report is attached.

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**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 28, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on August 28, 2018 was called to order by President Brazier at 12:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **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, Interim Operations Manager Gerdes, Superintendent Maccarrone, District Engineer Strapac.

No members of the public were present before for Open Session. Five members of the public were present for Open Session.

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

President Brazier noted the order of the Closed Session items would be reversed. She also asked if the Consent Calendar items could be approved by one roll call vote. Legal Counsel confirmed one roll call vote would suffice.

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).**

There were no comments.

The meeting adjourned to Closed Session at 12:04 p.m.

5. **CLOSED SESSION**

A. Appointment, Employment; Evaluation of Performance – General Manager (Government Code §54957)

B. Conference with Legal Counsel Regarding Anticipated Litigation (Government Code §54956.9(d)(2))

- 2 Cases

The meeting reconvened at 1:00 p.m.

(*) - Asterisk indicates a report is attached.

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6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

President Brazier reported the General Manager and Board of Directors discussed the General Manager performance evaluation which was signed by both Mr. Kennedy and her.

Discussion returned from Item #21.

President Brazier reported a procedural question was resolved.

Discussion went to Item #21.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was discussed under Item #6.

9. REPEAT ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)

President Brazier mentioned the only change to the agenda was the Closed Session items were taken in reverse order per Item #3.

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

There were no comments.

***11. APPROVAL OF MINUTES**

A. July 24, 2018 - Regular Board Meeting

B. August 15, 2018 – Special Board Meeting/Board Workshop

Motion:

To approve both the July 24, 2018 and August 15, 2018 minutes.

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.

(*) - Asterisk indicates a report is attached.

***12. 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)

President Brazier read aloud her comments regarding her concerns regarding past and anticipated discussions related to Item #20.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting July 26, 2018

Mr. Kennedy stated there was not much to report at this time except for the theoretical movement toward normalization of relations with MWD.

2. CSDA

Director Mack summarized the topics covered by multiple speakers at the Quarterly Dinner Meeting.

President Brazier noted Mr. Kennedy was up for re-election to serve as the president.

3. LAFCO

A. Change in Special District Representation

Mr. Kennedy announced Julie Nygaard has been appointed to the be Consolidated Redevelopment Board due to Ed Sprague's scheduling conflicts.

4. San Luis Rey Watershed Council

Director Stewart reported a video presentation was made regarding the State of California Grant to do a graywater system, rainwater catchment and other water saving initiatives pilot program offered throughout the San Luis Rey River watershed. He mentioned there was a presentation on Waterwise gardening as well as a speaker, George Wilkens with Pacific REMS, Inc., who presented a fall weather forecast. He noted several topics were addressed during the general session comments from the attendees.

5. Santa Margarita River Watershed Watermaster Steering Committee

Director Hamilton reported the next meeting would be in September.

C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)

1. Board Seminar/Conference/Workshop Training Attending Requests and Reports

There were no reports.

(*) - Asterisk indicates a report is attached.

D. Directors Comments

There were no comments.

E. Legal Counsel Comments

- 1. CEQA and Well Permits (501668-0002)

Legal Counsel summarized the information provided in his written report. Discussion ensued regarding the varying requirements throughout the counties.

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

A. Budget and Finance Committee

- 1. July 10, 2018 Minutes

Mr. Stitle reported RMWD’s water fund was net positive as well as on the discussions that took place at the last committee meeting.

B. Communications and Customer Service Committee

- 1. July 12, 2018 Minutes

Director Hamilton reported Julie Johnson was seated as a member at the last meeting. He noted the committee discussed the video presentation, got an update on the meter replacement project relative to the communications to be rolled out, talked about policy changes related to leaks on the customer side of the meters, and the standard outreach items.

C. Engineering and Operations Committee

- 1. June 6, 2018 Minutes
- 2. July 11, 2018 Minutes

Mr. Strapac reported the committee discussed the on-call surveyors which resulted in the committee recommending the District go with the three staff-recommended consultants. He mentioned the committee talked about the mitigated negative declaration for List Station 1 as well as other items that may be of interest including the Seventh-Day Adventist seeking possibly using some property for a self-contained tower, pipeline relocation design RFP, and tank fall protection update.

CONSENT CALENDAR ITEMS

***14. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-13 — 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 AUGUST 28, 2018 THROUGH JUNE 30, 2019**

***15. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-19 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**

(*) - Asterisk indicates a report is attached.

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Motion:

To approve the Consent Calendar.

Action: Approve, Moved by Director Gasca, 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.

BOARD ACTION ITEMS

16. CONSIDER APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH ABM BUILDING SOLUTIONS, LLC FOR A DISTRICTWIDE METER REPLACEMENT AND WATER SERVICE UPGRADE PROJECT AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AGREEMENT ON THE DISTRICT'S BEHALF

Mr. Kennedy gave a presentation on the base project details as well as the service upgrade project components. He referenced the overall total base and upgrade project costs and financing.

Mr. Kennedy talked about the AMR replacement, noting RMWD has provided Itron with a breach of contract notice and how SDG&E supports RMWD's decision to end the pilot program. He pointed out AMI was not feasible using "normal" AMI systems. He explained based on this information, it was necessary for the Board to determine how RMWD should proceed.

Director Hamilton inquired about the installation of ball valves in terms of backflow devices. Mr. Kennedy provided a response as well as offered to prepare a cost analysis based on this discussion. Discussion ensued.

Motion:

To approve Staff Recommendation Option 2 - Authorize staff to move forward with the base meter replacement project as described in Option 1 (authorize staff to move forward with the base meter replacement project only, authorize the General Manager to execute the Project Agreement and Meter Accuracy Guarantee contracts, and direct staff to bring forward budget appropriations in the early 2019 mid-year budget adjustments and in future years to fund the lease payments) plus take necessary steps to take the actions needed to secure funding for the optional service upgrades.

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.

(*) - Asterisk indicates a report is attached.

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17. DISCUSSION AND POSSIBLE ACTION TO AWARD THREE PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE AS-NEEDED LAND SURVEYING SERVICES

Mr. Strapac explained the need for as-needed land surveying services to perform certain functions on behalf of the District. He noted there were three responses to the Request for Proposal; all of which the Engineering and Operating Committee reviewed and approved.

Director Mack inquired as to whether the costs will fluctuate according to the services provided. Mr. Strapac explained each has billing rates they charge according to prevailing wage.

Director Gasca asked about the terms of the contracts. Discussion followed.

Director Hamilton inquired as to whether the contract could be “recharged” if necessary. Mr. Strapac stated the Board would have discretion to take such action.

Motion:

To approve Option 1 - Authorize staff to award three Professional Services Agreements in the amount of \$50,000 each to KDM Meridian, Right-of-way Engineering Services, Inc., and Johnson-Frank & Associates, Inc.

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.

***18. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-18 AMENDING AND UPDATING ADMINISTRATIVE CODE TO ADD SECTION 8.04.020.9 – ASSIGNMENT OF WATER RIGHTS AND WATER PRODUCTION FACILITIES AS A CONDITION OF DISTRICT WATER SERVICE**

Mr. Strapac explained when someone comes to the District or County to do any type of development project, it is requested they assign their water rights and any water production facilities to the District. He stated this was a fairly common item for municipalities to have in place. He mentioned Legal Counsel has reviewed the policy and it does meet all the qualifications and requirements. He noted this will ensure going forward, RMWD has more water rights going forward.

Director Gasca asked if this was for individuals within the District who want to connect to the system or those annexing into the District. Mr. Strapac stated it would be both. Mr. Kennedy added RMWD does not serve anyone outside the District boundaries which means anyone outside the District wants water from RMWD, it would be through annexation or an out-of-service area agreement through LAFCO for those already a member of SDCWA and MWD.

Director Hamilton expressed concern with the transfer of production because there is no relative recognition of the value of the asset. Mr. Kennedy offered to look into language for addressing those scenarios to which this would apply; however, it would not apply to many customers. Discussion ensued.

(*) - Asterisk indicates a report is attached.

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Motion:

Adoption of Ordinance No. 18-18.

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

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

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

***19. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-16 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 2.01.010 – CODE OF ETHICS POLICY**

Mr. Kennedy recalled this policy has been discussed over the past few months. He noted Legal Counsel also provided language on a section on matters of personal interest.

Legal Counsel mentioned he used the numbers from the FPPC requirement of the Government Code including the radius requirement.

Motion:

To approve Ordinance No. 18-16.

Action: Approve, Moved by Director Hamilton, 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.

***20. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-17 - ADDING ADMINISTRATIVE CODE SECTION 2.10 – CHANGE IN CLIMATE POLICY**

Mr. Kennedy pointed out this section was pulled from the previous proposed Code of Ethics policy per Board direction.

Director Hamilton proposed changing the opening phrase replacing “while there may be some who disagree with the” to “regardless of the root cause”.

President Brazier suggested the title and anywhere “Change in Climate Policy” is utilized be changed to “Climate Change Policy” for clarity purposes as well as to reflect the most widely accepted terminology to refer to such.

Director Hamilton noted there should be a lower case “T” in the second line following the comma.

Motion:

Adoption of Ordinance No. 18-17 as restated.

Vote: Motion carried by unanimous roll call 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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Action: Approve, Moved by Director Hamilton, Seconded by Director Stewart.

21. DISCUSSION AND POSSIBLE ACTION REGARDING THE APPOINTMENT; EMPLOYMENT; EVALUATION OF PERFORMANCE; OR COMPENSATION OF THE GENERAL MANAGER

Mrs. Harp pointed out Mr. Kennedy's contract calls for a COLA as part of his existing contract. She noted any changes to the contract or compensation need to be provided verbally in a public meeting.

Director Stewart stated the Board had an opportunity to participate individually in the evaluation for the past year's performance of the General Manager. He noted Mr. Kennedy provided a detailed report of his view of accomplishments. He said based on the report from Mr. Kennedy, comparable salaries, compensation and benefits paid to managers of various water and sewer agencies within the areas, and the evaluation results report compiled by Legal Counsel, the evaluation was very positive.

Motion:

To approve Option 1.

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

Director Gasca inquired about when the Board will discuss the level of accomplished past goals, future goals, as well as any other compensation. President Brazier explained this would be the opportunity to discuss any other additional proposed compensation.

Legal Counsel explained in the evaluation provided, there were goals approved for last year as well as additional goals for the next year.

Director Hamilton recommended the list of suggested goals from the Board of Directors be reviewed; however, this would not impact compensation.

Mr. Kennedy recalled from the previous year, if the Board establishes a series of goals and gives a bonus payment based on attainment of some pre-defined area, then the compensation becomes a part of CalPERS and one-time bonuses do not.

The meeting adjourned to Closed Session at 2:36 p.m.

The meeting reconvened at 2:50 p.m.

Discussion went to Item #6.

Discussion returned from Item #6.

Director Stewart stated he wanted to amend his motion to propose to approve Option 1 for the Cost of Living Adjustment plus a bonus of \$20,000 for this year based on both the projections of budget and performance of the District over the last twelve months. He noted the twelve-month period just pending in RMWD's audit and the \$1.6M to be the District's profit (which is essentially the amount the District intends to fund into its reserves) and having accomplished that for the first time in 3-4 years with a declining amount of water sales is a significant achievement.

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Director Mack asked the amount of Mr. Kennedy's bonus last year. It was confirmed to be \$20,000.

Motion:

To approve an increase to the General Manager's salary by a 3% cost of living adjustment in accordance with the existing contract between Rainbow Municipal Water District and Tom Kennedy plus a \$20,000 bonus. The General Manager's annual Salary will increase from \$230,000 to \$236,900 effective August 28, 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.

22. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

There were no requests.

23. STRATEGIC PLAN WORKSHOP DISCUSSION

Mr. Kennedy stated the Board and staff met at a Special Board Meeting/Workshop to review the District's key focus areas. He said this item was to provide an opportunity to talk some of the broad objectives to meet those key focus areas.

Mrs. Gray pointed out the notes were provided in the minutes for the Special Board Meeting/Workshop; however, she would email a copy of the presentation she prepared from those same notes to the Board of Directors following the meeting.

Mrs. Gray presented the Water Resources focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Remove the recycled water plant.
2. Promote and participate in the direct or indirect potable reuse technology and regulation.
3. Identify and attain appropriate water rights in the San Luis Rey valley and feasible water production strategies.
4. Participate fully and actively in the San Luis Rey Groundwater Sustainability Agency.
5. Monitor threats of water resources.

Mrs. Gray presented the Asset Management focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Proactive system-wide pressure management.
2. Continue condition assessment.
3. Development of system-wide corrosion protection.
4. Programmatic EIR for pipelines for environmental work.
5. Right-of-way management.

(*) - Asterisk indicates a report is attached.

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Mrs. Gray presented the Workforce Development focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Move cross-training to the sub-goal for the overall maintaining education and training opportunities.
2. Continue to execute existing employee recognition program and recognize employees proactively.
3. Add something related to employment branding for recruitment.

Mrs. Gray presented the Fiscal Responsibility focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Develop cost-effective contracting methods for pipeline replacement.
2. Focus on selecting resources to look at alternative funding and grants.
3. Establish a rate structure less reliant on volumetric sales.
4. Seek additional revenue streams.

Mrs. Gray presented the Customer Service focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Create a customer-service based culture.
2. Analyze the feasibility of a mechanism for record keeping of all customer interactions.
3. Improve customer water use information.
4. Enhance the delivery of information to customers.
5. Improve bill pay program.
6. Continue enhancing use of EAM to support customer service in the field.
7. Building a customer service focus culture from top to bottom.
8. Continuous updating of customer service policies.

Mrs. Gray presented the Communication focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Consistent messaging throughout the organization.
2. Upgrading printed collateral.
3. Elaborate on community outreach programs and resources including regional social media.
4. Improve advanced public notifications.
5. Update email distribution of newsletter.
6. Continuous enhancement of District website including adding routine maintenance as a sub-goal.
7. Pursue on-site and off-site tour opportunities.
8. Improve communication dynamics between the Board and standing committees.

Director Mack inquired about whether the bullet points contained in the S.W.O.T. analysis should be prioritized. Mr. Kennedy offered to bring back the information provided today along with the S.W.O.T. analysis at which time the items can be reviewed collectively and possibly prioritized including timelines.

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

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- B. Operations Comments**
 - 1. Operations Report
- C. Engineering Comments**
 - 1. Engineering Report
- D. Customer Service and Meters Comments**
 - 1. Customer Service and Meters Report
- E. Human Resource & Safety Comments**
 - 1. Human Resources Report
 - 2. Organizational Chart
- F. 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

Mr. Kennedy announced the California/Nevada Chapter of the American Water Association has extended an offer of employment to Mrs. Martinez to be their finance manager which is an opportunity much closer to her residence. He personally thanked her for her perseverance and service during her tenure at RMWD.

Mr. Kennedy thanked the Board for his performance evaluation and their generosity.

Mrs. Harp announced an offer has been accepted by an Operations Manager candidate who will be introduced to the Board at the September 18, 2018 Regular Board meeting.

Motion:

To receive and file information and financial items.

Action: Approve, Moved by Director Gasca, 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.

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

It was noted a Notice of Public Hearing for Ordinance No. 95-1, updates on the strategic plan and flume projects, Administrative Code revisions, check signing authority changes, and appointment of a Treasurer will be on the next agenda.

(*) - Asterisk indicates a report is attached.

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26. ADJOURNMENT - To Tuesday, September 18, 2018 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier to a regular meeting on September 18, 2018 at 1:00 p.m.

The meeting was adjourned at 4:04 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary



TO: Rainbow Municipal Water District
FROM: Alfred Smith
DATE: September 18, 2018
RE: Attorney Report: Employment Law Update
501668-0002

I. INTRODUCTION.

On July 26, 2018, the California Supreme Court issued its long-awaited decision in *Troester v. Starbucks Corporation* (S234969). In *Troester*, a former Starbucks employee sought compensation for time spent closing the store after clocking out. The Supreme Court ruled in favor of the employee, holding that an employer that requires its employees to work minutes off the clock on a regular basis or as a regular feature of the job may not evade the obligation to compensate the employee for that time by asserting that the time is minute or administratively difficult to capture.

Specifically, in *Troester*, the California Supreme Court was presented with the question of whether the *de minimis* doctrine under the federal Fair Labor Standards Act (“FLSA”) applies to California wage litigation. The *de minimis* doctrine stands for the legal maxim that “the law does not concern itself with trifles,” and it is used as an affirmative defense to claims of small amounts of time that are administratively difficult to capture and therefore unpaid. The doctrine has been successfully used by employers in cases brought under the FLSA. When determining whether the time at issue is *de minimis*, courts consider the practical administrative difficulty of recording the unpaid time, the aggregate amount of compensable time, and the regularity of the unpaid work.

The California Supreme Court’s ruling in favor of the former Starbucks employee may limit the ability of employers to require employees to complete certain work-related tasks when they are off-the-clock.

II. BACKGROUND.

Douglas Troester filed suit alleging that Starbucks violated the California Labor Code by failing to pay him for short periods of time he spent closing the store. He alleged that Starbucks failed to pay him for time spent walking out of the store after activating the security alarm, for the time he spent turning the lock on the store’s front door, initiating the store’s software closing procedure in the back office, and for the time he spent occasionally reopening the door so that a co-worker could retrieve a coat.

This amounted to a little over \$100 he alleged to have earned closing the store during his 17-month employment. Based on these allegations, Plaintiff filed a class action under the California Labor Code for failure to pay minimum and overtime wages, failure to provide accurate written wage statements, and failure to timely pay all final wages.

Starbucks argued that the four to ten minutes Troester spent uploading computer data and locking up the store after clocking out must be classified under the *de minimis* doctrine. Under this doctrine, employers need not compensate employees for trivial amounts of work that take place beyond their scheduled shifts and that are administratively difficult to track. As the California Supreme Court explained in its decision, federal courts apply the *de minimis* rule “to excuse the payment of wages for small amounts of otherwise compensable time upon a showing that the bits of time are administratively difficult to record.”

Starbucks filed a motion for summary judgment asking the court to dismiss Plaintiff’s case based upon the *de minimis* doctrine. The trial court accepted Starbucks’ argument, declaring Troester’s post-shift work to be trivial and “administratively difficult to capture.” The California Supreme Court reversed the trial court’s opinion.

III. COURT’S ANALYSIS.

The California Supreme Court accepted review of the case and ruled in favor of the employee. Explaining that the *de minimis* doctrine, as applied in federal courts “expressly eliminates substantial protections to employees,” the Court concluded that state law, being “more protective” of employees, should win out. Because federal regulations are the floor, not the ceiling, on state labor protections, “California is free to offer greater protection,” require payment for “all hours worked,” and thus circumscribe the *de minimis* doctrine long favored in federal court.

Under the *de minimis* doctrine, alleged working time need not be paid if it is trivially small: “[A] few seconds or minutes of work beyond the scheduled working hours ... may be disregarded.” (*Anderson v. Mt. Clemens Pottery Co.*, 328 U.S. 680, 692, 66). In determining whether the *de minimis* doctrine applies, courts look to the following factors: (1) the practical administrative difficulty of recording the additional time; (2) the aggregate amount of compensable time; and (3) the regularity of the additional work. The trial court noted that numerous courts have concluded that daily periods of about 10 minutes are *de minimis*.

In reaching its conclusion, the court cited the following legal precedent:

- Court concluding that five minutes daily spent passing through security clearance on way to lunch break was *de minimis* (*Busk v. Integrity Staffing Solutions, Inc.*, 713 F.3d 525, 532–33 (9th Cir.2013));

- Court rejecting a plaintiff's claim for unpaid wages because the six minutes that it took each day to log in to a computer program was *de minimis* and would be "arduous" to monitor and record (*Gillings v. Time Warner Cable LLC*, 2012 WL 1656937, at * 1, 4 (C.D.Cal. Mar.26, 2012));
- Court holding that the plaintiff was not entitled to compensation for time spent waiting for security checks at the end of closing shifts because the "several minutes" that the plaintiff had to wait to be let out of the building was *de minimis* (*Alvarado v. Costco Wholesale Corp.*, 2008 WL 2477393, at *3-4 (N.D.Cal. June 18, 2008)); and
- Court concluding "here, it is undisputed that donning and doffing protective gear ... takes less than 10 minutes.... Therefore, time spent donning and doffing safety gear is *de minimis* and non-compensable as a matter of law." (*Abbe v. City of San Diego*, 2007 WL 4146696, at *7 (S.D.Cal. Nov.9, 2007)).

The court also discussed *Corbin v. Time Warner-Advance/Newhouse*, where the Ninth Circuit applied the *de minimis* doctrine to uphold the dismissal of an employees' wage case. The *Corbin* case found that even though the company's timekeeping system failed to track all time, the company's practice was sufficient as the timekeeping system rounded to the nearest quarter of the hour.

Though ultimately deciding in Troester's favor, the Supreme Court opted to assess future wage and hour claims on a case-by-case basis; and in concurring opinions, two judges signaled that the *de minimis* principle still has continuing application. The concurring opinions stated that although employers have little excuse for failing to compensate employees for routine tasks that are regularly performed, especially given the availability of technology that makes precise time tracking possible, "practicality and reasonableness" dictate that the *de minimis* doctrine should apply to certain cases, such as employees reading an email notifying them of a shift change during their off hours. "In situations like these," the judges wrote, "a requirement that the employer accurately account for every second spent on work tasks may well be impractical and unreasonable; if so, a claim for wages and penalties based on the employer's failure to do so would be inconsistent with California labor law."

IV. CONCLUSION.

In *Troester*, the California Supreme Court once again affirmed that employees must be compensated for all the time the employer knew or should have known that the employee spent working on its behalf. This now includes even the smallest amount of time that occurs regularly. It is the employer who bears the burden of any difficulty in recording regularly-occurring compensable time. The decision in *Troester* illustrates that employers must exercise scrutiny in how they calculate and record the time employees spend on the clock. To guard against liability, it is necessary to ensure systems are adopted that precisely track employee time; consider whether there are

routine tasks performed after an employee clocks out; and ensure that all time spent for the employer's benefit is compensated.

AES/AES

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 14, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on August 14, 2018 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:04 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

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

Also Present General Manager Kennedy, Executive Assistant Washburn, Alternate Martinez.

Absent: Member Ross, Member Hensley.

No members of the public were present.

4. **SEATING OF ALTERNATES**

It was noted 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 public comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

Ms. Moss stated she completed the application for the upcoming Sacramento Delta tour.

*8. **APPROVAL OF MINUTES**

A. July 10, 2018

Motion:

To approve the minutes.

Action: Approve, Moved by Member Moss, Seconded by Alternate Nelson.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

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

9. DISCUSSION AND POSSIBLE ACTION REGARDING CAPITALIZATION POLICY

Mrs. Martinez explained the multiple reasons for setting up a capitalization policy. She referenced the handout with RMWD's current policy noting it was too vague and what updates should be made. Discussion ensued.

Mr. Kennedy pointed out the formatting of the policy would need to be complete prior to being presented to the Board for consideration. Mrs. Martinez stated for the restatement to be completed, the policy will need to be completed as soon as possible.

Mr. Stitle recommended the committee get their comments to Mrs. Martinez. Mr. Kennedy stated if the comments can be received over the next week or two, it will allow Mrs. Martinez time to get with Ms. Washburn to finalize the policy formatting.

10. DISCUSSION AND POSSIBLE ACTION REGARDING UNCLAIMED CHECKS

Mrs. Martinez stated there were approximately twenty unclaimed checks totaling approximately \$10,000 on the books at this time. She explained the processes involved with providing notification to the state and locally.

Mr. Kennedy inquired as to whether this policy would be included in the Administrative Code. He suggested a reference be made in the Administrative Code to a separate policy approved by the Board. He said he would like to have Legal Counsel review this matter prior to proceeding.

Discussion ensued.

11. REVIEW OF ADMINISTRATIVE CODE SECTION 5.02.210 – PURCHASING AND CHANGE ORDER APPROVAL REQUIREMENTS - APPENDIX

Mr. Kennedy suggested updating the policy to allow department managers to spend more than \$500 without going through an entire approval process which is not cost effective.

Ms. Moss recommended increasing the department limit to \$2,000 and finance manager to \$5,000.

Motion:

To recommend the Board set the dollar amount limit at \$2,000 or less and the next one to \$2,000-\$5,000.

Action: Approve, Moved by Member Moss, Seconded by Alternate Nelson.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

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

12. STRATEGIC PLAN

Mr. Kennedy reported there will be a workshop with the Board and key staff members on the strategic plan. He said once completed, staff will come back to the committees for their input. He stated a S.W.O.T. analysis will be conducted as part of the workshop. He asked the committee members to provide input to Mr. Gasca who in turn will bring the committee thoughts to the workshop.

Mr. Gasca suggested trying to get as much internal water as possible was key as a means of preventing the District from being captive to the powers that be by having to purchase 100% of the water. Discussion followed.

Mr. Gasca also noted parcel standby fee increase should also be included as part of the strategic plan.

Mr. Nelson suggested there be an honest update on what the capital plan really looks like, cyber security, and emergency preparedness be included in the plan. Discussion ensued.

13. ABM UPDATE

Mr. Kennedy provided an update on the ABM project, including the different options available detailed in the handout. He stated after numerous meetings and reviews, including by the committees, ABM was asked to look at replacing the pressure regulators that have not been replaced recently as well as installing downstream valves on all the meters. Discussion ensued including the project options, the financials involved, and potential benefits to the District.

14. FINANCIAL STATEMENT REVIEW

Discussion took place regarding this information provided in the handout.

Mrs. Martinez explained once the numbers are finalized and audit complete, the transfers will be made.

15. REVIEW THE FOLLOWING:

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

Discussions took place regarding this information provided in the handouts.

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

It was noted an ABM update and policy review should be on the next agenda.

17. ADJOURNMENT

The meeting was adjourned by a motion made by Member Stitle.

The meeting adjourned at 3:03 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE COMMUNICATIONS AND CUSTOMER SERVICE
COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 2, 2018**

1. **CALL TO ORDER** – The Communications and Customer Service Committee Meeting of the Rainbow Municipal Water District on August 2, 2018 was called to order by Chairperson Daily at 3:36 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, Member Johnson.

Also Present: General Manager Kennedy, Executive Assistant Washburn.

Absent: Member Kirby, Alternate Gray.

No members of the public were present.

4. **SEATING OF ALTERNATES**

There were no alternates seated for this meeting.

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. July 12, 2018

Motion:

Action: Approve, Moved by Member Hamilton, Seconded by Member Johnson.

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

Ayes: Member Daily, Member Hamilton, Member Johnson.

8. VIDEO PRESENTATION UPDATE

Mr. Kennedy explained staff was working on putting together a video on the history of the District. He said he was seeking detailed input from the Committee. He mentioned Bill Hitt has vast knowledge of the District's early history and will be interviewed as part of the video. He talked about possibly getting shots of the image the San Luis Rey Municipal Water District's picture of the surrounding valley from the 1930s.

Ms. Johnson inquired as to the audience for the video. Mr. Hamilton explained it would be on the website for customers to get an overview of the District and its history.

Mr. Kennedy asked if the committee wanted to include something about the distance water travels to get to the customers. Mr. Hamilton said there should be a history as well as a strategic vision which would include the challenges of where the water comes from and how it reaches the area as well as what the District will be doing over the next 10-15 years to have an infrastructure that will continue to supply water and other water resources. Mr. Daily added there should also be dialog about what it takes to have the sustainment. It was agreed there may be a need for two separate videos. Discussion ensued.

Mr. Kennedy recommended video one including interviews with Russ Hatfield, a former Board Member and avocado grower as well as a general overview. Ms. Johnson suggested there be a short video with historical knowledge, another with current trends, and another with simple techniques for conserving water that provides links for customers who have further interests.

9. DISCUSSION REGARDING METER REPLACEMENT PROJECT COMMUNICATIONS

Mr. Kennedy talked about the steps to be taken as well as the determining if there is a benefit to both the District as well as the customers. Discussion ensued.

Mr. Daily suggested a member of the Communications Committee meet with the other committees to socialize about this project.

10. DISCUSSION REGARDING POLICY CHANGES RELATED TO LEAKS ON THE CUSTOMER SIDE OF THE METER

Mr. Kennedy explained there are situations where customers have a leak on their side of the meter that are more often undetected leaks. He stated RMWD's Administrative Code does not have any provisions for how these situations should be addressed.

Ms. Johnson inquired as to whether internal staff with expertise in this area would be able to provide information for the committee to consider. Mr. Kennedy explained some of the options available including the legal requirements, possible challenges, and risks.

Mr. Kennedy solicited the committee for input on the policy. Mrs. Johnson noted there were many unknown occurrences that could take place to be taken into consideration. Mr. Daily pointed out RMWD needs to make it available for customers to apply for funds. Mr. Kennedy noted the purpose for bringing this to the committee is to find a resolve that is both the best for the District and the customer.

Mr. Hamilton mentioned voluntary third-party insurance as a potential option. Discussion ensued.

It was noted the committee members would review the information provided in the handout and give their feedback at the next committee meeting.

11. PUBLIC COMMUNICATIONS AND OUTREACH ITEMS

- A. Topics
- B. Strategic Plan Objectives
- C. Calendar
- D. Snipes Calendar

Mr. Kennedy reported the extended newsletter snipe read “Special Addition Newsletter” as opposed to “Special Edition Newsletter”. He stated he would be looking into what happened and possibly get a refund on the Snipes fee. Discussion followed.

12. REVIEW AND ANALYSIS OF RMWD RELATED MEDIA STORIES

Mr. Daily shared an article from The Village News.

13. COMMITTEE MEMBER COMMENTS

There were no comments.

14. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED COMMUNICATIONS AND CUSTOMER SERVICE COMMITTEE MEETING

It was noted a video presentation update, meter replacement communications, and policy changes for leaks on the customer side need to be on the next agenda.

15. ADJOURNMENT

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

The meeting adjourned at 4:47 p.m.

Mike Daily, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE ENGINEERING AND OPERATIONS COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 1, 2018**

1. **CALL TO ORDER** – The Engineering and Operations Committee Meeting of the Rainbow Municipal Water District on August 1, 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 Robertson, Member Marnett, Alternate Nelson.

Also Present: General Manager Kennedy, District Engineer Strapac, Associate Engineer Powers, Engineering Tech. Rubio, Interim Operations Manager Gerdes, C&M Superintendent Maccarrone.

Absent: Alternate Kirby, Member Ratican.

There were seven members of the public present.

4. **SEATING OF ALTERNATES**

Mr. Nelson was invited to take a voting seat.

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

Mr. Kennedy said Item 10 would be deleted and there would only be a partial update to Item 13.

6. **PUBLIC COMMENT RELATING TO ITEMS ON THE AGENDA**

There were no comments.

COMMITTEE ACTION ITEMS

***7. APPROVAL OF MINUTES**

A. June 6, 2018

B. July 11, 2018

Motion: Approve the June 6, 2018 minutes as written.

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

Vote: Motion passed unanimously.

Ayes: Member Prince, Member Stitle, Member Taufer, Member Brazier, Member Robertson, Member Marnett, Alternate Nelson

Motion: Approve the July 11, 2018 minutes as written.

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

Vote: Motion passed unanimously.

Ayes: Member Prince, Member Stitle, Member Taufer, Member Brazier, Member Robertson, Member Marnett, Alternate Nelson

8. DISCUSSION AND POSSIBLE ACTION REGARDING SEWER MITIGATED NEGATIVE DECLARATION FOR LIFT STATION #1, SRIDHAR SADASIVAN OF KENNEDY-JENKS TO PRESENT

Mr. Powers provided a brief introduction of the Lift Station 1 Replacement Project. He said replacing Lift Station 1 would increase the sewer capacity to meet the current development demand. He pointed out part of the process would require a mitigated negative declaration study. He introduced Mr. Sadasivan from Kennedy-Jenks to provide a presentation on the status of the project.

Mr. Sadasivan provided a brief overview of the project. He stated the Lift Station 1 Replacement Project was phased with several design packages that would be implemented within the next several years. He said the improvements associated with the project were adding a pump station at Golf Green Estates, and an equalization basin to handle peak flows. He pointed out two new lift stations at Thoroughbred and Schoolhouse would be constructed in addition to seven new sewer mains. Discussion ensued.

Mr. Kennedy pointed out the sewer system was being sized to handle all the current projects paid into the system; new developments that have not paid capacity fees would be required to fund any new improvement requirements.

Mr. Sadasivan said the intent was to have the California Environmental Quality Act (CEQA) document ready for public review soon. He introduced Ms. Dramko from Helix Environmental Planning to provide a summary of the CEQA process. Ms. Dramko said she has been analyzing the environmental impacts of the entire project. She mentioned general environmental, and biological analysis were conducted. She identified project design features that were not mitigation measures, although incorporated as part of the project to reduce any potential impacts, such as:

- Trenchless Construction – Pipelines suspended from bridges (Moosa Creek and SLR River), Jack and Bore.
- Construction fencing/flagging along Old River Road near drainages.
- Construction traffic control plan.
- Construction dust control measures.
- Stormwater Pollution Prevention Plan (SWPPP)

Ms. Dramko provided a brief overview of the environmental documents identified as the Mitigated Negative Declaration (MND) in compliance with the CEQA. She explained with the incorporation of mitigation measures there would be no impacts associated with the project. She pointed out the MND was supported by the initial study, which covered 17 environmental topics. She said in addition to the project design features there were four areas of mitigation still required as follows:

- Biological Resources: Pre-con Nest and Sensitive Bird Surveys, Construction noise levels limited to 60 dBA if present.
- Cultural Resources: Archeological and Native American Monitoring Plan, Procedures for unanticipated discovery of cultural and paleontological resources.
- Hazards: HAZ-1 - Sewage Lift Station Safety Features.
- Noise: Construction noise limits are 70 dBA. Lift Station noise limits are 50 dBA daytime / 45 dBA nighttime.

Ms. Dramko briefly went over the schedule for the next steps. She anticipates the final Initial Study/MND to be ready for the October 2018, Board Meeting.

Mr. Nelson asked if there was a negative declaration would there be an expiration date. Ms. Dramko responded not technically, however, if conditions change beyond what was analyzed an addendum could be prepared. Mr. Nelson asked what if there was a State Regulation change would there be an expiration date. Ms. Dramko responded no, the Initial Study/MND would be grandfathered in.

Mr. Kennedy said copies of the Initial Study/MND would be available for review electronically on the District and the State Clearinghouse websites. Discussion ensued.

9. DISCUSSION AND POSSIBLE ACTION REGARDING SEVENTH-DAY ADVENTIST PROPERTY LEASE AT BECK FOR THE PLACEMENT OF A TRAILER WITH A RADIO TRANSMITTER

Mr. Strapac said staff was contacted by the Seventh-Day Adventist to lease District property at Beck for the placement of a trailer with a radio transmitter. Mr. Strapac stated the District did not have a current policy in place regarding leasing procedures. He said this item was brought to the committee for discussion. Mr. Kennedy mentioned these types of requests are few and normally dealt with on a case by case basis.

Mr. Kennedy asked about the CEQA requirements on this request. Mr. Strapac pointed out that the antenna would be on a trailer. Mr. Robertson expressed concerns with the visual aspects of the antenna and in addition, on how it would affect pacemakers.

Ms. Dramko was asked about the process for CEQA. She recommended asking for an exemption. Mr. Kennedy stated the District would be the lead agency, although the applicant would be responsible for obtaining all approvals and contacting the appropriate environmental review agency at their own cost. Discussion ensued.

Mr. Robertson said leasing District land that would cause the District problems should be avoided. Ms. Brazier agreed that this request could cause issues with the surrounding customers.

Mr. Brownlow representative of the Seventh-Day Adventist provided a brief explanation of the proposed antenna location. He said the NE corner of Beck Reservoir was selected because it complies with FCC requirements, for which he confirmed having a license. He described the location of the proposed placement of the mobile antenna and mentioned it would be self-contained. He said a 20'x20' footprint was required that would be fenced in to keep the radio equipment safe. The following additional information was provided, and discussion ensued:

- Low power transmitter
- 12 meters high
- 99 mhz
- Broadcast intermittently
- 39 watts
- New location provides triple coverage

Mr. Kennedy said the District's goal was to maximize the use of its assets to benefit the rate payers, such as leasing the land for cell towers. He pointed out per government codes, the Board would have to appraise the land, to determine the correct amount to charge the applicant, CEQA approvals would have to be obtained all at the cost of the applicant. He continued zoning would also have to be approved by the County and in addition, there were some potential challenges with the surrounding neighbors. He suggested looking at the Sumac location as an alternative. Discussion ensued.

Ms. Brazier asked if all the District's leased properties have been evaluated to ensure they were priced correctly. Mr. Kennedy responded it was currently being reviewed and he could recommend a report be submitted to the Board within the next couple of months.

Mr. Kennedy said the District was sympathetic concerning the applicant's situation, although the District has constraints regarding what can be done with public land and funds. Discussion ensued.

Mr. Strapac said in summary the District would need an environmental review, appraisal and zoning determination prior to going forward. Mr. Powers said SDG&E easements would also have to be reviewed.

Mr. Kennedy apologized for appearing too obstructionist; Ms. Brazier added it was being accountable. Mr. Strapac said this item would be brought back to the committee when the Seventh-Day Adventist provided all the required documents.

10. REVIEW OF PIPELINE RELOCATION REQUEST FOR PROPOSAL

This item was deleted.

11. DISCUSSION AND POSSIBLE ACTION REGARDING ON-CALL LAND SURVEYING SERVICES CONTRACTS

Mr. Strapac said an RFP was sent out for on-call land surveying services and six proposals were received. He mentioned after evaluating the proposals the top three would be contacted to negotiate a two to three-year contract with options to extend. He explained as the District identifies work a request would be sent out to the three consultants to provide a cost to perform the services and based on cost and availability the District would select the consultant. He said in the RFP it was mentioned that the contracts would be recommended to the Board for a not to exceed amount of \$50K. Discussion ensued.

Motion: Recommend to the Board to proceed with the process to approve the top three on-call land surveying services contracts.

Action: Approve, Moved by Member Robertson, Seconded by Alternate Nelson.

Vote: Motion passed unanimously.

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

12. DISCUSSION REGARDING VIA VERA AND DESIGN-BUILD OF APPROXIMATELY 20 PRESSURE REDUCING STATIONS

Mr. Strapac said currently there were pressure stations identified by the Operations staff as being problematic to work in. He explained a way to solve the problem quickly and efficiently would be to find a contractor willing to make uniform pressure reducing stations “premanufactured dog-house” units for the District. He said the District has contacted EFI that was willing to work on design and pricing based on quantity. The following advantages of the design-build pressure stations were mentioned:

- Reduction of confined spaces
- Low maintenance
- Standard parts
- Better pricing
- Lower customer claims
- Easy to install
- Easy access for repairs
- Protected from the elements
- Increase staff safety

Mr. Kennedy said currently Mr. Strapac was working on a scope with EFI prior to going forward with the full procurement process. He pointed out the District Operators identified 20 as high priority out of the 70 pressure stations. Discussion ensued.

Mr. Nelson asked could the procurement of these pressure stations be considered sole source and how would the District ensure price protection. Mr. Kennedy replied based on experience of bidding out a similar requirement there were not able to find other companies with the same capabilities and the pricing was extremely high. He continued the District could test the current market and send out a request for qualifications from firms for part professional service and part fabrication. Discussion ensued.

13. TANK FALL PROTECTION UPDATE

Mr. Kennedy provided a brief update regarding obtaining competitive pricing for this project based on the committee’s previous advice. He said due to the specialized type of work, he only found one other contractor that was willing to review the plans and provide a quote. Discussion ensued.

He noted that the Pala Mesa Tank does not use the welded steel railing instead it has stainless steel cable with support posts, which could be a less expensive option to consider.

14. DISCUSSION AND POSSIBLE ACTION REGARDING PRE-PROCUREMENT OF PRE-MANUFACTURED PRESSURE REDUCING STATIONS

Discussion on this item was included with Item 12.

15. DISCUSSION REGARDING POTABLE PIPE SYSTEM CORROSION PROTECTION

Mr. Powers said HDR prepared a Condition Assessment Report, which has been discussed in previous committee meetings. He pointed out the main findings from the report identified higher probability failures in pipelines that exist in high corrosive soils and high-pressure zones combined.

He mentioned some of the solutions to the high-pressure reduction were already discussed. He said currently the District was evaluating where cathodic protection would be beneficial. He said a project to evaluate where in the District cathodic protection would provide added value by extending the life of the pipelines, in addition to implementing cathodic protection when encountering the pipe. He continued the first part of this project would be when these pipelines were exposed District staff would drop in an anode as added protection. He said a second part of the project would be to investigate areas that would benefit from anodes and other methods of cathodic protection. Discussion ensued.

Mr. Kennedy stated an RFQ would be sent out for this specialized field of work.

16. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED ENGINEERING AND OPERATIONS COMMITTEE MEETING

The following agenda items were suggested:

- Tank Fall Protection Update
- PRS Update
- ABM Update
- Corrosion Protection RFQ Update
- Sewer Flow Monitoring
- Operations Update

17. ADJOURNMENT

The meeting adjourned at 5:04 p.m.

Timothy Prince, Committee Chairperson

Dawn M. Washburn, Board Secretary

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION REGARDING PROPOSED ORDINANCE NO. 18-23 TO REPEAL EXISTING ORDINANCE NO. 95-1, WHICH CURRENTLY REQUIRES A TWO-THIRDS VOTE OF THE ELECTORATE BEFORE THE DISTRICT CAN INCUR ADDITIONAL PUBLIC DEBT, AND TO INTRODUCE PROPOSED ORDINANCE 18-23 AND SCHEDULE A PUBLIC HEARING FOR THE OCTOBER 23, 2018 BOARD MEETING.

BACKGROUND

Ordinance No. 95-1 was adopted by the District on April 27, 1995. It prohibits the District from incurring additional public debt without a two-thirds vote of the electorate whenever the District is already carrying cumulative debt in excess of one million dollars. Ordinance No. 95-1 effectively prevents the District from incurring almost any kind of debt, even when prudent and necessary to meet the District's fiscal and business objectives. Legal counsel believes that Ordinance No. 95-1 is invalid and unenforceable, and its repeal is appropriate for that reason, as discussed in the attached memorandum from Nossaman.

DESCRIPTION

This agenda item is to discuss in open session the proposed repeal of Ordinance No. 95-1; to introduce proposed Ordinance No. 18-23 to effectuate the repeal; and to authorize publication of notice pursuant to Government Code section 6066 and to schedule a public hearing for consideration of proposed Ordinance No. 18-23.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management. Our Strategic Plan calls for appropriate funding of capital replacement projects. This action will provide cost effective flexibility to the Board to obtain that funding

Strategic Focus Area Four: Fiscal Responsibility. This action will provide the Board options to fund capital projects in the most cost-effective way in order to avoid water rate spikes.

ENVIRONMENTAL STATEMENT

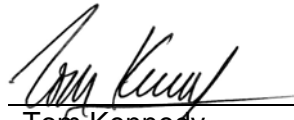
In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

BOARD OPTIONS/FISCAL IMPACTS

The Board could choose not to authorize publication of notice pursuant to Government Code section 6066 or to schedule a hearing for consideration of proposed Ordinance No. 18-23. This would result in continuation of the existing restriction that prevents the District from incurring new debt.

STAFF RECOMMENDATION

Staff recommends the Board authorize publication of notice and schedule a hearing for consideration of proposed Ordinance No. 18-23 to repeal Ordinance No. 95-1. Proceeding with repeal of Ordinance No. 95-1 will make it possible for the District to incur debt to meet its fiscal and policy objectives.


Tom Kennedy
General Manager

September 18, 2018

Ordinance No. 18-23

**Ordinance of the Board of Directors of the Rainbow Municipal Water District
Repealing Ordinance No. 95-1**

WHEREAS, the Rainbow Municipal Water District adopted Ordinance No. 95-1, "An Ordinance of the Rainbow Municipal Water District Enacting the Initiative Entitled 'Two-Thirds Vote Required for Public Debt Initiative' Pursuant to California Elections Code Section 9214," on April 27, 1995; and

WHEREAS, according to Ordinance No. 95-1, it was adopted by the District's Board of Directors as a result of a 1995 ballot initiative, in connection with which fifteen percent of voters within the District signed petitions supporting the initiative, in order to avoid the expense associated with calling a special election; and

WHEREAS, Ordinance No. 95-1 purports to restrict the District's ability to incur additional public debt without first obtaining a two-thirds vote of the electorate whenever the District is already carrying cumulative debt in excess of one million dollars; and

WHEREAS, Ordinance No. 95-1 prevents the District from incurring debt as needed to meet the District's fiscal and policy objectives, in a manner that is consistent with State law; and

WHEREAS, the Board of Directors has determined that that Ordinance No. 95-1 is invalid and unenforceable because it is inconsistent with the District's enabling statute (see Water Code Section 71000 et seq.), it impairs essential government functions through interference with the District's fiscal powers (see, e.g., *City of Atascadero v. Daly* (1982) 135 Cal.App.3d 466; *Geiger v. Board of Supervisors* (1957) 48 Cal.2d 832), and because neither a voter initiative, nor a governing body such as the District's Board of Directors, can legislate in a manner that ties the hands of those who come later to exercise the authority (*Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, 220; see also *Vagim v. Board of Supervisors* (1964) 230 Cal.App.2d 286); and

WHEREAS, this Ordinance No. 18-23 was introduced at the Board of Directors' meeting on September 18, 2018, after which notice of a public hearing to be conducted on October 23, 2018 was published in a local newspaper once a week for two successive weeks pursuant to Government Code section 6066, and thereafter the public hearing was conducted to receive any comments or objections from the public;

NOW, THEREFORE,

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

1. The District's Ordinance No. 95-1 is hereby repealed in its entirety.
2. This Ordinance No. 18-23 shall take effect thirty (30) days after its adoption.
3. The Secretary of the District is hereby authorized and directed to publish a summary of this Ordinance in the newspaper within fifteen (15) days from the date of adoption. Upon written request, the Secretary shall also provide any interested person with a copy of this Ordinance.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 18th day of September 2018 by the following roll call vote, to wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

Notice of Public Hearing
Rainbow Municipal Water District – Repeal of Ordinance No. 95-1

NOTICE IS HEREBY GIVEN that on October 23, 2018 at 1:30 p.m. in the meeting room of the Board of Directors of the Rainbow Municipal Water District, located at 3707 Old Highway 395, Fallbrook, California 92028, the Board of Directors will conduct a public hearing to consider and receive comments and input on proposed Ordinance No. 18-23 to repeal existing Ordinance No. 95-1, which is entitled “An Ordinance of the Rainbow Municipal Water District Enacting the Initiative Entitled ‘Two-Thirds Vote Required for Public Debt Initiative’ Pursuant to California Elections Code Section 9214.”

Proposed Ordinance No. 18-23 and existing Ordinance No. 95-1 are available for public review. These documents will be available Monday through Friday during normal business hours at Rainbow Municipal Water District, located at 3707 Old Highway 395, Fallbrook, California 92028. In addition, electronic versions of these documents will be accessible at the District website at www.rainbowmwd.com.

In summary, Ordinance No. 18-23 is being proposed to repeal existing Ordinance No. 95-1, which currently restricts the District’s ability to incur additional public debt without first obtaining a two-thirds vote of the electorate.

Any written comments regarding the proposed Ordinance No. 18-23 to repeal existing Ordinance No. 95-1 should be submitted by the close of business on October 16, 2018 to the address set forth above. Public comments can also be made at the public hearing. Questions regarding the public hearing or the proposed Ordinance should be directed to Dawn Washburn, Board Secretary at (760) 728-1178. If you are disabled in any way and need accommodation to participate in the public hearing, please call Dawn Washburn at (760) 728-1178 Ext. 129 for assistance at least two working days prior to the hearing so the necessary arrangements can be made.

RAINBOW MUNICIPAL WATER DISTRICT



TO: Rainbow Municipal Water District

FROM: Alfred Smith, Gina Nicholls

DATE: September 12, 2018

RE: Ordinance No. 95-1
501668-0002

I. INTRODUCTION

Nossaman has been asked to provide a legal analysis of Rainbow Municipal Water District (“District”) Ordinance No. 95-1. We believe that Ordinance No. 95-1 is invalid and unenforceable for the reasons set forth below.

II. BACKGROUND

According to the recitals of Ordinance No. 95-1, it was adopted by the District’s Board of Directors (“Board”) as a result of a 1995 ballot initiative that sought to restrict the District’s ability to incur public debt. Fifteen percent of voters within the District signed petitions supporting the initiative. In order to avoid the expense associated with calling a special election, the Board adopted Ordinance No. 95-1 to effectuate the initiative.

Ordinance No. 95-1 prohibits the District from incurring additional public debt without a two-thirds vote of the electorate whenever the District is already carrying cumulative debt in excess of one million dollars.¹ Section 7 of the Ordinance purports to require voter approval for any amendment or repeal of the Ordinance.

¹ Ordinance 95-1 applies to all “additional public debt whenever the District is already carrying cumulative debt in excess of one million dollars.” (§ 1.) “Public debt” means “borrowed money which ultimately must or may be paid back by the District, directly or indirectly.” (§ 2.A.) “Borrow” means “to obtain from another person or entity with the understanding that what was borrowed must be returned.” (§ 2.D.) These definitions are written broadly enough to capture almost any kind of indebtedness—including bonds, notes, short-term loans, letters of credit, mortgages, auto loans, credit cards—unless one of the following three exemptions applies:

- A) “Any public debt to provide District funds required by act of war, natural catastrophe or other act of God” (§ 4.A.)
- B) “Short term (less than one year) public debt to be paid off by anticipated tax revenues.” (§ 4.B.)
- C) “Public debt which is used solely to refinance debt existing at the effective date or which has been voted on under Section 3 of this initiative, and where the refinancing is solely to reduce the ultimate cost of the debt.” (§ 4.C.)

III. LEGAL ANALYSIS

We believe that Ordinance No. 95-1 is invalid and enforceable for multiple reasons. First, special districts such as Municipal Water Districts have only those powers granted under the enabling legislation. (*Turlock Irrigation Dist. v. Hetrick* (1999) 71 Cal.App.4th 948, 952-953.) The power of a district is only to make administrative rules which are called for in the statutory scheme. (*People ex rel. Younger v. County of El Dorado* (1971) 5 Cal.3d 480, 496.) Ordinance No. 95-1 does not effectuate any power granted by the Legislature to the District through its enabling act, the Municipal Water District Act (the "Act"), Water Code Section 71000 et seq. Therefore, the Ordinance constitutes an invalid local amendment to State law.

Similarly, districts cannot adopt ordinances that directly conflict with, or that are implicitly preempted by, the enabling act. (See, e.g., *Water Quality Ass'n v. County of Santa Barbara* (1996) 44 Cal.App.4th 732, 747.) The Act sets forth the specific voter approval requirements that apply in special circumstances when the District authorizes debt. (See, e.g., Wat. Code, § 71725 [voter approval required for certain contracts of indebtedness with other agencies].) The Act otherwise commits such matters to the sound discretion of the District's Board: Water Code sections 71300 and 71312.5 expressly empower the District's Board to "issue bonds, borrow money, and incur indebtedness as authorized by law or this division." By seeking to take away, rather than effectuate, this broad statutory authority of the Board to "incur indebtedness," the Ordinance conflicts with and is preempted by State law.

Finally, initiative ordinances such as Ordinance No. 95-1 are invalid if they impair essential government functions, such as a public entity's fiscal powers. (*City of Atascadero v. Daly* (1982) 135 Cal.App.3d 466; see also *Geiger v. Board of Supervisors* (1957) 48 Cal.2d 832, 839-840.) Ordinance No. 95-1 fundamentally impairs the District's fiscal powers by restricting the Board's general power to incur indebtedness (Wat. Code, § 71312.5) and its specific powers to raise funds through debt issuance. (Wat. Code, § 71800 et seq.) Neither voters, nor an entity's governing board, can adopt enactments such as Ordinance No. 95-1 that tie the hands of those who come later to exercise the same authority. (*Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, 220 [invalidating an initiative that purported to impose a majority-vote requirement]; see also *Vagim v. Board of Supervisors* (1964) 230 Cal.App.2d 286 [discussing limits on the ability of a governing body to "tie the hands of those who come later"].)

IV. CONCLUSION

Ordinance No. 95-1 is invalid and unenforceable. Therefore, its repeal by the Board is appropriate, notwithstanding that Section 7 of the Ordinance purports to require voter approval for such repeal.

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

CONSIDER ADOPTION OF RESOLUTION NO. 18-15 OF THE BOARD OF DIRECTORS OF THE RAINBOW MUNICIPAL WATER DISTRICT APPROVING THE FORM OF THE LEASE/PURCHASE AGREEMENT WITH ZB, N.A., SALT LAKE CITY, UTAH AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF

BACKGROUND

Over the last two years the District has been developing a project that will address the issue of inaccurate water meters in our system. The current population of meters has been shown to only record just over 93% of the water that actually passes through the meters. A Public Private Partnership was developed with ABM, Inc that will replace all of our water meters that are over five years old with new, more accurate meters.

DESCRIPTION

This project will be financed through a tax-exempt capital lease with a rate of 3.09% and a term of 9 years. At the end of the lease all assets become District assets with zero residual payment. This Resolution is a requirement for the financing of the project which is a not to exceed amount of \$5,523,284.00. All funds from this lease will be held in escrow by the leasing agency until the District approves of and accepts the installation of the meters. If the total cost of the project is lower, our total lease cost will be lower. The total annual lease payment will be approximately \$650,000 per year.

The lease agreement is attached. District Counsel has worked with the bank to make some modifications to the agreement and it has been modified to the satisfaction of Counsel.

Note that this is the first phase of a two-phase financing effort. This lease agreement only covers the costs to replace the water meters. A second service upgrade project was also approved to move forward by the Board. This project would improve the quality of our water services by replacing and upgrading our meter boxes to our current standards, replace pressure regulators at services that have them, and install customer ball valves for services that do not have a backflow preventer. The total cost of this part of the project is just over \$5 Million, but that project will be financed using commercial paper rather than a tax-exempt lease. In order to secure that financing, the Board will need to repeal Ordinance 95-1, currently scheduled for the October Board meeting.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management – This action will approve financing for the replacement of one of our more important assets – our water meters.

Strategic Focus Area Four: Fiscal Responsibility - This action will not only provide a low-cost way to finance a project, it is expected to return well over \$1 Million per year

BOARD OPTIONS/FISCAL IMPACTS

This project is projected to have a net positive financial impact by either reducing our cost of unsold water or increasing revenue from meters. As noted above, the forecast is for an increase in revenue of over \$1 Million per year at a cost of approximately \$650,000 per year. If customers reduce their consumption aggressively when they have an accurate meter, we may see a reduction in some water sales. However, we currently spend approximately \$1.6 Million per year on water we purchase that passes through meters without registering. When the installed meter base accuracy goes up from just over 93% to closer to 100%, the amount of non-revenue water will be reduced by over 80%.

The Board has two primary options:

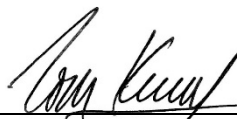
1. Approve Resolution 18-15 which would authorize the General Manager to execute the financing agreements necessary to implement the meter replacement project.
2. Reject Resolution 18-15 which would not allow the District to access the tax-exempt lease for this project. This would end the ABM project as constituted now and our rate lock on the lease rate would expire. Should this option be selected, staff requests additional guidance on how to deal with the inaccurate meters.

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

STAFF RECOMMENDATION

Staff recommends Option 1.


Tom Kennedy
General Manager

September 18, 2018

RESOLUTION NO. 18-15

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE RAINBOW MUNICIPAL WATER DISTRICT
APPROVING THE FORM OF THE LEASE/PURCHASE AGREEMENT
WITH ZB, N.A., SALT LAKE CITY, UTAH
AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF**

WHEREAS, the Board of Directors (the “Governing Body”) of the Rainbow Municipal Water District (the “Lessee”) have determined that a true and very real need exists for the leasing of the property described in the Lease/Purchase Agreement presented to this meeting; and

WHEREAS, the Lessee has reviewed the form of the Lease/Purchase Agreement and has found the terms and conditions thereof acceptable to the Lessee; and

WHEREAS, the Governing Body has taken the necessary steps under applicable law to arrange for the leasing of such property under the Lease/Purchase Agreement; and

BE IT RESOLVED by the Governing Body as follows:

Section 1.

The terms of said Lease/Purchase Agreement are in the best interests of Lessee for the leasing of the property described therein.

Section 2.

The appropriate officers and officials of the Lessee are hereby authorized and directed to execute and deliver the Lease/Purchase Agreement in substantially the form presented to this meeting and any related documents and certificates necessary to the consummation of the transactions contemplated by the Lease/Purchase Agreement for and on behalf of the Lessee. The officers and officials of the Lessee may make such changes to the Lease/Purchase Agreement and related documents and certificates as such officers deem necessary or desirable, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3.

The officers and officials of the Governing Body and the Lessee are hereby authorized and directed to fulfill all obligations under the terms of the Lease/Purchase Agreement.

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the Rainbow Municipal Water District at a meeting thereof on by the following vote of the members thereof.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 18th day of September 2018 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn M. Washburn, Board Secretary

CALIFORNIA FIXED DIRECT ALL PROPERTY LEASE

Long Name of Entity:

Address:

City, State Zip:

Attention:

Public Finance Office:

County:

Amount:

Rate:

Maturity Date:

First Pmt Date:

Payment Dates:

Auto Extend:

Governing Body:

Resolution Date:

Dated Date:

Day:

State: California

\$

FIXED-RATE ALL PROPERTY
LEASE/PURCHASE AGREEMENT

Dated as of

by and between

ZB, N.A., as Lessor

and

, as Lessee

BANK QUALIFIED

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LEASE/PURCHASE AGREEMENT

This Lease/Purchase Agreement, dated as of , by and between ZB, N.A., a national banking association duly organized and existing under the laws of the United States of America, as lessor (the “Bank”), and, as lessee (the “Lessee”), a public agency duly organized and existing under the Constitution and laws of the State of California (the “State”);

WITNESSETH:

WHEREAS, the Lessee desires to finance the acquisition and/or construction of the real property and/or improvements, and/or the acquisition of the equipment described as the “Financed Property” in Exhibit B (the “Financed Property”) by entering into this Lease/Purchase Agreement with the Bank (“Lease”); and

WHEREAS, the Lessee owns the real property and/or improvements, if any, described as the “Existing Property” in Exhibit B upon which the Financed Property is to be constructed and/or located (the “Existing Property”); and

WHEREAS, the Lessee agrees to lease the Existing Property, if any, to the Bank upon the terms and conditions set forth in this Lease; and

WHEREAS, the Bank agrees to sublease the Existing Property, if any, back to the Lessee, and to lease the Financed Property to the Lessee (the Existing Property, if any, and the Financed Property sometimes being referred to collectively herein as the “Leased Property”), upon the terms and conditions set forth in this Lease, with rental to be paid by the Lessee equal to the Lease Payments hereunder; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1 Definitions and Rules of Construction

Unless the context otherwise requires, the capitalized terms used herein shall, for all purposes of this Lease, have the meanings specified in the definitions below. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Lease, refer to this Lease as a whole.

“*Advance*” shall have the meaning set forth in Section 2.1(1)(i)(D) hereof.

“*Authorizing Resolution*” means the Resolution adopted by the Governing Body authorizing this Lease, in substantially the form attached hereto as Exhibit C.

“*Bank*” shall have the meaning set forth in the Preamble hereof.

“*Business Day*” means any day except a Saturday, Sunday, or other day on which banks in Salt Lake City, Utah or the State are authorized to close.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commencement Date*” means the date this Lease is executed by the Bank and the Lessee.

“*Environmental Law*” means all federal, state or local laws, statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law relating to public health and safety, worker health and safety, pollution, the environment, wetlands, the preservation and reclamation of natural resources or waste management, including without limitation all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, solvents, urea formaldehyde, dioxins, polychlorinated biphenyls, noise or radiation, each as amended and as now or hereafter in effect. The term Environmental Law shall include (by way of illustration rather than limitation) the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Clean Air Act, 42 U.S.C. Section 7401, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Section 135, et seq., and the Hazardous Materials Transportation Act, 39 U.S.C. Section 1801, et seq. and any regulations, guidelines, directives or other interpretations of any such enactment, all as amended from time to time.

“*Existing Property*” shall have the meaning set forth in the Whereas clauses hereof.

“*Existing Property Limited Lease Purposes*” shall have the meaning set forth in Section 3.1(a) hereof.

“*Existing Property Limited Lease Purposes Rental Value*” shall have the meaning set forth in Section 3.1(a) hereof.

“*Financed Property*” shall have the meaning set forth in the Whereas clauses hereof.

“*Fiscal Year*” means the period extending from July 1 of each calendar year to June 30 of the subsequent calendar year.

“*Governing Body*” means the governing body of the Lessee.

“*Hazardous Materials*” means any hazardous, dangerous or toxic chemical, waste, byproduct, pollutant, contaminant, compound, product or substance the manufacture, storage, transport, generation, use, treatment, exposure to, release, threatened release, discharge, remediation, cleanup, abatement, removal, possession, recycling, disposal or other disposition of which is prohibited or regulated (including without limitation, being subjected to notice, reporting, record keeping, or clean-up requirements) by any Environmental Law.

“*Lease*” shall have the meaning set forth in the Whereas clauses hereof.

“*Lease Payment Date*” shall have the meaning set forth in Section 3.4(a) hereof.

“*Lease Payments*” means the rental payments described in Exhibit A hereto.

“*Leased Property*” shall have the meaning set forth in the Whereas clauses hereof and in Exhibit B.

“*Lessee*” shall have the meaning set forth in the Preamble hereof.

“*Net Proceeds*” means insurance or eminent domain proceeds received with respect to the Financed Property, less expenses incurred in connection with the collection of such proceeds.

“*Obligation Instrument*” shall have the meaning set forth in Section 2.1(c) hereof.

“*Permitted Encumbrances*” means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the Lessee may, pursuant to provisions of Section 6.3 hereof, permit to remain unpaid; (ii) this Lease; (iii) any contested right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law to the extent permitted under Section 6.4(b) hereof; (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the execution date of this Lease and which the Lessee hereby certifies will not materially impair the use of the Financed Property by the Lessee; and (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of execution of this Lease and to which the Bank and the Lessee consent in writing.

“*Rebate Exemption*” shall have the meaning set forth in Section 2.1(l)(ii)(A) hereof.

“*Regulations*” shall have the meaning set forth in Section 2.1(l)(i) hereof.

“*Term*” means the term of this Lease as described in Section 3.2 hereof.

“*State*” shall have the meaning set forth in the Preamble hereof.

Section 1.2 Exhibits.

The Exhibits attached to this Lease are by this reference made a part of this Lease.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Lessee.

The Lessee represents, covenants and warrants to the Bank as follows:

(a) Due Organization and Existence. The Lessee is a public agency of the State duly organized and existing under the Constitution and laws of the State.

(b) Authorization; Enforceability. The Constitution and laws of the State authorize the Lessee to enter into this Lease and to enter into the transactions contemplated by, and to carry out its obligations under, this Lease. The Lessee has duly authorized, executed and delivered this Lease in accordance with the Constitution and laws of the State. This Lease constitutes the legal, valid and binding special obligation of the Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

(c) No Conflicts or Default; Other Liens or Encumbrances. Neither the execution and delivery of this Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby (i) conflicts with or results in a breach of the terms, conditions, provisions, or restrictions of any existing law, or court or administrative decree, order, or regulation, or agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, **including without limitation any agreement or instrument pertaining to any bond, note, lease, certificate of participation, debt instrument, or any other obligation of the Lessee** (any such bond, note, lease, certificate of participation, debt instrument, and other obligation being referred to herein as an “Obligation Instrument”), (ii) constitutes a default under any of the foregoing, or (iii) results in the creation or imposition of any pledge, lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessee, or upon the Leased Property except for Permitted Encumbrances.

By way of example, and not to be construed as a limitation on the representations set forth in the immediately preceding paragraph:

- (A) **no portion of the Leased Property is pledged or encumbered to secure or support any Obligation Instrument; and**
- (B) **the interests of the Bank in the Leased Property hereunder do not violate the terms, conditions or provisions of any restriction or revenue pledge in any agreement or instrument pertaining to any Obligation Instrument.**

If any Obligation Instrument existing on the date of execution of this Lease creates any pledge, lien, charge or encumbrance on any revenues, property or assets associated with the Existing Property and/or the Financed Property that is higher in priority to the Bank's interests therein under this Lease, the Bank hereby subordinates its interests therein, but only to the extent required pursuant to such existing Obligation Instrument.

(d) Compliance with Open Meeting Requirements. The Governing Body has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Lessee's execution of this Lease was authorized.

(e) Compliance with Bidding Requirements. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property pursuant to this Lease, or the Governing Body and the Lessee have complied with all such procurement and public bidding laws as may be applicable hereto.

(f) No Adverse Litigation. There are no legal or governmental proceedings or litigation pending, or to the best knowledge of the Lessee threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling, or finding might adversely affect the transaction contemplated in or the validity of this Lease.

(g) Opinion of Lessee's Counsel. The letter attached to this Lease as Exhibit D is a true copy of the opinion of Lessee's Counsel.

(h) Governmental Use of Leased Property. During the Term of this Lease, the Leased Property will be used solely by the Lessee, and only for the purpose of performing one or more governmental or proprietary functions of the Lessee consistent with the permissible scope of the Lessee's authority, and the Leased Property will not be subject to any direct or indirect private business use.

(i) Other Representations and Covenants. The representations, covenants, warranties, and obligations set forth in this Article are in addition to and are not intended to limit any other representations, covenants, warranties, and obligations set forth in this Lease.

(j) No Defaults. The Lessee has never failed to make an appropriation or defaulted under any of its payment or performance obligations or covenants, either under any municipal lease of the same general nature as this Lease, or under any of its bonds, notes, or other obligations of indebtedness for which its revenues or general credit are pledged.

(k) No Legal or Environmental Violation. The Leased Property is not, and at all times during the Term of this Lease will not be in violation of any federal, state or local law,

statute, ordinance or regulation including without limitation, any Environmental Law, to the best of the Lessee's knowledge. Neither the Lessee nor, to the best of Lessee's knowledge, any third party, has used, generated, manufactured, stored or disposed of on, under or about the Leased Property or transported to or from the Leased Property any Hazardous Materials.

In the event Hazardous Materials are discovered, and must be removed or remediated, and to the extent permitted by applicable law, the Lessee hereby agrees to indemnify and hold harmless the Bank, and its directors, officers, shareholders, employees, and agents, and successors to the Bank's interest in the chain of title to the Leased Property, and their directors, officers, shareholders, employees, and agents, from and against any and all loss, claim, damages, expense or liability, including reasonable attorneys' fees and other litigation expenses, to the full extent of such action as attributable, directly or indirectly, to:

- (i) the presence or use of, generation, storage, release, threatened release, or disposal of Hazardous Materials by any person on, in or under the Leased Property;
- (ii) use of the Leased Property or any part thereof as a dump site, permanent or temporary storage site or transfer station for any Hazardous Materials;
- (iii) violation of any Environmental Law affecting the Leased Property or any part thereof or any activity conducted on any part of the Leased Property; and
- (iv) any action or proceeding before any court, quasi-judicial body or administrative agency relating to the enforcement of any Environmental Law affecting the Leased Property or any part thereof or any activity conducted on any part of the Leased Property;

including, without limitation, all foreseeable and all unforeseeable consequential damages, directly or indirectly arising out of the use, generation, manufacture, storage, or disposal of Hazardous Materials, by the Lessee or any prior owner or operator of the Leased Property, including, without limitation, the cost of any required and necessary repair, cleanup, remediation, or detoxification and the preparation of any disclosure, or other required plans, whether such action is required or necessary prior to or following transfer of title to the Leased Property.

- (1) General Tax and Arbitrage Representations and Covenants
 - (i) The certifications and representations made by the Lessee in this Lease are intended, among other purposes, to be a certificate permitted in Section 1.148-2(b) of the Treasury Regulations promulgated pursuant to Section 148 of the Code (the "Regulations"), to establish the reasonable expectations of the Lessee at the time of the execution of this Lease made on the basis of the facts, estimates and circumstances in existence on the date hereof. The Lessee further certifies and covenants as follows:

- (A) The Lessee has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as an issuer which may certify bond issues.
- (B) To the best knowledge and belief of the Lessee, there are no facts, estimates or circumstances that would materially change the conclusions, certifications or representations set forth in this Lease, and the expectations herein set forth are reasonable.
- (C) The Scheduled Term of this Lease does not exceed the useful life of the Financed Property, and the weighted average term of this Lease does not exceed the weighted average useful life of the Financed Property.
- (D) Each advance of funds by the Bank to finance Financed Property under this Lease (each an “Advance”) will occur only when and to the extent that the Lessee has reasonably determined and identified the nature, need, and cost of each item of Financed Property pertaining to such Advance.
- (E) [RESERVED]
- (F) The Lessee will at all times comply with the rebate requirements of Section 148(f) of the Code as they pertain to this Lease, to the extent applicable.
- (G) In order to preserve the status of this Lease and the Advances as other than “private activity bonds” as described in Sections 103(b)(1) and 141 of the Code, as long as this Lease and any such Advances are outstanding and unpaid:
 - (I) none of the proceeds from this Lease or the Advances or any facilities or assets financed therewith shall be used for any “private business use” as that term is used in Section 141(b) of the Code and defined in Section 141(b)(6) of the Code;
 - (II) the Lessee will not allow any such “private business use” to be made of the proceeds of this Lease or the Advances or any facilities or assets financed therewith; and
 - (III) none of the Advances or Lease Payments due hereunder shall be secured in whole or in part, directly or indirectly, by any interest in any property used in any such “private business use” or by payments in respect of such property, and shall not be derived from payments in respect of such property.

- (H) The Lessee will not take any action, or omit to take any action, which action or omission would cause the interest component of the Lease Payments to be ineligible for the exclusion from gross income as provided in Section 103 of the Code.
- (I) The Lessee is a “governmental unit” within the meaning of Section 141(b)(6) of the Code.
- (J) The obligations of the Lessee under this Lease are not federally guaranteed within the meaning of Section 149(b) of the Code.
- (K) This Lease and the Advances to be made pursuant hereto will not reimburse the Lessee for any expenditures incurred prior to the date of this Lease and do not constitute a “refunding issue” as defined in Section 1.150-1(d) of the Regulations, and no part of the proceeds of this Lease or any such Advances will be used to pay or discharge any obligations of the Lessee the interest on which is or purports to be excludable from gross income under the Code or any predecessor provision of law.
- (L) In compliance with Section 149(e) of the Code relating to information reporting, the Lessee will file or cause to be filed with the Internal Revenue Service Center, Ogden, UT 84201, within fifteen (15) days from the execution of this Lease, IRS Form 8038-G or 8038-GC, as appropriate, reflecting the total aggregate amount of Advances that can be made pursuant to this Lease.
- (M) None of the proceeds of this Lease or the Advances to be made hereunder will be used directly or indirectly to replace funds of the Lessee used directly or indirectly to acquire obligations at a yield materially higher than the yield on this Lease or otherwise invested in any manner. No portion of the Advances will be made for the purpose of investing such portion at a materially higher yield than the yield on this Lease.
- (N) Inasmuch as Advances will be made under this Lease only when and to the extent the Lessee reasonably determines, identifies and experiences the need therefor, and will remain outstanding and unpaid only until such time as the Lessee has moneys available to repay the same, the Lessee reasonably expects that (I) the Advances will not be made sooner than necessary; (II) no proceeds from the Advances will be invested at a yield higher than the yield on this Lease; and (III) the Advances and this Lease will not remain outstanding and unpaid longer than necessary.
- (O) The Lessee will either (i) spend all of the moneys advanced pursuant to this Lease immediately upon receipt thereof, without

investment, on the portion of the Financed Property that is to be financed thereby; or (ii) invest such moneys at the highest yield allowable and practicable under the circumstances until they are to be spent on the portion of the Financed Property that is to be financed thereby, and track, keep records of, and pay to the United States of America, all rebatable arbitrage pertaining thereto, at the times, in the amounts, in the manner, and to the extent required under Section 148(f) of the Code and the Treasury Regulations promulgated in connection therewith. At least five percent (5%) of the total amount of moneys that are expected to be advanced pursuant to this Lease are reasonably expected to have been expended on the Financed Property within six (6) months from the date of this Lease. All moneys to be advanced pursuant to this Lease are reasonably expected to have been expended on the Financed Property no later than the earlier of: (I) the date twelve (12) months from the date such moneys are advanced; and (II) the date three (3) years from the date of this Lease.

- (P) This Lease and the Advances to be made hereunder are not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the regulations promulgated in connection therewith (I) enabling the Lessee to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (II) overburdening the tax-exempt bond market, as those terms are used in Section 1.148-10(a)(2) of the Regulations.
- (Q) To the best of the knowledge, information and belief of the Lessee, the above expectations are reasonable. On the basis of the foregoing, it is not expected that the proceeds of this Lease and the Advances to be made hereunder will be used in a manner that would cause this Lease or such Advances to be “arbitrage bonds” under Section 148 of the Code and the regulations promulgated thereunder, and to the best of the knowledge, information and belief of the Lessee, there are no other facts, estimates or circumstances that would materially change the foregoing conclusions.

(ii) Arbitrage Rebate Under Section 148(f) of the Code. With respect to the arbitrage rebate requirements of Section 148(f) of the Code, either (check applicable box):

- (A) Lessee Qualifies for Small Issuer Exemption from Arbitrage Rebate. The Lessee hereby certifies and represents that it qualifies for the exception contained in Section 148(f)(4)(D) of the Code from the requirement to rebate arbitrage earnings from investment

of proceeds of the Advances made under this Lease (the “Rebate Exemption”) as follows:

- (1) The Lessee has general taxing powers.
- (2) Neither this Lease, any Advances to be made hereunder, nor any portion thereof are private activity bonds as defined in Section 141 of the Code (“Private Activity Bonds”).
- (3) Ninety-five percent (95%) or more of the net proceeds of the Advances to be made hereunder are to be used for local government activities of the Lessee (or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Lessee).
- (4) Neither the Lessee nor any aggregated issuer has issued or is reasonably expected to issue any tax-exempt obligations other than Private Activity Bonds (as those terms are used in Section 148(f)(4)(D) of the Code) during the current calendar year, including the Advances to be made hereunder, which in the aggregate would exceed \$5,000,000 in face amount, or \$15,000,000 in face amount for such portions, if any, of any tax-exempt obligations of the Lessee and any aggregated issuer as are attributable to construction of public school facilities within the meaning of Section 148(f)(4)(D)(vii) of the Code.

For purposes of this Section, “aggregated issuer” means any entity which (a) issues obligations on behalf of the Lessee, (b) derives its issuing authority from the Lessee, or (c) is subject to substantial control by the Lessee.

The Lessee hereby certifies and represents that it has not created, does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 148(f)(4)(D)(i)(IV) of the Code.

Accordingly, the Lessee will qualify for the Rebate Exemption granted to governmental units issuing less than \$5,000,000 under Section 148(f)(4)(D) of the Code (\$15,000,000 for the financing of public school facilities as described above), and the Lessee shall be treated as meeting the requirements of Paragraphs (2) and (3) of Section 148(f) of the Code relating to the required rebate of arbitrage earnings to the United States with respect to this Lease and the Advances to be made hereunder.

- or -

- (B) Lessee Will Keep Records of and Will Rebate Arbitrage. The Lessee does not qualify for the small issuer Rebate Exemption described above, and the Lessee hereby certifies and covenants that it will account for, keep the appropriate records of, and pay to the United States, the rebate amount, if any, earned from the investment of gross proceeds of this Lease and the Advances to be made hereunder, at the times, in the amounts, and in the manner prescribed in Section 148(f) of the Code and the applicable Regulations promulgated with respect thereto.

(m) Qualified Tax-Exempt Obligations. Based on the following representations of the Lessee, the Lessee hereby designates this Lease and the interest components of the Lease Payments hereunder as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code:

- (i) this Lease and the Lease Payments hereunder are not private activity bonds within the meaning of Section 141 of the Code;
- (ii) the Lessee reasonably anticipates that it, together with all aggregated issuers, will not issue during the current calendar year obligations (other than those obligations described in clause (iii) below) the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code which, when aggregated with this Lease, will exceed an aggregate principal amount of \$10,000,000;
- (iii) and notwithstanding clause (ii) above, Lessee and its aggregated issuers may have issued in the current calendar year and may continue to issue during the remainder of the current calendar year private activity bonds other than qualified 501(c)(3) bonds as defined in Section 145 of the Code.

For purposes of this subsection, “aggregated issuer” means any entity which (a) issues obligations on behalf of the Lessee, (b) derives its issuing authority from the Lessee, or (c) is subject to substantial control by the Lessee. The Lessee hereby certifies and represents that it has not created, does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code.

Section 2.2 Representations, Covenants and Warranties of the Bank.

The Bank is a national banking association, duly organized, existing and in good standing under and by virtue of the laws of the United States of America, has the power to enter into this Lease, is possessed of full power to own and hold real and personal property, and to lease and sell the same, and has duly authorized the execution and delivery of this Lease. This Lease, constitutes the legal, valid and binding obligation of the Bank, enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

ARTICLE III

AGREEMENT TO LEASE; TERM OF LEASE; LEASE PAYMENTS

Section 3.1 Lease.

(a) Lease of Existing Property to Bank. The Lessee hereby leases the Existing Property, if any, to the Bank, for the sole purpose, and to the limited extent necessary, to provide access, ingress, egress, support, and/or parking, to, from, and for the Financed Property (the “Existing Property Limited Lease Purposes”). The Bank shall pay annually, to the Lessee, as rental for the Existing Property, the fair rental value of the Existing Property Limited Lease Purposes (the “Existing Property Limited Lease Purposes Rental Value”), plus the sum of \$1.00. For the sake of the Lessee’s ease and convenience, for so long as the Lessee subleases the Existing Property from the Bank under Section 3.1(b) below:

- (i) the subrental payment due under Section 3.1(b) from the Lessee to the Bank, for the Lessee’s subrental of the Existing Property from the Bank; and
- (ii) the rental payment (in excess of \$1.00) due under this Section 3.1(a) from the Bank to the Lessee, for the Bank’s rental of the Existing Property from the Lessee;

both such amounts being equal to the Existing Property Limited Lease Purposes Rental Value, shall be netted against each other, and both of such payments shall be deemed to have occurred simultaneously, leaving the balance of \$1.00 net to be paid by the Bank to the Lessee annually for the limited rental of the Existing Property pursuant to this Section 3.1(a); provided, however, that the Bank shall continue to pay the Existing Property Limited Lease Purposes Rental Value to the Lessee as the annual lease payment for the limited rental of the Existing Property under this Section 3.1(a) in the event the Bank subleases the Existing Property to other parties as provided herein; and further provided that in an event of default hereunder, as provided in Section 8.2, the Bank may take possession of the Existing Property and sublease the Existing Property to other parties solely for the Existing Property Limited Lease Purposes.

(b) Sublease of Existing Property, if any, and Lease of Financed Property to Lessee. The Bank hereby subleases the Existing Property, if any, to the Lessee for an annual rental that the Lessee hereby agrees to pay to the Bank equal to the Existing Property Limited Lease Purposes Rental Value described in Section 3.1(a), and leases the Financed Property to the Lessee for a rental that the Lessee hereby agrees to pay to the Bank at the times and in the amounts described in Section 3.4, and the Lessee hereby leases the Leased Property from the Bank, upon the terms and conditions set forth herein. This Lease shall not operate as a merger of the Lessee’s leasehold estate in the Financed Property pursuant to this Lease and its fee estate in the Existing Property and shall not cause the extinguishment of the leasehold interest in the Existing Property granted to the Bank under Section 3.1(a).

Concurrently with its execution of this Lease, the Lessee shall deliver to the Bank fully completed documents substantially in the forms attached hereto as Exhibits.

Section 3.2 Term.

The Term of this Lease shall commence on the date of execution hereof and shall end on (the “Maturity Date”), unless extended pursuant to Section 3.3, or unless terminated prior thereto upon the earliest of any of the following events:

- (a) *Default and Termination.* A default by the Lessee and the Bank’s election to terminate this Lease under Section 8.2 hereof;
- (b) *Payment of All Lease Payments.* The payment by the Lessee of all Lease Payments required under Section 3.4 hereof;
- (c) *Prepayment.* Upon a prepayment of Lease Payments pursuant to Article IX hereof.

Section 3.3 Extension of Lease Term.

If on the Maturity Date, the Lease Payments shall not be fully paid, or if the Lease Payments hereunder shall have been abated at any time and for any reason, then the Term shall be extended until all Lease Payments shall be fully paid, except that the Term shall in no event be extended ten years beyond the Maturity Date.

Section 3.4 Lease Payments.

(a) *Time and Amount.* Subject to the provisions of Section 3.8 (regarding abatement in event of loss of use of any portion of the Financed Property), and Article IX (regarding prepayment of Lease Payments), the Lessee agrees to pay to the Bank, its successors and assigns, as annual rental for the use and possession of the Financed Property, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit A, to be due and payable in arrears on each payment date identified in Exhibit A (or if such day is not a Business Day, the next succeeding Business Day) specified in Exhibit A (the “Lease Payment Date”).

In the event that the Lessee does not pay a Lease Payment due on the respective Lease Payment Date, the Bank shall provide prompt written notice to the Lessee of such failure to pay; provided, however, that failure to give such notice shall not excuse any event of default under such Section 8.1 hereof.

(b) *Rate on Overdue Payments.* In the event the Lessee should fail to make any of the Lease Payments required in this Section, the Lease Payment in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally payable at the rate equal to the original interest rate payable with respect to such Lease Payments.

(c) *Additional Payments.* Any additional payments required to be made by the Lessee hereunder, including but not limited to Sections 4.1, 4.2, 4.3, and 6.3 of this Lease, shall constitute additional rental for the Leased Property.

Section 3.5 Fair Rental Value.

The Lease Payments shall be paid by the Lessee in consideration of the right of possession of, and the continued quiet use and enjoyment of, the Financed Property during each such period for which said Lease Payments are to be paid. The parties hereto have agreed and determined that such total rental represents the fair rental value of the Financed Property. In making such determination, consideration has been given to the value of the Financed Property, other obligation of the parties under this Lease (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Financed Property and the benefits therefrom which will accrue to the Lessee and the general public, and the transfer of the Bank's leasehold interest in the Financed Property at the end of the Term.

Section 3.6 Budget and Appropriation.

Subject to the provisions of Section 3.8, the Lessee covenants to take such action as may be necessary to include all Lease Payments due hereunder in its annual budget and to make the necessary annual appropriations therefor, and to maintain such items to the extent unpaid for that Fiscal Year in its budget throughout such Fiscal Year. The covenants on the part of the Lessee herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the ministerial duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Lessee to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the Lessee.

Section 3.7 Use and Possession.

The total Lease Payments due in any Fiscal Year shall be for the Lessee's right to use and possession of the Financed Property for such Fiscal Year.

Section 3.8 Abatement of Lease Payments in Event of Loss of Use.

(a) *Period.* The obligation of the Lessee to pay Lease Payments shall be abated during any period in which by reason of damage, destruction or taking by eminent domain or condemnation with respect to any portion of the Financed Property there is substantial interference with the Lessee's right to use and possession of such portion of the Financed Property.

(b) *Amount.* The amount of such abatement shall be determined by the Lessee such that the resulting Lease Payments represent fair consideration for the Lessee's right to use and possession of the portion of the Financed Property not damaged, destroyed or taken. Such abatement shall commence with such damage, destruction or taking and end with the substantial completion of the replacement or work or repair; provided, however, that during abatement, special sources of money, including without limitation proceeds of rental interruption insurance, shall be applied to pay the Lease Payments.

(c) *Repair or Replacement.* In the event of such abatement, the Lessee will use its best efforts to repair or replace the damaged or destroyed or taken portion of the Financed Property, as the case may be, from Net Proceeds, subject to the requirements of Section 5.1

hereof, or special funds of the Lessee or other moneys the application of which would not result in the obligations of the Lessee hereunder constituting indebtedness of the Lessee in contravention of the Constitution and laws of the State.

Section 3.9 Possession of Financed Property Upon Termination.

Upon termination of this Lease pursuant to Section 3.2(a), the Lessee shall transfer the Financed Property to the Bank in such manner as may be specified by the Bank, and the Bank shall have the right to take possession of the Financed Property by virtue of the Bank's ownership interest as lessor of the Financed Property.

To the extent the Financed Property is equipment or fixtures, the Lessee at the Bank's direction shall ship such Financed Property to the destination designated by the Bank, by loading such Financed Property at the Lessee's cost and expense, on board such carrier as the Bank shall specify.

Section 3.10 No Withholding.

Notwithstanding any dispute between the Bank and the Lessee, including a dispute as to the failure of any portion of the Leased Property in use by or possession of the Lessee to perform the task for which it is leased, the Lessee shall make all Lease Payments when due and shall not withhold any Lease Payments pending the final resolution of such dispute.

Section 3.11 Net-Net-Net Lease.

This Lease shall be deemed and construed to be a "net-net-net lease" and the Lessee hereby agrees that the Lease Payments shall be an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever, except as expressly provided herein.

Section 3.12 Offset.

Subject to the provisions of Section 3.8, Lease Payments or other sums payable by the Lessee pursuant to this Lease shall not be subject to offset or counterclaim and the Lessee shall not be entitled to any credit against such Lease Payments or other sums by reason of any dispute between the Lessee and the Bank, any vendor or manufacturer of any part of the Financed Property, or any other person.

ARTICLE IV

INSURANCE

Section 4.1 Casualty and Theft Insurance.

(a) *Casualty and Theft Insurance: Coverage.* The Lessee shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, insurance against loss or damage to any portion of the Financed Property caused by fire and lightning, with extended coverage and theft, vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion,

windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

(b) *Amount.* Such insurance shall be in an amount (except that such insurance may be subject to deductible clauses of not to exceed \$50,000 for any one loss) not less than the replacement cost of the Financed Property.

(c) *Joint or Self-Insurance.* Such insurance may be maintained as part of or in conjunction with any other insurance carried or required to be carried by the Lessee, and, subject to Bank's consent and compliance with Section 4.3(b) hereof, may be maintained in the form of self-insurance by the Lessee.

(d) *Payment of Net Proceeds.* The Net Proceeds of such insurance shall be applied as provided in Section 5.1.

Section 4.2 Rental Interruption Insurance.

(a) *Coverage and Amount.* The Lessee shall maintain or cause to be maintained, rental income or use and occupancy insurance in an amount not less than the maximum Lease Payments payable in any one year period (calculated based upon the maximum principal component hereunder as provided in Exhibit A and an interest rate as provided in Exhibit A hereto), to insure against abatement of Lease Payments caused by perils covered by the insurance required to be maintained as provided in Section 4.1 hereof.

(b) *Joint Insurance.* Such insurance may be maintained as part of or in conjunction with any other rental income insurance carried by the Lessee.

(c) *Payment of Net Proceeds.* The Net Proceeds of such rental interruption insurance shall be paid to the Bank to be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable.

Section 4.3 General Insurance Provisions.

(a) *Payment of Premiums.* The Lessee shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease.

(b) *Self Insurance.* The Lessee may only self insure against the risks described in Section 4.1 hereof if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Bank in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by other public agencies in the State other than the Lessee. Insurance provided through a California joint powers authority of which the Lessee is a member or with which the Lessee contracts for insurance shall be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the Lessee pursuant to this Article IV shall comply with the following terms:

- (1) The self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an

independent insurance consultant; and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of such independent insurance consultant;

- (2) [Reserved]
- (3) In the event that the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an independent insurance consultant, shall be maintained.

ARTICLE V

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 5.1 Application of Net Proceeds.

If Net Proceeds received by the Lessee are expected to equal at least 110% of the projected costs of replacement or repair, as demonstrated in an attached reconstruction budget provided at the time, and, in the event that damage, destruction or taking results or is expected to result in an abatement of Lease Payments, such replacement or repair can be fully completed within a period not in excess of the period in which rental interruption insurance proceeds, as described in Section 4.2 together with other identified available moneys, will be available to pay in full all Lease Payments coming due during such period as demonstrated in an attached reconstruction schedule provided at the time, then such Net Proceeds shall be used by the Lessee to replace or repair the damaged or taken facilities.

If the Lessee cannot make the representations regarding repair or reconstruction in the paragraph above or replacement or repair of any portion of the Financed Property is not economically feasible or in the best interest of the Lessee, then the Net Proceeds shall be applied to prepayment of Lease Payments as provided in Article IX hereof; provided that in the event of damage or destruction in whole of the Financed Property and in the event such Net Proceeds, together with any other funds then on hand are not sufficient to prepay all the Lease Payments then outstanding, then the Lessee shall not be permitted to certify that repair, replacement or improvement of all of the Financed Property is not economically feasible or in the best interest of the Lessee. In such event, the Lessee shall proceed to repair, replace or improve the Financed Property as described herein from legally available funds in the then current Fiscal Year.

ARTICLE VI

COVENANTS WITH RESPECT TO THE FINANCED PROPERTY

Section 6.1 Use of the Leased Property.

The Lessee represents and warrants that it has an immediate need for, and expects to make immediate use of, all of the Leased Property to carry out and give effect to the public purposes of the Lessee, which need is not temporary or expected to diminish in the foreseeable future.

Section 6.2 Interest in the Financed Property and the Lease.

(a) *Bank Holds Leasehold Interest During Term.* During the Term of this Lease, the Bank does and shall hold an ownership interest in the Financed Property as lessor thereof. The Lessee shall take any and all actions reasonably required, including but not limited to executing and filing any and all documents reasonably required, to maintain and evidence such title and interest at all times during the Term of this Lease.

(b) *Title Transferred to Lessee at End of Term.* Upon expiration of the Term as provided in Section 3.2(b) or 3.2(c) hereof, all right, title and interest of the Bank in and to all of the Financed Property shall be transferred to and vest in the Lessee, without the necessity of any additional document of transfer.

Section 6.3 Maintenance, Utilities, Taxes and Assessments.

(a) *Maintenance; Repair and Replacement.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all repair and maintenance of the Leased Property shall be the responsibility of the Lessee, and the Lessee shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the Lessee or any sublessee thereof. In exchange for the Lease Payments herein provided, the Bank agrees to provide only the Financed Property, as hereinbefore more specifically set forth. The Lessee waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the Lessee under the terms of this Lease.

(b) *Tax and Assessments; Utility Charges.* The Lessee shall also pay or cause to be paid all taxes and assessments, including but not limited to utility charges, of any type or nature charged to the Lessee or levied, assessed or charged against any portion of the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

(c) *Contests.* The Lessee may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; provided that prior to such nonpayment it shall furnish the Bank with the opinion of an independent counsel acceptable to the Bank to the effect that, by nonpayment of any such items, the interest of the Bank in such portion of the Leased Property will not be materially endangered and that the Leased Property will not be subject to loss or forfeiture. Otherwise, the Lessee shall promptly pay such taxes, assessments or charges or make provisions for the payment thereof in form satisfactory to the Bank.

Section 6.4 Modification of the Leased Property.

(a) *Additions, Modifications and Improvements.* The Lessee shall, at its own expense, have the right to make additions, modifications, and improvements to any portion of the Leased Property if such improvements are necessary or beneficial for the use of such portion of

the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage any portion of the Leased Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law or in any way which would impair the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the interest components of the Lease Payments; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is not substantially less than the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

(b) *No Liens.* Except for Permitted Encumbrances, the Lessee will not permit (i) any liens or encumbrances to be established or remain against the Leased Property or (ii) any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any additions, modifications or improvements made by the Lessee pursuant to this Section; provided that if any such mechanic's lien is established and the Lessee shall first notify or cause to be notified the Bank of the Lessee's intention to do so, the Lessee may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Bank with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Bank. The Bank will cooperate fully in any such contest.

Section 6.5 Permits.

The Lessee will provide all permits and licenses necessary for the ownership, possession, operation, and use of the Leased Property, and will comply with all laws, rules, regulations, and ordinances applicable to such ownership, possession, operation, and use. If compliance with any law, rule, regulation, ordinance, permit, or license requires changes or additions to be made to the Leased Property, such changes or additions will be made by the Lessee at its own expense.

Section 6.6 Bank's Right to Perform for Lessee.

If the Lessee fails to make any payment or to satisfy any representation, covenant, warranty, or obligation contained herein or imposed hereby, the Bank may (but need not) make such payment or satisfy such representation, covenant, warranty, or obligation, and the amount of such payment and the expense of any such action incurred by the Bank, as the case may be, will be deemed to be additional rent payable by the Lessee on the Bank's demand.

Section 6.7 Bank's Disclaimer of Warranties.

The Bank has played no part in the selection of the Financed Property, the Lessee having selected the Financed Property independently from the Bank. The Bank, at the Lessee's request, has acquired or arranged for the acquisition of the Financed Property and shall lease the same to the Lessee as herein provided, the Bank's only role being the facilitation of the financing of the Financed Property for the Lessee. **THE BANK MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN,**

CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE LESSEE OF THE LEASED PROPERTY, OR ANY PORTION THEREOF. THE LESSEE ACKNOWLEDGES THAT THE BANK IS NOT A MANUFACTURER OR VENDOR OF ALL OR ANY PORTION OF THE LEASED PROPERTY, AND THAT THE LESSEE IS LEASING THE LEASED PROPERTY AS IS. In no event shall the Bank be liable for incidental, direct, indirect, special or consequential damages, in connection with or arising out of this Lease, for the existence, furnishing, functioning or Lessee's use and possession of the Financed Property.

Section 6.8 Indemnification.

To the extent permitted by applicable law, the Lessee hereby agrees to indemnify and hold harmless the Bank, its directors, officers, shareholders, employees, agents, and successors from and against any loss, claim, damage, expense, and liability resulting from or attributable to the acquisition, construction, or use of the Financed Property. Notwithstanding the foregoing, the Bank shall not be indemnified for any liability resulting from the negligence or willful misconduct of the Bank.

Section 6.9 Annual Financial Information.

During the term of this Lease, the Lessee covenants and agrees to provide the Bank as soon as practicable when they are available; (i) a copy of the Lessee's final annual budget for each fiscal year; (ii) a copy of the Lessee's most recent financial statements; and (iii) any other financial reports the Bank may request from time to time.

ARTICLE VII

ASSIGNMENT AND SUBLEASING

Section 7.1 Assignment by the Bank.

The parties hereto agree that all rights of Bank hereunder may be assigned, transferred or otherwise disposed of, either in whole or in part, provided that notice of any such assignment, transfer or other disposition is given to Lessee, and provided such assignment, transfer or disposition does not adversely affect the validity or terms of this Lease.

Section 7.2 Assignment and Subleasing by the Lessee.

The Lessee may not assign this Lease or sublease all or any portion of the Leased Property unless both of the following shall have occurred: (i) the Bank shall have consented to such assignment or sublease; and (ii) the Bank shall have received assurance acceptable to the Bank that such assignment or sublease: (A) is authorized under applicable state law, (B) will not adversely affect the validity of this Lease, and (C) will not adversely affect the exclusion from gross income for federal income tax purposes of the interest components of the Lease Payments.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined.

The following shall be “events of default” under this Lease and the terms “events of default” and “default” shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) *Payment Default.* Failure by the Lessee to pay any Lease Payment required to be paid hereunder by the corresponding Lease Payment Date.

(b) *Covenant Default.* Failure by the Lessee to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto other than as referred to in clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Bank; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Bank shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(c) *Bankruptcy or Insolvency.* The filing by the Lessee of a case in bankruptcy, or the subjection of any right or interest of the Lessee under this Lease to any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

Section 8.2 Remedies on Default.

Whenever any event of default referred to in Section 8.1 hereof shall have happened and be continuing, it shall be lawful for the Bank to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Notwithstanding anything herein to the contrary, **THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE LEASE PAYMENTS OR OTHERWISE DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE.**

Section 8.3 No Remedy Exclusive.

No remedy conferred herein upon or reserved to the Bank is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise

any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses.

In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will pay on demand to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 8.5 Waiver of Certain Damages.

With respect to all of the remedies provided for in this Article VIII, the Lessee hereby waives any damages occasioned by the Bank's repossession of the Financed Property upon an event of default.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1 Extraordinary Prepayment From Net Proceeds.

The Lessee shall be obligated to prepay the Lease Payments in whole or in part on any Lease Payment Date, from and to the extent of any Net Proceeds or other moneys pursuant to Section 5.1 hereof. The Lessee and the Bank hereby agree that such Net Proceeds or other moneys shall be credited towards the Lessee's obligations hereunder (except in the case of such prepayment of the Lease Payments in whole) pro rata among Lease Payments so that following prepayment, the remaining annual Lease Payments will be proportional to the initial annual Lease Payments.

Section 9.2 Prepayment.

Subject to the terms and conditions of this Section, the Bank hereby grants an option to the Lessee to prepay in whole or in part on any Lease Payment Date at a prepayment price equal to the outstanding principal component of the Lease Payments, without premium, plus the accrued interest component of the Lease Payments to such prepayment date. To exercise this option, the Lessee must deliver to the Bank written notice specifying the date on which the prepayment is to be made (the "Closing Date"), which notice must be delivered to the Bank at least thirty (30) days prior to the Closing Date specified therein.

ARTICLE X
MISCELLANEOUS

Section 10.1 Notices.

Unless otherwise specifically provided herein, all notices shall be in writing addressed to the respective party as set forth below (or to such other address as the party to whom such notice is intended shall have previously designated by written notice to the serving party), and may be personally served, telecopied, or sent by overnight courier service or United States mail:

If to Bank:

ZB, N.A.
Public Financial Services
One South Main, 17th Floor
Salt Lake City, Utah 84111
Attention: Mark Tsuyuki

If to the Lessee:

Attention:

Such notices shall be deemed to have been given: (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted by 4:00 p.m. (Salt Lake City time) on a Business Day or, if not, on the next succeeding Business Day; (c) if delivered by an overnight courier service, two Business Days after delivery to such courier properly addressed; or (d) if by United States mail, four Business Days after depositing in the United States mail, postage prepaid and properly addressed.

Section 10.2 System of Registration.

The Lessee shall be the Registrar for this Lease and the rights to payments hereunder. The Bank shall be the initial Registered Owner of rights to receive payments hereunder. If the Bank transfers its rights to receive payments hereunder, the Registrar shall note on this Lease the name and address of the transferee.

Section 10.3 [RESERVED]

Section 10.4 Binding Effect.

This Lease shall inure to the benefit of and shall be binding upon the Bank and the Lessee and their respective successors and assigns.

Section 10.5 Amendments.

This Lease may be amended or modified only upon the written agreement of both the Bank and the Lessee.

Section 10.6 Section Headings.

Section headings are for reference only, and shall not be used to interpret this Lease.

Section 10.7 Severability.

In the event any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, to the extent permitted by law, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.8 Entire Agreement.

This Lease and the attached Exhibits constitute the entire agreement between the Bank and the Lessee and supersedes any prior agreement between the Bank and the Lessee with respect to the Leased Property, except as is set forth in an Addendum, if any, which is made a part of this Lease and which is signed by both the Bank and the Lessee.

Section 10.9 Execution in Counterparts.

This Lease may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.10 Arbitration.

To the extent permitted by law, any dispute, controversy or claim arising out of or based upon the terms of this Lease or the transactions contemplated hereby shall be settled exclusively and finally by binding arbitration. Prior to demanding arbitration, the parties agree to meet in-person in a good faith attempt to informally resolve any dispute arising out of or based upon this Lease. Upon written demand for arbitration by any party hereto, the parties to the dispute shall confer and attempt in good faith to agree upon one arbitrator. If the parties have not agreed upon an arbitrator within thirty (30) days after receipt of such written demand, each party to the dispute shall appoint one arbitrator and those two arbitrators shall agree upon a third arbitrator. Any arbitrator or arbitrators appointed as provided in this section shall be selected from panels maintained by, and the binding arbitration shall be conducted in accordance with the commercial arbitration rules of, the American Arbitration Association (or any successor organization), and such arbitration shall be binding upon the parties. The arbitrator or arbitrators shall have no power to add or detract from the agreements of the parties and may not make any ruling or award that does not conform to the terms and conditions of this Lease. The arbitrator or arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages. Judgement upon an arbitration award may be entered in any court having jurisdiction. The prevailing party in the arbitration proceedings shall be awarded reasonable attorney fees and expert witness costs and expenses.

Section 10.11 Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Bank has caused this Lease to be executed in its name by its duly authorized officer, and the Lessee has caused this Lease to be executed in its name by its duly authorized officer, as of the date first above written.

ZB, N.A., as Lessor

By _____

Title _____

, as Lessee

By _____
Authorized Officer

STATE OF CALIFORNIA }
COUNTY OF _____ }

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

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

WITNESS my hand and official seal.

Signature _____

(NOTARY SEAL)

STATE OF CALIFORNIA }
COUNTY OF _____ }

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

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

WITNESS my hand and official seal.

Signature _____

(NOTARY SEAL)

EXHIBIT A

SCHEDULE OF LEASE PAYMENTS

1. Interest.

Interest components have been computed at the rate of _____ percent (___%) per annum calculated based on actual number of days elapsed during a 360 day year.

2. Payment Dates and Amounts.

SEE ATTACHED PAYMENT SCHEDULE, WHICH BREAKS OUT PRINCIPAL AND INTEREST SEPARATELY.

EXHIBIT B

DESCRIPTION OF THE EXISTING PROPERTY, IF ANY

DESCRIPTION OF THE FINANCED PROPERTY

DESCRIPTION OF THE LEASED PROPERTY

The “Leased Property” shall consist of the “Existing Property,” if any, and the “Financed Property” described above.

EXHIBIT C

RESOLUTION OF GOVERNING BODY

**A resolution approving the form of the Lease/Purchase Agreement with
ZB, N.A., Salt Lake City, Utah
and authorizing the execution and delivery thereof.**

Whereas, the (the “Governing Body”) of the Rainbow Municipal Water District (the “Lessee”) has determined that a true and very real need exists for the leasing of the property described in the Lease/Purchase Agreement presented to this meeting; and

Whereas, the Lessee has reviewed the form of the Lease/Purchase Agreement and has found the terms and conditions thereof acceptable to the Lessee; and

Whereas, the Governing Body has taken the necessary steps under applicable law to arrange for the leasing of such property under the Lease/Purchase Agreement; and

Be it resolved by the Governing Body as follows:

Section 1.

The terms of said Lease/Purchase Agreement are in the best interests of Lessee for the leasing of the property described therein.

Section 2.

The appropriate officers and officials of the Lessee are hereby authorized and directed to execute and deliver the Lease/Purchase Agreement in substantially the form presented to this meeting and any related documents and certificates necessary to the consummation of the transactions contemplated by the Lease/Purchase Agreement for and on behalf of the Lessee. The officers and officials of the Lessee may make such changes to the Lease/Purchase Agreement and related documents and certificates as such officers deem necessary or desirable, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3.

The officers and officials of the Governing Body and the Lessee are hereby authorized and directed to fulfill all obligations under the terms of the Lease/Purchase Agreement.

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the of the at a meeting thereof on by the following vote of the members thereof:

AYES:

NOES:

ABSENT:

By _____

Print Name _____

Title _____

Attest:

By _____
Secretary of the Board

EXHIBIT D

FORM OF OPINION OF COUNSEL TO LESSEE

To: ZB, N.A.
One South Main Street
Salt Lake City, Utah 84111

Gentlemen:

As counsel for (“Lessee”), I have examined duly executed originals of the Lease/Purchase Agreement (the “Lease”) dated this day of , between the Lessee and ZB, N.A., Salt Lake City, Utah (“Bank”), and the proceedings taken by Lessee to authorize and execute the Lease (the “Proceedings”). Based upon such examination as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a body corporate and politic, legally existing under the laws of the State of California (the “State”).
2. The Lease and the Proceedings have been duly adopted, authorized, executed, and delivered by Lessee, and do not require the seal of Lessee to be effective, valid, legal, or binding.
3. The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Proceedings were adopted and the Lessee’s execution of the Lease was authorized.
4. The Lease is a legal, valid, and binding obligation of Lessee, enforceable against the Lessee in accordance with its terms except as limited by the state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws of general application affecting the enforcement of creditor’s rights generally.
5. Either there are no usury laws of the State applicable to the Lease, or the Lease is in accordance with and does not violate all such usury laws as may be applicable.
6. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Financed Property (as defined in the Lease) from the Bank under the Lease, or the acquisition and leasing of the Financed Property from the Bank under the Lease comply with all such procurement and public bidding laws as may be applicable.
7. There are no legal or governmental proceedings or litigation pending or, to the best of my knowledge, threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of the Lease.
8. The adoption, execution and/or delivery of the Lease and the Proceedings, and the compliance by the Lessee with their provisions, will not conflict with or constitute a breach of or default under any court decree or order or any agreement, indenture, lease or other instrument or

any existing law or administrative regulation, decree or order to which the Lessee is subject or by which the Lessee is or may be bound.

Attorney for Lessee

EXHIBIT E

SECURITY DOCUMENTS

[Attach Security Documents here]

EXHIBIT F

DELIVERY AND ACCEPTANCE CERTIFICATE

To: ZB, N.A.

Reference is made to the fixed rate Equipment Lease Agreement between the undersigned (“Lessee”), and ZB, N.A. (“Lessor”), dated , (“the Lease”) and to the Equipment as such term is defined therein. In connection therewith we are pleased to confirm to you the following:

1. All of the Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Bank is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The serial number for each item of Equipment which is set forth on Exhibit “B” to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Lessee:

By: _____

EXHIBIT G

FORM 8038

(Attached)

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-20 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 5.02.210 APPENDIX A – PURCHASING APPROVAL LIMITS POLICY

BACKGROUND

Section 5.02.210 Appendix A establishes the dollar amounts that various Department Managers can approve for purchase. The lower limit was \$500 for Department managers but this low limit causes inefficient purchasing processes for very low dollar amount purchases. This Ordinance will revise the Administrative Code to increase the dollar limit for Department Managers to \$2000.

DESCRIPTION

This topic was considered over two public meetings of the Budget and Finance Committee where the Committee members considered the proposed changes to the policy. After consideration the Committee voted unanimously to recommend approval of this Ordinance to the Board of Directors.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility – This action will improve the efficiency of our purchasing process for small purchases.

BOARD OPTIONS/FISCAL IMPACTS

There are no specific fiscal impacts of this change other than improved efficiency in small purchases.

The Board could choose not to approve this change in approval limits.

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

STAFF RECOMMENDATION

Staff recommends approval of Ordinance No. 18-20.


Tom Kennedy
General Manager

September 18, 2018

Ordinance No. 18-20

**Ordinance of the Board of Directors of the Rainbow Municipal Water District
Amending the Administrative Code
Section 5.02.210 – Purchasing and Change Order Approval Requirements –
Appendix**

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 5.02.210: Purchasing and Change Order Approval
Requirements - Appendix

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 18th day of September 2018.

AYES:
NOES:
ABSTAIN:
ABSENT:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

Section 5.02.210

Purchasing and Change Order Approval Requirements – Appendix

APPENDIX APPROVAL REQUIREMENTS; CHANGE ORDERS

A. APPROVAL REQUIREMENTS – LIMITS

Approval requirements of purchases and/or change orders for work or professional services are based on the total dollar amount of the purchase and/or change orders, as follows:

DOLLAR AMOUNT	REQUIRED APPROVAL SIGNATURES
\$2,000 500 or Less	Department Manager
\$2,000 500-\$5,000	Finance Manager
\$5,000-\$50,000	Finance Manager and General Manager
More than \$50,000	General Manager and Board of Directors

These limits are primarily for purchases of capital items and payment for work or professional services and do not apply to routine purchases of warehouse inventory items that are necessary for the conduct of daily District business. Transactions may not be split in order to circumvent these limits.

B. CHANGE ORDERS

As set forth in Public Contract Code section 20642 and Section 5.02.140 of this Administrative Code, when work is not to be done by the district itself by force account, and the amount involved is thirty-five thousand dollars (\$35,000), or more, any contract for the performance of work or services shall be let to the lowest responsible bidder, after publication, in the manner prescribed by the board, of notices inviting bids therefor. The General Manager is authorized by this section to approve any reasonable change order or modification to a contract for work or services that does not exceed \$25,000 or ten percent (10%) of the contract price, whichever amount is greater. Any proposed change order or modification to a contract for work or services that exceeds \$25,000 or 10% of the contract price, whichever amount is greater, shall be presented to the Board for consideration and approval. These approval requirements will not operate to conflict with relevant requirements of the Public Contract Code, including but not limited to sections 20640 et seq.

~~\\rmwd-b\Main\Administration\Confidential\Administrative Code Working Docs\Drafts_Not Approved\Purchasing and Change Order Approval Requirements - Appendix 5.02.210_20180918.docx~~~~\\rmwd-b\Store03\BoardFiles\Board Secretary\Administrative Code Working File\Board Admin Code 2005-2006\Purchasing and Change Order Approval Requirements - Appendix 5.02.210.docx~~
Approved 8-3-05 by Ordinance No. 05-07\Amended and Updated 2-26-13 by Ordinance No. 13-02\Amended and Updated 1-27-15 by Ordinance No. 15-01\Amended and Updated 1-26-16 by Ordinance No. 16-01\Amended and Updated ~~Page 2378 of 179~~ Ordinance No. 18-02\ DRAFT

Section 5.02.210

Purchasing and Change Order Approval Requirements – Appendix

APPENDIX APPROVAL REQUIREMENTS; CHANGE ORDERS

A. APPROVAL REQUIREMENTS – LIMITS

Approval requirements of purchases and/or change orders for work or professional services are based on the total dollar amount of the purchase and/or change orders, as follows:

DOLLAR AMOUNT	REQUIRED APPROVAL SIGNATURES
\$2,000 or Less	Department Manager
\$2,000-\$5,000	Finance Manager
\$5,000-\$50,000	Finance Manager and General Manager
More than \$50,000	General Manager and Board of Directors

These limits are primarily for purchases of capital items and payment for work or professional services and do not apply to routine purchases of warehouse inventory items that are necessary for the conduct of daily District business. Transactions may not be split in order to circumvent these limits.

B. CHANGE ORDERS

As set forth in Public Contract Code section 20642 and Section 5.02.140 of this Administrative Code, when work is not to be done by the district itself by force account, and the amount involved is thirty-five thousand dollars (\$35,000), or more, any contract for the performance of work or services shall be let to the lowest responsible bidder, after publication, in the manner prescribed by the board, of notices inviting bids therefor. The General Manager is authorized by this section to approve any reasonable change order or modification to a contract for work or services that does not exceed \$25,000 or ten percent (10%) of the contract price, whichever amount is greater. Any proposed change order or modification to a contract for work or services that exceeds \$25,000 or 10% of the contract price, whichever amount is greater, shall be presented to the Board for consideration and approval. These approval requirements will not operate to conflict with relevant requirements of the Public Contract Code, including but not limited to sections 20640 et seq.

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-21 ADDING SECTION 5.07 – UNCLAIMED CHECKS POLICY TO THE ADMINISTRATIVE CODE AND APPROVE AN UNCLAIMED CHECKS POLICY

BACKGROUND

Presently, the District does not have a formal policy established on how to handle unclaimed checks and ensure the propriety of the related accounting transactions.

DESCRIPTION

The purpose of the unclaimed check policy is to provide the proper mechanism to take possession of long standing unclaimed checks in accordance with government statutes and to ensure the propriety of the related accounting transactions. The administration of the policy shall be responsibility of the finance department. The policy will be to hold the unclaimed outstanding checks, rather than escheating the unclaimed funds to the State of California.

The attached Unclaimed Checks Policy outlines the procedures for the District to follow to provide public notices about unclaimed checks that we have issued but have not been cashed. This is an infrequent occurrence, but it is something that needs to be addressed. The Unclaimed Checks Policy is an administrative policy that is not formally part of the Administrative Code itself, but is referenced in the new Section 5.07 of the Administrative Code that would be created with the approval of Ordinance 18-21.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility – formally adopting unclaimed checks policy that will allow administrative staff to properly address the outstanding checks in accordance with government statutes.


BOARD OPTIONS/FISCAL IMPACTS

There might be negligible cost administering the policy, but if checks remained unclaimed after proper notification the funds revert to the District.

1. Adopt Ordinance No. 18-21.
2. Adopt Ordinance No. 18-21 with revisions.
3. Deny adoption of Ordinance No. 18-21.
4. Provide Staff with direction.

STAFF RECOMMENDATION

Staff recommends adopting Ordinance No. 18-21 adding Section 5.07 – Unclaimed Checks Policy to the Administrative Code and approving the attached Unclaimed Checks Policy.



Tom Kennedy
General Manager

September 18, 2018

Ordinance No. 18-21

**Ordinance of the Board of Directors of the Rainbow Municipal Water District
Adding Section 5.07 – Unclaimed Checks Policy
to the Administrative Code**

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 5.07: Unclaimed Checks Policy

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 18th day of September 2018.

AYES:
NOES:
ABSTAIN:
ABSENT:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

Chapter 5.07
UNCLAIMED CHECKS POLICY

Sections:

5.07.010 Unclaimed Checks Policy

The Rainbow Municipal Water District unclaimed checks policy shall be adopted by the District Board of Directors. This unclaimed check policy shall be reviewed periodically to ensure compliance to current law and processing trends. Any amendments to the policy shall be forwarded to the Board of Directors for approval.

Chapter 5.07
UNCLAIMED CHECKS POLICY

Sections:

5.07.010 Unclaimed Checks Policy

The Rainbow Municipal Water District unclaimed checks policy shall be adopted by the District Board of Directors. This unclaimed check policy shall be reviewed periodically to ensure compliance to current law and processing trends. Any amendments to the policy shall be forwarded to the Board of Directors for approval.

SUBJECT: Unclaimed Payroll and Accounts Payable Checks

EFFECTIVE DATE: September 18, 2018

I. POLICY OBJECTIVE

The purpose of the unclaimed check policy is to provide the proper mechanism to take possession of long standing unclaimed checks in accordance with government statutes and to ensure the propriety of the related accounting transactions.

II. AUTHORITY

Rainbow Municipal Water District Administrative Code

III. ASSIGNED RESPONSIBILITY

Administration of this policy shall be the responsibility of the Administrative Services Department. The Finance Division, specifically, shall have the responsibility to ensure ongoing adherence.

IV. APPLICABILITY

Any payroll or accounts payable check which has been outstanding for more than ninety days.

V. POLICY AND PROCEDURE

A. UNCLAIMED PAYROLL AND ACCOUNTS PAYABLE CHECKS

Rainbow Municipal Water District has adopted the policy to hold unclaimed payroll and accounts payable checks, rather than escheating the unclaimed funds to the State of California.

Guidelines for unclaimed payroll and accounts payable checks are as follows:

1. Any payroll or accounts payable check that has been unclaimed for ninety days will be identified. Every means available will be made, by the Finance Department, to locate the payee. After all efforts have been exhausted, the unclaimed check will be added to the Unclaimed Check Listing and the funds will be set aside in the District's Fund.
2. After three years from the check date, if the check remains unclaimed, the check may become the property of the District, after notice is given to potential claimants (Gov. Code Section 50050). Any time after three years, the District's Treasurer may publish a notice once a week for two

successive weeks in a local Fallbrook newspaper of general circulation. The notice shall include the following information:

- a. The individual or business name as shown on the issued check.
 - b. The check date, number and the amount of money on the issued check.
 - c. A statement announcing that the money shall become the property of the District on a date that is not less than forty-five (45) days after the first publication of the notice. See Exhibit I. (Gov. Code Section 50051).
3. Upon or prior to publication, a party of interest may file a claim which must include the following information:
- a. The claimant's name, address and telephone number.
 - b. Social Security Number or Federal Employer Identification Number.
 - c. Proof of identity such as a copy of a driver's license, social security card or birth certificate.
 - d. The amount of the claim.
 - e. The grounds on which the claim is founded. See Exhibit II. (Gov. Code Section 50052).
4. The District's Treasurer may either accept or reject the claim. However, even if the procedures listed above are not followed, the Treasurer has the discretion, upon submission of satisfactory proof to the Treasurer, to release unclaimed money to the depositor of the unclaimed money or their heirs, beneficiaries, or duly appointed representatives, if the money is claimed before it becomes the District's property (Gov. Code Section 50052.5).
5. If the Treasurer rejects the claim, the claimant may file a verified complaint in a San Diego County Court seeking to recover all or a dedicated part of the money (Gov. Code Section 50052). A copy of that complaint must be served on the District's Treasurer within thirty (30) days of receiving notice that the claim was rejected. When a complaint has been filed, the Treasurer must withhold the release of the portion of unclaimed money until a court renders its decision.
6. If the money is in a special fund, the District's Treasurer may transfer the money to the General Fund (Gov. Code Section 50053).
7. Any individual check of less than fifteen (15) dollars, or any amount if the depositor's name is unknown, which remain unclaimed for a period of one (1) year may be transferred from the funds which the money was originally drawn from by the District to the General Fund without the necessity of publication of a notice in a newspaper. (Gov. Code Sec. 50055)
8. Although it is not required by statute, it is advisable for the District to notice a public hearing before the District's Treasurer before acquiring the unclaimed checks. This will give the owners of the funds one final opportunity to be heard before the District acquires the funds.

Attachments:

Exhibit I – Sample of Public Notice

Exhibit II – Sample of Unclaimed Money - Claim Form

Exhibit III – California Government Code Section 50050-50057

Exhibit I – Sample of Public Notice

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN THAT, the Finance Department of Rainbow Municipal Water District, County of San Diego, State of California, declares that the following monetary sums have been held by Rainbow Municipal Water District and have remained unclaimed in the funds hereafter indicated for a period of over three (3) years and will become the property of Rainbow Municipal Water District on the xxth day of the Month, Year, a date not less than forty-five (45) days after the first publication of this Notice.

Any party of interest may, prior to the date designated herein above, file a claim with the District's Finance Department which includes the claimant's name, address and telephone number, Social Security Number or Federal Employer Identification Number, amount of claim, the grounds on which the claim is founded. The Unclaimed Money Claim Form can be obtained from the District's Administrative office at 3707 Old Highway 395, Fallbrook, California 92028 or from the District's website <https://www.rainbowmwd.com/>. Proof of identity such as a copy of a driver's license, social security card or birth certificate must be provided before funds will be released. With any questions, please contact the District's Finance Department at (760) 728-1178.

This notice and its content are in accordance with California Government Code Sections 50050-50057.

Check Date

Check Number

Payee Name

Check Amount

Exhibit II – Sample of Unclaimed Money Claim Form



UNCLAIMED MONEY – CLAIM FORM

Return completed form to:
*Rainbow Municipal Water District
Finance Department
3707 Old Highway 395
Fallbrook, CA 92028*

Pursuant to California Government Code Section 50052, I wish to file a claim for a previously unclaimed check in the amount of \$ _____ that was published in the Village News on _____.

The grounds on which I file this claim are: _____

Vendor or Individual Name (Printed)

Taxpayer I.D. or Social Security No.

Vendor or Individual Name (Signature)

Telephone Number

Street Address

City / State / Zip Code

FOR FINANCE DEPARTMENT USE ONLY

Proof of Identity Verified (check one):

- Driver's License Social Security Card Birth Certificate

Verified By: _____ Date: _____

Claim: Approved Rejected Reason for Rejection: _____

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-22 AMENDING AND UPDATING AMEND ADMINISTRATIVE CODE CHAPTER 5.04 FIXED ASSETS

BACKGROUND

Presently, the District does not have a detailed formal policy established on fixed/capital asset. The intended purpose of the Capital Asset Policy is to ensure adequate control, appropriate use of and proper recording of the District's infrastructure assets and fixed assets. The policy and the related procedures are intended to establish guideline for purchasing, using, financial report, logging inventory, depreciating, and disposal of infrastructure and fixed assets.

Last year, the District contracted with Willdan to conduct an appraisal of the District's infrastructure for two primary reasons, one to compute a buy-in portion for the capacity fees, secondary is to utilize the appraisal report to restate the District's fixed assets book value. A significant difference between the District's fixed asset policy and the Appraisal report is the useful lives of the assets. The appraisal report showed assets having a higher useful life than the District's policy. Adopting the amended capital asset policy is more in line with the recommendation of the appraisal report on the useful lives of the assets.

DESCRIPTION

Capital Asset requirements of GASB 34 requires that fixed assets records must be maintained by public entities in a complete, accurate and detailed manner, and that public agencies report all capital assets with the consideration of depreciation. Capital assets are those assets that have a useful life extending beyond single reporting period. The amended capital asset policy is detailed and adheres to the requirements of GASB 34.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

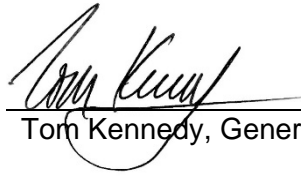
Strategic Focus Area Four: Fiscal Responsibility – formalize a detailed capital asset policy to enhance the reporting and accountability to help deliver an excellent level of service.

BOARD OPTIONS/FISCAL IMPACTS

Amending the administrative code regarding the fixed/capital asset policy will increase the fixed assets book value by applying a higher useful life, depreciation will therefore be restated at a lower amount.

STAFF RECOMMENDATION

Staff recommends approving Ordinance No. 18-22 amending and updating Administrative Code Chapter 5.04 Fixed Assets with the attached language.



Tom Kennedy, General Manager

9/18/18

Ordinance No. 18-22

**Ordinance of the Board of Directors of the Rainbow Municipal Water District
Amending and Updating Administrative Code
Chapter 5.04 – Fixed Assets**

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 5.04: Fixed Assets

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 18th day of September 2018.

AYES:
NOES:
ABSTAIN:
ABSENT:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

Chapter 5.04 FIXED ASSETS

Sections:

5.04.010 Fixed Assets Capitalization

5.04.010.01 Policy Statement

5.04.010.02 Definitions

5.04.010.03 Policy Review

~~5.04.020 Fixed Assets Inventory~~

~~5.04.030 Disposition of Surplus Assets~~

**Chapter 5.04
FIXED ASSETS**

Sections:

- 5.04.010 Fixed Assets Capitalization**
- 5.04.010.01 Policy Statement**
- 5.04.010.02 Definitions**
- 5.04.010.03 Policy Review**

Section 5.04.010

Capital Asset Policy~~Fixed Assets Capitalization~~

~~There is established a level of \$10,000 as the level above which purchased assets should be capitalized for purposes of accounting and that capitalized assets be entered into the District's Fixed Asset system and depreciated over an appropriate useful life.~~

5.04.010.01 Policy Statement

Rainbow Municipal Water District (RMWD) has a significant investment in a variety of capital assets, which are used to provide water and sewer services to customers. The purpose of this policy is to ensure that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, generally accepted accounting principles, internal controls, and audit requirements. It is the purpose of this policy to provide clear guidelines for the financial treatment of capitalizable and non-capitalizable transactions. This policy addresses the following issues related to capital assets:

- A. Asset types and lives
- B. Scope
- C. Budgeting for Capital Asset Purchases
- D. Accounting
- E. Depreciation
- F. Management of Assets
- G. Disposal

5.04.010.02 Definitions

Term definitions as utilized by RMWD:

- I. **CAPITAL ASSET:** Capital assets are assets that are 1) used in the operations of the District, 2) have a probable future benefit either singly or in combination with other assets, and 3) have been the subject of a transaction that gives the District the right to or control of the asset. Capital assets may include land, land improvements, easements, water rights, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure, and any intangible assets that have a useful life beyond a single reporting period. Capital assets do not include inventory held for use in unidentified future projects.

VALUATION OF CAPITAL ASSET: The value assigned to capital assets shall be determined as follows:

PURCHASED CAPITAL ASSETS: The capitalized value of purchased Capital assets shall be determined using the original cost of the asset. Specific costs eligible for capitalization are identified below. If the original cost of an asset is not available or cannot be reasonably determined, an estimated current cost may be utilized.

DISTRICT – CONSTRUCTED CAPITAL ASSETS: District-constructed water system infrastructure assets intended to be used in District operations or internally generated computer software are eligible for capitalization. The capitalized value of such assets shall be determined using direct costs and material costs associated with the construction up until the time the asset is complete and ready for use.

DONATED CAPITAL ASSETS: The capitalized value of donated assets shall be determined using the fair market value at the time of donation. If the fair market value of the asset is not available or cannot be reasonably determined, an estimated cost may be determined using the best available information. The value of donated intangible assets shall be accounted for separate from donated tangible capital assets.

CAPITALIZABLE COSTS: Costs eligible for capitalization under this policy are:

For land:

- Purchase price or appraised value, whichever is more readily determinable;
- Closing costs, such as title fees, attorney fees, environmental assessments, appraisals, taxes and recording fees;
- Costs necessary to get the land ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Assumptions of liens, encumbrances or mortgages;

For purchased assets other than land:

- Purchase price, including all taxes
- Freight, handling and in-transit insurance charges
- Assembling and installation charges
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Applicable purchase discounts or rebates

For District-constructed assets:

- Direct labor costs (to include wages and benefits);
- Direct materials cost;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Insurance premiums and related costs incurred during construction;
- Costs necessary to get the site ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Costs for intangible assets are determined in accordance with Governmental Accounting Standards Board, Statement No. 51 “Accounting and Financial Reporting for Intangible Assets.”

For donated Capital assets:

- Fair Market or Appraised Value at date of donation;
- Installation costs;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Other normal or necessary costs required to place the asset in its intended location and condition for use.

CAPITALIZATION OF COSTS SUBSEQUENT TO ACQUISITION: Additional costs incurred after a capital asset is placed in use shall be accounted for as follows:

ADDITIONS: An Addition is defined as an expenditure that either significantly extends the useful life or productivity of the existing capital asset or creates a new capital asset.

IMPROVEMENTS AND REPLACEMENTS: Improvements and Replacements are defined as expenditures that involve substituting a similar capital asset, or portion thereof, for an existing one. If the existing asset's book value is determinable, then the existing asset should be removed from the books at the time the replacement is recorded. If the existing asset is not separately identifiable, then the replacement should still be capitalized as the existing asset's book value is assumed to be negligible.

REARRANGEMENT OR REINSTALLATION: Rearrangement or Reinstallation costs are defined as expenditures that involve moving an existing asset to a new location or reinstalling a similar asset in place of an existing asset. All "Rearrangement or Reinstallation" costs should be expensed in the period incurred.

REPAIRS AND MAINTENANCE: Repairs and Maintenance costs are defined as expenditures that involve maintaining the asset in good or ordinary repair. All Repairs and Maintenance costs should be expensed in the period incurred.

II. CAPITALIZATION THRESHOLD: The minimum cost which an asset must exceed in order to be capitalized. The minimum value of an asset that qualifies it to be capitalized is \$10,000. This is the per-unit cost of the asset. Groups of assets that cost more than \$10,000 in aggregate but not individually are not capitalizable except as noted in Section A. Capital Asset Types and Lives, Groups of Assets.

The cost of the unit is 1) the total cost of all invoices for the item, including transportation and installation charges and interest expense directly related to the unit's acquisition or making it ready for use plus 2) the net book value of any assets given in exchange plus 3) the present value of any liability incurred. If this information is not available, the cost is determined by an appraisal of the unit's value. The initial development cost of making a decision as to which project to construct or acquire is not capitalizable. It is the responsibility of the employee overseeing the acquisition to provide all relevant data to Accounting.

If the asset is the subject of a federal award program that sets a maximum threshold, it will be capitalized according to the award program rules regardless of the District's threshold.

III. CIP: (Capital Improvement Project) RMWD defines CIP as any expenditure that relates to the purchase of a Capital Asset.

IV. DEPRECIATION: The process of allocating the cost of an asset over a period of time.

V. DEPRECIATION METHOD: RMWD utilizes the straight-line method with the half-year convention.

VI. INTANGIBLE ASSETS: An asset that is not physical in nature such as water rights.

VII. TANGIBLE ASSETS: An asset that has a physical form.

VIII. USEFUL LIFE: The cost of an asset, less salvage value, is depreciated over its estimated useful life. Standard useful lives for groups of assets are as follows:

General Provisions

A. Capital Asset Types and Lives

See the table below for the capital asset categories used by RMWD.

<u>Asset Types</u>	<u>Asset Categories at RMWD</u>	<u>Asset Life (in years)</u>	<u>Examples</u>
<u>Land</u>	<u>Land</u>	<u>Infinite</u>	<u>Real estate</u>
<u>Improvements</u>	<u>Water Wells</u>	<u>75</u>	<u>Drilling, piping, concrete work</u>
	<u>Reservoirs</u>	<u>75</u>	<u>Tanks, foundations</u>
	<u>Pipelines</u>	<u>75</u>	<u>Waterlines, sewer lines</u>
	<u>Pumping/(Lift) Stations</u>	<u>55/(35)</u>	<u>Water Booster/(Wastewater Lift) Stations</u>
	<u>Pressure Regulating</u>	<u>45</u>	<u>Water Pressure Regulating Stations</u>
<u>Buildings</u>	<u>Buildings</u>	<u>50</u>	<u>Offices, workshops,</u>
	<u>Water Treatment Plant</u>	<u>50</u>	<u>Structure, piping</u>
<u>Equipment</u>	<u>Meters</u>	<u>15</u>	<u>PD, turbine, or compound meters</u>
	<u>Heavy Equipment</u>	<u>15</u>	<u>Excavators, dump trucks, vactors</u>
	<u>Telemetry</u>	<u>10</u>	<u>Control panels, electrical</u>
<u>Vehicles</u>	<u>Vehicles</u>	<u>5</u>	<u>Passenger cars</u>
		<u>7</u>	<u>Light trucks</u>
		<u>10</u>	<u>One-ton trucks</u>
		<u>12</u>	<u>Two-ton trucks</u>
<u>Office</u>	<u>Software</u>	<u>3</u>	<u>For PC's, phones, security, etc.</u>
	<u>Furniture</u>	<u>7</u>	<u>Desks, cubicles</u>

If there is a substantial reason for an asset to be given a non-standard useful life, it should be noted at the time the asset is acquired. Alternative useful lives may be derived from 1) general guidelines from a professional organization, 2) information from other governmental agencies, 3) internal experience, or 4) outside professionals such as engineers, architects, etc. The alternative method should take into consideration the relative quality of the asset, the intended use, and the environment in which it will be placed.

It is the District's practice to depreciate capital assets other than land over their useful life using the straight-line method. The amount to be depreciated is the asset's adjusted cost less an estimated salvage value. The salvage value is the value an asset is

expected to have when it is no longer useful for its intended purpose. If there is a substantial reason for a more rapid method of depreciation to be applied to an asset, it should be noted at the time the asset is acquired.

Assets that are acquired or constructed for a specific short-term purpose and do not have an alternative future use are charged to expense at the time the costs are incurred.

B. Scope

RMWD will employ a CIP plan that has a 5-year timeline including the current year carryover. This 5-year timeline helps RMWD to prioritize projects from year to year and establish plans for funding sources.

The capitalization threshold for RMWD is \$10,000. Assets are capitalized if the cost exceeds the capitalization threshold except for groups of similar assets such as meters, computers, or printers when the total of the similar assets purchased during the year exceeds \$10,000.

C. Budgeting

The Finance Manager is responsible for the oversight of the Capital Asset Program and the development of the CIP Budget. The Finance Manager may delegate responsibility to various managers to identify what Capital Assets are needed and requested in the CIP Budgeting process.

Asset purchases are authorized through the CIP Budgeting Process (except for emergency projects) which involves the following steps:

- i. Need is identified – either a new asset is needed or an asset is in need of replacement or major repair
- ii. Manager who is responsible for operating the asset submits a Capital Project Request form during the CIP Budget process.
- iii. Funding source for the project is identified (See part f.)
- iv. Projects are reviewed by the Engineering Committee
- v. Project funding is granted through approval of the Annual Operating and Capital Improvement Budget by the Board of Directors

The various requests submitted in the CIP Budget Process will be compiled by the Accounting staff. The total of the CIP requests must be balanced in the overall Operating and Capital Improvement Budget. Capital funding sources must be identified for each request.

The CIP Budget will be reviewed in detail by the Engineering Committee. The Board of Directors will subsequently review and approve the CIP Budget as part of the Operating and Capital Improvement Budget.

The procurement process will be handled primarily by the manager who submitted the request. The procurement must follow the steps and rules stated in the RMWD Purchasing Policy in the administrative code section 5.02.

If actual costs are lower than budgeted, the balance will be unappropriated and transferred to the CIP Reserve or allocated to another project.

If actual costs are expected to be higher than what was budgeted, these options are available within the requirements of existing policies:

- Cancel the project or reduce the scope of the project
- Transfer funds from another project with lower priority or excess funds available
- Appropriate funds from reserves with Board approval
- Request carryover of the project with additional funding in the following fiscal year

D. Accounting

Asset purchases will be accounted for in the Capital Asset Funds. Project numbers will be utilized in order to facilitate tracking of purchases, budgets, and assets in the computerized accounting system.

The Accounting staff will track all assets in a subsidiary ledger that will contain at a minimum: asset name, description, cost, year placed in service, and expected life.

The Accounting staff is responsible for recording the reallocation of funds from projects that were under budget or not included in a carryover request.

E. Depreciation

RMWD uses the straight-line method of depreciation for all depreciable fixed assets (land, intangible assets, and construction-in-progress are not depreciated). A half year of depreciation is recognized in the year the asset is placed into service and in the last year of estimated useful life. The Accounting staff has the responsibility to track and record depreciation.

F. Management of Assets

The department that requests and purchases the assets is responsible for the operation and maintenance of the assets. Department managers will periodically measure and quantify the condition of assets. Managers must identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

The tools that should be utilized to manage assets include but are not limited to:

- i. Master plans which are utilized for long-term planning of capital asset needs.
- ii. Historical and projected operating costs are considered. If an asset requires excessive amounts of repairs, then the manager should consider replacing the asset. When a new asset is requested, the operating costs over the life of the new asset should be considered.
- iii. Inventories should be kept in order to track assets that are susceptible to theft.

PHYSICAL INVENTORY OF CAPITAL ASSETS: A physical inventory of the following categories of capital assets shall be performed at least annually:

Inventory Items Machinery
and Equipment Fleet
Equipment
Office Furniture and Fixtures
Computer Equipment, Purchased Software and Telephones

The results of the physical inventory shall be reconciled with the District's asset inventory system. Differences will be reported, along with explanations, to the Board of Directors.

G. Disposal of Assets

A. Surplus Property Disposal

The division supervisor or department manager is responsible for the transfer and disposition of surplus District property. "Surplus property" is used generically to describe any District property that is no longer needed or useable by the holding department. The superintendent or department manager has the authority to declare item(s) surplus according to the authorization table in sub-section B.

Surplus property that may result from the termination of a lease agreement shall be specifically reported to the Purchasing Agent prior to the termination of the lease. The report shall include all information about the lease, including purchase price at the commencement of the lease, residual value at the end of the lease, the total payments through the end of the lease and the fair market value at the end of the lease. In determining the fair market value, each department shall document the methods used to make such determination including tools such as Kelly Blue Book, classified advertisements, and local vendors with similar products available.

Each department shall periodically review its equipment, material, and inventory, and shall promptly notify the Accounting Department of any surplus property. A memo shall be completed to document the reason(s) that the property is surplus and the recommended method of disposal. This memo must then be submitted to the Accounting Department. The Accounting staff

will then make the appropriate adjustments to the Capital Assets Subsidiary Ledger.

B. Authority

<u>Salvage Value up to:</u>	<u>Approval Level (Except when items are scrap</u>
<u>\$500</u>	<u>Superintendents</u>
<u>\$2,000</u>	<u>Department Managers</u>
<u>\$10,000</u>	<u>General Manager</u>
<u>\$10,001+</u>	<u>Board of Directors</u>

C. Method

The staff member requesting disposal shall determine one of the following methods of disposition that is most appropriate and in the best interest of the District.

a. Trade-In

Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. If surplus property is to be applied to a purchase order, the trade-in value shall be itemized on the Purchase Order. The amount charged against the expense account will be the value of the purchase before application of the trade-in credit.

b. Sale

Surplus property may be offered for sale by the Department Manager. All surplus property is for sale “as is” and “where is”, with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale. Appropriate methods of sale are as follows:

- Public Auction - Surplus property may be sold at public auction. Public Auctions may be conducted by District staff, or the District may contract with a professional auctioneer including professional auction services.
- Sealed Bids - Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
- Selling for Scrap - Surplus property may be sold as scrap if the Department Manager deems that the value of the raw material exceeds the value of the property as a whole.
- Negotiated Sale - Surplus property may be sold outright if the Department Manager determines that only one known buyer is available or interested in acquiring the property.
- No Value Item – Where the Department Manager determines that specific supplies or equipment are surplus and of minimal value to the District due to spoilage, obsolescence or other cause or where the Department Manager determines that the cost of disposal of such supplies or equipment would exceed the recovery value, the Department

Manager shall dispose of the same in such a manner as he or she deems appropriate and in the best interest of the District.

c. Donation

Surplus property may be donated, in accordance with the authority table, to non-profit organizations such as school districts within the RMWD boundaries. When property is donated, a donation receipt letter must be obtained from the receiving organization and kept on file by the department manager.

D. Proceeds

Proceeds from the sale or trade-in of surplus property shall be recorded in the gain/loss on sale account in the related fund. Proceeds from the sale of scrap will be recorded in the scrap metal miscellaneous revenue account. Proceeds from the sale of surplus property or scrap may not be used to offset Departmental Operating Expenses.

5.04.010.03 Policy Review

This policy shall be reviewed at least biennially.

Section 5.04.010
Capital Asset Policy

5.04.010.01 Policy Statement

Rainbow Municipal Water District (RMWD) has a significant investment in a variety of capital assets, which are used to provide water and sewer services to customers. The purpose of this policy is to ensure that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, generally accepted accounting principles, internal controls, and audit requirements. It is the purpose of this policy to provide clear guidelines for the financial treatment of capitalizable and non-capitalizable transactions. This policy addresses the following issues related to capital assets:

- A. Asset types and lives
- B. Scope
- C. Budgeting for Capital Asset Purchases
- D. Accounting
- E. Depreciation
- F. Management of Assets
- G. Disposal

5.04.010.02 Definitions

Term definitions as utilized by RMWD:

- I. **CAPITAL ASSET:** Capital assets are assets that are 1) used in the operations of the District, 2) have a probable future benefit either singly or in combination with other assets, and 3) have been the subject of a transaction that gives the District the right to or control of the asset. Capital assets may include land, land improvements, easements, water rights, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure, and any intangible assets that have a useful life beyond a single reporting period. Capital assets do not include inventory held for use in unidentified future projects.

VALUATION OF CAPITAL ASSET: The value assigned to capital assets shall be determined as follows:

PURCHASED CAPITAL ASSETS: The capitalized value of purchased Capital assets shall be determined using the original cost of the asset. Specific costs eligible for capitalization are identified below. If the original cost of an asset is not available or cannot be reasonably determined, an estimated current cost may be utilized.

DISTRICT – CONSTRUCTED CAPITAL ASSETS: District-constructed water system infrastructure assets intended to be used in District operations or internally generated computer software are eligible for capitalization. The capitalized value of such assets shall be determined using direct costs and material costs associated with the construction up until the time the asset is complete and ready for use.

DONATED CAPITAL ASSETS: The capitalized value of donated assets shall be determined using the fair market value at the time of donation. If the fair market value of the asset is not available or cannot be reasonably determined, an estimated cost may be determined using the best available information. The value of donated intangible assets shall be accounted for separate from donated tangible capital assets.

CAPITALIZABLE COSTS: Costs eligible for capitalization under this policy are:

For land:

- Purchase price or appraised value, whichever is more readily determinable;
- Closing costs, such as title fees, attorney fees, environmental assessments, appraisals, taxes and recording fees;
- Costs necessary to get the land ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Assumptions of liens, encumbrances or mortgages;

For purchased assets other than land:

- Purchase price, including all taxes
- Freight, handling and in-transit insurance charges
- Assembling and installation charges
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Applicable purchase discounts or rebates

For District-constructed assets:

- Direct labor costs (to include wages and benefits);
- Direct materials cost;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Insurance premiums and related costs incurred during construction;
- Costs necessary to get the site ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Costs for intangible assets are determined in accordance with Governmental Accounting Standards Board, Statement No. 51 “Accounting and Financial Reporting for Intangible Assets.”

For donated Capital assets:

- Fair Market or Appraised Value at date of donation;
- Installation costs;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Other normal or necessary costs required to place the asset in its intended location and condition for use.

CAPITALIZATION OF COSTS SUBSEQUENT TO ACQUISITION: Additional costs incurred after a capital asset is placed in use shall be accounted for as follows:

ADDITIONS: An Addition is defined as an expenditure that either significantly extends the useful life or productivity of the existing capital asset or creates a new capital asset.

IMPROVEMENTS AND REPLACEMENTS: Improvements and Replacements are defined as expenditures that involve substituting a similar capital asset, or portion thereof, for an existing one. If the existing asset's book value is determinable, then the existing asset should be removed from the books at the time the replacement is recorded. If the existing asset is not separately identifiable, then the replacement should still be capitalized as the existing asset's book value is assumed to be negligible.

REARRANGEMENT OR REINSTALLATION: Rearrangement or Reinstallation costs are defined as expenditures that involve moving an existing asset to a new location or reinstalling a similar asset in place of an existing asset. All "Rearrangement or Reinstallation" costs should be expensed in the period incurred.

REPAIRS AND MAINTENANCE: Repairs and Maintenance costs are defined as expenditures that involve maintaining the asset in good or ordinary repair. All Repairs and Maintenance costs should be expensed in the period incurred.

- II. CAPITALIZATION THRESHOLD:** The minimum cost which an asset must exceed in order to be capitalized. The minimum value of an asset that qualifies it to be capitalized is \$10,000. This is the per-unit cost of the asset. Groups of assets that cost more than \$10,000 in aggregate but not individually are not capitalizable except as noted in Section A. Capital Asset Types and Lives, Groups of Assets.

The cost of the unit is 1) the total cost of all invoices for the item, including transportation and installation charges and interest expense directly related to the unit's acquisition or making it ready for use plus 2) the net book value of any assets given in exchange plus 3) the present value of any liability incurred. If this information is not available, the cost is determined by an appraisal of the unit's value. The initial development cost of making a decision as to which project to construct or acquire is not capitalizable. It is the responsibility of the employee overseeing the acquisition to provide all relevant data to Accounting.

If the asset is the subject of a federal award program that sets a maximum threshold, it will be capitalized according to the award program rules regardless of the District's threshold.

- III. **CIP:** (Capital Improvement Project) RMWD defines CIP as any expenditure that relates to the purchase of a Capital Asset.
- IV. **DEPRECIATION:** The process of allocating the cost of an asset over a period of time.
- V. **DEPRECIATION METHOD:** RMWD utilizes the straight-line method with the half-year convention.
- VI. **INTANGIBLE ASSETS:** An asset that is not physical in nature such as water rights.
- VII. **TANGIBLE ASSETS:** An asset that has a physical form.
- VIII. **USEFUL LIFE:** The cost of an asset, less salvage value, is depreciated over its estimated useful life. Standard useful lives for groups of assets are as follows:

General Provisions

A. Capital Asset Types and Lives

See the table below for the capital asset categories used by RMWD.

Asset Types	Asset Categories at RMWD	Asset Life (in years)	Examples
Land	Land	Infinite	Real estate
Improvements	Water Wells	75	Drilling, piping, concrete work
	Reservoirs	75	Tanks, foundations
	Pipelines	75	Waterlines, sewer lines
	Pumping/(Lift) Stations	55/(35)	Water Booster/(Wastewater Lift) Stations
	Pressure Regulating	45	Water Pressure Regulating Stations

Buildings	Buildings	50	Offices, workshops
	Water Treatment Plant	50	Structure, piping
Equipment	Meters	15	PD, turbine, or compound meters
	Heavy Equipment	15	Excavators, dump trucks, vactors
	Telemetry	10	Control panels, electrical
Vehicles	Vehicles	5	Passenger cars
		7	Light trucks
		10	One-ton trucks
		12	Two-ton trucks
Office	Software	3	For PC's, phones, security, etc.
	Furniture	7	Desks, cubicles

If there is a substantial reason for an asset to be given a non-standard useful life, it should be noted at the time the asset is acquired. Alternative useful lives may be derived from 1) general guidelines from a professional organization, 2) information from other governmental agencies, 3) internal experience, or 4) outside professionals such as engineers, architects, etc. The alternative method should take into consideration the relative quality of the asset, the intended use, and the environment in which it will be placed.

It is the District's practice to depreciate capital assets other than land over their useful life using the straight-line method. The amount to be depreciated is the asset's adjusted cost less an estimated salvage value. The salvage value is the value an asset is expected to have when it is no longer useful for its intended purpose. If there is a substantial reason for a more rapid method of depreciation to be applied to an asset, it should be noted at the time the asset is acquired.

Assets that are acquired or constructed for a specific short-term purpose and do not have an alternative future use are charged to expense at the time the costs are incurred.

B. Scope

RMWD will employ a CIP plan that has a 5-year timeline including the current year carryover. This 5-year timeline helps RMWD to prioritize projects from year to year and establish plans for funding sources.

The capitalization threshold for RMWD is \$10,000. Assets are capitalized if the cost exceeds the capitalization threshold except for groups of similar assets such as meters, computers, or printers when the total of the similar assets purchased during the year exceeds \$10,000.

C. Budgeting

The Finance Manager is responsible for the oversight of the Capital Asset Program and the development of the CIP Budget. The Finance Manager may delegate responsibility to various managers to identify what Capital Assets are needed and requested in the CIP Budgeting process.

Asset purchases are authorized through the CIP Budgeting Process (except for emergency projects) which involves the following steps:

- i. Need is identified – either a new asset is needed or an asset is in need of replacement or major repair
- ii. Manager who is responsible for operating the asset submits a Capital Project Request form during the CIP Budget process
- iii. Funding source for the project is identified (See part f.)
- iv. Projects are reviewed by the Engineering Committee
- v. Project funding is granted through approval of the Annual Operating and Capital Improvement Budget by the Board of Directors

The various requests submitted in the CIP Budget Process will be compiled by the Accounting staff. The total of the CIP requests must be balanced in the overall Operating and Capital Improvement Budget. Capital funding sources must be identified for each request.

The CIP Budget will be reviewed in detail by the Engineering Committee. The Board of Directors will subsequently review and approve the CIP Budget as part of the Operating and Capital Improvement Budget.

The procurement process will be handled primarily by the manager who submitted the request. The procurement must follow the steps and rules stated in the RMWD Purchasing Policy in the Administrative Code Section 5.02.

If actual costs are lower than budgeted, the balance will be unappropriated and transferred to the CIP Reserve or allocated to another project.

If actual costs are expected to be higher than what was budgeted, these options are available within the requirements of existing policies:

- Cancel the project or reduce the scope of the project
- Transfer funds from another project with lower priority or excess funds available
- Appropriate funds from reserves with Board approval

- Request carryover of the project with additional funding in the following fiscal year

D. Accounting

Asset purchases will be accounted for in the Capital Asset Funds. Project numbers will be utilized in order to facilitate tracking of purchases, budgets, and assets in the computerized accounting system.

The Accounting Staff will track all assets in a subsidiary ledger that will contain at a minimum: asset name, description, cost, year placed in service, and expected life.

The Accounting staff is responsible for recording the reallocation of funds from projects that were under budget or not included in a carryover request.

E. Depreciation

RMWD uses the straight-line method of depreciation for all depreciable fixed assets (land, intangible assets, and construction-in-progress are not depreciated). A half year of depreciation is recognized in the year the asset is placed into service and in the last year of estimated useful life. The Accounting staff has the responsibility to track and record depreciation.

F. Management of Assets

The department that requests and purchases the assets is responsible for the operation and maintenance of the assets. Department managers will periodically measure and quantify the condition of assets. Managers must identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

The tools that should be utilized to manage assets include but are not limited to:

- i. Master plans which are utilized for long-term planning of capital asset needs.
- ii. Historical and projected operating costs are considered. If an asset requires excessive amounts of repairs, then the manager should consider replacing the asset. When a new asset is requested, the operating costs over the life of the new asset should be considered.
- iii. Inventories should be kept in order to track assets that are susceptible to theft.

PHYSICAL INVENTORY OF CAPITAL ASSETS: A physical inventory of the following categories of capital assets shall be performed at least annually:

- Inventory items
- Machinery and Equipment Fleet Equipment
- Office Furniture and Fixtures
- Computer Equipment, Purchased Software and Telephones

The results of the physical inventory shall be reconciled with the District's asset inventory system. Differences will be reported, along with explanations, to the Board of Directors.

G. Disposal of Assets

A. Surplus Property Disposal

The division supervisor or department manager is responsible for the transfer and disposition of surplus District property. "Surplus property" is used generically to describe any District property that is no longer needed or useable by the holding department. The superintendent or department manager has the authority to declare item(s) surplus according to the authorization table in sub-section B.

Surplus property that may result from the termination of a lease agreement shall be specifically reported to the Purchasing Agent prior to the termination of the lease. The report shall include all information about the lease, including purchase price at the commencement of the lease, residual value at the end of the lease, the total payments through the end of the lease and the fair market value at the end of the lease. In determining the fair market value, each department shall document the methods used to make such determination including tools such as Kelly Blue Book, classified advertisements, and local vendors with similar products available.

Each department shall periodically review its equipment, material, and inventory, and shall promptly notify the Accounting Department of any surplus property. A memo shall be completed to document the reason(s) that the property is surplus and the recommended method of disposal. This memo must then be submitted to the Accounting Department. The Accounting staff will then make the appropriate adjustments to the Capital Assets Subsidiary Ledger.

B. Authority

Salvage Value up to:	Approval Level (Except when items are scrap
\$500	Superintendents
\$2,000	Department Managers
\$10,000	General Manager
\$10,001+	Board of Directors

C. Method

The staff member requesting disposal shall determine one of the following methods of disposition that is most appropriate and in the best interest of the District.

a. Trade-In

Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. If surplus property is to be applied to a purchase order, the trade-in value shall be itemized on the Purchase Order. The amount charged against the expense account will be the value of the purchase before application of the trade-in credit.

b. Sale

Surplus property may be offered for sale by the Department Manager. All surplus property is for sale "as is" and "where is", with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale. Appropriate methods of sale are as follows:

- Public Auction - Surplus property may be sold at public auction. Public Auctions may be conducted by District staff, or the District may contract with a professional auctioneer including professional auction services.
- Sealed Bids - Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.

- Selling for Scrap - Surplus property may be sold as scrap if the Department Manager deems that the value of the raw material exceeds the value of the property as a whole.
- Negotiated Sale - Surplus property may be sold outright if the Department Manager determines that only one known buyer is available or interested in acquiring the property.
- No Value Item – Where the Department Manager determines that specific supplies or equipment are surplus and of minimal value to the District due to spoilage, obsolescence or other cause or where the Department Manager determines that the cost of disposal of such supplies or equipment would exceed the recovery value, the Department Manager shall dispose of the same in such a manner as he or she deems appropriate and in the best interest of the District.

c. Donation

Surplus property may be donated, in accordance with the authority table, to non-profit organizations such as school districts within the RMWD boundaries. When property is donated, a donation receipt letter must be obtained from the receiving organization and kept on file by the department manager.

D. Proceeds

Proceeds from the sale or trade-in of surplus property shall be recorded in the gain/loss on sale account in the related fund. Proceeds from the sale of scrap will be recorded in the scrap metal miscellaneous revenue account. Proceeds from the sale of surplus property or scrap may not be used to offset Departmental Operating Expenses.

5.04.010.03 Policy Review

This policy shall be reviewed at least biennially.

Section 5.04.020
Fixed Assets Inventory

The fixed asset inventory of the District shall be kept current and accurate. This shall be evidenced by periodic field testing of the fixed asset inventory.

Section 5.04.030
Disposition of Surplus Assets

~~“Surplus assets” as used in this section shall not include surplus land, the sale or disposal of which would require compliance with Government Code § 54222. This section applies solely to the sale or disposition of assets other than real estate.~~

~~Surplus assets that have a saleable value of fifty dollars (\$50) or more shall be accumulated by District personnel and may be sold at the discretion of the General Manager or his/her designee in accordance with District policies. Surplus assets with an estimated value in excess of \$500 shall be advertised and either auctioned or sold through a sealed bidding process. The General Manager or his/her designee shall determine the method of sale and the objective shall always be to obtain the maximum benefit possible for the District. All surplus assets shall be sold in an “as-is” condition and without warranties. All sales that exceed \$500 in value shall be made pursuant to a written release and sales agreement between the District and purchaser, and executed by the General Manager or his/her designee. In circumstances where an auction or sealed bid process will not provide the maximum benefit to the District, the General Manager may negotiate the sale of a surplus asset for approval by the Board of Directors. In no case shall the District or the General Manager approve the sale of a surplus item when doing so would be considered a gift of public funds.~~

~~Employees of the District and their direct relatives are prohibited from purchasing any surplus assets from the District. However, if an asset is offered for sale to the public and no qualified bids are received, the General Manager may re-advertise the asset for sale using methods prescribed above and allow employees of the District and their direct relatives to participate along with the public. Assets which fail to sell shall be disposed of in accordance with State law.~~

~~Assets which have nominal value or which have not been sold after being offered for sale in accordance with this policy may be donated to any recognized charitable organization, with preference being given to those serving communities within the District.~~

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

APPROVAL OF RESOLUTION NO. 18-14 ESTABLISHING CHECK SIGNING AUTHORITY

BACKGROUND

As part of the payroll and accounts payables process, RMWD has specific individuals designated as authorized signers of checks.

DESCRIPTION

The purpose of this Resolution is to update the current established check signing responsibility to the current authorized signers of checks due to a change in personnel.

Resolution No. 18-14 will replace Resolution No. 18-03.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Administrative Code Chapter 5.01 – Banking

Strategic Focus Area Four: Fiscal Responsibility

BOARD OPTIONS/FISCAL IMPACTS

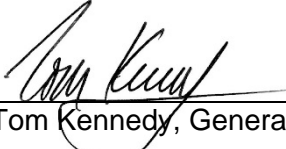
- Option 1: Approve attached Resolution No. 18-14.
Option 2: Approve attached Resolution No. 18-14 with Board recommended revisions.

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

STAFF RECOMMENDATION

Staff recommends Option 1.


Tom Kennedy, General Manager

09/18/18

RESOLUTION NO. 18-14

**RESOLUTION OF THE BOARD OF DIRECTORS
OF RAINBOW MUNICIPAL WATER DISTRICT
ESTABLISHING CHECK SIGNING RESPONSIBILITIES
AND DESIGNATING AUTHORIZED SIGNERS OF CHECKS**

WHEREAS, the Rainbow Municipal Water District maintains an accounts payable checking account for the purposes of paying vendors, and a payroll checking account for the purpose of paying employees, and

WHEREAS, the bank requires that responsible parties be designated as authorized signers of these accounts, and

WHEREAS, it is appropriate to establish check signing responsibilities and designate authorized signers;

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of Rainbow Municipal Water District that:

1. The following persons be designated as authorized signers on the checking accounts of the District:

Accounts Payable Authorized Signers:

Harriette "Helene" Brazier, Director
William Stewart, Director
Claude "Hayden" Hamilton, Director
Michael Mack, Director
Miguel Gasca, Director
Tom Kennedy, General Manager
Steve Strapac, District Engineer
Karleen Harp, Human Resources Manager

Payroll Authorized Signers:

Tom Kennedy, General Manager
Steve Strapac, District Engineer
Karleen Harp, Human Resources Manager

2. Accounts payable checks under \$50,000 shall be signed by members of the management staff and checks over \$50,000 shall be signed by one member of the management staff and one Board member.
3. Payroll checks will be signed by one member of the management staff.
4. Resolution 18-14 rescinds Resolution 18-03.

PASSED AND ADOPTED at a Regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 18th day of September 2018 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

DISCUSSION AND POSSIBLE APPOINTMENT OF TREASURER

BACKGROUND

Per the administrative code section 5.03.070 Investment Policy Delegation of Authority – on an annual basis the District’s idle funds are delegated to the Treasurer by the Board of Directors who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires.

The delegation of investment authority is limited to one year and will be reviewed annually by the Board of Directors. (California Government Code 53600)

Further, in section 3.01.020.01 – The Board of Directors shall hold an organizational meeting at its regular meeting in January of the odd numbered year or as determined by the Board. At this meeting the Board will elect a President and Vice President from among its members to serve until the next biannual meeting and may appoint the Executive Assistant as the Board’s secretary and the Finance Manager as its Treasurer.

DESCRIPTION

The last delegation of authority occurred at July 24, 2018 Board’s meeting. The delegation authorized the Finance Manager as the Treasurer of the District. The Finance Manager submitted her resignation in late August with a final date of employment with RMWD effective September 10th, 2018. A new delegation of authority selecting a Treasurer is needed to comply with the Investment policy section 5.03.070.

POLICY/STRATEGIC PLAN KEY FOCUS AREA


Strategic Focus Area Four: Fiscal Responsibility – adhering to the investment policy of the District.

BOARD OPTIONS/FISCAL IMPACTS

The Board may appoint new officer and/or make Committee assignments.

STAFF RECOMMENDATION

Staff recommends delegating the authority to the General Manager as the Treasurer of the District for an interim basis until the Finance Manager position has been filled. The Board could also choose to appoint a Board Member to serve in this role. We expect this interim assignment to last until the December 2018 Board Meeting when we should have a new Finance Manager in place.



Tom Kennedy
General Manager

September 18,2018

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

VARIABLE					
DATE	2018	MEETING	LOCATION	ATTENDEES	POST
October	11	SDCWA Special Board Meeting	SDCWA	GM	N/A
October	*	CSDA – San Diego Chapter	(Location to be Announced) 6:00 p.m.	Mack	N/A
October	*	LAFCO Special Meeting	County Admin Center, Room 302 – 9:30am	(As Advised by GM)	N/A
October	*	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
October	1	LAFCO	County Admin. Center Room 302 9:00 am	As Advised by GM	N/A
October	3	Engineering & Operations Committee Meeting	RMWD Board Room 3:00 p.m.	Appointed Director, General Manager	9/27
October	4	Communications & Customer Service Committee Mtg.	RMWD Board Room 3:30 p.m.	Appointed Director, General Manager	9/27
October	9	Budget & Finance Committee Mtg.	RMWD Board Room 1:00 p.m.	Appointed Director, General Manager	9/27
October	16	SDCWA GM's Meeting	SDCWA, San Diego 9:00 a.m.	General Manager	N/A
October	16	Council of Water Utilities	Hotel Karlan 14455 Penasquitos Drive San Diego 7:15 a.m. Poway	All Directors, General Manager	N/A
October	19	NC Managers	Golden Egg 7:45 a.m.	General Manager	N/A
October	23	RMWD General Board	RMWD Board Room (Start Time to Be Determined)	All Directors	10/16
October	24	San Luis Rey Watershed Council	Pala Administration Building 1:00 p.m.	Stewart	N/A
October	24	North County Water Group	Rincon Del Diablo, Escondido 7:30 a.m.	All Directors on a Rotating Schedule, General Manager	N/A
October	25	SDCWA Full Board Meeting	SDCWA Board Room, 3-5 p.m.	General Manager	N/A

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

- **CHANGES – ADDITIONS - DELETIONS:**

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

Operations Report for August 2018

DESCRIPTION

Activities for Operations & Maintenance Division

CONSTRUCTION & MAINTENANCE DEPARTMENT:

The Construction crews repaired eight (8) leaks, three (3) main line repairs, Five (5) services and three (3) appurtenances. The crew performed five (5) planned/emergency shutdowns. The Rancho Amigos Pressure Station is in progress to rehabilitate and bring above ground. The department prepped to replace two (2) 6" hydrant gate valves and an air vac valve. The Construction & Maintenance crew-maintained District easements as well as completed the work at the District Yard.

WATER OPERATIONS & VALVE MAINTENANCE:

Monthly Totals	Valves (Distribution)	Appurtenance Valves	Appurtenances
Exercised	67	144	N/A
Inoperable	3	15	0
Repaired	0	0	0
Replaced	0	0	
Installed	0	0	0

Water Operations completed and/or oversaw the following:

- Completed thirteen (13) monthly tank inspections and three (3) reservoir cover inspections.
- Assisted with or performed (1) water quality complaint.
- Collected all 4 sets of routine samples for the lab.
- Completed nitrification tests on all tanks and reservoirs.
- Canonita Tank still off-line for re-coating of the inside.
- Maintenance performed on Fire Road Pressure Station.
- Maintenance performed on Atkins Pressure Station.
- Maintenance performed on Rainbow Heights Pump Station's by-pass PRV.
- Maintenance performed on Pump #4 engine at Rainbow Heights Pump Station.

Valve Maintenance completed and/or oversaw the following:

- 166 locates completed.
- Assisted with eight (8) shutdowns.
- Replaced two (2) Air Vacs.
- Replaced one 2' regulator.
- Painted 144 appurtenances.
- Raised two (2) fire hydrants & installed breakaway spools.

WASTEWATER DEPARTMENT

Monthly, Semi-Annual and Annual Reports:

California Integrated Water Quality System (CIWQS): Confirmation # 2524821 Reported "No Spill Report" for Month: August 2018.

Lift Stations Pumps / Preventative Maintenance:

August 18, 2018: Pulled Monthly sewage sample @ Stallion.

August 14, 2018: 40 Via Larga Vista, Bonsall - Repair cracked 8" VCP pipe in sewer line; performed cure in place spot repair.

August 29, 2018: Lift Station #4, Pump #2 failure - Quit pumping: Removed from wet well / Problem due to excess grit and burnt Rancho Monserate sewer lateral pipe debris inside District's sewer channel / Sent out for repairs from Xylem Pump Solutions.

August 31, 2018: Emergency Lift Station #4, Pump #1 - High level alarm / Failure caused by excess grit and debris from plugged pump / Completed full permit confined space entry to remove debris around pump / Cleaned sewer lines with District combination truck / Contacted Atlas Septic services to assist in vactoring out wet well / Pumped 2,000 gallons.

Sewer Line Cleaning:

August 2 - 8, 2018: 2,369'
August 9, 2018: 10,803'

Total footage cleaned for August = **13,172'**

High frequency line cleaning:

August 2 - 8, 2018: 238'
August 9, 2018: 1,931'
August 16 - 22, 2018: 1,410'

Total footage cleaned for August = **3,579'**

Manhole Inspections:

August 2 - 8, 2018: 22 manholes inspected
August 9, 2018: 65 manholes inspected
August 16 - 22, 2018: 4 manholes inspected
August 23 - 29, 2018: 2 manholes inspected

Total manholes inspected for the month: **93**

CCTV/Contractor:

August 2 - August 8, 2018

Total CCTV inspected: 90'

SmartCover:

August 6, 2018: Low battery level alert at San Luis Rey Siphon

August 19, 2018: Low battery level alert at Almendra Court

TECHNICAL SERVICES DEPARTMENT:

Fleet/Garage:

Repairs, maintenance, priority inspections and/or training for the month of August 2018:

Vehicle Maintenance (9)
Vehicles with Emergency Repairs (2)
Small Equipment Repairs (5)
New Vehicle or Equipment Preparation (1)
Off-Road Equipment / Trailer Repairs & Maintenance (0)
Off-Road / Trailer Emergency Repairs (0)
Large Vehicle Maintenance / Repairs (3)
Diesel Particulate Filter (DPF) Troubleshoot, Maintenance or Repairs (0)
Dealer Safety Recalls or Customer Service Warranty (4)
BIT Inspections (0)
Decommission of Vehicles or Equipment and Prep for GOV Deals Auction (0)
GAS BOY Fuel Cube Installation, Maintenance Fuel Report or Troubleshoot (1)
Schedule Crane Inspections (0)
Emergency Equipment Monthly Inspections (7)
Target Solutions (0)
Class "C" Dump Truck Training (0)
GPS Troubleshoot or Repairs (0)
Install, Repair or Remove Equipment on Vehicles (1)
Schedule Yearly PSIP (Periodic Smoke inspections & DPF (Diesel Particulate Filter) Cleanings (0)
Training for Emissions CCDET (1)

Electrical/SCADA:

Status update provided below on District-wide projects supported by Electrical/SCADA Staff:

- Motor control maintenance at Gomez Pump Station: Complete
- Motor control maintenance at Lift Station #3: Complete
- Motor control maintenance at Lift Station #6: Ongoing
- Worked with contractor on pump efficiency testing at Magee and Gomez Pump Stations: Testing complete
- SCADA upgrade project at SDCWA Connection 11: Ongoing
- Faulty pressure switch replacement at Old River Lift Station: Ongoing
- Coordinated with Ken Gerdes on EAM asset input: Complete

- Coordinated with contractor on installation of new LED light fixtures in Mechanic Shop: Ongoing; nearly complete
- Status check of West Lilac Pressure Station: Complete
- Install new cable and antenna in Building 1 for phone system back-up cell project: Complete
- Routine electrical maintenance at RMWD Yard

EMPLOYEE RECOGNITION – OPERATIONS & MAINTENANCE DIVISION

New Certifications

- * Rene Del Rio received a Certificate of Training for completing the Heavy Duty Diesel Engine Emissions Control Course I from California Council on Diesel Education & Technology (CCDET).



John Maccarrone

Interim Operations Manager

9/18/18

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

Engineering Report for August 2018

DESCRIPTION

CAPITAL PROJECTS:

Condition Assessment of Water Facilities: The Consultant has submitted a final draft of the technical memorandum.

Corrosion Protection: Staff is developing an RFP to complete a study identifying the highest priority pipelines for implementation of cathodic protection projects.

Gird to Monserate Hill: Final plans, specs and environmental documents reviewed by staff. Pursuing alternative design with lower construction cost.

Pankey Lift Station: The Lift Station is constructed. Final inspection and testing expected to be completed by September 2018.

Lift Station 1 Replacement: New design underway with equalization basin at Thoroughbred Lift Station site and Schoolhouse Lift Station. CEQA public review is in progress.

Pipeline Relocations - Misc: RFP has been advertised and proposals are due on September 28, 2018.

Pressure Management: Staff are working on hiring a contractor to install two pressure reducing stations at on Vista Valley Drive. This will allow the reduction of pressure for roughly 150 customers. As part of the Pipeline Relocation project, The Sarah Ann Drive loop will be tied into the Sycamore Ranch pressure zone, reducing pressures for 40 customers and one of the top 20 priority pipelines identified by the condition assessment. Staff is evaluating the transition of 60 homes from the Hutton to the Morro Pressure zone along Dentre De Lomas.

Rainbow Height's Pump Station Rehabilitation: Metropolitan Water District has approved the redesign for the smaller station outside of their easement. Expecting change order for installation of pre-manufactured pump station.

Weese Filtration Plant Interconnect: Final design underway. Expected completion by the end of September 2018.

DEVELOPER PROJECTS:

Golf Green Estates (Development Solutions): 94 SFR / 102.46 EDUs - Planned across from Bonsall Elementary School on Old River Road. Staff working with the developer on easement issues. Models completed, and 43 water meters purchased to date. Onsite punch list will be compiled after all the homes have been built.

Horse Creek Ridge (HCR), (D.R. Horton): 627 WMs (Reduced by 124 WMs) / 754 EDUs - Off of Highway 76 and Horse Ranch Creek Road. Models completed, and 292 water meters purchased to date.

Horse Creek Ridge Unit 6R5 Promontory (Richmond American Homes): 124 WMs / 124 EDUs - Off of Highway 76 and Horse Ranch Creek Road. D.R. Horton, master developer of HCR sold Unit 6-R5, 124 lots, Promontory Subdivision to Richmond American Homes. Currently the sewer EDUs are covered under an agreement with D.R. Horton. Models completed, and 23 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. Developer needs to complete the waterline relocation and punch list items.

Nessy Burger: Owner is responsible for upgrading the existing private lift station or construct a lateral to the new private manhole.

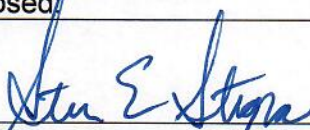
Pala Mesa Highlands (Beazer Homes): 124 SFR / 124 EDUs - On Old Highway 395. Contractor has been installing 8" and 12" water and sewer mains onsite and in Old Highway 395. Sewer service agreement approved at the April 2018 Board Meeting. Models expected by Summer 2018 and 8 water meters purchased to date.

Palomar College: 1 WM / 100 EDUs - Sewerline construction completed to connection point. Connection to existing sewer is scheduled after the Pankey Lift Station is completed and operational. Contractor is completing punch list items.

Topa Topa Place (Frulla Inc.): Waterline relocation. Construction and testing of the 8" CMLC water main is being conducted. Shutdown and tie-in scheduled on September 5, 2018. Contractor is installing appurtenances.

OTHER:

ITEMS	NO#	ITEMS	NO#
Water Availability Letters	1	Water Meters Purchased	23
Sewer Availability Letters	1	Sewer EDUs Purchased	0
Water Commitment Letters	0	Developer Shutdowns	0
Sewer Commitment Letters	0	Jobs Closed	0



Steve Strapac, P.E., P.L.S.

9/18/18

District Engineer

BOARD OF DIRECTORS

September 18, 2018

SUBJECT

HUMAN RESOURCES REPORT FOR AUGUST/SEPTEMBER 2018

DESCRIPTION

Personnel changes, human resources activities, and safety report for August/September 2018

STAFFING AND PERSONNEL CHANGES:

Operations Manager: Robert Gutierrez began employment on September 10, 2018

Customer Service Representative: Leslie Mondragon began employment on September 13, 2018

Customer Service Supervisor: Renee Rubio was promoted to Customer Service Supervisor on September 10, 2018.

RECRUITMENT:

Human Resources Assistant (part-time): Panel interviews with five candidates were conducted on August 30 and September 13th.

Project Manager: The job posting was open from August 16 to September 6th. The posting generated 1,347 page views, resulting in 84 applications. 32 met minimum qualifications to take assessments, and four were selected for interviews on September 20.

Finance Manager: Vanessa Martinez, Finance Manager, accepted another position closer to her home, and her last day as a full-time employee was September 10th. The position opened for recruitment on August 27 and generated 746 views and 54 applications in the first 12 days. Qualified candidates are being invited to take an online assessment to help compare their strengths to the job's requirements.

EMPLOYEE RECOGNITION:

Excellence Coin Awards

The following coins were issued in August:

Innovation

Scott Simpson – Scott suggested getting lighter road ramps for use with the highline hoses. He scoured the internet to find something that would protect the hoses from traffic as well as extend the life of the hoses and be lighter weight to help prevent employee lifting injuries. He convinced the

Superintendents to try something other than the old 75 lb. ramps we had traditionally used. The new ramps are only 35 lbs. with a max capacity of 20,000 lbs. per axle are very effective. The new ramps work great.

Innovation

Tom Kennedy – Tom noticed a few underground PRV sites were full of water. Tom suggested using a pump that didn't require electricity but ran on pressure. He ordered it the same day, and the valve crew installed it at a site that was notorious for water intrusion. It works perfectly and saves the District time and money from sending crews out to set up traffic control and pump out the site, as well as extending the life of the PRV.

NEOGOV:

Insight Module

We currently have 2,216 active email subscriptions for notifications of job openings.

Perform Module

The DREAM team continues testing the system, as well as reviewing core competencies for each position to integrate into the performance reviews. Current discussions include the possibility shifting the review dates so that all employees receive reviews at the same time of year.

LILAC FIRE UPDATE:

CalOES has prepared the final FEMA grant applications totaling \$117,627.17 based on the documentation the District provided.

CDA: FEMA approved the \$78,315.96 in expenses that the District submitted for the California Disaster Assistance Act (CDA) grant. The 75% allowable reimbursement amount is \$58,737. Including the 10% administrative costs allowance, our total CDA grant reimbursement will be \$64,611. The timing of the payment is unknown.

FMAG: Final supporting documentation has been submitted to FEMA, through the California Office of Emergency Services (CalOES) for the Fire Management Assistance Grant (FMAG) in the amount of \$39,311.21

SAFETY:

Incidents

There was one lost time or modified duty due to a work-related incident on 8/21/18.

Safety Training

Target Solutions online training: 15 completions for August 2018

Future planning to increase safety awareness throughout the district to include:

- Tank climbing class rescheduled for 7 November 2018 to instruct employees on use of climbing equipment and safe climbing techniques (Class was rescheduled due weather, equipment availability and trainer obligations)
- First draft of the district's new Emergency Response Plan (ERP) is completed and being reviewed. This first copy will be disseminated to supervisors and leads for feedback and input to improve and tailor the program to RMWD culture and capabilities.

- HR/ Safety Dept. is developing a program to increase employee health and fitness awareness; with such programs as dealing with stress, yoga to relieve occupational musculoskeletal stress and better communication programs.
- OSHA 500 - Trainer Course in Occupational Safety and Health Standards for the Construction Industry for Safety Officer. This will enable the ESHO to certify other employees in the OSHA 10 and 30-hour programs
- Confined Space Refresher scheduled for 9 members of the team; ESHO is working with the Pacific Safety Center to finalize the date and trainer availability.
- Confined Space Recue training with 9 Rainbow and North County Fire department. Rainbow is collaborating with North County Fire to stabilize a date for the 3-day training evolution.

Tailgate/ Office Safety Trainings

Communication Breakdown – 22 employees

Incident Reporting- 29 employees



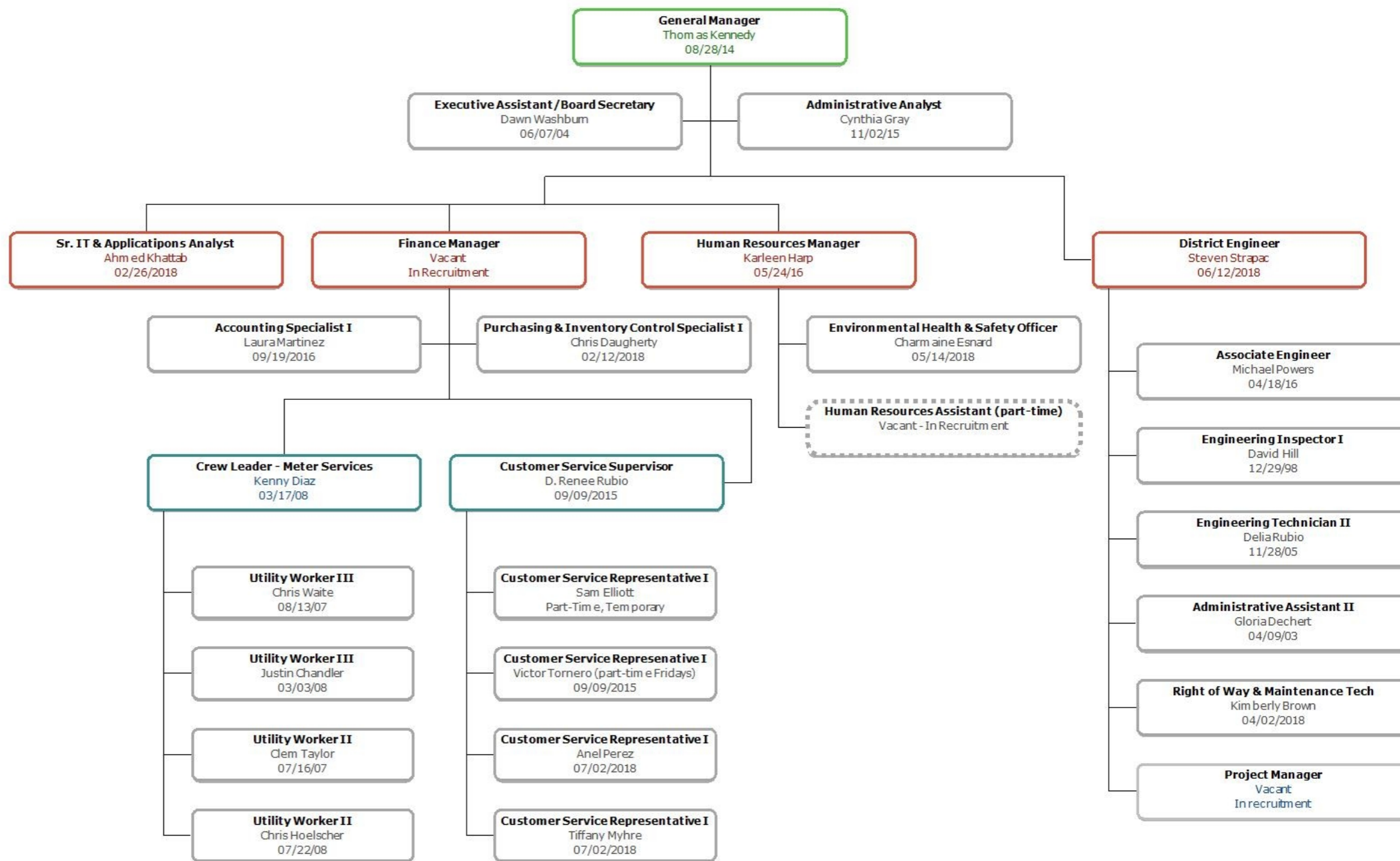
Karleen Harp, COSM
Human Resources Manager

09/18/2018

RAINBOW MUNICIPAL WATER DISTRICT
 ORGANIZATIONAL CHART
 PAGE 1 OF 2

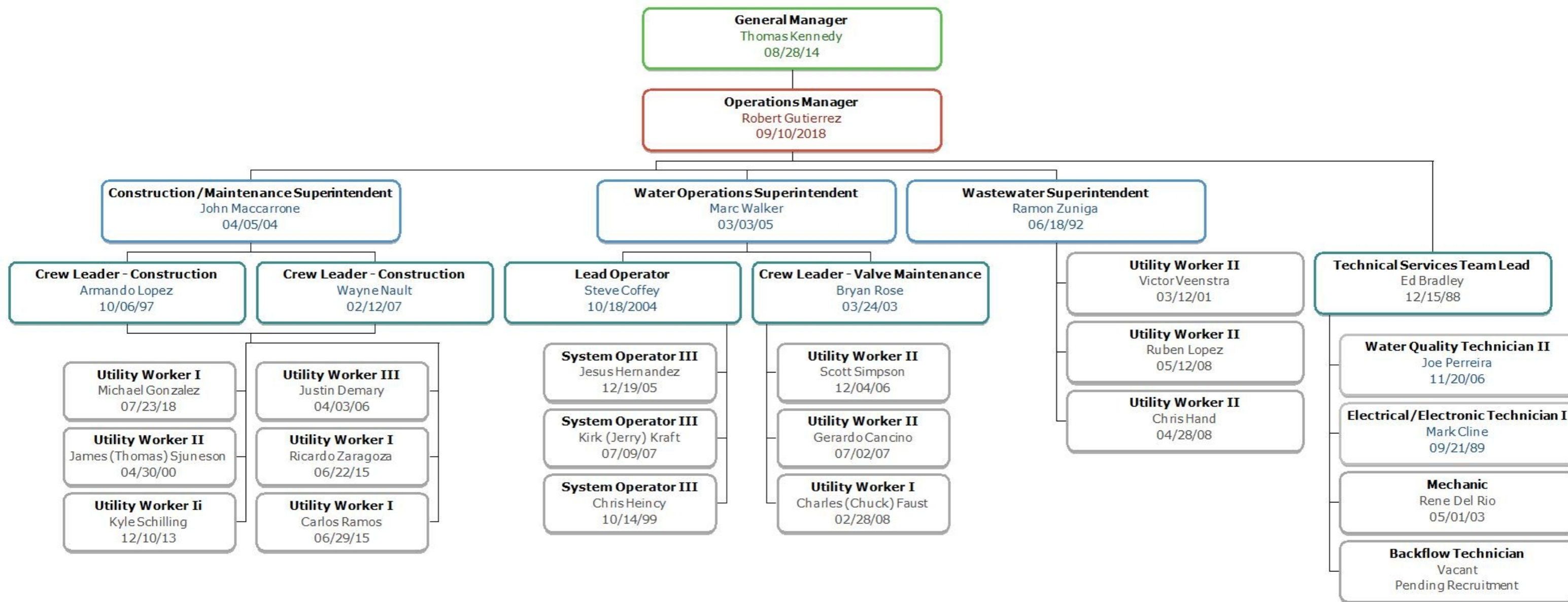
Creation Date 8/21/2014

Last Modified 9/7/2018



Creation Date 8/21/2014

Last Modified 9/7/2018



Interim Financials
Period: July 2018



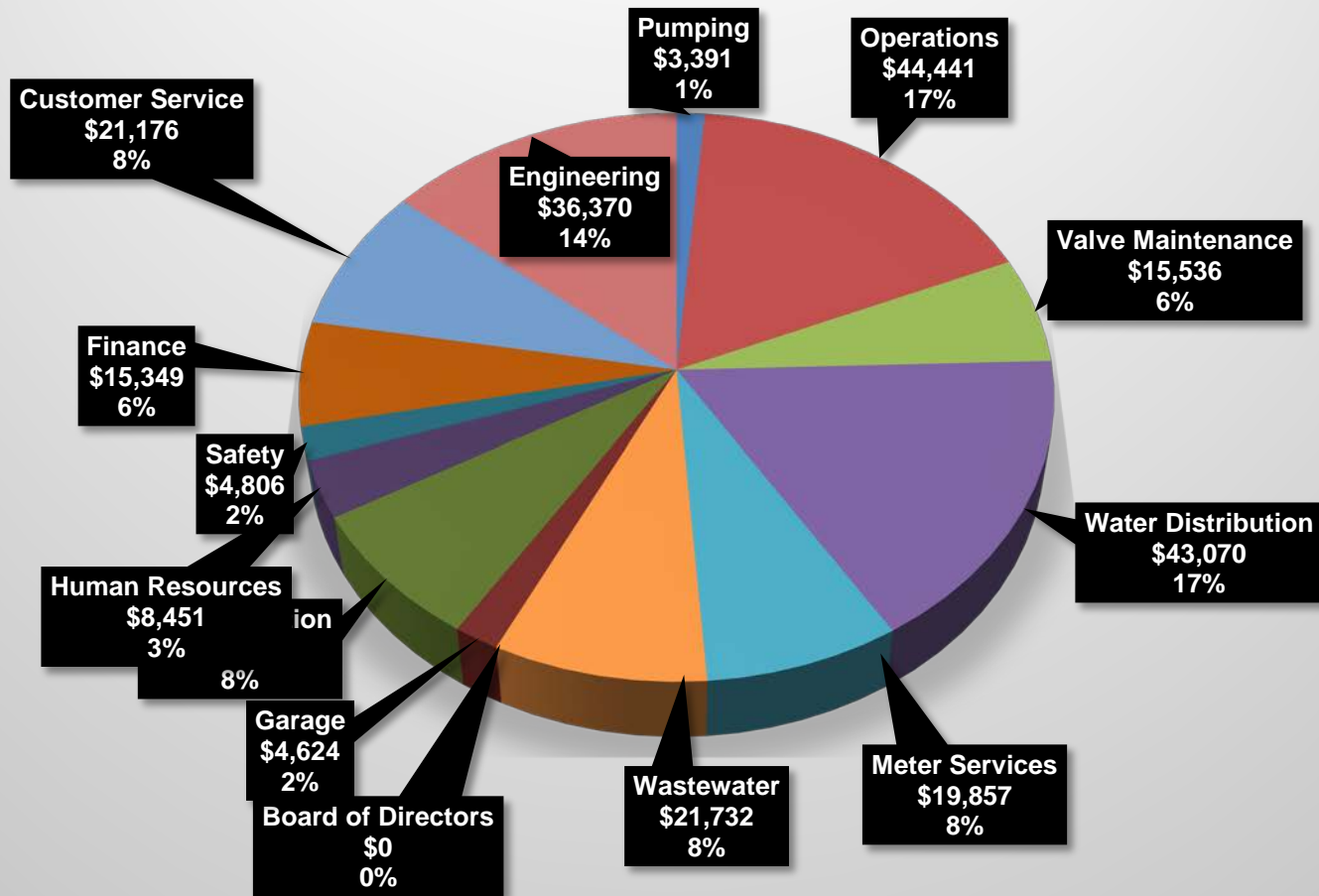
		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 01: Water						
Operating Revenues:						
	Water Revenues	\$39,465,553	\$4,044,528	\$4,044,528	\$35,421,025	90%
	Other Revenues	\$486,000	\$210	\$210	\$485,790	100%
Total Revenues:		\$39,951,553	\$4,044,738	\$4,044,738	\$35,906,815	90%
Operating Expenses:						
	Cost of Water Sold	\$26,223,844	\$3,073,150	\$3,073,150	\$23,150,694	88%
	Labor	\$0	\$8,264	\$8,264	(\$8,264)	0%
	Overhead Transfer to General	\$5,111,289	\$0	\$0	\$5,111,289	100%
	Debt Service	\$1,120,142	\$0	\$0	\$1,120,142	100%
Department Expenses						
	Pumping					
	31 Labor	\$72,985	\$3,391	\$3,391	\$69,594	95%
	Expenses	\$592,000	\$47,490	\$47,490	\$544,510	92%
	Operations					
	32 Labor	\$1,139,429	\$44,441	\$44,441	\$1,094,988	96%
	Expenses	\$960,300	\$3,377	\$3,377	\$956,923	100%
	Valve Maintenance					
	33 Labor	\$517,515	\$15,536	\$15,536	\$501,979	97%
	Expenses	\$69,000	\$6,053	\$6,053	\$62,947	91%
	Capital	\$50,000	\$2,407	\$2,407	\$47,593	95%
	Water Distribution					
	34 Labor	\$1,582,452	\$43,070	\$43,070	\$1,539,382	97%
	Expenses	\$640,500	\$19,078	\$19,078	\$621,422	97%
	Meter Services					
	35 Labor	\$738,166	\$19,857	\$19,857	\$718,309	97%
	Expenses	\$509,000	\$2,836	\$2,836	\$506,164	99%
	Capital	\$200,000	\$22,030	\$22,030	\$177,970	89%
Total Operating Expenses:		\$39,526,622	\$3,310,980	\$3,310,980	\$36,215,642	92%
Water Fund Totals:		\$424,931	\$733,758	\$733,758	\$308,827	
Fund 02: Wastewater						
Operating Revenues:						
	Wastewater Revenues	\$3,065,959	\$262,285	\$262,285	\$2,803,674	91%
	Other Revenues	\$45,000	\$0	\$0	\$45,000	100%
Total Revenues:		\$3,110,959	\$262,285	\$262,285	\$2,848,674	92%
Operating Expenses:						
	Overhead Transfer to General	\$1,198,944	\$0	\$0	\$1,198,944	100%
Department Expenses						
	Wastewater					
	61 Labor	\$592,326	\$21,732	\$21,732	\$570,594	96%
	Expenses	\$1,414,800	\$20,222	\$20,222	\$1,394,578	99%
	Capital	\$185,000	\$0	\$0	\$185,000	100%
Total Operating Expenses:		\$3,391,070	\$41,954	\$41,954	\$3,349,116	99%
Wastewater Fund Totals:		(\$280,111)	\$220,331	\$220,331	\$500,442	

Interim Financials
Period: July 2018

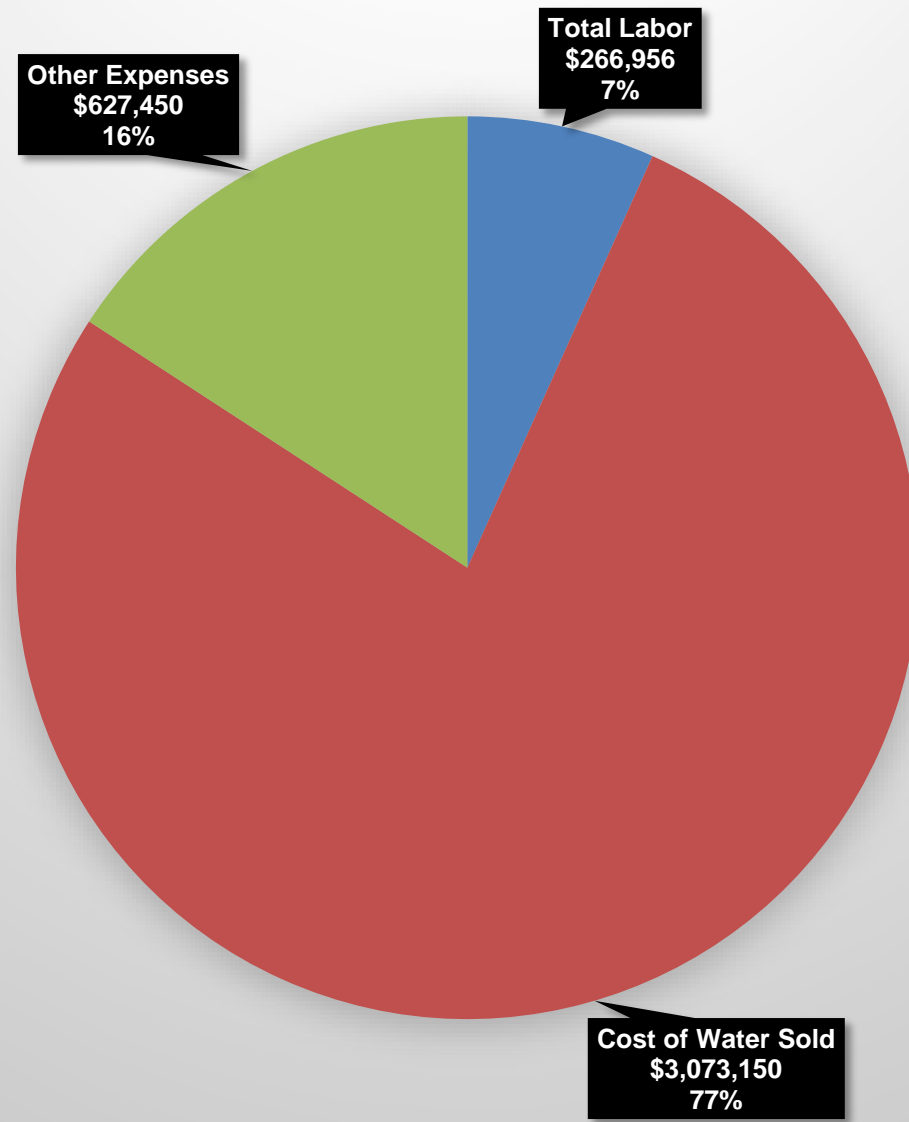


		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 03: General						
Operating Revenues:						
Overhead Transfers		\$6,310,233	\$0	\$0	\$6,310,233	100%
Other Revenues		\$500,000	\$54,501	\$54,501	\$445,499	89%
Total Revenues:		\$6,810,233	\$54,501	\$54,501	\$6,755,732	99%
Operating Expenses:						
Other Expenses		\$419,911	\$34,993	\$34,993	\$384,918	92%
Department Expenses						
Board of Directors	20 Labor	\$19,672	\$0	\$0	\$19,672	100%
	Expenses	\$19,790	\$57	\$57	\$19,733	100%
Garage	36 Labor	\$135,455	\$4,624	\$4,624	\$130,831	97%
	Expenses	\$262,500	\$7,810	\$7,810	\$254,690	97%
	Capital	\$235,500	\$4,971	\$4,971	\$230,529	98%
Administration	41 Labor	\$808,234	\$19,888	\$19,888	\$788,346	98%
	Expenses	\$1,933,522	\$396,907	\$396,907	\$1,536,615	79%
	Capital	\$35,000	\$0	\$0	\$35,000	100%
Human Resources	42 Labor	\$224,849	\$8,451	\$8,451	\$216,398	96%
	Expenses	\$148,850	\$1,816	\$1,816	\$147,034	99%
Safety	43 Labor	\$151,941	\$4,806	\$4,806	\$147,135	97%
	Expenses	\$78,700	\$300	\$300	\$78,400	100%
Finance	51 Labor	\$513,887	\$15,349	\$15,349	\$498,538	97%
	Expenses	\$136,500	\$13,501	\$13,501	\$122,999	90%
Customer Service	52 Labor	\$275,338	\$21,176	\$21,176	\$254,162	92%
	Expenses	\$278,000	\$17,740	\$17,740	\$260,260	94%
Engineering	91 Labor	\$682,434	\$36,370	\$36,370	\$646,064	95%
	Expenses	\$450,150	\$25,863	\$25,863	\$424,287	94%
Total Operating Expenses:		\$6,810,233	\$614,621	\$614,621	\$6,195,612	91%
General Fund Totals:		\$0	(\$560,120)	(\$560,120)	(\$560,120)	
Net Income		\$144,820	\$393,969	\$393,969	\$249,149	

YTD Labor Costs (July 2018)



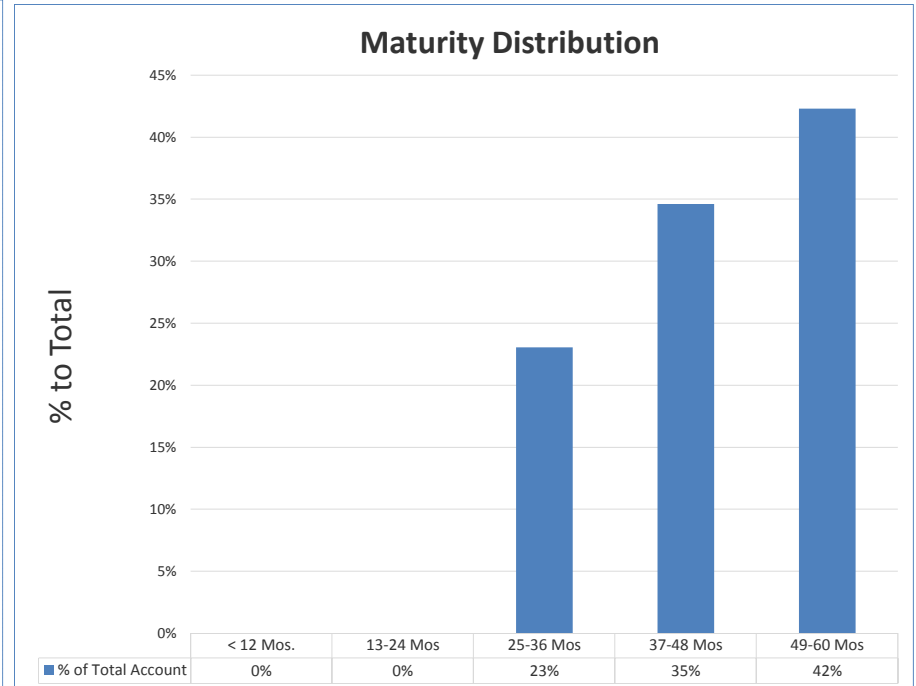
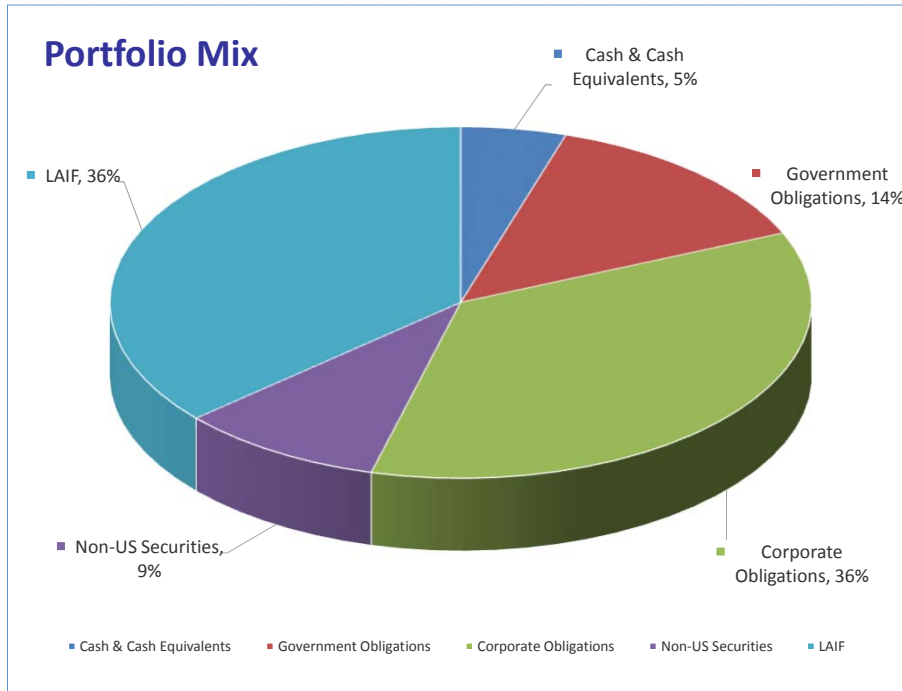
YTD Expense Allocation (July 2018)



RAINBOW MUNICIPAL WATER DISTRICT
TREASURER'S MONTHLY REPORT OF INVESTMENTS
PORTFOLIO SUMMARY
7/31/2018



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	Fund
Money Market Funds	JP MORGAN MONEY MARKET	48125C068S	N/A		\$ 141,891	\$ 141,891						
Total Cash & Cash Equivalents					\$ 141,891	\$ 141,891						
Callable Note	FEDERAL HOME LN MTG CORP	3134G3QR4	Aaa	03/05/20	\$ 498,168	\$ 494,790	2.000%	2.200%	09/05/18	\$ 4,982	583	13 13108
Callable Note	FEDERAL HOME LN MTG CORP	3134G3F96	Aaa	08/28/20	\$ 1,032,851	\$ 992,477	1.660%	1.320%	02/28/18	\$ 8,573	759	53 13108
Callable Note	FEDERAL HOME LOAN BANK BONDS	3130AD4X7	Aaa	12/11/20	\$ 494,905	\$ 491,155	2.000%	2.400%	06/11/18	\$ 4,949	864	60 13108
Callable Note	FEDERAL NATL MTG ASSN	3135GOT45	Aaa	04/05/22	\$ 1,002,910	\$ 964,670	1.875%	1.810%	04/05/18	\$ 9,402	1344	60 13108
Callable Note	FEDERAL FARM CR BKS	3133EHRU9	Aaa	07/19/22	\$ 200,938	\$ 191,958	1.900%	1.800%	01/19/18	\$ 1,909	1449	53 13108
Callable Note	FEDERAL HOME LN MTG CORP	3134GBS94	Aaa	10/26/22	\$ 651,918	\$ 629,675	2.100%	1.800%	04/26/18	\$ 6,845	1548	53 13108
Callable Note	FEDERAL NATL MTG ASSN	3135G0T94	Aaa	01/19/23	\$ 515,226	\$ 508,472	2.375%	2.410%	07/19/18	\$ 6,118	1633	13 13108
Callable Note	FEDERAL NATL MTG ASSN	3135G0T94	Aaa	01/19/23	\$ 480,034	\$ 473,741	2.375%	2.600%	07/19/18	\$ 5,700	1633	53 13108
Callable Note	FEDERAL NATL MTG ASSN	3135G0T94	Aaa	01/19/23	\$ 465,211	\$ 459,112	2.375%	2.600%	07/19/18	\$ 5,524	1633	13 13108
Callable Note	FEDERAL HOME LOAN BANKS	3130ADRG9	Aaa	03/10/23	\$ 501,990	\$ 496,410	2.750%	2.660%	09/10/18	\$ 6,902	1683	53 13108
Total Government Obligations					\$ 5,844,148	\$ 5,702,460						
Callable Note	CATERPILLAR FINL CORP	14912HSR2	A2	09/15/21	\$ 1,000,000	\$ 937,420	1.600%	1.600%	03/15/18	\$ 8,000	1142	13 13108
Callable Note	ORACLE CORP	68389XBKO	A1	09/15/21	\$ 1,011,470	\$ 964,970	1.910%	1.900%	03/15/18	\$ 9,660	1142	13 13108
Callable Note	WELLS FARGO	95000U2B8	A2	07/22/22	\$ 989,232	\$ 946,112	2.625%	2.410%	01/22/18	\$ 12,984	1452	13 13108
Callable Note	BARCLAYS BK DEL	06740KJK4	Aaa	09/16/20	\$ 245,000	\$ 242,124	2.210%	2.200%	03/16/18	\$ 2,707	778	60 13108
FDIC Ins. CD	AMERICAN EXPRESS CENTRN	02587DB64	Aaa	09/23/20	\$ 250,000	\$ 246,305	2.310%	2.300%	03/23/18	\$ 2,888	785	53 13108
FDIC Ins. CD	DISCOVER BANK	254672F29	N/A	08/10/21	\$ 248,000	\$ 237,329	1.500%	1.500%	02/10/18	\$ 1,860	1106	53 13108
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 98,000	\$ 93,835	1.550%	1.550%	02/17/18	\$ 760	1113	53 13108
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 150,000	\$ 143,625	1.550%	1.550%	02/17/18	\$ 1,163	1113	13 13108
FDIC Ins. CD	MB FINL BK NA CHIC IL	55266CZJ8	N/A	11/18/21	\$ 247,000	\$ 245,545	2.850%	2.850%	11/18/18	\$ 3,520	1206	60 13108
FDIC Ins. CD	STATE BK INDIA NEW YORK NY	8562846U3	Aaa	03/14/22	\$ 250,000	\$ 242,885	2.250%	2.250%	03/14/18	\$ 2,813	1322	13 13108
FDIC Ins. CD	SYNCHRONY BK RETAIL	87165EMKO	N/A	05/26/22	\$ 240,000	\$ 233,846	2.400%	2.400%	05/26/18	\$ 2,880	1395	53 13108
FDIC Ins. CD	GOLDMAN SACHS BK USA NY	38148PKT3	N/A	06/14/22	\$ 245,000	\$ 238,130	2.350%	2.350%	12/14/18	\$ 2,879	1414	53 13108
FDIC Ins. CD	CAPITAL ONE NATL ASSN VA	14042RKL4	N/A	11/22/22	\$ 250,000	\$ 242,060	2.400%	2.400%	05/22/18	\$ 3,000	1575	53 13108
FDIC Ins. CD	MORGAN STANLEY	61747MF63	N/A	01/11/23	\$ 246,000	\$ 240,268	2.650%	2.650%	07/11/18	\$ 3,260	1625	53 13108
FDIC Ins. CD	BMW BANK NORTH AMER	05580AMB7	N/A	03/29/23	\$ 240,000	\$ 236,388	2.900%	2.900%	09/29/18	\$ 3,480	1702	53 13108
FDIC Ins. CD	SALLIE MAE BK SLT LAKE CITY	795450M44	Aaa	04/11/23	\$ 240,000	\$ 236,822	2.950%	2.950%	10/11/18	\$ 3,540	1715	60 13108
Total Corporate Obligations					\$ 5,949,702	\$ 5,727,664						
Callable Note	AUSTRALIA & NEW ZEALA BKG	05253JAM3	Aa2	06/01/21	\$ 517,228	\$ 485,065	2.300%	1.550%	12/01/17	\$ 5,948	1036	53 13108
Callable Note	NATIONAL AUSTRALIA BK NY	63254AAR9	Aa2	07/12/21	\$ 508,870	\$ 477,765	1.875%	1.880%	01/12/18	\$ 4,771	1077	53 13108
Callable Note	BANK OF MONTREAL	06367TJX90	Aa3	08/27/21	\$ 1,011,840	\$ 957,610	1.900%	1.900%	02/27/18	\$ 9,612	1123	60 13108
Total Non-US Securities					\$ 2,037,938	\$ 1,920,440						
Subtotal Long Term Pooled Investment	Local Agency Investment Fund (LAIF)				\$ 13,973,678	\$ 13,492,455						
					\$ 7,612,795	\$ 7,648,918	1.172%					
Portfolio Totals					\$ 21,586,473	\$ 21,141,374						



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

9/10/2018

Accounts Payable

July American Express



Check Number Check Date **Amount**

245 - ABCANA INDUSTRIES Line Item Account

8081801 08/08/2018

Inv 1028843

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/13/2018	HYPOCHLORITE SOLUTION	01-32-72000	1,061.88

Inv 1028843 Total 1,061.88

Inv 1029221

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/20/2018	HYPOCHLORITE SOLUTION	01-32-72000	1,150.36

Inv 1029221 Total 1,150.36

8081801 Total: 2,212.24

245 - ABCANA INDUSTRIES Total:

2,212.24

280 - AMAZON.COM Line Item Account

8081802 08/08/2018

Inv 13167786704251

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/16/2018	Plantronics HL10 Handset Lifter	03-41-60100	154.48
07/16/2018	AmazonBasics USB Type-C to USB Type-C 2.0 Cable - 3 Feet (0.9	03-41-60100	7.48
07/16/2018	WD 8TB My Cloud EX2 Ultra Network Attached Storage - NAS	03-41-60100	402.50

Inv 13167786704251 Total 564.46

Inv 31528817835407

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/29/2018	iPhone 7 Case for Justin Chandler	03-41-60100	43.09

Inv 31528817835407 Total 43.09

Inv 34077649070664

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/03/2018	Eyoyo Pipe Pipeline Sewer Inspection Camera 30m Drain Industrial	01-34-72000	479.99

Inv 34077649070664 Total 479.99

Check Number	Check Date		Amount
Inv	44668425896217		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/19/2018	8" Ceiling Wall Mount Speakers - Pair of 2-Way Midbass Woofer S	03-41-60100	45.80
Inv	44668425896217 Total		45.80
Inv	53301349544250		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/29/2018	Water powered sump pump	01-32-72000	179.91
Inv	53301349544250 Total		179.91
Inv	56851211173015		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/16/2018	Fluke Networks MT-8200-49A Cable Tester	03-41-60100	101.30
07/16/2018	AmazonBasics Premium Dual Monitor Stand - Lift Engine Arm Mo	03-41-60100	204.71
07/16/2018	Corsair Dual SSD Mounting Bracket 3.5"	03-41-60100	42.68
07/16/2018	WD Blue 3D NAND 500GB PC SSD - SATA III 6 Gb/s 2.5"/7mm S	03-41-60100	589.65
07/16/2018	Enfain 16GB USB 2.0 Flash Drive Thumb Drive Memory Stick Pen	03-41-60100	38.37
07/16/2018	Fluke Networks PRO3000F60-KIT Tone and Probe	03-41-60100	130.26
07/16/2018	Tripp Lite USB to RJ45 Cisco Serial Roll over Cable USB Type A R	03-41-60100	18.01
Inv	56851211173015 Total		1,124.98
Inv	69549046096220		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/16/2018	Dell 900GB 10K RPM 2.5" SFF SAS Gb/s Internal Hard Drive for I	03-41-60100	1,200.00
Inv	69549046096220 Total		1,200.00
Inv	69918917389805		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/16/2018	USB Console Cable, CableCreation USB to RJ45 Serial Cable for R	03-41-60100	11.82
07/16/2018	Mount-It! Sit Stand Workstation Standing Desk Converter With Dua	03-41-60100	443.07
Inv	69918917389805 Total		454.89
Inv	82505682085829		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/19/2018	Brand New Shure High-Performance 18-inch Microflex Standard C	03-41-60100	337.20
Inv	82505682085829 Total		337.20
Inv	85212623159419		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/19/2018	Hosa STX-110F XLR3F to 1/4 inch TRS Balanced Interconnect Cat	03-41-60100	27.64
07/19/2018	StarTech.com AD2X2 2x2-Inch Open Slot Wiring Cable Raceway D	03-41-60100	123.36
07/19/2018	Behringer XR18 Digital Mixer	03-41-60100	616.80
07/19/2018	Multi-Channel Home Audio Power Amplifier - Mixer w/70V 100V (03-41-60100	220.60
07/19/2018	AmazonBasics 16-Gauge Speaker Wire - 100 Feet	03-41-60100	12.35
Inv	85212623159419 Total		1,000.75

Check Number	Check Date		Amount
8081802 Total:			5,431.07
280 - AMAZON.COM Total:			5,431.07
603519 - AMERICAN NATIONAL STANDARDS INSITUTE Line Item Account			
8081803	08/08/2018		
Inv	515598		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/12/2018	OCCUPATIONAL HEALTH & SAFETY BOOKS	03-43-72400	325.00
Inv 515598 Total			325.00
8081803 Total:			325.00
603519 - AMERICAN NATIONAL STANDARDS INSITUTE Total:			325.00
603481 - AMERICAN PUBLIC WORKS ASSOCIATION Line Item Account			
8081804	08/08/2018		
Inv	17358		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/03/2018	RECRUITMENT CHARGE	03-42-75500	415.00
Inv 17358 Total			415.00
8081804 Total:			415.00
603481 - AMERICAN PUBLIC WORKS ASSOCIATION Total:			415.00
805 - AMERICAN WATER WORKS ASSOC. Line Item Account			
8081805	08/08/2018		
Inv	7001590320		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
09/06/2018	MEMBERSHIP DUES 06/2018-06-2019 STEVE STRAPEEC	03-91-72400	269.00
Inv 7001590320 Total			269.00
8081805 Total:			269.00
805 - AMERICAN WATER WORKS ASSOC. Total:			269.00
965 - BONSALL CHAMBER OF COMMERCE Line Item Account			
8081806	08/08/2018		
Inv	00957		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/02/2018	REGULAR BUSINESS MEMBERSHIP	03-41-72000	145.00

Check Number	Check Date		Amount
Inv 00957 Total			145.00
8081806 Total:			145.00
965 - BONSALL CHAMBER OF COMMERCE Total:			145.00
4970 - BRADY SAND & MATERIAL, INC. Line Item Account			
8081807	08/08/2018		
Inv 201806-19			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/14/2018	3/4" ROCK	01-34-72000	695.78
Inv 201806-19 Total			695.78
Inv 201806-20			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/12/2018	CLASS 2 BASE	01-34-72000	1,690.07
Inv 201806-20 Total			1,690.07
Inv 201806-22			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/06/2018	CLASS 2 BASE & COLD MIX	01-34-72000	1,640.25
Inv 201806-22 Total			1,640.25
Inv 201806-26			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/20/2018	CLASS 2 BASE	01-34-72000	1,762.73
Inv 201806-26 Total			1,762.73
Inv 201806-7			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/06/2018	CLASS 2 BASE	01-34-72000	613.52
Inv 201806-7 Total			613.52
8081807 Total:			6,402.35
4970 - BRADY SAND & MATERIAL, INC. Total:			6,402.35
603218 - BROWN & CALDWELL, BC WATER Line Item Account			
8081808	08/08/2018		
Inv 280618A42			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/28/2018	RECRUITMENT SERVICES DUES	03-42-75500	200.00
Inv 280618A42 Total			200.00

Check Number	Check Date		Amount
8081808	Total:		200.00
603218 - BROWN & CALDWELL, BC WATER Total:			200.00
603517 - CHC REFRIGERATION INC Line Item Account			
8081809	08/08/2018		
Inv	17541		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/16/2018	ICE MACHINE REPAIRS	03-41-63401	124.00
Inv 17541	Total		124.00
8081809	Total:		124.00
603517 - CHC REFRIGERATION INC Total:			124.00
2885 - CORELOGIC INFORMATION Line Item Account			
8081810	08/08/2018		
Inv	81899759		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/30/2018	REALQUEST MONTHLY SERVICE - JUNE	03-91-63102	192.50
Inv 81899759	Total		192.50
Inv	81900512		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/30/2018	REALQUEST MONTHLY SERVICE - JUNE	03-91-63102	40.00
Inv 81900512	Total		40.00
8081810	Total:		232.50
2885 - CORELOGIC INFORMATION Total:			232.50
1670 - CSDA, SAN DIEGO CHAPTER Line Item Account			
8081811	08/08/2018		
Inv	68747		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/11/2018	SEPTEMBERS CSDA ANNUAL CONFERENCE - D WASHBURN	03-41-75300	525.00
Inv 68747	Total		525.00
Inv	68748		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/11/2018	HOTEL FOR SEPTEMBERS CSDA ANNUAL CONFERENCE	03-20-75300	2,400.00

Check Number	Check Date		Amount
Inv 68748	Total		2,400.00
8081811	Total:		2,925.00
1670 - CSDA, SAN DIEGO CHAPTER	Total:		2,925.00
2027 - CULLIGAN OF ESCONDIDO	Line Item Account		
8081812	08/08/2018		
Inv	063018		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/30/2018	WATER SOFTENER 07/01-07/31	03-41-63401	70.78
Inv 063018	Total		70.78
8081812	Total:		70.78
2027 - CULLIGAN OF ESCONDIDO	Total:		70.78
2760 - FALLBROOK CHAMBER OF COMMERCE	Line Item Account		
8081813	08/08/2018		
Inv	40801595239		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/05/2018	AVOCADO FEST BOOTH FOR 2019	03-41-72000	100.00
Inv 40801595239	Total		100.00
8081813	Total:		100.00
2760 - FALLBROOK CHAMBER OF COMMERCE	Total:		100.00
603518 - GO TO MY PC	Line Item Account		
8081814	08/08/2018		
Inv	07012018		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/01/2018	ANNUAL BILL	03-41-60100	669.60
Inv 07012018	Total		669.60
8081814	Total:		669.60
603518 - GO TO MY PC	Total:		669.60
3325 - GRAINGER, W.W. INC.	Line Item Account		
8081815	08/08/2018		
Inv	9821473387		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	

Check Number	Check Date		Amount
06/18/2018	PVC PRIMER	01-00-14610	34.13
06/18/2018	GREEN MARKING PAINT	01-00-14610	39.18
Inv 9821473387 Total			73.31
Inv 9825431050			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/21/2018	Multimeter for electrical field testing.	02-61-73000	331.33
Inv 9825431050 Total			331.33
Inv 9825431068			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/21/2018	WIRE WHEEL BRUSH	01-00-14610	289.50
06/21/2018	YELLOW SPRAY PAINT	01-00-14610	86.89
06/21/2018	GRINDING WHEEL	01-00-14610	104.30
06/21/2018	3/4" TEFLON TAPE	01-00-14610	26.40
06/21/2018	4" PAINT BRUSH	01-00-14610	66.81
Inv 9825431068 Total			573.90
Inv 9836216771			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/03/2018	YELLOW SPRAY PAINT	01-00-14610	322.60
Inv 9836216771 Total			322.60
Inv 9843877573			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/11/2018	Gray Solvent Cement, Medium Bodied, Size 8, For Use With PVC, 1	01-00-14610	24.41
07/11/2018	YELLOW SPRAY PAINT	01-00-14610	516.17
07/11/2018	CHRISTY'S Blue Solvent Cement, Medium Bodied, Size 8, For Use	01-00-14610	63.29
07/11/2018	Purple Primer Conditioner, PVC and CPVC, Size 8, For Use With P	01-00-14610	55.59
Inv 9843877573 Total			659.46
Inv 9845411892			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/12/2018	4XZ73, Quick release Worm Gear Hose Clamp. 1 package of 10	60-00-11172	24.67
Inv 9845411892 Total			24.67
Inv 9847622504			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/16/2018	BZK Wipe, Wipes, Box, Wrapped Packets	03-43-72500	41.06
07/16/2018	Bite and Sting Pads, White, 10/Box	03-43-72500	53.13
07/16/2018	Burn Cream, Cream, Box, Wrapped Packets, 0.030 oz.	03-43-72500	27.80
07/16/2018	Fabric Strip Bandages, 3" x 1", Beige	03-43-72500	40.28
07/16/2018	Plastic Strip Bandages, 1-1/2" x 1-1/2", Beige	03-43-72500	35.23
07/16/2018	Plastic Strip Bandages, 3" x 3/4", Beige	03-43-72500	39.63
07/16/2018	Alcohol Pads, Wipes, Box, Wrapped Packets	03-43-72500	41.83
07/16/2018	Antibiotics, Ointment, Box, Wrapped Packets, 0.030 oz.	03-43-72500	30.71

Check Number	Check Date		Amount
Inv 9847622504	Total		309.67
8081815	Total:		2,294.94
3325 - GRAINGER, W.W. INC. Total:			2,294.94
603142 - NATIONAL SEMINARS TRAINING Line Item Account			
8081816	08/08/2018		
Inv	11846772		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/10/2018	PROJECT MANEMENT SEMINAR - CYNTHIA GRAY	03-41-75300	399.00
Inv 11846772	Total		399.00
8081816	Total:		399.00
603142 - NATIONAL SEMINARS TRAINING Total:			399.00
603404 - NATUREBOX Line Item Account			
8081817	08/08/2018		
Inv	1847		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/19/2018	NATUREBOX UNLIMITED	03-41-63400	750.00
Inv 1847	Total		750.00
8081817	Total:		750.00
603404 - NATUREBOX Total:			750.00
5286 - NOSSAMAN, LLP Line Item Account			
8081818	08/08/2018		
Inv	481972		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/08/2018	GENERAL COUNSIL SERVICES THROUGH MAY 2018	03-41-70300	6,567.50
06/08/2018	GENERAL COUNSIL SERVICES THROUGH MAY 2018	03-91-70000	319.50
06/08/2018	GENERAL COUNSIL SERVICES THROUGH MAY 2018	03-41-70300	5,538.00
Inv 481972	Total		12,425.00
Inv	481973		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/08/2018	GENERAL COUNSIL SERVICES THROUGH MAY 2018	03-91-70000	2,970.00
Inv 481973	Total		2,970.00

Check Number	Check Date		Amount
Inv	481975		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/08/2018	GENERAL COUNCIL SERVICES THROUGH MAY 2018	03-41-70300	11,115.00
06/08/2018	GENERAL COUNCIL SERVICES THROUGH MAY 2018	03-41-70300	6,580.65
Inv 481975 Total			17,695.65
8081818 Total:			33,090.65
5286 - NOSSAMAN, LLP Total:			33,090.65
5425 - OFFICE DEPOT Line Item Account			
8081819	08/08/2018		
Inv	151720847001		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/15/2018	Avery® TrueBlock® Permanent Inkjet Shipping Labels, Internet, 81	03-41-72900	68.14
06/15/2018	Office Depot® Brand Scissors, 8", Straight, Black, Pack Of 2	03-41-72900	4.94
06/15/2018	Office Depot® Brand Hanging Folders, 1/3 Cut, Letter Size, 100%	03-41-72900	5.70
06/15/2018	Swingline® 545 Standard Stapler Value Pack, Black	03-41-72900	19.80
06/15/2018	Office Depot® Brand Wood Clipboards, Letter Size, 100% Recyclec	03-41-72900	6.72
Inv 151720847001 Total			105.30
Inv	151720847002		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/25/2018	Highmark™ Wastebaskets, 7 Gallons, 17 3/4"H x 14 1/2"W x 10 1/2	03-41-72900	12.95
Inv 151720847002 Total			12.95
Inv	153585975001		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/20/2018	STICKY NOTES	03-41-72900	6.81
06/20/2018	MEMO BOOKS	03-41-72900	12.09
06/20/2018	BANKERS BOX	03-41-72900	93.48
Inv 153585975001 Total			112.38
Inv	153587138001		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/19/2018	BLUE FILE FOLDERS	03-41-72900	11.21
Inv 153587138001 Total			11.21
Inv	158145051001		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/29/2018	790801 PILOT G2 RETRACTABLE GEL PENS	03-41-72900	39.02
06/29/2018	1376326 OFFICE DEPOT BRAND GREEN FILE FOLDERS	03-41-72900	11.20
06/29/2018	843796 OFFICE DEPOT BRAND STICKY NOTES	03-41-72900	7.31
Inv 158145051001 Total			57.53

Check Number	Check Date		Amount
8081819 Total:			299.37
5425 - OFFICE DEPOT Total:			299.37
5910 - PACIFIC PIPELINE SUPPLY Line Item Account			
8081820	08/08/2018		
Inv	322544		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
05/17/2018	VALVE R/W GATE FLG X FLG C515 HF 6" AVK H.F.	01-00-14610	919.16
Inv 322544 Total			919.16
Inv	323143		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/13/2018	FLANGE 90 ELL #250 6"	01-00-14610	1,588.41
Inv 323143 Total			1,588.41
Inv	323331		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/18/2018	20' STICK OF 8" CMLC	01-00-14610	1,206.80
Inv 323331 Total			1,206.80
Inv	323335		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/27/2018	20' STICK OF 8" CMLC	01-00-14610	3,620.40
Inv 323335 Total			3,620.40
Inv	323381		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/18/2018	PXFC-24 MANHOLE FRAME & COVER PAMREX 24"	02-61-72000	372.21
06/18/2018	PTFC-24 MANHOLE FRAME & COVER PAMTITE 24"	02-61-72000	598.12
Inv 323381 Total			970.33
Inv	323781		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/12/2018	6" STEEL COUPLING 300# THR	01-00-14610	350.19
Inv 323781 Total			350.19
8081820 Total:			8,655.29
5910 - PACIFIC PIPELINE SUPPLY Total:			8,655.29
5890 - PALOMAR BACKFLOW Line Item Account			
0	08/08/2018		

Check Number	Check Date		Amount
Inv 3144			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/06/2018	CLEANED DEBRIS FROM BACKFLOW PREVENTION ASSEM	01-33-72000	300.00
Inv 3144 Total			300.00
0 Total:			300.00
5890 - PALOMAR BACKFLOW Total:			300.00
603118 - POWELL'S OFFICE FURNITURE Line Item Account			
8081821	08/08/2018		
Inv 10014			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/19/2018	NEW FURNITURE FOR WAREHOUSE OFFICE	03-41-63401	641.63
Inv 10014 Total			641.63
Inv 9952			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/22/2018	NEW FURNITURE FOR CHARMAINE	03-43-72000	807.00
Inv 9952 Total			807.00
8081821 Total:			1,448.63
603118 - POWELL'S OFFICE FURNITURE Total:			1,448.63
5976 - PRUDENTIAL OVERALL SUPPLY Line Item Account			
8081822	08/08/2018		
Inv 130834895			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/19/2018	MONTHLY UNIFORMS	03-41-56511	138.76
06/19/2018	MATS & MISC	03-41-63401	167.97
Inv 130834895 Total			306.73
Inv 130834896			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/19/2018	MONTHLY UNIFORMS	03-41-56511	90.92
Inv 130834896 Total			90.92
Inv 130836380			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/26/2018	MATS & MISC	03-41-63401	7.30
06/26/2018	MONTHLY UNIFORMS	03-41-56511	131.91
Inv 130836380 Total			139.21

Inv 130836381

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/26/2018	MONTHLY UNIFORMS	03-41-56511	90.92

Inv 130836381 Total 90.92

Inv 130837879

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/03/2018	MATS & MISC	03-41-63401	167.97
07/03/2018	MONTHLY UNIFORMS	03-41-56511	138.76

Inv 130837879 Total 306.73

Inv 130837880

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/03/2018	MONTHLY UNIFORMS	03-41-56511	90.92

Inv 130837880 Total 90.92

Inv 130839364

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/10/2018	MATS & MISC	03-41-63401	7.30
07/10/2018	MONTHLY UNIFORMS	03-41-56511	131.91

Inv 130839364 Total 139.21

Inv 130839365

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/10/2018	MONTHLY UNIFORMS	03-41-56511	90.92

Inv 130839365 Total 90.92

Inv 130841138

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/17/2018	MATS & MISC	03-41-63401	167.97
07/17/2018	MONTHLY UNIFORMS	03-41-56511	138.76

Inv 130841138 Total 306.73

Inv 130841139

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/17/2018	MONTHLY UNIFORMS	03-41-56511	90.92

Inv 130841139 Total 90.92

8081822 Total: 1,653.21

5976 - PRUDENTIAL OVERALL SUPPLY Total: 1,653.21

Check Number	Check Date		Amount
603516 - RUG-ED Line Item Account			
8081823	08/08/2018		
Inv	CC321		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/18/2018	PHONE CASES	03-41-60100	631.00
Inv CC321 Total			631.00
8081823 Total:			631.00
603516 - RUG-ED Total:			631.00
603309 - SOUTHWEST AIRLINES Line Item Account			
8081824	08/08/2018		
Inv	5261468479658		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/17/2018	RENO CONFERENCE TRAVEL - D WASHBURN	03-41-75300	308.97
Inv 5261468479658 Total			308.97
8081824 Total:			308.97
603309 - SOUTHWEST AIRLINES Total:			308.97
603407 - STAPLES Line Item Account			
8081825	08/08/2018		
Inv	9789095257		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/18/2018	OFFICE SUPPLIES - CYNTHIA GRAY	03-41-72900	77.54
Inv 9789095257 Total			77.54
8081825 Total:			77.54
603407 - STAPLES Total:			77.54
603196 - SWANSON, STEVEN R. Line Item Account			
8081826	08/08/2018		
Inv	293847		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/28/2018	CAT6A PLUGS FOR MARK CLINE	60-00-11172	58.08
Inv 293847 Total			58.08
Inv	293850		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/28/2018	CAT6 DIRECT BURIAL FOR MARK CLINE	60-00-11172	441.67

Check Number	Check Date		Amount
Inv 293850	Total		441.67
8081826	Total:		499.75
603196 - SWANSON, STEVEN R.	Total:		499.75
603406 - THE FRUIT GUYS	Line Item Account		
8081827	08/08/2018		
Inv 5259315			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/03/2018	SMALL HARVEST	03-42-56513	76.50
Inv 5259315	Total		76.50
Inv 5261943			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/10/2018	SMALL HARVEST	03-42-56513	38.25
Inv 5261943	Total		38.25
Inv 5265075			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/17/2018	SMALL HARVEST	03-42-56513	76.50
Inv 5265075	Total		76.50
Inv 5267654			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/24/2018	SMALL HARVEST	03-42-56513	38.25
Inv 5267654	Total		38.25
8081827	Total:		229.50
603406 - THE FRUIT GUYS	Total:		229.50
7770 - U.S. POSTAL SERVICE	Line Item Account		
8081828	08/08/2018		
Inv 2044102994			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/24/2018	48 HOUR NOTICE POSTAGE	03-51-69000	300.00
Inv 2044102994	Total		300.00
8081828	Total:		300.00
7770 - U.S. POSTAL SERVICE	Total:		300.00

603174 - VILLAGE PIZZA Line Item Account

8081829 08/08/2018

Inv 108448

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/24/2018	BOARD MEETING LUNCH	03-41-75300	81.62

Inv 108448 Total 81.62

Inv 133556

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/26/2018	LUNCH	03-41-75300	12.39

Inv 133556 Total 12.39

8081829 Total: 94.01

603174 - VILLAGE PIZZA Total: 94.01

8155 - WESTERN WATER WORKS SUPPLY Line Item Account

8081830 08/08/2018

Inv 494556-00

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/05/2018	CHILL RINGS	01-34-72000	69.18
06/05/2018	10X10' 10.75 OD .500 WALL IMPORT STL PIPE	01-34-72000	1,308.08

Inv 494556-00 Total 1,377.26

Inv 494860-00

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/12/2018	16" MULTI PURPOSE SAW BLADE	01-00-14610	444.47

Inv 494860-00 Total 444.47

Inv 495921-00

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/12/2018	3/8 FLR X 3/8 MIP BRASS 6730707E#	01-00-14610	122.84

Inv 495921-00 Total 122.84

Inv 496068-00

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/12/2018	HOSE NIPPLE 2"NPT X 2 1/2" NST DIXON P/N-DMH2025F ***	01-00-14610	97.78

Inv 496068-00 Total 97.78

Inv 496757-00

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/18/2018	20MI20MH# 2 BRZ HOSE ADAPTER MIP X MHT	01-33-72000	23.49
06/18/2018	20FH20MI# 2 BRZ HOSE ADAPTER FHT X MIP	01-33-72000	79.90

Check Number	Check Date		Amount
Inv 496757-00	Total		103.39
Inv 497012-00			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/19/2018	4" HYTROL DISC PN-CHOV5467F	01-00-14610	133.88
06/19/2018	3" S.S. COVER BOLTS 6760796A	01-00-14610	98.27
Inv 497012-00	Total		232.15
Inv 497025-00			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
06/27/2018	SGDPPK06N# 6 STARGRIP W/ACC SERIES 3000	01-34-72000	35.34
06/27/2018	ALPHA-A-08 8 ALPHA WIDE RANGE RSTNT CPLG 8.60 - 9.10	01-34-72000	798.54
06/27/2018	MF90-06 6 DI C153 MJXFLG 90	01-34-72000	77.58
Inv 497025-00	Total		911.46
Inv 498726-00			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/09/2018	6" 300# WELD FLANGE	01-00-14610	526.25
07/09/2018	1 1/2" BRASS 90	01-00-14610	122.30
07/09/2018	2" X 2 1/2" JONES WHARFHEAD	01-00-14610	2,774.78
07/09/2018	3" 150# WELD FLANGE	01-00-14610	48.70
Inv 498726-00	Total		3,472.03
8081830	Total:		6,761.38
8155 - WESTERN WATER WORKS SUPPLY	Total:		6,761.38
810 - XPRESSMYSELF.COM LLC	Line Item Account		
8081831	08/08/2018		
Inv MSL-66817			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/23/2018	PPE LABELS FOR CHARMAINE	03-43-72000	352.94
Inv MSL-66817	Total		352.94
8081831	Total:		352.94
810 - XPRESSMYSELF.COM LLC	Total:		352.94
603437 - ZIPRECRUITER	Line Item Account		
8081832	08/08/2018		
Inv 3477639			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/14/2018	MONTHLY SUBSCRIPTION	03-42-72400	249.00
Inv 3477639	Total		249.00

8081832 Total:	249.00
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603437 - ZIPRECRUITER Total:	249.00
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603451 - ZOHO CORP Line Item Account

8081833 08/08/2018

Inv 63899750

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
07/08/2018	ZOHO MONTHLY SERVICE	01-35-72000	25.00

Inv 63899750 Total	25.00
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8081833 Total:	25.00
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603451 - ZOHO CORP Total:	25.00
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Total:	77,941.72
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**Director's Expenses
FY 2018-2019**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
07/31/18	CAL PERS - HEALTH INS. 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	
	TRAVEL EXPENSES MILEAGE EXPENSE			\$ 23.98		\$ 56.68	
	REIMBURSEMENT FROM DIRECTORS						
	Monthly Totals	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 23.98</u>	<u>\$ -</u>	<u>\$ 206.68</u>	<u>\$ -</u>
08/31/18	CAL PERS - HEALTH INS. WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS		\$ 30.00		\$ 30.00	\$ 25.00	
	TRAVEL EXPENSES MILEAGE EXPENSE	\$ 300.00	\$ 300.00	\$ 300.00	\$ 450.00	\$ 450.00	
	REIMBURSEMENT FROM DIRECTORS				\$ 52.32	\$ 68.12	
	Monthly Totals	<u>\$ 300.00</u>	<u>\$ 330.00</u>	<u>\$ 300.00</u>	<u>\$ 532.32</u>	<u>\$ 543.12</u>	<u>\$ -</u>

Bank Reconciliation

July Check Register



Check No. Vendor/Employee

Transaction Description

Date Amount

Fund: 01 WATER FUND

Department: 00

ACH	ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - AUG 2018	07/17/2018	73,182.99
ACH	EMPLOYMENT DEV DEPARTMENT	2ND QRT 2018 - SUI	07/13/2018	567.34
ACH	PRINCIPAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - JUN 2018	07/03/2018	13,201.04
ACH	RENE BUSH	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JUL 2018	07/17/2018	726.00
ACH	RENE BUSH	REIMBURSE RETIRED EMPLOYEE HEALTH INS - AUG 2018	07/30/2018	726.00
ACH	SAN DIEGO COUNTY WATER AUTH	WIRE TRANSFER FOR WATER PURCHASES - MAY 2018	07/17/2018	2,439,747.84
ACH	SAN DIEGO COUNTY WATER AUTH.	CAPACITY FEES FOR APR-JUN 2018	07/23/2018	342,696.00
ACH	CHARLES C. SNEED	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JUL 2018	07/17/2018	363.00
ACH	KEVIN MILLER	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JUL 2018	07/17/2018	726.00
ACH	KEVIN MILLER	REIMBURSE RETIRED EMPLOYEE HEALTH INS - AUG 2018	07/25/2018	726.00
54883	D.R. HORTON LOS ANGELES HOLDING COMPANY	Refund Check	07/03/2018	47.12
54885	DR HORTON	Refund Check	07/03/2018	1,170.83
54888	FERGUSON WATERWORKS #1083	SP-C9710001A X101 100 4BB 4	07/03/2018	20,311.20
54889	GONZALO & VIRGINIA FOGUET	INSPECTION DEPOSIT BALANCE REIMB FOR NEW FIRE HYDRANT-RANGER RD	07/03/2018	546.66
54891	PAUL HERRON	Refund Check	07/03/2018	32.74
54893	LINCOLN NATIONAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - JULY 2018	07/03/2018	4,019.31
54894	MICHAEL MAJDIK	Refund Check	07/03/2018	114.59
54896	PAV-KOTE INC	Refund Check	07/03/2018	1,532.58
54900	HUBERT AND DEBORAH SIMS	Refund Check	07/03/2018	294.26
54924	FERGUSON WATERWORKS #1083	8" CLAVAL FLG 300# 90-01-95A	07/17/2018	8,538.51
54927	HOME DEPOT	MILWAUKEE HACK SAW	07/17/2018	129.07
54962	GALINA ZADORSKAIA	Refund Check	07/24/2018	272.18
54972	FERGUSON WATERWORKS #1083	MH15426NG LF 1 MIP X IPS INSTATITE COUP	07/25/2018	2,787.50
54977	LINCOLN NATIONAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - AUG 2018	07/25/2018	4,019.31
54988	FERGUSON WATERWORKS #1083	JE1963WSGF 3/4" ANGLE BALL METER VLV	07/30/2018	151.87
54989	HOCH CONSULTING	AS-NEEDED CONSTRUCTION INSPECTION SERVICES	07/30/2018	8,937.50

Total for Department: 00 2,925,567.44

Department: 31 PUMPING

ACH	HAWTHORNE MACHINERY COMPANY	Sample kit for oil test	07/17/2018	19.40
54887	FALLBROOK AUTO PARTS	AIR FILTER - OUTER	07/03/2018	51.54
54927	HOME DEPOT	Insulate Bus-MORROFLOMETER	07/17/2018	270.25
54970	FALLBROOK AUTO PARTS	OIL FILTER, AIR FILTER, SPARK PLUG, BATTERY	07/25/2018	1,065.60
54981	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS AND ELECTRIC SERVICE #1065 087 93 5 1	07/25/2018	46,259.60

Total for Department: 31 PUMPING

47,666.39

Department: 32 OPERATIONS

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: NITROGEN	07/17/2018	19.83
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	07/24/2018	2,095.00
ACH	MISSION VALLEY SANITATION-SD	PORTA POTTY RENTAL FOR WEED ABATEMENT	07/17/2018	141.07
ACH	MISSION VALLEY SANITATION-SD	PORTA POTTY RENTAL FOR WEED ABATEMENT	07/30/2018	141.07
ACH	UNION BANK (VISA)	AFTER HOURS MEALS FOR EE'S	07/16/2018	52.06
ACH	WESTERN LANDSCAPE MAINTENANCE PLUS, INC.	TREE TRIMMING	07/24/2018	25,058.00
54897	PETTY CASH	AFTER HOURS MEAL (3 EE'S)	07/03/2018	31.35
54899	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #9632 211 707 2	07/03/2018	117.91
54906	BANNER DAY, INC	MOW EASEMENT - 2582 VISA OESTE, FALLBROOK	07/17/2018	1,500.00
54927	HOME DEPOT	1' x 1/2' reducer bushing-MORROFLOMETER	07/17/2018	253.80
54931	LAYFIELD USA CORPORATION	Additional repair and patching on Morro Cover	07/17/2018	5,100.00
54937	QUALITY GATE COMPANY	Build and Installation of heavy duty pipe gate	07/17/2018	4,860.00
54953	DEPT OF FORESTRY & FIRE PROTEC	2.5 UNITS CREW WORK BY RAINBOW CONSERVATION CAMP #2, JAN 2018	07/24/2018	571.00
54973	HACH	Item # 2556900 C117 Reagents	07/25/2018	380.38
54975	JOE'S HARDWARE	BUNGEE CORD, SILVER TARP	07/25/2018	47.61
54981	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS AND ELECTRIC SERVICE #1065 087 93 5 1	07/25/2018	855.77
54985	MARC WALKER	REIMBURSEMENT FOR SWRCB GRADE D5 CERT RENEWAL FEE	07/25/2018	105.00
54991	NUTRIEN AG SOLUTIONS, INC	ROUNDUP AND SPRAYER SPOT	07/30/2018	373.91
54992	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #7382 505 701 4	07/30/2018	108.50
Total for Department: 32 OPERATIONS				41,812.26

Department: 33 VALVE MAINTENANCE

54908	CAVCOM	Hytera BD502 Radio Pack: Hi Cap Battery	07/17/2018	1,230.76
54927	HOME DEPOT	FLASHLIGHT	07/17/2018	39.97
54929	JOE'S HARDWARE	REDWOOD LATH 4FT BNDL 50	07/17/2018	30.98
Total for Department: 33 VALVE MAINTENANCE				1,301.71

Department: 34 WATER DISTRIBUTION

ACH	AIRGAS USA, LLC	ELECT STCK	07/17/2018	487.65
ACH	ART'S TRENCH PLATE & KRAIL SERVICE CO, INC.	(1) 5X10 TRENCH PLATE RENTAL	07/25/2018	294.00
ACH	ART'S TRENCH PLATE & KRAIL SERVICE CO, INC.	(1) 5X10 TRENCH PLATE RENTAL	07/30/2018	178.20
ACH	FALLBROOK EQUIPMENT RENTAL	TRAILER, CONCRETE MIXING	07/03/2018	183.18
ACH	FALLBROOK EQUIPMENT RENTAL	TRAILER, CONCRETE, SAND, ROCK, CEMENT	07/17/2018	522.60
ACH	FALLBROOK EQUIPMENT RENTAL	CONCRETE, 1 YARD AND 3/4 YARD - 6 SACK	07/30/2018	382.51
ACH	JOE'S PAVING CO, INC	Asphalt Repairs	07/17/2018	17,236.59
ACH	JOE'S PAVING CO, INC	Asphalt repair	07/30/2018	8,307.76
ACH	TRAFFIC SAFETY SOLUTIONS, LLC	TRAFFIC CONTROL, 3 MEN 7/16/18	07/25/2018	3,942.50
ACH	UNDERGROUND SERVICE ALERT	RAI88 NEW TICKET CHARGES	07/17/2018	153.55
ACH	UNION BANK (VISA)	AFTER HOURS MEALS FOR EE'S	07/16/2018	33.87
ACH	UNION BANK (VISA)	ASPHALT & CONCRETE RECYCLING, CAMINO DEL CIELO	07/16/2018	534.91
54880	CECILIA'S SAFETY SERVICE	TRAFFIC CONTROL - RECHE ROAD (2 PERSONS)	07/03/2018	1,475.00
54897	PETTY CASH	AFTER HOURS MEALS (2 EE'S)	07/03/2018	98.22
54913	COTTONTAIL LANE ROAD IMPROVEMENT FUND	Cottontail slurry - Reimbursement	07/17/2018	3,300.00
54914	COUNTY OF SAN DIEGO DEPT OF PUBLIC WORKS	DPW2018-RWEXCP-71899, LA CANADA RD	07/17/2018	801.00
54919	DOUBLE D PIPELINE, INC.	Main line repair	07/17/2018	12,585.34

54922	FALLBROOK IRRIGATION SUPPLIES	BUSH PVC	07/17/2018	0.62
54927	HOME DEPOT	ASCOT PARK, 2X8-10 GDF, 3/8X10 REBAR, 2IN DOBIES	07/17/2018	86.08
54929	JOE'S HARDWARE	SCREWS AND BOLTS	07/17/2018	20.21
54936	PERRAULT CORPORATION	CLASS II BASE	07/17/2018	321.71
54945	WEST COAST GEOTECHNICAL, INC	SERVICES RENDERED THRU 6/23/18, LA CANDA RD	07/17/2018	326.00
54951	BOARD OF EQUALIZATION	2ND QRT 2018 ROAD USE TAX	07/24/2018	387.83

Total for Department: 34 WATER DISTRIBUTION 51,659.33

Department: 35 METER SERVICES

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: ACETYLENE & OXYGEN	07/17/2018	39.66
ACH	TEMECULA VALLEY BACKFLOW, INC.	BACKFLOW ASSEMBLY REPAIR AND WATTS	07/03/2018	345.00
54897	PETTY CASH	AFTER-HOURS MEAL (2 EMPLOYEES)	07/03/2018	18.06
54930	KNOCKOUT PEST CONTROL& TERMITES, INC.	6 BEE REMOVALS	07/17/2018	450.00

Total for Department: 35 METER SERVICES 852.72

Total for Fund:01 WATER FUND 3,068,859.85

Fund: 02 SEWER FUND

Department: 00

ACH	CITY OF OCEANSIDE	RAINBOW ANNUAL CIP COST SHARE FY16-17	07/16/2018	299,611.97
54883	D.R. HORTON LOS ANGELES HOLDING COMPANY	Refund Check	07/03/2018	50.66
54891	PAUL HERRON	Refund Check	07/03/2018	21.64
54900	HUBERT AND DEBORAH SIMS	Refund Check	07/03/2018	76.85

Total for Department: 00 299,761.12

Department: 61 WASTEWATER

ACH	ATLAS PUMPING SERVICE	MONTHLY BIN RENTAL	07/17/2018	210.00
ACH	CONTROLLED MOTION SOLUTIONS	Safe Pak Relay for Lift Station 6 back up motor control float sw	07/17/2018	332.00
ACH	HADRONEX, INC.	Renewal : Smart level System Warranty 1 year covers all system p	07/25/2018	14,942.77
54897	PETTY CASH	AFTER-HOURS MEAL	07/03/2018	18.56
54899	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #9380 440 512 5	07/03/2018	8.00
54906	BANNER DAY, INC	MOW & WEED WHIP ENTIRE PARCEL- APN 126-452-01-00	07/17/2018	450.00
54917	CWEA	ANNUAL MEMBERSHIP RENEWAL FOR ED BRADLEY ID# 0000007481	07/17/2018	180.00
54927	HOME DEPOT	FLASHLIGHT, MM LED PRO	07/17/2018	412.41
54939	RHO MONSERATE C.C.H.A.	ELECTRIC CHARGE	07/17/2018	347.81
54944	WATER QUALITY SPECIALISTS	MONTHLY OPERATION AND MAINTENANCE SERVICE - JUN 2018	07/17/2018	1,950.00
54967	BNI BUILDING NEWS	Green Book for wastewater Dept.	07/25/2018	112.84
54978	MULTI W SYSTEMS	Capacitor kit P/N CAP-V-50K-21 for 4V50M4-21 pump	07/25/2018	384.02
54981	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS AND ELECTRIC SERVICE #1065 087 93 5 1	07/25/2018	4,925.63

Total for Department: 61 WASTEWATER 24,274.04

Total for Fund:02 SEWER FUND 324,035.16

Fund: 03 GENERAL FUND

Department: 00

ACH	ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - AUG 2018	07/17/2018	2,576.35
ACH	NOBEL SYSTEMS	GIS ANNUAL SUBSCRIPTION 7/1/18 - 6/30/19, GEOVIEWER MOBILE & ONL	07/10/2018	60,000.00
ACH	PRINCIPAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - JUN 2018	07/03/2018	202.96
ACH	PUBLIC EMPLOYEES RETIREMENT	ANNUAL UNFUNDED ACCRUED LIABILITY, PEPPA 26407	07/26/2018	34,992.58
54902	TOTAL COMPENSATION SYSTEMS, INC.	GASB 68 CONSULTING SERVICES-RETIREE HEALTH VALUATION SERVICES	07/03/2018	490.00
Total for Department: 00				98,261.89

Department: 36 GARAGE

ACH	FLYERS ENERGY LLC	ORDER 1511183-18, CARB REG 10% ETH 391 UNITS/DSL 198 UNITS	07/17/2018	3,689.53
ACH	FLYERS ENERGY LLC	CARB REG 10% ETH 590 UNITS/DSL 230 UNITS	07/25/2018	3,630.89
ACH	HAWTHORNE MACHINERY COMPANY	FILTER	07/17/2018	33.25
ACH	PARKHOUSE TIRE, INC.	225/70R19.5 (2) TIRES	07/03/2018	2,157.97
ACH	UNITED WEST INC.	CA. DMV Documentation Fee	07/25/2018	4,971.04
54912	RAMON FRANCISCO COTE	RMWD VEHICLE WASH	07/17/2018	271.00
54921	FALLBROOK AUTO PARTS	AIR FILTER, OIL FILTER, FUEL FILTER	07/17/2018	868.39
54927	HOME DEPOT	SMALL ENGINE 4 CYCLE FUEL	07/17/2018	453.68
54935	NETWORK FLEET, INC.	MONTHLY AIRTIME CHARGES FOR GPS TRACKING - JUL 2018	07/17/2018	780.00
54952	RAMON FRANCISCO COTE	RMWD VEHICLE WASH	07/24/2018	324.50
54954	HEAVY VEHICLE ELECTRONIC LICENSE PLATE	MONTHLY SERVICE - JUN	07/24/2018	27.65
54968	RAMON FRANCISCO COTE	RMWD VEHICLE WASH	07/25/2018	298.00
54970	FALLBROOK AUTO PARTS	PAINT MARKER, BOXED MINIATURES, SS LED LAMP	07/25/2018	73.42
54976	KONECRANES, INC.	COMPLETED QUARTERLY INSPECTION, MAY 2018	07/25/2018	975.00
Total for Department: 36 GARAGE				18,554.32

Department: 41 ADMINISTRATION/HR

ACH	ACCELA, INC. #774375	CIVIC PAY W/ ONLINE-BILLS.COM,ANNUAL MAINTENANCE 8/24/18-8/23/19	07/17/2018	7,399.00
ACH	IMAGE SOURCE	MONTHLY COPY COUNT	07/25/2018	384.33
ACH	PUBLIC EMPLOYEES RETIREMENT	CALPERS REPLACEMENT FUND: ANNA CHRISTENSEN	07/17/2018	347.11
ACH	REM MECHANICAL, INC	CHECK THERMOSTAT	07/25/2018	630.00
ACH	SOUTHWEST ANSWERING SERVICE, INC.	MONTHLY ANSWERING SERVICE	07/03/2018	668.99
ACH	SOUTHWEST ANSWERING SERVICE, INC.	MONTHLY ANSWERING SERVICE	07/25/2018	668.99
ACH	SPECIAL DISTRICT RISK	PROPERTY/LIABILITY PACKAGE PROGRAM FY2018-19	07/17/2018	234,052.09
ACH	STREAMLINE	MONTHLY WEB MANAGEMENT FEE	07/25/2018	300.00
ACH	UNION BANK (VISA)	GM CAB RIDE FEE	07/16/2018	1,572.10
ACH	UNION BANK (VISA)	OFFICE SUPPLIES-BOXES, GLUE, ETC	07/16/2018	136.16
ACH	WESTERN LANDSCAPE MAINTENANCE PLUS, INC.	LANDSCAPE MAINTENANCE SERVICE	07/03/2018	507.15
ACH	WESTERN LANDSCAPE MAINTENANCE PLUS, INC.	LANDSCAPE MAINTENANCE SERVICE	07/30/2018	1,216.15
ACH	XEROX CORP.	MONTHLY LEASE	07/17/2018	1,482.51
54882	COVERALL NORTH AMERICA, INC.	SPECIAL COMMERCIAL CLEANING SERVICES	07/03/2018	800.00
54892	HOWROYD-WRIGHT EMPLOYMENT AGENCY, INC.	STAFFING: MHIEBERT (CS CLERK)	07/03/2018	437.76
54895	MITEL LEASING, INC.	LEASE AGREEMENT	07/03/2018	892.81
54897	PETTY CASH	FILL IN - DRUBIO	07/03/2018	40.00
54898	PETTY CASH	MILEAGE REIMBURSEMENT CGRAY	07/03/2018	171.64
54899	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #4065 592 756 6	07/03/2018	4,368.70
54903	ULINE	MAGNETIC CARD HOLDERS	07/03/2018	196.70
54904	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	07/03/2018	4,363.98
54905	AMERICAN WATER WORKS ASSOC.	MEMBERSHIP FEE 9/1/18-8/31/19	07/17/2018	269.00

54907	BONSALL PEST CONTROL	MONTHLY PEST CONTROL	07/17/2018	90.00
54909	CDW GOVERNMENT, INC.	HP LaserJet Pro MFP M281fdw	07/17/2018	419.39
54915	COVERALL NORTH AMERICA, INC.	MONTHLY CLEANING SERVICES	07/17/2018	995.00
54916	CSDA, SAN DIEGO CHAPTER	MEMBERSHIP RENEWAL 2018/2019-TOM KENNEDY	07/17/2018	150.00
54923	FALLBROOK WASTE AND RECYCLING	MONTHLY REFUSE AND RECYCLE	07/17/2018	372.00
54927	HOME DEPOT	acoustic ceiling tile	07/17/2018	351.63
54928	HOWROYD-WRIGHT EMPLOYMENT AGENCY, INC.	STAFFING: FDELEON (CS CLERK)	07/17/2018	1,541.12
54932	MITEL LEASING, INC.	LEASE AGREEMENT	07/17/2018	1,657.11
54942	ULINE	Shelf Bin Organizer - 36 x 18 x 75" with 7 x 18 x 4" Blue Bins	07/17/2018	511.61
54947	WILLDAN FINANCIAL SERVICES	MAILERS FOR NOTICE OF FY1819 PUBLIC HEARING-IMPROVEMENT DISTRICT	07/17/2018	864.93
54950	AT&T	MONTHLY PHONE SERVICE	07/24/2018	581.61
54955	INFOR (US), INC.	CONSULTANT SR. SERVICES, JUNE 2018	07/24/2018	440.00
54956	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	07/24/2018	730.62
54959	OSTARI INC.	NETWORK ADMINISTRATION, PERIOD 6/1/18-6/30/18	07/24/2018	2,775.00
54960	QUALITY GATE COMPANY	QUARTERLY MAINTENANCE SERVICE - MAIN ENTRANCE GATE	07/24/2018	376.00
54963	ADECCO USA, INC	STAFFING: ACHARTZ (CS CLERK)	07/25/2018	818.26
54965	AT&T	MONTHLY PHONE SERVICE	07/25/2018	166.73
54966	AT&T LONG DISTANCE	MONTHLY PHONE SERVICE	07/25/2018	16.20
54969	COUNTY OF SAN DIEGO	ANNUAL LAFCO	07/25/2018	24,210.26
54971	FEDEX	DELIVERY SERVICE	07/25/2018	22.42
54974	HOWROYD-WRIGHT EMPLOYMENT AGENCY, INC.	STAFFING: F DE LEON (CS CLERK)	07/25/2018	715.52
54979	NORTH COUNTY WELDING SUPPLY	LPG TX NC, 13.40 GAL	07/25/2018	38.40
54980	QUALITY GATE COMPANY	SERVICE CALL, MAIN ENTRANCE GATE 7/19/18	07/25/2018	351.00
54982	TIME WARNER CABLE	MONTHLY INTERNET CONNECTION - JUL	07/25/2018	1,250.00
54983	ULINE	Welded Platform Truck - 24 x 48"	07/25/2018	385.58
54984	VILLAGE NEWS	PUBLICATION OF ORDINANCE NO. 18-14 PUBLISHED 7/19/18	07/25/2018	100.00
54986	XEROX FINANCIAL SERVICES	MONTHLY LEASE	07/25/2018	565.83
54990	HOWROYD-WRIGHT EMPLOYMENT AGENCY, INC.	STAFFING: F DE LEON (CS CLERK)	07/30/2018	811.84
54995	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	07/30/2018	2,895.82

Total for Department: 41 ADMINISTRATION/HR 305,109.05

Department: 42 HUMAN RESOURCES

ACH	TEG STAFFING, INC.	STAFFING: JWHITE (HR ASST)	07/03/2018	1,677.44
ACH	TEG STAFFING, INC.	STAFFING: JWHITE (HR ASST)	07/17/2018	1,620.53
ACH	TEG STAFFING, INC.	STAFFING: JWHITE (HR ASST)	07/30/2018	1,885.58
ACH	UNION BANK (VISA)	NEW HIRE LUNCH - 5 EMPLOYEES	07/16/2018	77.81
54898	PETTY CASH	REIMB JWHITE FOR POSTAGE FEE	07/03/2018	22.90
54934	NATIONAL BENEFIT SERVICES, LLC	COBRA ADMINISTRATION - JUN 2018	07/17/2018	50.00
54958	OCCUPATIONAL HEALTH CENTERS OF CA, A MEDICAL CORP	SERVICES PERFORMED AT CMC	07/24/2018	262.00
54964	ASPIRE FINANCIAL SERVICES, LLC	ADMINISTRATION FEE, 1/1/18-3/31/18	07/25/2018	246.67

Total for Department: 42 HUMAN RESOURCES 5,842.93

Department: 43 SAFETY

ACH	FIREHAWK CORPORATION	CHEMICAL EXTINGUISHER, HOSE, MISC PART, ETC	07/03/2018	239.88
ACH	T.R.Y. ENTERPRISES, INC.	PATROL SERVICES 6/1/18-6/30/18-DISTRICT & HUNTLY PUMP STATION	07/24/2018	985.00
54910	STEPHEN COFFEY	TO REIMBURSE FOR THE PURCHASE OF SAFETY WORK BOOTS	07/17/2018	200.00
54920	CHARMAINE ESNARD	MILEAGE REIMBURSEMENT - OSHA FOR CONSTRUCTION INDUSTRY	07/17/2018	178.32
54926	HEALTH-METRICS, INC	ONSITE HEARING TESTS W/ ONLINE ANALYSIS 6/20/18	07/17/2018	650.00
54941	TALON EXECUTIVE SERVICES, INC.	EXECUTIVE BOARD MEETING, 1200-1600 HOURS	07/17/2018	300.00

54948	RAMON ZUNIGA	REIMBURSE FOR THE PURCHASE OF SAFETY WORK BOOTS	07/17/2018	58.09	
				Total for Department: 43 SAFETY	2,611.29
Department: 51 FINANCE					
54897	PETTY CASH	MAIL SWRCB WATER DISCHARGE PERMIT CERTIFIED	07/03/2018	8.46	
54946	WHITE NELSON DIEHL EVANS LLP	1ST INSTALLMENT, FINANCIAL STATEMENTS FOR YE 6/30/18	07/17/2018	2,500.00	
54956	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	07/24/2018	2,942.88	
				Total for Department: 51 FINANCE	5,451.34
Department: 52 CUSTOMER SERVICE					
ACH	MISSION RESOURCE CONSERVATION DISTRICT	HOME WATER USE EVALUATIONS - JUN 2018	07/17/2018	74.00	
ACH	TCN, INC	MONTHLY 48 HOURS NOTICE CALLS	07/17/2018	56.01	
54956	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	07/24/2018	1,018.81	
54961	RT LAWRENCE CORPORATION	LOCKBOX PROCESSING FEES FOR - JUNE 2018	07/24/2018	721.00	
				Total for Department: 52 CUSTOMER SERVICE	1,869.82
Department: 91 ENGINEERING					
54884	DAILY JOURNAL CORPORATION	LEGAL ADVERTISEMENT FOR JANITORIAL SERVICES - RFP	07/03/2018	117.00	
54886	ESRI	Meter Counts of 0 to 10,000 Small Utility Term Enterprise Licens	07/03/2018	10,774.23	
54897	PETTY CASH	MILEAGE REIMB DRUBIO TO SAN DIEGO COUNTY RECORDERS OFFICE	07/03/2018	79.00	
54918	DAILY JOURNAL CORPORATION	LEGAL ADVERTISEMENT FOR AS-NEEDED LAND SURVEYING SVC-RFP	07/17/2018	117.00	
54933	MODULAR BUILDING CONCEPTS, INC	RENTAL AGREEMENT	07/17/2018	1,127.05	
54938	RBC SERVICES, LLC	KEY SERVICE FOR DISTRICT	07/17/2018	1,343.97	
54971	FEDEX	DELIVERY SERVICE	07/25/2018	155.71	
54989	HOCH CONSULTING	AS-NEEDED CONSTRUCTION INSPECTION SERVICES	07/30/2018	24,462.74	
				Total for Department: 91 ENGINEERING	38,176.70
				Total for Fund:03 GENERAL FUND	475,877.34
Fund: 26 NEW WATER SOURCES FUND					
Department: 00					
ACH	DUDEK	BONSALL BASIN DESALTER STUDIES	07/24/2018	13,872.50	
				Total for Department: 00	13,872.50
				Total for Fund:26 NEW WATER SOURCES FUND	13,872.50
Fund: 52 SEWER CAPITAL REPLACEMENT					
Department: 00					
ACH	KENNEDY/JENKS CONSULTANTS INC	LIFT STATION #1 REPLACEMENT DESIGN SERVICES	07/24/2018	8,523.48	
				Total for Department: 00	8,523.48

Total for Fund:52 SEWER CAPITAL REPLACEMEN 8,523.48

Fund: 60 WTR CAP EXPANSION/REPLACEMENT

Department: 00

ACH	FALLBROOK EQUIPMENT RENTAL	DRILL HAND CORE AND DRILL, CORE BIT 2"	07/17/2018	57.00
54890	FREEDOM AUTOMATION, INC.	Connection # 11 SCADA PANEL UPGRADE	07/03/2018	17,700.00
54922	FALLBROOK IRRIGATION SUPPLIES	COUP PVC SS 2 AND BUSH PVC SS 2X1 1/2	07/17/2018	3.95
54943	UNITED RENTALS NORTHWEST, INC	MESSAGE BOARD SOLAR RENTAL	07/17/2018	1,595.78
54949	ANDO PILVE	IT CONSULTING SERVICES - 1/12/18, 2/22/18 & 6/1/18	07/24/2018	1,875.00
54957	INFRASTRUCTURE ENGINEERING	R.A. WEESE FILTRATION PLANT INTERCONNECT PROJECT	07/24/2018	4,325.24
54987	CLARK LAND RESOURCES, INC.	AS-NEEDED GENERAL REAL PROPERTY SERVICE	07/30/2018	11,480.50

Total for Department: 00 37,037.47

Total for Fund:60 WTR CAP EXPANSION/REPLAC 37,037.47

Grand Total 3,928,205.80

Comparative Water Sales YTD from Prior Years

FISCAL YEAR 2018-2019

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	34,636												80
403	AG	129,354												297
231	CM	51,490												118
30	CN	3,982												9
24	IS	4,964												11
88	MF	11,653												27
326	SC	165,088												379
1034	SD	228,710												525
5122	SF	168,864												388
7849	Total	798,741	-	-	-	-	-	-	-	-	-	-	-	1,834

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	33,310												76
403	AG	144,066												331
231	CM	33,715												77
30	CN	2,447												6
24	IS	2,320												5
88	MF	11,472												26
326	SC	179,822												413
1034	SD	244,799												562
5122	SF	174,946												402
7849	Total	826,897	-	-	-	-	-	-	-	-	-	-	-	1,898

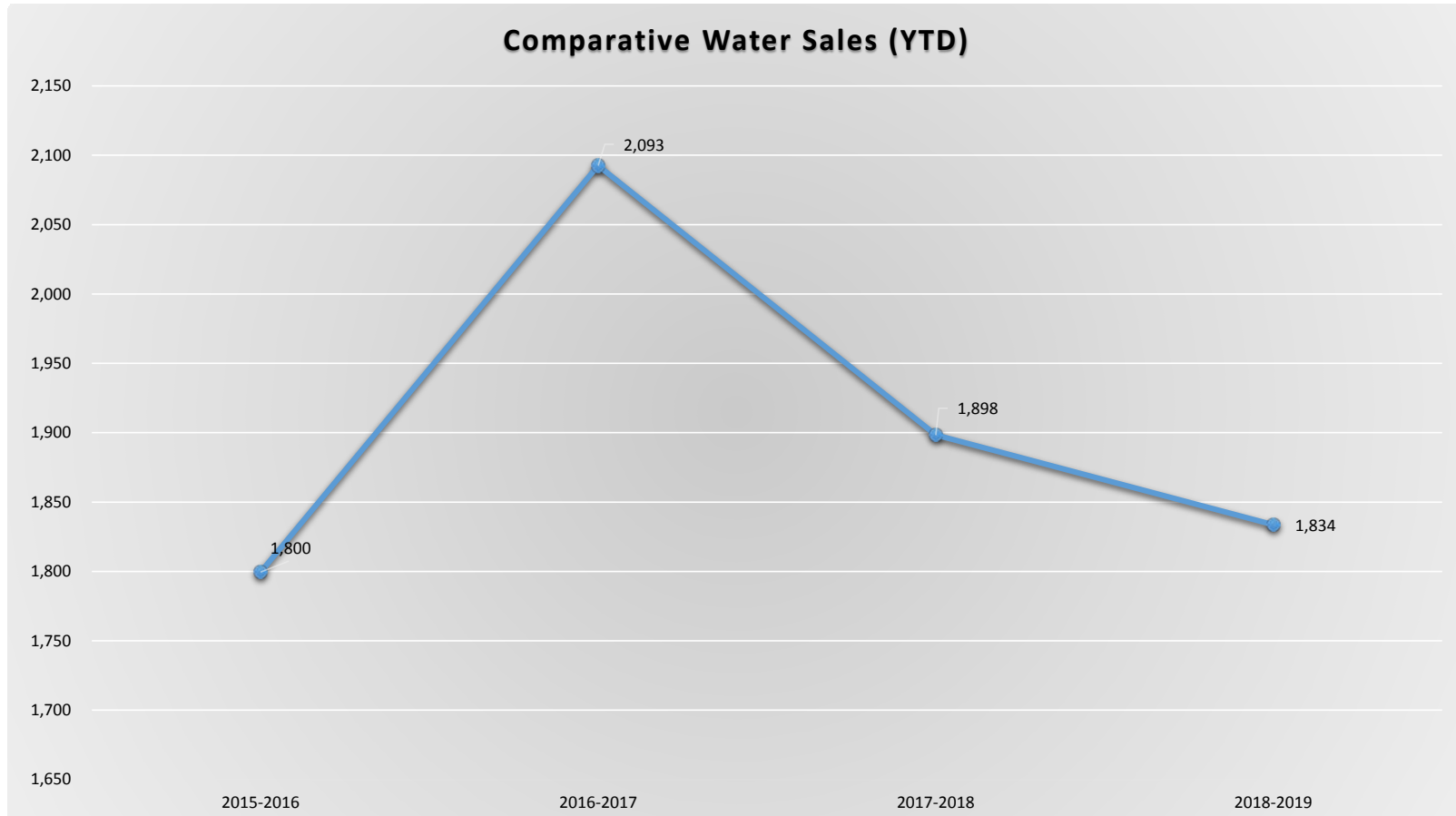
FISCAL YEAR 2016-2017

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	36,216												83
403	AG	156,957												360
231	CM	47,830												110
30	CN	4,900												11
24	IS	3,806												9
88	MF	11,307												26
326	SC	183,744												422
1034	SD	279,246												641
5122	SF	187,516												430
7849	Total	911,522	-	-	-	-	-	-	-	-	-	-	-	2,093

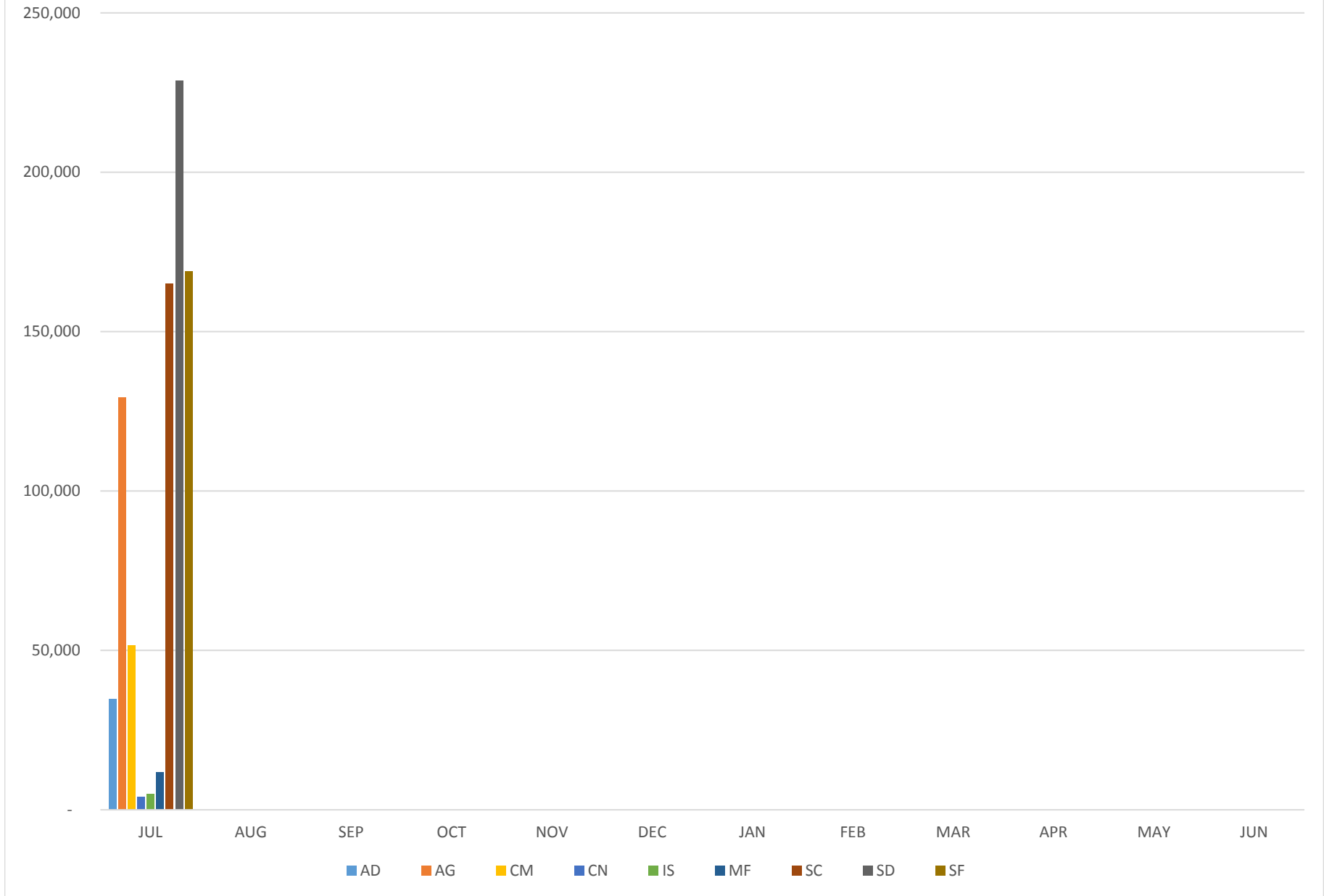
FISCAL YEAR 2015-2016

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
601	AD	29,891												69
404	AG	143,174												329
6	C	4,342												10
221	CM	28,620												66
37	CN	6,680												15
24	IS	2,773												6
88	MF	11,351												26
326	SC	162,756												374
1038	SD	245,736												564
5092	SF	148,573												341
7837	Total	783,896	-	-	-	-	-	-	-	-	-	-	-	1,800

Comparative Water Sales YTD from Prior Years



USAGE BY CUSTOMER CLASS FY 18-19





**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT
AUGUST 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	4,580.90 *
EDUs Unconnected/Committed	434.30
Total EDUs Available for Purchase:	2,841.47

DEVELOPMENTS WITH UNCONNECTED/COMMITTED EDUs	EDUs	CAPACITY FEES PAID
Golf Green Estates (Dev. Solutions) - 102.46	51.16	\$ 1,053,042
Horse Creek Ridge (DR Horton/RAH) - 754	163.30	\$ -
Passarelle (HRC Commercial) - 96.57	96.57	\$ -
Polo Club (Vista Valley Dev.) - 165 Lots	59.85	\$ 1,022,775 **
Pala Mesa Highlands (Beazer Homes) - 159.3	50.22	\$ 1,048,847 ***
Others (5 or less)	13.20	\$ 204,156
TOTAL UNCONNECTED:	434.30	\$ 3,328,820

*There is a delay between connections and new account activations.

**Deferred total payment until building permits are issued.

***PMH paid additional funds to cover the initial 50% of sewer installment.

