



RAINBOW MUNICIPAL WATER DISTRICT
Tuesday, June 26, 2018
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 Open Session at 1:00 p.m. Tuesday, June 26, 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. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL: Brazier____ Hamilton_____ Gasca_____ Mack_____ Stewart_____**
4. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

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.*
6. **EMPLOYEE RECOGNITIONS**
 - A. Ruben Lopez (10 Years)
- *7. **APPROVAL OF MINUTES**
 - A. May 22, 2018 - Regular Board Meeting
- *8. **BOARD OF DIRECTORS' COMMENTS/REPORTS**

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

 - A. President's Report (Director Brazier)
 - B. Representative Report (Appointed Representative)
 1. SDCWA
 - A. Summary of Board Meeting May 24, 2018
 2. CSDA
 3. LAFCO
 4. San Luis Rey Watershed Council
 5. Santa Margarita River Watershed Watermaster Steering Committee
 - C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
 1. Board Seminar/Conference/Workshop Training Attending Requests and Reports
 - D. Directors Comments
 - E. Legal Counsel Comments
 1. Attorney Report: Independent Contractors (150152-0005)

(*) - Asterisk indicates a report is attached.

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

- A. Budget and Finance Committee
 - 1. May 8, 2018 Minutes
- B. Communications and Customer Service Committee
 - 1. May 3, 2018 Minutes
- C. Engineering and Operations Committee
 - 1. May 2, 2018 Minutes

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

***10. PUBLIC HEARINGS**

- A. **PUBLIC HEARING ON IMPROVEMENT DISTRICT NO. 1 WATER STANDBY CHARGES AND DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-14, ESTABLISHING READINESS TO SERVE WATER SERVICE STANDBY ASSESSMENTS OR AVAILABILITY CHARGES FOR ALL OF THE RAINBOW MUNICIPAL WATER DISTRICT IMPROVEMENT DISTRICT NO. 1**
(This Ordinance establishes water availability charges for all of the Rainbow Municipal Water District Improvement District – Improvement District No. 1.)

CONSENT CALENDAR ITEMS

- *11. **AUTHORIZATION TO ACCEPT ADP'S PROPOSAL FOR PROVIDING PAYROLL AND HUMAN RESOURCES INFORMATION SYSTEM**
(The District solicited for proposals in early May for the HR/Payroll Information system and payroll services. There were only two proposals received and each were presented to the Budget & Finance committee. The committee recommended ADP based on the firm's experience, availability of staff, cost, and overall presentation of the proposal.)
- *12. **AUTHORIZATION TO ACCEPT LAUTERBACH & AMEN, LLP'S PROPOSAL FOR ACTUARIAL SERVICES TO VALUE OTHER POST-EMPLOYMENT BENEFITS (OPEB) IN COMPLIANCE WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75 (GASB 75)**
(GASB 75 goes into effect for fiscal years beginning after June 15, 2017. The District solicited proposals in mid-April for GASB 75 compliance and reporting. There were three proposals received and each were presented to the Budget & Finance committee. The committee recommended Lauterbach & Amen, LLP based on the firm's experience, availability of staff, cost, and overall presentation of the proposal.)
- *13. **DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-10 — 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 JULY 14, 2018 THROUGH JUNE 30, 2019**
(The new Pay Grade Structure reflects a 3% increase, which is based on the change in annual average San Diego CPI between 2016 and 2017.)

INFORMATION ITEMS

- *14. **CODE OF ETHICS POLICY REVIEW**
(Per Director Brazier's request, staff reviewed Administrative Code Section 2.01.010 – Code of Ethics Policy and made some suggested revisions for Board consideration.)

(*) - Asterisk indicates a report is attached.

BOARD ACTION ITEMS

- *15. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-09 APPROVING FISCAL YEAR 2018-2019 BUDGET**
(The Operating & Capital Improvement Budget for 2018-2019 has been reviewed by the Board of Directors, Budget and Finance Committee and staff. This proposed FY 2019 Budget is now presented to the Board for final adoption.)
- *16. CONSIDER APPROVAL OF ORDINANCE NO. 18-15 REVISING ADOPTED RATES FOR RAINBOW MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEE FOR COMMERCIAL WITH IRRIGATION CUSTOMER CLASS ONLY, RECLASSIFY RATES UNIFORMLY TO THE SINGLE-FAMILY RATE STRUCTURE**
(This agenda item is to consider revising the adopted rates pertaining to wastewater service fee affecting commercial with irrigation customers only that became effective March 1, 2018.)
- *17. DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT CHANGE ORDER FOR LIFT STATION NO. 1 REPLACEMENT PROJECT IN THE AMOUNT OF \$293,111**
(An alternative design for the Lift Station 1 replacement project is necessary for the District to immediately complete the projects required to meet existing capacity requirements within the current budget restraints. This change order accounts for the necessary changes to the design contract.)
- *18. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE GENERAL MANAGER TO EXECUTE GROUND LEASE AGREEMENT (CONTRACT 18-09) BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND PERRAULT CORPORATION**
(Perrault Corporation has requested a two-year lease extension for the property adjacent to the District offices to process sand and material. The terms of the contract set the monthly rate at \$6,384 per month with a lease start date of July 1, 2018.)
- *19. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-11 TO ACCEPT THE GRANT DEED FOR THE PROPOSED SCHOOLHOUSE LIFT STATION PROPERTY**
(Resolution No. 18-11 states that the board accepts the Grant Deed for Lot 25 of the Golf Green Estates development. This property is the proposed site for the Schoolhouse Lift Station, a replacement for Lift Station 1.)
- 20. DISCUSSION AND POSSIBLE ACTION TO ADOPT THE RECOMMENDATIONS IN THE STAFFING ANALYSIS FOR FISCAL YEAR 2018-2019**
(The Human Resources Manager has updated five-year staffing analysis that forecasts the organizational and personnel changes required to develop and maintain a successful workforce plan for the next five fiscal years. The Five-Year Staffing Analysis makes several staff recommendations related to new job classifications for fiscal year 2018-2019 that would aid in succession planning and employee retention.)
- 21. CONSIDER ADOPTION OF STRATEGIC PLAN OBJECTIVES FOR FISCAL YEAR 2018-2019**
(In January 2016, the RMWD Board adopted the first ever Strategic Plan for the District. At the time of adoption, the Board approved specific measurable objectives for the district of which the vast majority have been completed. It is now time to approve the objectives for Fiscal Year 2018-2019.)
- 22. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**
- *23. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**
- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
 - B. Communications**
 - 1. Staff Training Reports

(*) - Asterisk indicates a report is attached.

- C. Operations Comments**
 - 1. Operations Report
- D. Engineering Comments**
 - 1. Engineering Report
- E. Customer Service and Meters Comments**
 - 1. Customer Service and Meters Report
- F. Human Resource & Safety Comments**
 - 1. Human Resources Report
- G. Finance Comments**
 - 1. Interim Financial Statement
 - 2. Treasurers Report
 - 3. Quarterly Investment Report
 - 4. Credit Card Breakdown
 - 5. Directors' Expense
 - 6. Check Register
 - 7. Water Sales Summary
 - 8. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

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

25. ADJOURNMENT - To Tuesday, July 24, 2018 at 1:00 p.m.

ATTEST TO POSTING:


 Hayden Hamilton
 Secretary of the Board

6-19-18 @ 9:00 a.m.
 Date and Time of Posting
 Outside Display Cases

(*) - Asterisk indicates a report is attached.

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS AND SPECIAL MEETING
OF THE BUDGET AND FINANCE COMMITTEE OF THE
RAINBOW MUNICIPAL WATER DISTRICT
MAY 22, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors and Special Meeting of the Budget and Finance Committee of the Rainbow Municipal Water District on May 22, 2018 was called to order by President Brazier at 1:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **BOARD OF DIRECTORS ROLL CALL:**

Board of Directors: Director Mack, Director Hamilton, Director Brazier, Director Stewart, Director Gasca,

Committee Members: Member Gasca, Alternate Nelson, Member Hensley, Member Moss, Member Ross, Member Stitle.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Finance Manager Martinez, Human Resources Manager Harp, Superintendent Maccarrone, Superintendent Walker, Superintendent Zuniga, Administrative Analyst Gray, Associate Engineer Powers, Legal Counsel Smith, Accounting Specialist Rubio, Accounting Specialist Martinez, Environmental Health and Safety Officer Esnard, Interim Engineering Manager Gerdes.

Six members of the public were present.

The committee members introduced themselves and briefed the audience on their backgrounds.

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

Mr. Kennedy announced Mr. Lopez was unable to make this meeting for recognition of his ten years with RMWD; therefore, Item #6A will be deferred to the next Board meeting.

President Brazier commented on enforcing public comment time limits and remitting speaker slips.

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

Richard Overturf, President of the Board of Directors of the Downs Complex, addressed the board regarding means of assisting those crippled with water costs. He would like to know the feasibility of installing meters above ground to save RMWD money because the owners will have to pay for

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

it. He also inquired as to a completion date for the water pipe repair taking place at the intersection El Camino Rey and Del Cielo Este. Mr. Kennedy said he would have Engineering follow up with the HOA on the sub-metering matter. Mr. Maccarrone announced a shutdown has been scheduled for Thursday to allow for the pipeline repair work.

Director Gasca pointed out the Directors are divided amongst five divisions and how each constituent may contact their respective Director with matters of concern.

6. EMPLOYEE RECOGNITIONS

A. Ruben Lopez (10 Years)

This recognition was deferred until the next Board meeting.

B. Rene Del Rio (15 Years)

Mr. Kennedy noted Rene Del Rio has been employed as RMWD's fleet mechanic for fifteen years. He presented Mr. Del Rio with a plaque and check in recognition of his tenure.

***7. APPROVAL OF MINUTES**

A. April 24, 2018 - Regular Board Meeting

Motion:

Approve the minutes as written.

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

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

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

8. BOARD OF DIRECTORS' COMMENTS/REPORTS

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

A. President's Report (Director Brazier)

President Brazier stated discussions at recent Board meetings straying off topic; therefore, she urged the Board to be aware of these discussions as a means of conducting District business more efficiently and effectively. She also mentioned action should not be taken unless an item is noticed as part of the meeting agenda.

President Brazier noted it was reported to her by two reliable sources a loud political debate took place prior to the Engineering and Operations Committee meeting last month. She expressed concern a member of the public overheard this discussion and upon inquiring about the meeting's purpose they were not treated well. She directed Mr. Kennedy to prepare appropriate revisions to the Administrative Code pertaining to terms of conduct.

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

- B.** Representative Report (Appointed Representative)
 - 1.** SDCWA

Mr. Kennedy reported the next meeting will take place on May 24, 2018.

- 2.** CSDA

Mr. Kennedy reported the San Diego District Attorney, LAFCO, and CSDA Legislative Representative spoke at the recent Quarterly Dinner Meeting as well as awards were presented to winners of the video contests.

Director Mack mentioned comments made by the District Attorney and how exciting it was to see the student videos.

- 3.** LAFCO

Mr. Kennedy noted the results of LAFCO's recent election.

- 4.** San Luis Rey Watershed Council

Director Stewart explained a meeting has not been held due to workload involved with completing the grant reporting process. He said the next meeting was scheduled for May 23, 2018; however, it has not yet been confirmed. Discussion ensued regarding the Council considering funding sources as well as defining a clear purpose.

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

There was no report given.

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

Director Mack reported on the recent 2018 ACWA Spring Conference by sharing information presented at the classes he attended. He encouraged the other Board Members to attend these conferences.

- D.** Directors Comments

There were no comments.

- E.** Legal Counsel Comments

- 1.** Attorney Report: Endangered Species and Water Projects (501668-0002)

Legal Counsel summarized the information contained in his report.

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

- A.** Budget and Finance Committee

- 1.** April 10, 2018 Minutes

Mr. Stitle stated there was nothing to report.

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

- B.** Communications Committee
 - 1.** April 5, 2018 Minutes

Director Hamilton reported there was a resignation from a member of the committee, debriefing on the Avocado Festival, and discussion regarding a video presentation. Mrs. Gray added Mrs. Martinez was introduced to the committee and how a customer service representative will be present at future meetings to update the committee on customer service matters. She also noted an extended newsletter was currently in the draft stages as well as confirmed RMWD will have a booth at the Vintage Car Show in Sunday, May 27, 2018.

- C.** Engineering and Operations Committee
 - 1.** April 4, 2018 Minutes

Mr. Powers reported the committee discussed the meter replacement project. Discussion ensued.

Mr. Powers reported the Canonita Tank was being cleaned. He mentioned there was an access hole cut in the side of the tank to allow for easier personnel and equipment entrance into the tank for the cleaning process. He announced there will be a tour of the tank held on June 6, 2018 at 2:00 p.m. should anyone present be interested in attending.

Mr. Powers concluded by noting the committee discussed the Rainbow Heights Pump Station project which was on this agenda for Board consideration.

PRESENTATION

10. PIPE RELINING PROJECT UPDATE BY SDCWA

Mrs. Gray introduced Ashley Jenkins, SDCWA's Public Affairs Representative. Ms. Jenkins introduced co-presenters from SDCWA who will be sharing information on the Pipeline 5 Relining Project.

Mike Hu presented details involved with the relining process.

Ms. Jenkins presented project information including signage, contractors having project information cards for those who have questions. Director Stewart suggested it may be beneficial for SDCWA to proceed portal to portal. Ms. Jenkins noted this was a common concern to which SDCWA is very aware. She noted although the work being done may not be seen by those residing in the area; however, this was due to most of the work being conducted inside the pipe.

Ms. Jenkins noted the start date is anticipated to be November 1, 2018 with the pipeline having to be in service no later than April 1, 2019.

Director Gasca inquired about the contract concerns he had emailed to SDCWA. Ms. Jenkins confirmed she has received those emails and a response has been prepared which will be forward to him at the end of today.

Ms. Jenkins announced the SDCWA project team has already attended the Bonsall Chamber of Commerce and will be attending the Fallbrook Chamber of Commerce this evening. Director Gasca recommended putting information out on the "Next Door" website.

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

Ms. Jenkins presented the project schedule to include advertisement, Board award, contractor mobilization, beginning the liner installation, and completion of work. A member of the project team confirmed they expected to receive 4-6 bids on this project.

Director Gasca expressed concern regarding environmental issues including the flow of air and how the dust generated will be contained. A member of the project team explained the spoil piles will be covered and maintained according to regulatory requirements.

CONSENT CALENDAR

***11. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-12 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**

***12. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-13 - AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 2.09 – COMMITTEES**

Motion:

To approve Ordinance No. 18-12 and Ordinance No. 18-13.

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

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

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

BOARD INFORMATION ITEMS

13. INITIAL REVIEW OF OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2018-2019

Mrs. Martinez reported the information being presented today was given to the Budget and Finance Committee at their last meeting. She presented both the macro and micro perspectives highlighting items of interest.

Director Gasca inquired about the water loss number being cited. Mr. Kennedy explained the majority was due to the amount of water purchased and sold; however, there were other factors involved.

Mrs. Martinez reviewed the information related to variable sales, water purchases, customer growth, labor resources, capital equipment needs, water and sewer capital projects, and the sewer, general and capital funds. Discussions followed.

Mrs. Martinez continued to review the overview of changes to the budget noting the reasons for each revision. She also commented on the one-time expenses included in this budget related to the software conversions.

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

Mrs. Martinez reviewed the water and wastewater capital fund projections explaining the highlighted items. Mr. Kennedy pointed out the financial model forecasted this next fiscal year would be a net loss and then come back out.

President Brazier requested a digital copy of the PowerPoint presentation. Mrs. Martinez offered to publish it on the District website as well as have Ms. Washburn email it to the Directors.

Mr. Hensley asked if drought restrictions are anticipated for this year. Mr. Kennedy answered there were not.

President Brazier called for a break at 2:59 p.m.

The meeting reconvened at 3:12 p.m.

14. STAFFING ANALYSIS UPDATE

Mrs. Harp reviewed the information she presented at the last Board meeting. She noted the presentation today includes recommended staffing changes to meet labor demands in the Engineering, Human Resources, and Finance departments, respectively. She noted the final draft staffing analysis will be presented at the June Board meeting. She introduced Charmaine Esnard, RMWD's new Environmental Health and Safety Officer, to the Board.

15. STRATEGIC PLAN OBJECTIVES UPDATES

Mr. Kennedy solicited the Board for their input on the Strategic Plan. He asked the Board whether they would like to hold a refresher workshop to review the objectives and goals. It was confirmed the Board preferred staff scheduling an in-house workshop which Mrs. Gray agreed to schedule.

BOARD ACTION ITEMS

***16. CONSIDER A PROFESSIONAL SERVICES AGREEMENT WITH KINSEY AND KINSEY INC. FOR IMPLEMENTATION SERVICES RELATED TO THE INFOR CLOUDSUITE FINANCIALS SOFTWARE SYSTEM IN THE AMOUNT OF \$163,800 AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE CONTRACT ON THE DISTRICT'S BEHALF**

Mr. Kennedy explained the purpose of bringing in a specialized firm. He stated RMWD was prepared to conduct the first software test once the data is accessible. He pointed out there may be a future need to revise sections of the Administrative Code streamlining the purchasing processes.

Mr. Kennedy reiterated this was a one-time purchase. He noted the costs include financial software and asset management.

Motion:

Approve the Professional Services Agreement with Kinsey and Kinsey Inc. in the amount of \$163,800 and authorizing the General Manager to sign the Agreement.

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

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

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

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

***17. DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT CHANGE ORDER FOR INSPECTION SERVICES FOR THE HORSE CREEK RIDGE DEVELOPMENT**

Mr. Powers reported the Horse Creek Ridge development was well into construction and how the purpose of this item was to extend the current contract to allow Hoch Consulting to complete inspections for the Horse Creek Ridge Development.

Motion:

Approve Option 1 - Authorize General Manager to execute change order #04 to the As-Needed Inspection Services contract with Hoch Consulting not to exceed \$67,750.

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

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

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

***18. DISCUSSION AND POSSIBLE ACTION TO APPROVE AMENDMENT TO SEWER SERVICE AGREEMENT FOR THE PALOMAR NORTH EDUCATION CENTER**

Mr. Gerdes announced this would be his last RMWD Board meeting.

Mr. Gerdes reported the lift station was expected to be completed at the end of July 2018; however, since Palomar was getting ready to open the campus in June, they wanted permission to approve sewer discharge into the current lines. He explained this request was investigated and found this could be done with minimal impact for the summer college session; therefore, an amendment to the Sewer Service Agreement would need to be approved by the Board prior to granting permission. He noted all construction costs related to this amendment would be paid for by the developer.

Director Hamilton asked who owns the pumps going up to the temporary lift station. Mr. Gerdes confirmed it belonged to DR Horton. Discussion ensued.

President Brazier thanked Mr. Gerdes for providing RMWD with his experience and service in helping RMWD by filling the void in engineering.

Motion:

Approve Option 1 - Approve the Amended Sewer Service Agreement which allows Palomar conditional approval to discharge to the District sewer system and the temporary lift station.

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

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

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

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

***19 DISCUSSION AND POSSIBLE ACTION ON REQUEST TO QUITCLAIM EASEMENTS FOR PALA MESA HIGHLANDS DEVELOPMENT TM 5187-1**

Mr. Gerdes explained RMWD had 12" pipeline running through the property now under construction at the Pala Mesa Highlands project that was rerouted. He stated since new pipelines have been installed within the streets of the subdivision, there was a portion of the old pipeline and old easement that still roads across in an open space area. He noted Beazer granted another easement over that portion, that made the older easement run the entire length of their project not needed. He explained there were two easements with different entities; therefore, there were two quitclaims RMWD needed to give up.

Director Stewart stressed the need to conduct diligent inspections on this development. Mr. Powers stated diligent inspections are being conducted by in-house staff.

Motion:

Approve Option 1 - Authorize the General Manager to execute the quitclaim deeds associated with the easements for the abandoned waterline.

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

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

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

***20. DISCUSSION AND POSSIBLE ACTION TO APPROVE A CHANGE ORDER FOR REDESIGN SERVICES FOR THE RAINBOW HEIGHTS PUMP STATION REHABILITATION PROJECT**

Mr. Powers presented the previously approved project design noting the need for redesign as well as the proposed updated site layout. He noted RMWD would still have access to the MWD right-of-way, but there would not be any structures. He explained the construction costs would be reduced by \$120,000 and the redesign fee would be \$70,000; therefore, the overall savings would be approximately \$50,000.

Discussion ensued regarding containment of the facilities.

Motion:

To approve the Change Order.

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

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

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

(*) - Asterisk indicates a report is attached.

Mr. Stitle excused himself from the meeting at 4:06 p.m.

21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

There were no requests.

***22. 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
- 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

President Brazier thanked Mr. Milner and Mrs. Gray for reincorporating the valve maintenance chart into the Operations Report.

Mrs. Harp reported the Take Your Kids to Work Day and Health Fair involved more than half the workforce putting together a most successful event.

Motion:

To receive and file information and financial items.

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

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

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

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

It was noted the Service Award for Ruben Lopez, strategic plan, budget, and a change order for the design of the Lift Station 1 replacement.

(*) - Asterisk indicates a report is attached.

DRAFT

DRAFT

DRAFT

24. ADJOURNMENT - To Tuesday, June 26, 2018 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier to a regular meeting on June 26, 2018 at 1:00 p.m.

The meeting was adjourned at 4:15 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary

(*) - Asterisk indicates a report is attached.



**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
MAY 24, 2018**

- 9-1. April Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the April Treasurer's report
- 9-2. May Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the May Treasurer's report.
- 9-3. Resolution setting a Public Hearing date for the Water Authority's proposed calendar year 2019 Rate and Charge increases.
The Board adopted Resolution No. 2018-08 setting the time and place for a public hearing on June 28, 2018, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2019.
- 9-4. Adopt positions on various state bills.
The Board adopted a position of Support if Amended on AB 3206 (Friedman), relating to water meter accuracy and performance standards; a position of Oppose Unless Amended on SB 1244 (Wieckowski), relating to inadvertent disclosure of records; and a position of Oppose Unless Amended on SB 1422 (Portantino), relating to microplastics in drinking water.
- 9-5. Construction contract with Carpi USA, Inc. for San Vicente Dam.
The Board authorized the General Manager to award a construction contract to Carpi USA, Inc., in the amount of \$384,512 to mitigate San Vicente Dam water losses from construction joint seepage.
- 9-6. Professional services contracts with HDR Engineering, Inc., V&A Consulting Engineers, Inc., Corrpro Companies Inc., and Cathodic Dynamics Inc., for as-needed corrosion support services.
The Board approved the following actions to support the management of the Water Authority's assets:
1. Authorized the General Manager to award a professional services contract to HDR Engineering, Inc., for a not-to-exceed amount of \$1,000,000, to provide as-needed corrosion support services for a period of two years with an option to renew for an additional two years.
 2. Authorized the General Manager to award a professional services contract to Corrpro Companies, Inc., for a not-to-exceed amount of \$600,000, to provide as-needed corrosion support services for a period of two years with an option to renew for an additional two years.



3. Authorized the General Manager to award a professional services contract to V&A Consulting Engineers, Inc., for a not-to-exceed amount of \$175,000, to provide as-needed corrosion support services for a period of two years with an option to renew for an additional two years.
4. Authorized the General Manager to award a professional services contract to Cathodic Dynamics, Inc., for a not-to-exceed amount of \$225,000, to provide as-needed corrosion support services for a period of two years with an option to renew for an additional two years.
- 9-7. Anticipated Litigation.
The Board approved direction to engage counsel and initiate an action, and the action, the defendants, and the other particulars shall, once formally commenced, be disclosed to any person upon inquiry, unless to do so would jeopardize the agency's ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.
- 9-8. Professional services contract with DCSE Inc. for the Water Billing and Information Management System project.
The Board authorized the General Manager to award a professional services contract to DCSE Inc. for a not-to-exceed contract amount of \$788,440 for the Water Billing and Information Management System project.
- 9-9. California WaterFix.
The Board directed staff to return at the next Board meeting with a position statement and policy principles that support current design and construction plans to complete the California WaterFix, and provide for actual costs incurred by DWR to be categorized as envisioned by DWR Bulletin 132.
- 9-10. Approve amendments to employment agreement with General Manager.
The Board continued the approval of amendments to the employment agreement with the General Manager.
- 9-11. Approve amendments to employment agreement with General Counsel.
The Board approved amendments to the employment agreement with the General Counsel.



TO: Rainbow Municipal Water District
FROM: Alfred Smith
DATE: June 26, 2018
RE: Attorney Report: Independent Contractors
150152-0005

I. INTRODUCTION.

On April 30, 2018, the California Supreme Court issued a landmark decision in *Dynamex Operations West v. Superior Court*, Case Number S222732 (“Dynamex”), in which the Court chose to essentially scrap the nearly 30-year old test for determining whether a worker is an employee or an independent contractor. In *Dynamex*, the California Supreme Court adopted an “ABC” test for determining whether an individual is an employee or independent contractor.

In replacing the decades-old *Borello* control test, which applied multiple factors to the determination of whether a worker qualifies as an independent contractor, the Court adopted the simplified “ABC” Test applied in various other jurisdictions around the country, including Massachusetts and New Jersey. The net effect is that it makes it significantly more difficult for California employers to show workers qualify as independent contractors.

II. BACKGROUND.

Independent contractors are commonly used by both public and private employers throughout California and the nation as a whole. For nearly three decades, California employers relied on the test enunciated by the California Supreme Court in *S.G. Borello & Sons, Inc. v. Dept. of Industrial Relations* (1989) 48 Cal.3d 341 (“*Borello*”) to determine the proper classification of its workers. The *Borello* test examined the total circumstances of the relationship between the principal and the person performing services. The most important factor was whether the principal had the right “to control the manner and means of accomplishing the desired result.”

Other factors that aided this analysis were: (1) whether the person performing services was engaged in an occupation or business distinct from that of the principal; (2) whether the work is part of the regular business of the principal; (3) whether the principal or the worker supplies instruments, tools, and the place for the person doing the work; (4) skill required in the particular occupation; (5) type of occupation, and whether the work was usually done under the direction of the principal or by a specialist

without supervision; (6) length of time for which the services are to be performed; (7) whether payment is by the time worked or by the job; and (8) whether the parties believed they were creating an employer-employee relationship.

That *Borello* did not yield a bright-line test is an understatement; however, the *Borello* standard afforded employers an opportunity to defend against misclassification claims through the application of its specific set of circumstances against these numerous factors. It also created a zone in which entrepreneurial workers could create their own sole proprietorships if they so desired. Moreover, the intentions of the contracting parties are no longer a consideration. Consequently, employers may now face an uphill battle defending against misclassification claims in light of *Dynamex*.

The *Dynamex* case stemmed from a lawsuit by drivers against Dynamex, a package delivery company. The lawsuit alleged that Dynamex misclassified its drivers as independent contractors, and, therefore, violated the applicable Industrial Welfare Commission (“IWC”) wage order and various sections of the Labor Code, including Section 2802 pertaining to the reimbursement of business expenses.

III. COURT’S ANALYSIS.

In *Dynamex*, the Court held that, for purposes of California Wage Order claims, the definition of “employment” identified in California’s Wage Orders governs, and articulated a new standard for what it means for an employer to “suffer or permit” an individual “to work.” The “suffer or permit to work” definition of “employ” contained in the IWC wage orders is relied upon by courts to evaluate whether a worker is an employee, or instead, an independent contractor for purposes of the obligations imposed by wage orders. The new test presumes that *any* worker hired to perform services is an employee of the hiring business.

Under the new standard, the burden of proof is on the employer disputing employee status to prove *all* of the following elements (referred to as the “ABC” test):

(A) the worker is free from the control and direction of the hirer in connection with performing the work, both under contract and in fact. As the Court explained, a business does not need to control the “precise manner or details of the work” in order to be found to have maintained “control and direction”;

(B) the worker performs work outside the usual course of the hiring entity’s business. For example, a plumber providing plumbing services to a bakery is outside the usual course of the bakery’s business; but a cake decorator hired to decorate the bakery’s cakes is not outside the usual course of business; and

(C) the worker customarily engages in an independently established trade, occupation, or business of the same nature as the work performed for the hiring

entity. This element focuses on whether the worker “independently made the decision to go into business for himself or herself.”

Unlike in the past, where the courts balanced multiple factors to assess contractor status, under *Dynamex*, the hiring entity’s failure to prove any one of the three prerequisites will be sufficient in itself to establish that the worker is an employee. The ABC Test is undoubtedly much simpler to apply than the now-replaced *Borello* control test, under which numerous factors had to be considered for the analysis, and the importance of any one factor was to be determined by courts or agencies on a case-by case basis.

However, the ABC Test is far broader in its reach than the *Borello* test, purposefully so the Supreme Court stated, and will likely result in many more workers being unable to meet the requisite test to be classified as an independent contractor.

Factor “A” of the ABC Test, which requires that the worker must be “free of the control of the hiring entity in the performance of the work,” is more or less a restatement of part of the *Borello* control test, and can be based on a myriad of related factors evidencing control of the employer over the worker’s performance of work -- including whether the worker supplies his own tools or controls the specific details of his work, without interference by the hiring entity.

The second factor, requirement “B” of the ABC Test, mandates that in order to be considered an independent contractor, a worker must “perform work that is outside the *usual course of the hiring entity’s business*.” To illustrate the meaning of the “usual course of business,” the Supreme Court gave the example that “when a retail store hires an outside plumber to repair a leak in a bathroom on its premises or hires an outside electrician to install a new electrical line, the services of the plumber or electrician are not part of the store’s usual course of business and the store would not reasonably be seen as having “suffered or permitted” (the California law definition of employment) the plumber or electrician to be working as its employee.

“On the other hand,” the Court said, “when a clothing manufacturing company hires work-at-home seamstresses to make dresses from cloth and patterns supplied by the company that will thereafter be sold by the company,” or “when a bakery hires cake decorators to work on a regular basis on its custom-designed cakes,” the workers are part of the hiring entity’s *usual business operation* and the hiring business can reasonably be viewed as having “suffered or permitted the workers to provide services as employees” and not as independent contractors.

Factor “C” of the ABC Test, which requires that the workers “must be customarily engaged in an independently established trade, occupation or business of the same nature as the work performed,” requires a showing that the worker has “independently made the decision to go into business for himself or herself.” Such workers would be expected to have taken “the usual steps to establish and promote his or her independent business,” for example through “incorporation, licensure, advertisements,

routine offerings to provide the services of the independent business to the public or to a number of potential customers, and the like.”

The Supreme Court justified its decision largely on policy grounds, stating that the ABC test was more fair to workers who wanted the “fundamental protections” of California’s Wage Orders, and that using a less employee-friendly standard could create a “race to the bottom” where businesses implement substandard wages and unhealthy conditions by trying to avoid the protections of the Wage Orders.

Some commentators suggested that the Supreme Court is updating the law to address the so-called contemporary “gig economy” employers -- such as Uber and Lyft - - who classify most of their workers as independent contractors. The *Dynamex* decision will have far reaching implications for such employers.

The Supreme Court also noted that the phrase “suffer or permit” could not be interpreted literally such that it would include workers such as plumbers or electricians, who have traditionally been viewed as “genuine” independent contractors who work in their own independent business.

The Court’s ruling effectively now (1) makes anyone whom an agency “engage[s], suffer[s] or permit[s] to work” presumptively an employee; and (2) sets aside the *Borello* test’s applicability to interpreting the IWC wage orders.

IV. CONCLUSION.

Dynamex did not prohibit independent contractor relationships and, under the right circumstances, independent contractor business models can continue to survive in California. Nonetheless, *Dynamex* creates a presumption of an employee-employer relationship that must be disproven by the employer. Employers who classify any of their workers as independent contractors are now required to review the relationship utilizing the ABC test to determine whether the worker has been properly classified.

For agencies utilizing independent contractors, given the far-reaching changes from the *Dynamex* decision, consideration should be given to whether any worker classifications should be reassessed, and whether any workers should be reclassified as employees.

Misclassifying workers can have a potentially large impact on agencies, because if a worker should be classified as an employee, the agency bears responsibility for paying federal social security and payroll taxes, unemployment insurance taxes and state employment taxes as well as providing workers compensation insurance. Employees, unlike independent contractors, are protected by an extensive body of laws regulating the work place, including wage and hour, harassment and discrimination laws, among many others; and significant penalties exist for misclassifying employees as independent contractors, including the potential for costly tax audits by the EDD.

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MAY 8, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on May 8, 2018 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

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

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

Absent: Member Gasca, General Manager Kennedy.

One member of the public was present.

4. **SEATING OF ALTERNATES**

Mr. Stitle announced Mr. Flint would be seated as an alternate.

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 (Limit 3 Minutes)**

There were no comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*8. **APPROVAL OF MINUTES**

A. April 10, 2018

Motion:

Approve the minutes.

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

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

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

9. PRELIMINARY BUDGET REVIEW

Mrs. Martinez gave a presentation on the preliminary budget as she reviewed the macro and micro standpoints as well as information to be presented to the Board at their May meeting.

Discussions ensued regarding projections including new meters, staffing levels, vehicle replacement and reassignments, and both water and sewer capital projects.

Mr. Nelson asked if there was any thought to pulling the trigger on a few of the projects listed. Mr. Powers explained the smaller projects were necessary in preparation for a big line of upcoming rehabilitation and replacement projects. Discussion ensued regarding the Daisy Lane project.

Mr. Carey inquired as to whether the tank staircase was just an idea or something being applied to the budget. Mr. Powers noted this was included in the budget due to the plan to start installing one staircase per year. Mr. Carey mentioned he has shared information with Mr. Kennedy regarding tank inspections being conducted with drones.

Mrs. Martinez continued with the presentation. Discussions took place regarding the sewer fund shortfalls, increasing reserves, and upcoming sewer projects.

Mrs. Martinez talked about highlighted areas included in the general fund including staff training, impacts related to staffing changes, and call center adjustments.

It was confirmed this information will be provided at the joint Board and Budget and Finance Committee meeting on May 22, 2018.

Mr. Carey inquired whether the recent five-year water rate structures were folded into the projections. Mrs. Martinez stated one-time items were not but recurring items were incorporated.

Discussion ensued regarding the importance of maintaining easements and rights of way.

Mr. Nelson said he found the District to be entirely appropriate in getting started on fixing these things rather than ignoring the issues pretending the problems do not exist. He stated staff was working very hard to come up with some preliminary estimates to the best of their ability without knowing what will be found as the work begins.

Ms. Moss expressed concern with the \$15,000 allocated for the removal of ten dead trees surrounding the facilities and \$35,000 for the survey. Mr. Powers noted although these were estimates, the District would solicit for the lowest qualified bidder to perform the work. Mrs. Martinez added she would solicit for tree removal and survey quotes prior to the May 22, 2018 Board meeting.

Mrs. Martinez solicited the committee for input on the presentation. Discussion followed.

10. PAYROLL SERVICES REQUEST FOR PROPOSAL

Mrs. Martinez stated the District will be circulating a RFP for payroll and human resources information system services. She explained Infor would be providing utility billing and financial services; however, RMWD does not have enough full-time employees for their human resources and payroll software packages. She mentioned the additional services being sought in the scope of work to be provided.

Mrs. Martinez said if the committee agreed with the RFP, she would place it on the financial officers and RMWD's website, respectively, with a closing date of May 30, 2018. She pointed out the selection process will take place at the June 12, 2018 committee meeting followed with submitting it to the Board for approval thereafter. She added the goal was to have the transition completed by the last pay period in August 2018; however, if it is determined more time was needed, this date was flexible.

Motion:

Approve the Request for Proposal.

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

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

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

11. JOINT MEETING WITH BOARD OF DIRECTORS ON MAY 22, 2018

It was agreed the Budget and Finance Committee members would be present for the joint meeting.

12. REVIEW THE FOLLOWING:

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

Mrs. Martinez recalled the concern expressed regarding the sewer fund at the last meeting and how it was found there were reporting errors. She explained the non-labor attributed to the City of Oceanside contract expenses would be corrected. Discussion followed.

Mrs. Martinez reported although sales dropped slightly, RMWD was 23% above its forecasted gross revenue.

Discussions ensued regarding the information provided in the reports provided.

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

It was noted the human resources and payroll Request for Proposal, GASB 75 results, proposed budget, and an economical report on ABM need to be on the next committee agenda.

14. ADJOURNMENT

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

The meeting adjourned at 2:34 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE COMMUNICATIONS COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MAY 3, 2018**

1. **CALL TO ORDER** – The Communications Committee Meeting of the Rainbow Municipal Water District on May 3, 2018 was called to order by Chairperson Daily at 3:30 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 Kirby, Member Hamilton.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Alternate Gray.

One member of the public was 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.

Mr. Daily announced Mrs. Kurnik has resigned from the Communications Committee effective today. He noted the comments Mrs. Kurnik included in her resignation email commending staff and committee members. It was decided the committee would send something to Mrs. Kurnik in recognition of her service on the committee.

COMMITTEE ACTION ITEMS

*7. **APPROVAL OF MINUTES**

A. April 5, 2018

Motion:

Approve the minutes as written.

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

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

Ayes: Member Daily, Member Kirby, Member Hamilton.

8. AMENDING COMMITTEE CHARTER TO INCLUDE CUSTOMER SERVICE

Mrs. Martinez explained scenarios encountered in the Customer Service Department involving customers getting assistance with their bills from others not on their accounts. Discussion ensued regarding what RMWD could do to comply with privacy regulations while granting permission to allow for such assistance.

Mr. Hamilton inquired as to whether RMWD had a process for completing a standard Power of Attorney form. Mr. Kennedy offered to contact Legal Counsel for some insight on this matter in terms of what type of process and paperwork would be appropriate.

Discussion ensued regarding some possible revisions to the District's lock off procedures.

Mr. Hamilton recalled a discussion he had with Mr. Kennedy regarding incorporating customer service into the committee charter. Mr. Kennedy pointed out the committee already addresses customers service; therefore, this would be making it more official by changing the name to include "Customer Service" and "customer service policies" be added to the bulleted items with a customer service representative providing updates at future committee meetings.

Ms. Johnson asked whether there has been outreach conducted with other water agencies on how they address the matter of account holders being able to grant permission to others to assist with their billing matters. She explained how not addressing this matter in the proper manner is not good for the account holder nor the District, especially when it comes to senior citizens. She expressed RMWD would be a good neighbor by reaching out to all customers regarding making it an option for adding a secondary contact to their accounts. Discussion ensued.

Motion:

To recommend the Board approve changing the Communications Committee charter name to include "Customer Service" and "customer service policies" be added to the bulleted items contained in the policy.

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

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

Ayes: Member Daily, Member Kirby, Member Hamilton.

9. REVIEW OF DRAFT EXTENDED NEWSLETTER

Mr. Kennedy stated the committee members have been emailed a draft of the extended newsletter for their input. He explained the draft provides ideas of some topics that could be expanded or pared down.

Mrs. Kirby suggested the information provided be less technical so customers understand the information much easier.

Mr. Hamilton recommended coming from an angle explaining why the item being discussed is a benefit and value to the customer. He talked about several writing style techniques that would be helpful.

Mr. Kennedy suggested bringing an updated draft to the next committee meeting and provide an opportunity for the committee and staff to work on updating it collectively.

Discussion ensued regarding the purpose, goal, and objective for the extended newsletters.

Mr. Daily suggested headlining the articles appropriately would generate public interest in the information being presented. Discussion followed.

10. AVOCADO FESTIVAL DEBRIEFING

Mrs. Gray shared photographs taken at the festival. She briefed the committee on the positive response to the District's booth set up.

Mrs. Gray stated she would send out information to the committee members regarding the Vintage Car Show.

Mr. Hamilton suggested having everything being given to those visiting the booths prepared prior to the festivity start time. It was also recommended having a prize wheel with questions for the customers to answer, multi-purpose bags for giveaways, and an opportunity for customers to update their account information on an electronic device that's readily available.

11. PUBLIC COMMUNICATIONS AND OUTREACH ITEMS

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

Mr. Kennedy talked about exploring the idea of capturing a history of RMWD video to include members of the public speaking on their historical experiences and possible cultural changes in the area. It was agreed with including the tribal valley in the video.

Mrs. Gray talked about the strategic plan objectives related to the educational outreach programs. Director Hamilton suggested notifying students of future contests through the high school newsletter. Mrs. Gray agreed to check into this resource. Discussion ensued. Mr. Kennedy encouraged the committee members to review the objectives and contact him with any comments or suggestions they would like to have presented to the Board at their next meeting.

It was noted there were no changes to the calendared items.

12. REVIEW AND ANALYSIS OF RMWD RELATED MEDIA STORIES

Mr. Daily and Mr. Hamilton shared articles about RMWD and water issues published in The Village News over the past few weeks.

Mr. Hamilton noted there was an article published in The Village News related to the conservation course Committee Member Moss attended.

Mrs. Washburn agreed to research getting RMWD signed up to receive The Village News.

13. COMMITTEE MEMBER COMMENTS

There were no comments.

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

It was noted a commendation for Member Kurnik, draft extended newsletter, customer service update, flow restrictor update, video presentation, Vintage Car Show debriefing, and an update on The Village News subscription.

15. ADJOURNMENT

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

The meeting adjourned at 4:56 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE ENGINEERING AND OPERATIONS COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MAY 2, 2018**

1. **CALL TO ORDER** – The Engineering and Operations Committee Meeting of the Rainbow Municipal Water District on May 2, 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 Ratican, Member Marnett, Alternate Nelson.

Also Present: General Manager Kennedy, Interim Engineering Manager Gerdes, Associate Engineer Powers, Eng. Tech. Rubio, Operations Manager Milner.

Absent: Member Brazier, Alternate Kirby, Member Robertson.

There was one member of the public present: Mr. Carey.

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 Agenda Item 10 - Sewer Flow Monitoring Options would be deleted and replaced with the following updates:

- Canonita Tank Project
- Canonita Tank Field Trip
- District Engineer Update
- Rainbow Heights Pump Station

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

Mr. Carey mentioned possibly discussing the process of the District's involvement in the treatment of raw water, although the Director he had been corresponding with was not present. Mr. Kennedy recommended adding the discussion item to next month's agenda.

COMMITTEE ACTION ITEMS

***7. APPROVAL OF MINUTES**

A. April 4, 2018

Motion: Approve the minutes as written.

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

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 6).

Ayes: Member Prince, Member Stitle, Member Taufer, Member Ratican, Member Marnett, Alternate Nelson.

8. ABM METER REPLACEMENT PROJECT UPDATE

Mr. Kennedy said there were two contractors that bid ABM's request for proposals for the meter replacements. He pointed out there was a difference of about \$700K between the two proposals and the company with the lowest bid was from Louisiana. He provided the cost analysis and comparative implementation analysis of each proposal for review and discussion.

Mr. Kennedy said a testing service in Hemet was used to test all the meters.

Mr. Nelson mentioned hiring a company from out of state that proposes performing twice as fast as a local company causes concern regarding the company's real capabilities.

Mr. Kennedy said after reviewing the analysis he decided to meet with the lowest bidder. He discussed concerns regarding the proposed 100 meters per day schedule of commitment. He pointed out that the District prefers work done correctly rather than fast. Discussion ensued.

Mr. Kennedy said the new billing software should be up and running by July 2018, which would make the ABM meter replacement easier. Discussion ensued.

Mr. Taufer questioned the competitive/sole source procurement process regarding ABM. Mr. Kennedy explained there were minimal consultants that could provide this type of service. He stated should the District come to an agreement with ABM, a sole source professional services agreement would be recommended to the Board. Discussion ensued.

Mr. Kennedy informed the committee that he plans to have ABM provide some additional options by next month. He asked if the committee agreed he would inform ABM to include data on a more targeted replacement of only the meters with a better ROI. Discussion ensued.

9. VARIANCE POLICY UPDATE

Mr. Kennedy said the variance policy was approved at the April 24th Board Meeting. He outlined the variance policy procedure that a customer would follow when requesting to downsize. He noted that cost could not be the only reason for requesting a smaller meter. Discussion ensued.

10. DISCUSSION REGARDING SEWER FLOW MONITORING OPTIONS

This item was deferred.

Mr. Kennedy announced the new District Engineer use to be on the Engineering Committee, Mr. Strapac. He said Mr. Strapac left the City of Poway and went to work for the City of Oceanside as their City Engineer. He mentioned Mr. Strapac currently lives within the District.

Mr. Kennedy said the Canonita Tank located on Stewart Canyon was scheduled for interior and exterior coating this year under the current Utility Services contract. He mentioned the District's steel pipe tanks were placed on a two year maintenance program. He pointed out the tanks were non-depreciable assets (GASB-34), because as long as the steel tanks were on a maintenance program the steel would last indefinitely. He said about every eight years depending on the condition of the tank an opening was made and the entire tank was sandblasted and recoated.

Mr. Kennedy discussed safety concerns with the current ladder accesses on a few of the District tanks and suggested installing full staircases with guardrails similar to the one installed on the Pala Mesa tank. Discussion ensued.

Mr. Kennedy invited the committee members to tour the Canonita Tank possibly next month.

Mr. Carey suggested using a drone to inspect the tops of the tanks. Mr. Kennedy said state requirements would need to be reviewed, although he agreed it could be a solution.

Mr. Kennedy said the design for the Rainbow Heights Pump Station project had to be revised. He explained MWD requested that the existing electric pumps and building be removed from within their 150' easement. He mentioned the existing pumps were installed over 30 years ago. Mr. Powers went over the proposed site plan and associated construction costs. He mentioned going over possible design scenarios with Mr. Gerdes, resulting in reducing the building footprint and eliminating the two pumps from the easement. He said the redesign cost would be approximately \$71K, although the District would be saving an estimated \$150K in construction costs. Mr. Nelson questioned the 15% contingency risk factor. Mr. Kennedy responded subsurface work for the pump cans may require rock removal. Discussion ensued.

Mr. Carey said there were credits for retiring natural gas pumps. He mentioned looking for the information and providing it to Mr. Powers. Discussion ensued.

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

The following agenda items were suggested:

- Raw water update
- Tour of Canonita Tank

12. ADJOURNMENT

The meeting adjourned at 5:02 p.m.

Timothy Prince, Committee Chairperson

Dawn M. Washburn, Board Secretary

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

ID 1 Ordinance for Standby Charges

DESCRIPTION

This Ordinance establishes water availability charges for all of the Rainbow Municipal Water District Improvement District – Improvement District No. 1.

POLICY


N/A

BOARD OPTIONS/FISCAL IMPACTS

N/A

STAFF RECOMMENDATION

It is recommended that the Board of Directors approve Ordinance No. 18-14.



Tom Kennedy, General Manager

06/26/18

ORDINANCE NO. 18-14

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF
RAINBOW MUNICIPAL WATER DISTRICT
ESTABLISHING READINESS TO SERVE WATER SERVICE STANDBY
ASSESSMENTS OR AVAILABILITY CHARGES FOR ALL OF THE
RAINBOW MUNICIPAL WATER DISTRICT
IMPROVEMENT DISTRICT NO. 1**

WHEREAS, the increasing costs of importing water and, in particular, a Readiness to Serve Charge imposed upon the Rainbow Municipal Water District (the "District") by the Metropolitan Water District; and the need for continuing improvement, construction and reconstruction of the District's water storage, treatment and transmission facilities to insure a safe and continuing supply of water to the residents and taxpayers of the District must be met; and

WHEREAS, it is in the best interests of the District that, in addition to taxes and water revenues, certain monies be raised through the imposition of Readiness to Serve Water Service standby availability charges on certain lands within Improvement District No. 1 of the District, whether or not water service is actually being used thereon, and

WHEREAS, such charges are specifically authorized by the Municipal Water District Law of 1911; and

WHEREAS, the Board of Directors ("Board") of the District has previously ordered the formation of an improvement district designated as Improvement District No. 1 of Rainbow Municipal Water District ("Improvement District No. 1") for the purpose of establishing water service standby or availability charges for water and water delivery availability and readiness to serve charges collected from all lands within the District which, when added to rates and charges for water service and capital facility charges collected from newly developing lands within the District, will produce revenues sufficient to meet the cost of importing water as well as ensuring future availability of water supplies to serve the District and to finance the construction and reconstruction of water facilities; and

WHEREAS, a duly noticed public hearing was held by the Board on June 26, 2018, to hear and consider all objections or protests to said readiness to serve water service standby availability charge for Improvement District No. 1, at which time all persons were given an opportunity to be heard.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT AS FOLLOWS:

1. The Board of Directors hereby finds and determines that Readiness to Serve Water Availability service is made available to all lands within Improvement District No. 1, and hereby establishes readiness to serve water service standby assessments or availability charges which shall be assessed against all such lands whether water service is actually presently utilized on such lands or not.
2. The water availability charges hereby established in said Improvement District No. 1 for the fiscal year commencing July 1, 2018, and ending June 30, 2019, shall be as follows:

Ten Dollars and Fifty-Four Cents (\$10.54) per acre per year for each acre of land within Improvement District No. 1.

Ten Dollars and Fifty-Four Cents (\$10.54) per year for each parcel of land of less than one acre within Improvement District No. 1.

3. The officers of this District shall, on or before August 1, 2018, furnish in writing to the Board of Supervisors of San Diego County and to the San Diego County Auditor-Controller, a description of each parcel of land within said District upon which said readiness to serve water availability charge is to be levied and collected for the fiscal year 2018-19, together with the amount of water availability charge fixed on each parcel of land.
4. The Board of Directors, pursuant to Section 71635 of the Municipal Water District Law of 1911, hereby directs the Board of Supervisors of the County to levy, in addition to any other taxes it levies, the readiness to serve water service availability charge in the amounts of the respective parcels as fixed by the Board of Directors.
5. Certified copies of this Ordinance shall be delivered to the Board of Supervisors of the County of San Diego and to said County Auditor-Controller by the Clerk of the Board of this District.
6. The President of the Board of Directors shall sign this ordinance and the Clerk of the Board of Directors shall attest thereto and shall within fifteen days of its adoption cause it or a summary of it to be published in a newspaper of general circulation; and thereupon and thereafter this ordinance shall take effect and be in force upon the effective date of the resolution ordering the formation of Improvement District No. 1 pursuant to California Water Code Section 72014.
7. Ordinance 17-04 is hereby canceled.

Adopted this 26th day of June 2018.

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

AUTHORIZATION TO ACCEPT ADP'S PROPOSAL FOR PROVIDING PAYROLL AND HUMAN RESOURCES INFORMATION SYSTEM

DESCRIPTION

The District transitioned from its legacy software Datastream to Springbrook in late 2015 for the finance applications. Regrettably, the software has fallen short of many of the promises made. It has numerous functional flaws that challenge staff daily, and the level of support is inadequate. The District procured the licensing for Infor software during the fiscal year, the software is of much higher quality than Springbrook and is used by Fortune 100 organizations and other local water agencies. It is a sophisticated software with tremendous capabilities in terms of interfacing with our other information systems.

One module that we did not include in the transition with Infor was the Human Resource/Payroll Information system. Infor's Human Resource/Payroll software caters to larger global organizations and it would not have been cost feasible for us acquire the licensing. The District solicited for proposals in early May for the HR/Payroll Information system and payroll services. There were only two proposals received and each were presented to the Budget & Finance committee. The committee recommended ADP based on the firm's experience, availability of staff, cost, and overall presentation of the proposal.

POLICY

N/A

BOARD OPTIONS/FISCAL IMPACTS

The annual processing fees is estimated to be \$15,093.06 plus an additional one-time implementation cost of \$1,725.00.

STAFF RECOMMENDATION

Staff recommends the Board accept ADP's proposal for Human Resources and Payroll Information system.6



Vanessa Martinez
Finance Manager

June 26, 2018

May 29, 2018

Vanessa Martinez
Finance Manager
Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028

Dear Vanessa,

Through our discussions and analysis, we have gained an understanding of your objectives, goals, current processes and critical business issues. We have designed a Solution Recommendation that will address each of these items. Our objective is to provide Rainbow Municipal Water District with an ideal and tailored ADP Workforce Now Solution.

ADP is committed to Service Excellence. This drives our culture and will always be at the heart of our relationship with each and every client. When our clients think about ADP, they do not think of us as simply another vendor. Instead, they think of us as the best business partner their organization could have in navigating an increasingly challenging environment of managing their human capital.

Thank you for the opportunity to provide this proposal to Rainbow Municipal Water District. Please contact me if you have any questions or require further information.
Sincerely,

Andrew Franz
Inbound
andrew.franz@adp.com



Exclusively Prepared For:
Rainbow Municipal Water District
5/29/2018
Vanessa Martinez
Finance Manager



A more human resource.™

Table of Contents

Executive Brief

ADP Corporate Overview

ADP Corporate Philosophy

Thought Leadership

What Others are Saying About ADP

The ADP Advantage

Pioneer in Cloud-Based Software

Eco-Responsibility

ADP Workforce Now® - Innovation Simplified

ADP Workforce Now® in Action

Optional Scalability for Future Growth

Going Live

Service Excellence

World Class Training

System Requirements

Financial Review

Executive Brief

We are pleased to present Rainbow Municipal Water District with a proposal for ADP Workforce Now®.

In an effort to meet your most critical business challenges, we recently conducted an analysis designed to identify opportunities for organizational improvement. As part of this approach, we spent time to better understand your current practices and approaches. By understanding and evaluating these current processes, as well as future organizational goals, ADP developed a recommended action plan for our work together.

Our three-step analysis is designed to highlight process improvement opportunities and recommendations, quantify the financial impact that these recommendations will bring, and detail how these recommendations relate to the key strategic goals for your business and help you focus on what matters – your business, your employees, and your bottom line.

ADP understands your business needs and has applied that understanding to develop a dynamic solution to support you both now and into the future. ADP Workforce Now® is the flexible and comprehensive solution that will give your company the power to compete with companies of any size.

We appreciate your consideration of ADP. Upon review of our proposal, we are confident that you will agree that only ADP can provide the tailored approach and customer-focused commitment critical to delivering a new level of value to Rainbow Municipal Water District.

Sincerely,

Andrew Franz
Inbound

(610) 572-7634



The story of ADP



One World. One ADP.

For more than 68 years, ADP has served as trusted human resources, payroll and benefits partner to employers around the world. Our mission is to provide insightful solutions that drive value and success for our clients by allowing them to focus on their business.

Today, we serve approximately 650,000 companies, ranging from small start-up businesses with a handful of employees, to large, multinational companies with thousands of employees spanning the globe. From our humble beginnings as a local New Jersey business in 1949, we have expanded internationally to become one of the world's largest business-to-business outsourcers with 56,700 associates worldwide.

Each day, we play a vital role in connecting our client organizations with their employees. Our clients entrust us to help them more effectively manage, deploy, compensate and serve the human resource needs of their people, while also handling and protecting their most sensitive data. With this trust comes great responsibility – a responsibility we take very seriously.

ADP at a Glance

- President & CEO: Carlos A. Rodriguez
- Year Established: 1949
- Listed on: NASDAQ® (symbol – ADP)
- FORTUNE 500®: Ranked 248 (2016)
- Forbes® Global 2000: Ranked 354 (2016)
- Revenues: \$12 billion in fiscal 2016
- Headquarters: Roseland, New Jersey
- Number of Employees: 56,700 worldwide
- Web site: www.ADP.com
- Twitter: @ADP
- Facebook: www.facebook.com/AutomaticDataProcessing
- Phone: 1-800-CALL-ADP

Did You Know that ADP...

- Pays approximately 37 million worldwide; 1-in-6 U.S. workers
- Electronically moved \$1.7 trillion in client tax, direct deposit, and related client funds in fiscal 2016 within the U.S.
- Processed nearly 60 million W-2s in 2016 within the U.S.

Other Interesting Facts

- Largest provider of HR services in North America, Europe, Latin America, and the Pacific Rim
- Exceptionally strong AA/Aa credit ratings from Standard & Poor's® and Moody's®
- Annual client revenue retention rate of more than 91 percent and an average client tenure of about 11 years



CARLOS RODRIGUEZ
President and CEO

As a global corporate citizen, ADP recognizes its responsibility to give back to and generate a lasting, positive impact upon the communities in which we work and live. This commitment to corporate social responsibility is a core pillar of ADP's Mission, Vision and Values, and encompasses everything from philanthropy, volunteerism and environmental stewardship to diversity, corporate governance, ethics, data privacy and data security.

ADP strives to positively impact the world and its people through corporate-sponsored philanthropic initiatives such as the ADP Foundation, and by actively working with other organizations who share our interests in these areas. We also encourage and support our associates' desire to engage in national and local philanthropic and volunteer accomplishments around the world. This commitment to giving back can be witnessed at every level of our organization and in every country in which we operate.

Our Mission:

Power organizations with insightful solutions that drive business success

Our Vision:

Be the world's authority on helping organizations focus on what matters

Our Values:

Integrity is everything: We conduct our business with the highest level of integrity. We are straight-forward and honor our commitments. We do the right thing.

Insightful Expertise: We thrive on turning knowledge into insight. Staying on top of our field and ahead of the curve is how we drive value for our clients.

Service Excellence: We are obsessed with all aspects of the client experience. The strength of our client relationships is the key to our growth and success.

Inspiring Innovation: We strive for constant improvement, always searching for new and better ways to serve our clients and grow the business. We created an entire industry - innovation is in our DNA.

Each person counts: We believe that each person counts. Each client and associate counts. Each deed counts and each contact between every client and associate counts. We respect and embrace the diversity of our associates, clients and business partners.

Results-driven: We are driven by a strong work ethic that is results-oriented. We encourage prudent risk taking without the fear of occasional failure. By being accountable, we deliver measurable results.

Social responsibility: We believe in giving back to the communities where we work and live. We encourage and support our associates' commitment to giving back and helping improve their communities



Thought leadership is a vital component of the ongoing success of today's organizations and is essential to helping organizations understand not only what a company does, but also how and why. One of our goals is to rise above the "clutter of information" in the Human Capital Management space by analyzing, benchmarking and providing insights based on our access to aggregate statistical client data.

ADP Research Institute

The work of the ADP Research Institute is based on practical and deep associate and industry expertise that will help our clients and organizations, in general, make well-informed and strategic decisions about their business and employees. Research will be based on aggregated and anonymous data elements in ADP's systems that relate to employment trends and practices. Please visit www.adp.com/research and see what's available.

An example of ADP's Research Institute in action is our New York and New Jersey Innovation Labs and ADP's new Innovation Center in Pasadena, CA, each showcasing ADP's latest HCM platforms. Our Labs are made up of highly specialized and creative members focused on quickly incubating and delivering capabilities that will dramatically increase the value of our HCM platforms for our clients

ADP National Employment Report

Every month ADP collects a wealth of information related to payroll employment based on the 24 million employees we pay across all major industries and states. ADP contracted with Moody's Analytics to offer the public a deep, rich and illuminating look at U.S. monthly employment. This dataset of nonfarm private employment is published monthly in the ADP National Employment Report and released two days prior to the Employment Situation. ADP's Report provides labor market watchers with an expanded level of employment detail by company size and by industry. To learn more, please visit www.ADPemploymentreport.com.

ADP Compliance Resources

ADP keeps a staff of dedicated staff professionals who carefully monitor federal and state legislative and regulatory measures affecting employment-related human resource, payroll, tax and benefits administration, and help ensure that ADP systems are updated as relevant laws evolve.

ADP is committed to assisting businesses with increased compliance requirements resulting from rapidly evolving legislation. Our goal is to help minimize your administrative burden across the entire spectrum of employment-related payroll, tax, HR and benefits, so that you can focus on running your business. For the latest on how federal and state tax law changes may impact your business, visit the ADP Eye on Washington Web page located at www.adp.com/regulatorynews.

Workforce Vitality Index

The ADP Workforce Vitality Index is a comprehensive, quarterly measure of U.S. workforce dynamics that looks at key labor market indicators, such as employment growth, job turnover, wage growth and hours worked. This report yields deeper insights into workforce dynamics and trends than previously available. Learn more at www.workforcereport.adp.com

What Others Are Saying

At ADP, we have a great story to share. We uphold our mission by working hard every day to add value to our clients, our associates, and the global community. Working with the highest ethical standards, as well as providing excellent quality service and products, is just good business. When we are recognized for our work by esteemed organizations, it just reconfirms the fact that we are doing something right by continuing to be driven by our core values.

Here are some of our recent awards and achievements



FORTUNE Magazine's World's Most Admired Companies: ADP ranked number one on FORTUNE's 2017 list of the World's Most Admired Companies within the Financial Data Services Category. This marks the seventh time in the past eight years that ADP has occupied the top spot in its industry category.



Working Mother Magazine 100 Best: For the sixth time, ADP has been named to the Working Mother 100 Best Companies list by Working Mother Magazine. This award is the result of ADP's commitment to a family-friendly culture that supports the busy lives of its associates.



Training Magazine Award: ADP ranks #25 in Training Magazine's Training Top 125 for 2017. This marks the tenth consecutive year that ADP has been recognized in the annual "Training Top 125" rankings, which recognize organizations for providing extraordinary employer-sponsored workforce training and development offerings.



Leader in Gartner's "Magic Quadrant for Payroll BPO Services": In 2016, ADP was named a leader in Gartner's "Magic Quadrant for Payroll BPO Services for the fifth year in a row." ADP was also recognized as a leader in Comprehensive HR BPO by Gartner.



G2 Crowd: G2 Crowd®, a business software review platform, ranked ADP Workforce Now® and ADP Vantage HCM® as "Leaders" on both the Best Core HR Software and Best HR Management Suites grids. RUN Powered by ADP® also was listed as a "Leader" on the grid for Best Core HR Software in 2017.



DiversityInc Top 50 Companies for Diversity: In 2016, ADP was recognized as one of DiversityInc's Top 50 Companies for Diversity for the seventh consecutive year. This award is a reflection of ADP's commitment to inclusion in the workplace, and to the unique, rich and varied background of its associates. ADP also appears in DiversityInc's specialized lists for top ten companies for Latinos, Veterans and for Executive Women.



Technology Innovation Awards "ADP DataCloud": The Technology Innovation Awards distinguish pioneers that have developed clear visionary and transformative technology. The Technology Innovation Awards showcase what technology vendors have done to advance the computing potential of their applications and technology so that it can be used to drive better efficiency and productivity as well as the outcomes and performance of an organization.



NelsonHall Ranks ADP as the Leading Provider of Payroll Services in: In this report, NelsonHall's 2016 Payroll Services NEAT analyzes the performance of vendors offering Payroll services. The NEAT report evaluates vendors on two key dimensions: ability to deliver immediate benefits and ability to meet clients' future requirements.

See more at: www.adp.com/who-we-are/awards-and-recognitions.aspx

Who you partner with matters, ADP delivers critical Workforce Management functions as a single-source solution. We are committed to relieving your administrative burden so you can focus on growing your business, which translates into a positive impact on your bottom line.

ADP stands apart in several important respects:

Brand: We have a long and proud history of innovation in all aspects of Workforce Management. As an institution we can call on more than 65 years of experience delivering a wide range of world-class outsourced business services.

Financial Strength: In the world of employment administration, the ADP name stands out – not just because we have an exceptionally strong AA credit rating from Standard & Poor's® and Moody's®. ADP commands unparalleled financial resources, stringent operating controls and wide-ranging market respect.

Integration: The key to the ADP Workforce Management solution is that instead of having to deal with multiple vendors, you have one partner for all your Workforce Management solutions. This results in a greatly streamlined client service delivery and billing procedures.

Integrity: ADP is committed to the highest ethical standards. As worldwide leaders in developing and delivering business solutions, we believe that we have an extra responsibility to convey our core ethical values through our performance. In addition, we have a strict Code of Business Ethics that all associates must abide by in order to maintain employment.

Leadership: Leadership is a responsibility we take very seriously, whether we are paving the way for employment-related legislation or setting the standard for delivering service excellence. In addition to our heritage as outsourcing pioneers, ADP helped establish industry standards that serve to protect clients and their employees from the risk of outsourcing to less than credible providers.

Innovation: From the early adoption of the outsourcing model itself to state-of-the-art Web-based service delivery tools, ADP is part of a proud tradition of innovation.

Commitment to Client Service: No other goal is as important to us as ensuring client satisfaction, for without satisfied clients, we have no business. Our goal is to deliver service that continually meets or exceeds client expectations. And with 24/7 self-service through our secure online website, a toll-free hotline for your employees and direct phone access to a dedicated ADP associates who is committed to responding promptly to all your questions, concerns and needs, we work every day to achieve that level of service.

Security: By embedding multiple layers of protection into ADP products and business processes as well as our infrastructure, we help ensure that security remains an integral part of our business and yours.

Scalability: There are 5 methods to manage Human Capital. ADP is the only HCM provider that offers solutions for each one. This allows our clients to scale their businesses without worrying if their HCM vendor is equipped to scale with them.



Traditionally known for being the unquestioned leader in Payroll Services, ADP has transformed itself into a full Human Capital Management provider over the last decade. Well established in the Cloud before the term became fashionable, ADP now counts over 300,000 clients leveraging their internet solutions for recruiting, talent management, time and attendance, HR and benefits administration, along with payroll. Its HR offerings include ADP Workforce Now® for companies with fewer than 1,000 employees, GlobalView for multinational organizations, and Vantage HCM™, which it launched last October for companies with more than 1,000 employees. Most of ADP's tens of thousands of HR software customers up to now have been midsize firms, though the number of larger firms is increasing since the launch of Vantage.

ADP Hosting Offers Industry-leading Security

ADP applications and data are protected using the following administrative, physical and technical safeguards:

- Fiber optic SONET ring with connectivity to redundant Tier 1 ISPs
- 3,700 KVA of UPS battery backup power
- 6.4 MW of generator backup power
- 10-day on-site supply of generator fuel
- Redundant HVAC system
- Multi-stage fire suppression systems
- Redundant firewalls at application and database layers
- System redundancy for uninterrupted availability
- Security patch updates
- Two-tier application security
- Intrusion detection and prevention
- Roof lightning protection
- Nightly backups and off-site data storage
- Full disaster recovery
- Off-site facility for disaster contingency

ADP's hosting centers provide consistently available access, including:

- Constant upgrades to hardware, software, and infrastructure to increase performance

In order to accomplish our hosting services security objectives, we have implemented a “Security-In-Layers” strategy that consists of countermeasures which provide protection (a robust infrastructure), detection (identifying attempts to compromise the network and or computers), containment (isolation of the components of the infrastructure), business continuity, and incident recovery.

ADP's data center hosting environments servicing our broad product portfolio sets of human resources, payroll, benefits and automotive dealerships are typically registered to the ISO 9001:2000 and ISO 27001:2005 standards. Toward providing our clients the necessary information to meet the compliance requirements of your periodic financial audits, ADP provides Statement on Standards for Attestation Engagements (SSAE) No. 16 (formerly SAS 70 reports) for us US-based hosted products and International Standards for Assurance Engagements (ISAE) No. 3402 for our international clients.

With security, risk and privacy concerns so prevalent, ADP clients know they can trust in the ever-evolving tools, technologies and safeguards we have in place to help protect their business. We take a multidisciplinary approach to continually enhancing and refining the trusted business outsourcing platform you've relied on for more than half a century, so you can look forward rather than over your shoulder



Overall, at ADP, we are truly dedicated to reducing our carbon footprint and being a company where our associates can be proud to work because they know we are making an impact in our local and global community! With all of these efforts and others, we hope to demonstrate that we're good corporate neighbors; that we are committed to sustainability and are striving toward environmental improvement. We also hope that as we attract new talent to ADP, candidates will take notice of these initiatives, and value working alongside associates who "live" our commitment to social responsibility.

"Going green" may be a phrase that is overused today in the workplace. However, at ADP, we let our actions speak louder than our words. ADP's proactive "green" decisions regarding our processes and products work to protect the environment and conserve resources.

Globally, we are reducing our carbon footprint in a variety of ways, including testing smaller, more fuel-efficient hybrid vehicles in our sales fleet and closely monitoring our fuel consumption.

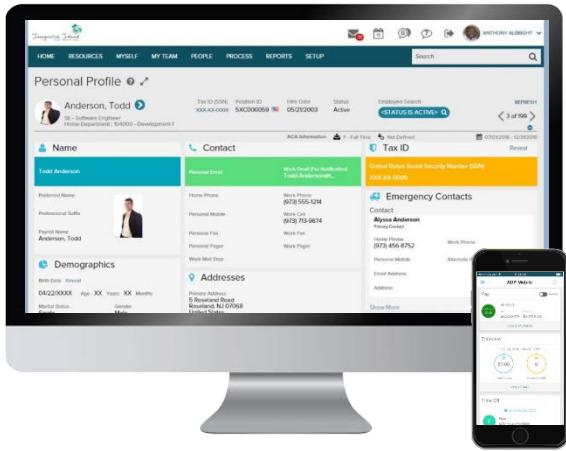
Domestically, we continue to reduce our overall energy needs. For example, our U.S. data centers are minimizing water usage by using technology to track, maintain, reuse and capture water for recycling. We are currently looking into thermal energy as well as exploring alternative power solutions such as wind and solar energy. Since we have consolidated our data centers down from 20 facilities to two facilities, we have reduced 24,000 tons of harmful carbon dioxide emissions annually. The result has been increased utilization of technology assets and decreased usage of kilowatts by half. We have also installed power efficient servers and energy efficient lighting. All of these changes, including the modern power efficient mechanical electrical and cooling equipment that was installed has allowed us to save \$3 million in electricity costs per year.

At our corporate headquarters, in conjunction with the renovation of our northern New Jersey locations, we've gone to extraordinary lengths to recycle a variety of construction materials (i.e., carpet tiles, ceiling tiles), and office supplies. Furthermore, our associates have organized into volunteer teams to work closely with not-for-profits and charity organizations to donate re-usable items such as binders, hanging files, toner and other office supplies that are no longer needed.





ADP Products & Services



“As a leading provider of all-in-one human capital management solutions, ADP is strategically focused on helping companies enhance decision-making to drive better business outcomes,” said Don Weinstein, Senior Vice President of Product Management at ADP. “The ADP Workforce Now® platform reinforces our commitment to providing companies of all sizes with innovative and affordable tools to manage every area of HCM.”

Like their larger peers, mid-sized companies face intense competition. According to the same ADP Research Institute survey, 54% of mid-sized companies saw increased competition within their industry in the last 12 months. ADP Workforce Now® is specifically designed to help mid-sized organizations address competitive pressures and other evolving business challenges with a host of new features, including:

Simplicity: We started with what matters most in software: The people who use it. Based on hundreds of interviews with human resources and payroll professionals, we made sure that ADP Workforce Now® is easy to use and intuitive. Personalized content, faster, more powerful search functionality and configurable workflow that walks you step-by-step through processes are just the start.

All-in-one HCM platform: Elevates human resources to a more strategic role by automating human resources, benefits, payroll, talent management, time and attendance and reporting processes. ADP Workforce Now® encompasses the major areas of HCM in a single place, so you can manage your job and staff more effectively than ever.

Multi-lingual platform: Simplifies HCM activities for the growing number of mid-sized companies with employees and operations spanning diverse geographies.

Mobile functionality: Gives employees using the free ADP® Mobile Solutions application more flexibility to check their vacation, personal and sick time balances and request time off based on their employers' paid time off (PTO) policies.

More robust reporting tools: Makes it easier to create custom and comparison reports and simplify regulatory compliance.

Enhanced recruitment tools: Automate the end-to-end talent acquisition process and integrate with the employee onboarding experience.

Multi-rater comprehensive reviews: Enable any employee to contribute to a colleague's performance review.

Bottom line Results: Improved accuracy, streamlined processing with real-time payroll previews, automatic calculation of hours, and help in avoiding insurance premium cost increases. These are not just software features; these are improvements to your bottom line. With deeper insights into what is driving costs, ADP can help you can work more efficiently, actively manage healthcare costs, and better manage your financials.

It Grows as Your Business Grows: From our payroll services to all-in-one HCM, ADP Workforce Now® can help. Looking for a simple payroll solution? ADP Workforce Now® Payroll can be up and running in as little as 10 days. If you need a broader range of services, you can choose the additional modules of ADP Workforce Now®, including Human Resources, Time and Attendance, Benefits Administration, and Talent Management. Simply put, as your needs change, so can ADP Workforce Now®.

“Organizations using multiple in-house platforms experience a TCO that is 18% higher than organizations using a common in-house solution and 32% higher than organizations outsourcing these three functions to a single vendor.”

– PriceWaterhouseCoopers LLP

Workforce Now® Essential Plus Payroll

ADP is redefining workforce management with the needs of mid-sized companies in mind, bringing together mission-critical functions in a single web-based system that eliminates redundant tasks, reduces the potential for errors, and lessens the learning curve for users. This solution provides web-based support for the full spectrum of Workforce Management, from HR & benefits administration to payroll, tax, and time & attendance.

Eliminate the non-strategic, non-revenue producing task of payroll processing and enable your staff to focus on growing your top line. With 60 years in the payroll processing business, ADP not only automates routine tasks, but provides you with resources to keep you up to speed on tax rate and filing changes and answers to your payroll questions.

ADP Workforce Now® Essential Payroll Plus allows you to manage the entire payroll process, from customizing pay grids and reports to accessing key payroll functions, with a flexible system that is easy to learn and is accessible from anywhere.

Reports & Insights

ADP Workforce Now includes an extensive library of standard reports that are preconfigured and easy to run — simply enter your selection criteria, and you'll be able to:

- Preview reports right on your screen
- Print reports
- Export to a file or a software application
- Email your reports

ADP Workforce Now also features a robust report writer that enables you to create user-defined reports and gain valuable insights across multiple workforce management functions.

This online reporting tool makes it easy to create a wide range of reports using current and cumulative data from your payroll, HR, or time & attendance modules. Use it when you want answers that go beyond the extensive reporting capabilities standard to ADP Workforce Now.

Creating a custom report is fast easy and flexible — simply select metrics from the library and drag them into a report canvas. Select from a wide array of data fields, sorting criteria, totaling and formatting options, plus the ability to create robust calculations. Then, choose to view your finished report online, save it, print it and/or distribute it via email just like our standard reports. You also have the ability to schedule reports to be automatically ran and distributed

Employee Relations & Communications



One of the best ways to increase employee retention and satisfaction is to provide your employees with convenient, web-based, self-service access and the ability to manage their own benefits, 24/7. Your employee portal is the tool for communicating accurate, timely information to your employees and managers while reinforcing your corporate brand. Add your company logo and color palette, and then use the content management tool to post important documents:

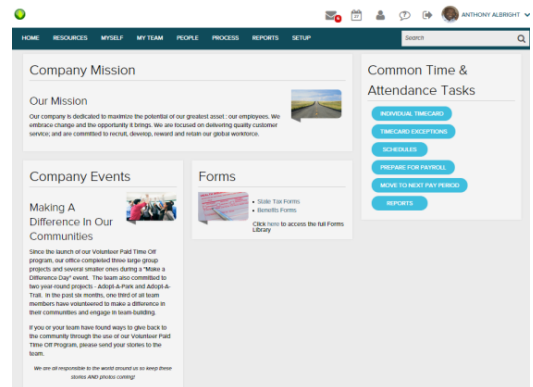
- Company mission statement
- News and announcements
- Company policies and handbook, with trackable acknowledgement feature

The system's Security Access feature allows you to create groups and post targeted content for secure viewing by designated groups. Customized manager and employee workflows can be designed to meet the unique demands of your business.

Employee Self-Service

Research by Gallup has shown a direct correlation between increased employee engagement and key business metrics. For example, companies with engaged employees have two and a half times the earnings per share growth rate than their peers. ADP Workforce Now® onboards employees with ease and empowers them to:

- Enroll and/or make coverage changes to benefit plans
- View pay statements and **year end forms**
- Change **statutory tax information**
- Set up direct deposit
- Review and manage ADP provided retirement accounts
- View the company directory
- Use online tools such as retirement planners or payroll calculators
- View approvals and notifications



These automated self-service tools do more than increase employee engagement and satisfaction. They also free up HR staff to focus on strategic initiatives rather than administrative tasks. When employees need help with self-service functions, detailed online support and task assistance are always available.

Manager Self-Service

Similar to employee self-service tools, ADP Workforce Now® automates routine processes for managers so they can spend more time helping you build your business. For example, ADP Workforce Now® Manager Self-Service empowers your managers to:

- Conduct performance reviews
- Disseminate vital information and eliminate repetitive tasks such as data re-keying

Employee Payment Services

Employees' paychecks are delivered to your workplace ready for distribution — signed and inserted into individual envelopes — according to your specified schedule. Alternatively, you can choose time-saving direct deposit, an electronic payment option that deposits employees' pay directly into their bank accounts.

- Employee payroll information sent to the employee bank
- One-stop service for reversals, deletions and inquiries
- Online pay statements for total electronic solution



The **ALINE Pay Card** by ADP is available as another payment option for employees who may not be able or willing to setup Direct Deposit into a traditional bank account. Direct Deposit employees can also use it to save for a goal or to easily share funds from their payroll with trusted family members (additional cost / setup may apply).

Product features

Designed to be compliant in the 50 U.S. States

- Fully Reg. E compliant
- Funds are FDIC insured

100% pay to the penny funds access through:

- Over-the-counter teller cash withdrawals for no charge at nearly 90,000 Visa Member banks nationwide

ALINE Card works for all employees

- No Employee bank account required
- Shop in stores or online and pay bills
- Nearly 70,000 surcharge-free, in-network ATMs Nationwide
- Manage your account on the go with the free ADP® Mobile Solutions app

Tax Filing Service & Year-End Processing

ADP prepares, files, and deposits federal, state, and local taxes, while also issuing the required monthly reporting to relevant tax authorities. ADP also responds to associated inquiries from any tax agency. ADP will also handle your company's year-end requirements, including direct reporting to the proper taxing authorities and statements of deposits and filings made on your behalf.

Wage Garnishments Processing Services

Let ADP address the complex calculations of court-ordered garnishments, levies and child support payments and make the necessary payments to appropriate agencies.

Employee Discount Program

LifeMart® is one of the largest members-only online discount shopping websites, where your employees will find discounts up to 40% on more than 4 million products and services, including groceries, clothing, hotels, restaurants, tickets, computers, cell phones and electronics, financial services and so much more, including:

- **Senior Care Products and Services** — AARP, ComForcare Senior Services, Beltone, Interim Healthcare
- **Travel, Car Rentals, and Hotels** — Enterprise, Budget, Alamo, Cruises, Super 8
- **Magazines** — Forbes
- **Computers and Electronics** — Apple, Panasonic, Dell, Lenovo
- **Movie Tickets** — AMC, National Amusements, Cinemark
- **Theme Parks** — Six Flags, Busch Gardens, Disney World
- **Gifts and Retail Shopping** — Kohl's, Kmart, Macy's
- **Child Care and Parenting** — Gymboree, Care.com
- **Flowers** — FTD, 1-800-FLOWERS
- **Restaurants** — Restaurant.com

Workforce Now® Enhanced HR

The challenges of managing your workforce, either under one roof or around the world are formidable. Doing business in multiple states and across several countries can reduce visibility into your personnel and increase your organization's complexity, while also introducing new risks. The pressures are real, but ADP Workforce Now® Enhanced HR can help.

A robust Human Resource Management Solution helps companies comply with applicable government regulations, increase efficiencies and improve employee satisfaction.

Here are some of the ways in which ADP's unified approach to global human capital management (HCM) can help you identify and extract the value that's there in the people you already have:

Focus on Your Business

Workforce Now® suite of leading edge HR tools, strengthen how important HR functions are managed and delivered:

- Allow employees to make online inquiries and receive immediate responses concerning company policies and other employment-related information
- Customize to fit your hiring process and the way you work
- Receive on-demand access to HR compliance reporting

Effectively manage the employee life cycle

Workforce Now® helps you stay compliant across the employee life cycle, putting you in control from HR to payroll to ever changing employer-related compliance administration. You can:

- Access, manage and analyze sensitive or complex HR information, like salaries and pay grades for performance reviews
- Improve employee recordkeeping
- Gain convenient access to standard reports that help you maintain compliance with government regulations concerning COBRA, EEO administration and OSHA events

Global HR System of Record

Workforce Now® Enhanced HR helps you manage HR data, through one consolidated and consistent view to track, audit, report and gain insight and control of your global workforce:

- Support multiple pay rate currencies through a global currency tool
- Create custom fields and processes specific to an individual country that only display when needed.
- Provide easy access to global employee data for consolidated reporting such as headcount, cross currency compa ratio and full compensation analysis
- Ensure data accuracy with global formatting of tax identifier, addresses and phone numbers so all data entered has valid characters and is the proper length

Key Benefits of Automating Human Resource Activities

Do more with less

Productivity no longer has to come with a steep price tag, with tools to optimize nearly every aspect of your staff's productivity, ADP Workforce Now® helps you do more, know more, grow more — all without boosting your headcount or your budget.

Improve your bottom line

If you're like most businesses, information is the key to a better-looking financial statement. With ADP Workforce Now®, you'll find just what you need to manage HR-related expenses more effectively and help to make smarter fiscal decisions.

Help minimize compliance risks

With the U.S. Department of Labor's renewed focus on wage and hour enforcement, accurate and accessible records are a must. Let ADP® handle the data details and help reduce your administrative burden as well as your compliance worries.

Find, grow and keep great people

From attracting the best candidates to keeping them engaged and productive, ADP Workforce Now® works the way you work. In a single system, you gain the tools to leverage your most powerful competitive advantage — your people.



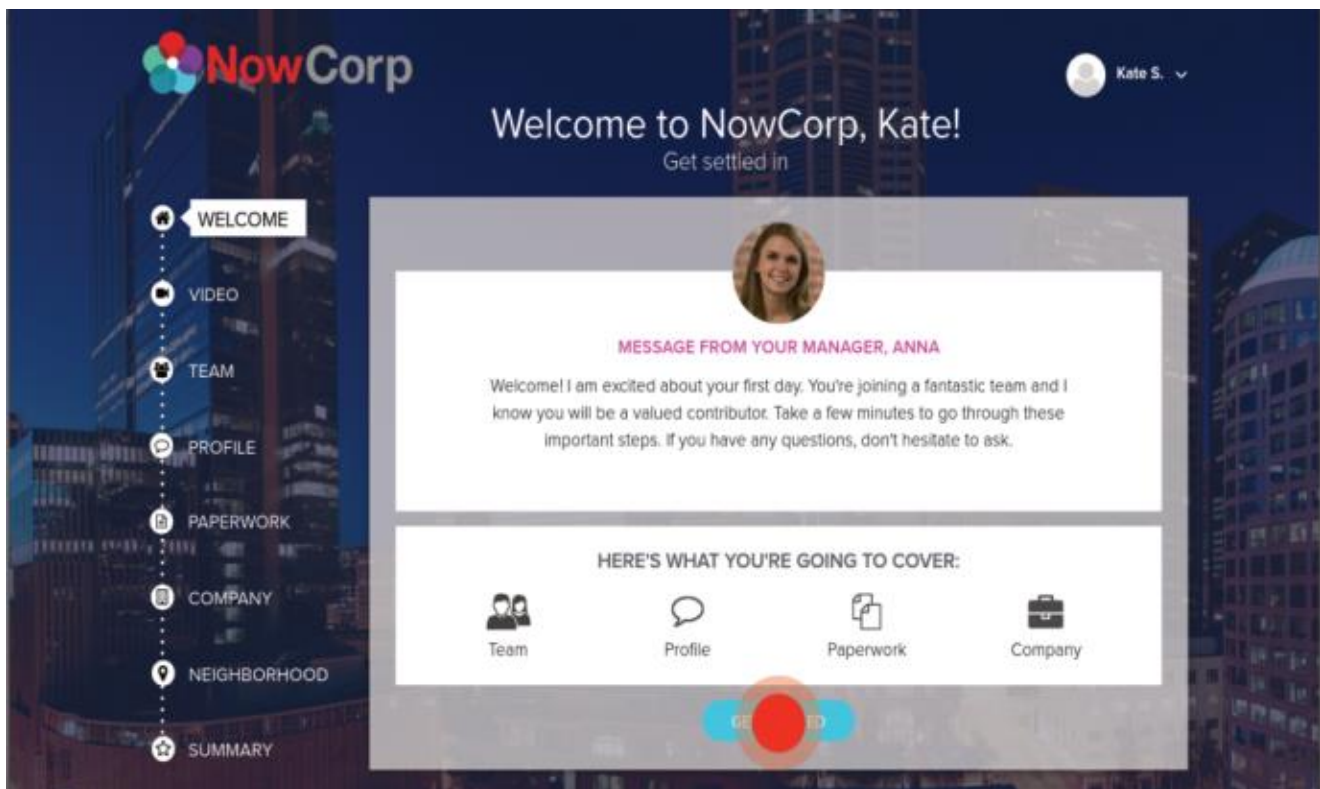
ADP Workforce Now® Onboarding

In today's labor environment, it's challenging enough to attract the right talent to your company. Once you find them, don't fall back to the status quo of treating onboarding as an afterthought. The moment your new hires start, the clock is ticking to engage them and ramp them up as quickly as possible. Empower your new talent to hit the ground running and set them up for success with ADP Workforce Now® Onboarding.

Unlocking the full potential of your new hires not only elevates employee enthusiasm, it also can dramatically accelerate the success of your business and minimize costly churn. Built to showcase your culture and make a great first impression on day one, ADP Workforce Now Onboarding will help your team stay ahead of the curve by engaging and informing new employees. This creates the positive connections for your new employees, their managers and their teams that are so important to productivity and retention.

With ADP Workforce Now Onboarding, your new employees will experience a smooth and informative ramp-up that's intuitive, streamlined, and – best of all – actually engaging. Benefits include:

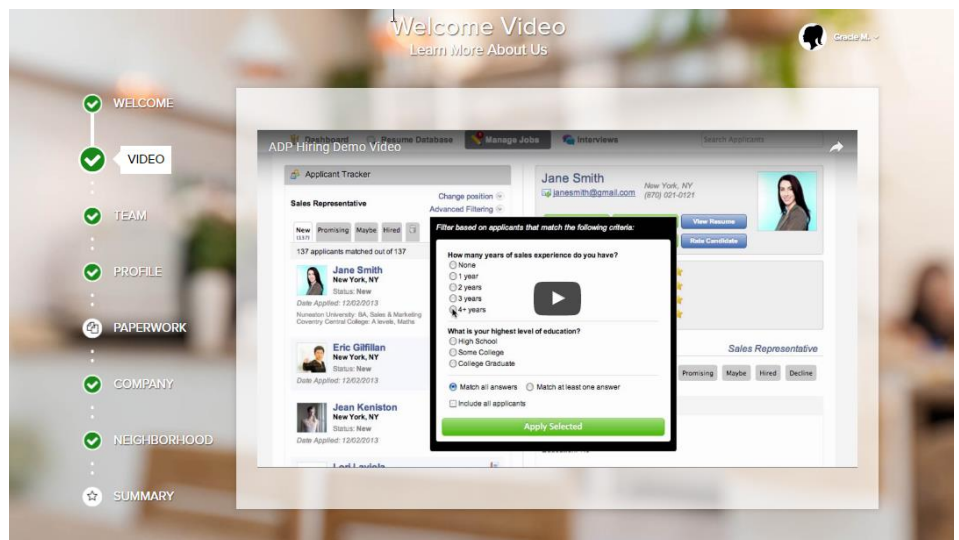
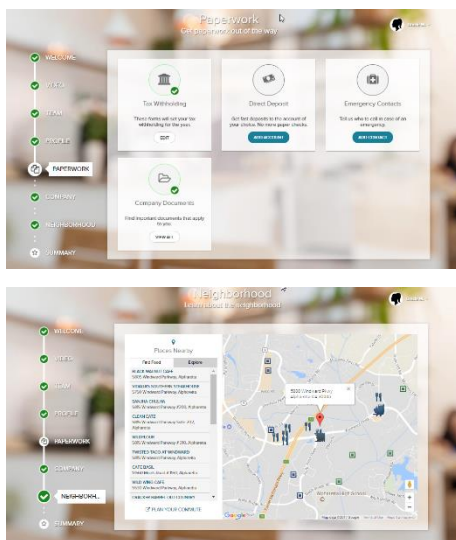
- Accelerate time-to-contribution when employees feel welcomed, comfortable and productive even before day one
- Engage employees while maximizing compliance
- Decrease manual tasks for your HR practitioners and managers by simplifying administrative processes like paperwork completion
- Automate the flow of information from onboarding to your human capital management (HCM) system



Key features:

- Compelling, consumer-grade experience to onboard new employees
- Easy steps for practitioners and managers to configure the onboarding experience
- Welcome note, and team and onboarding “buddy” information
- Clear workflow for new employees to complete and acknowledge required paperwork...without the paper
 - Company policies and documents
 - Form I-9
 - Tax withholdings
 - Direct deposit
 - Emergency contacts
- Ability to include a company video and map of the neighborhood with your curated local hotspots
- Intuitive, customizable experience can be completed across desktops, tablets and phones

Take a fresh look at how employees are on-boarded – not just focusing on improving efficiencies with necessary paperwork but also by building excitement among your newly hired employees.



Simplify Authorization and Verification with Electronic I-9

All employers must ensure proper completion of Form I-9 for each person they hire for employment in the U.S. To help lessen the administrative load, ADP Workforce Now® equips new hires and your team with a paperless I-9 experience. It also automatically connects with the E-Verify employment verification process provided by the Department of Homeland Security (DHS) and Social Security Administration (SSA).

ADP Workforce Now electronic I-9 capabilities include:

- Paperless Form I-9 Section 1 for employees
- Paperless Form I-9 Section 2 for managers / practitioners
- E-Verify training for manager / practitioners
- Dashboard displaying open I-9 tasks and case status

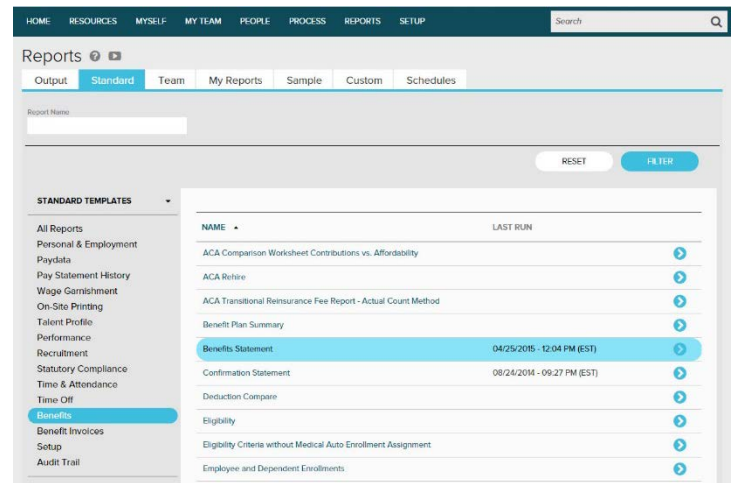
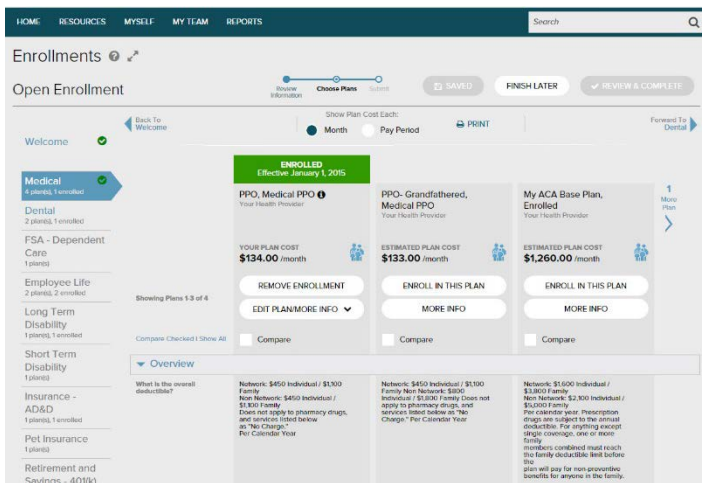
ADP Workforce Now® Benefits Administration

ADP Workforce Now® Benefits Administration is a full-featured module designed to give you increased control over benefits processes:

- Controls benefits costs by avoiding unnecessary benefit and premium payments, while also reducing the cost of benefits administration and communication
- Reduces labor costs by empowering employees to make benefit changes as a result of life changes or during open enrollment
- Helps to ensure tax and regulatory compliance with easy-to-generate Employee Summary reports
- Protects your organization against premium leakage with electronic carrier connections and invoices

Other key ADP Workforce Now® features to note:

- Insurance carrier connectivity availability
- Flexible rate structures
- Eligibility drivers
- Dependent age-limit rules
- Medicaid & Medicare entitlement
- Access to informative audit



Enrollment Tools

Benefits Administration module simplifies the open enrollment process. You'll enjoy reduced labor costs when employees can make their own benefit elections during open enrollment, and change elections whenever a life event occurs. You can also customize the open enrollment experience based on the specific requirements of your employees and your organization.

Benefits Reporting

The system provides a number of pre-defined reports such as Eligibility Status, Employee & Dependent Enrollments, Employee Enrollment Activity, Benefit Plan Summary and much more. ADP Workforce Now's comparison reporting tool will enable you to compare benefits report data from different points-in-time to identify any changes, additions and/or deletions. For more customized reporting, use the system's user-friendly point-in-time reports to assist with compliance, decision-making and forecasting.

Carrier Invoicing Tools

Carrier Invoicing Tools can help you identify billing discrepancies on the carrier list bill. Additionally, Workforce Now's invoicing tools can produce time saving self-billing reports. With these tools, you can efficiently reconcile carrier invoices, and ensure that you are paying the correct amount for your employee enrollments.

ADP Workforce Now® Essential ACA

Managing the complex world of the Affordable Care Act (ACA) compliance is easier with a partner who is an expert in compliance. ADP Workforce Now® Essential ACA solutions can help companies, who are impacted by the ACA, have peace of mind that they are collecting the right data required for compliance reporting.

Because ADP Workforce Now® is built on a single database, all of your Human Resources, Payroll, and Benefits data are in one place. It's accurate and easily accessible which is imperative when it comes to being able to report on your employees' Benefit offerings and fulfilling the ACA annual reporting requirements.

ADP is your trusted partner. You can count on us to help you with the challenges of ACA and providing you with products and services to help keep you compliant.

ACA Compliance

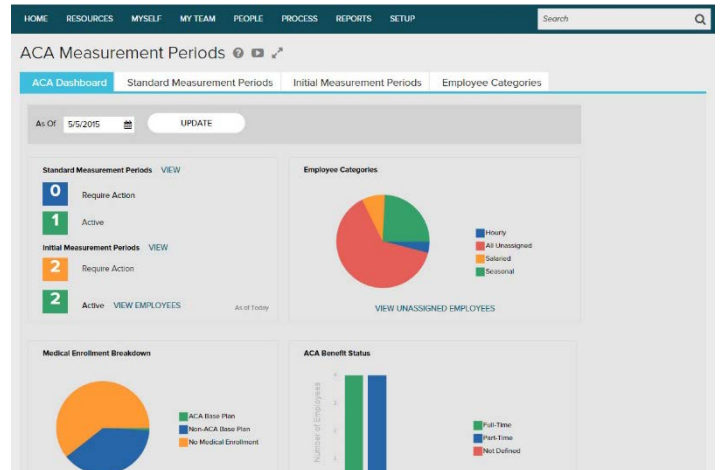
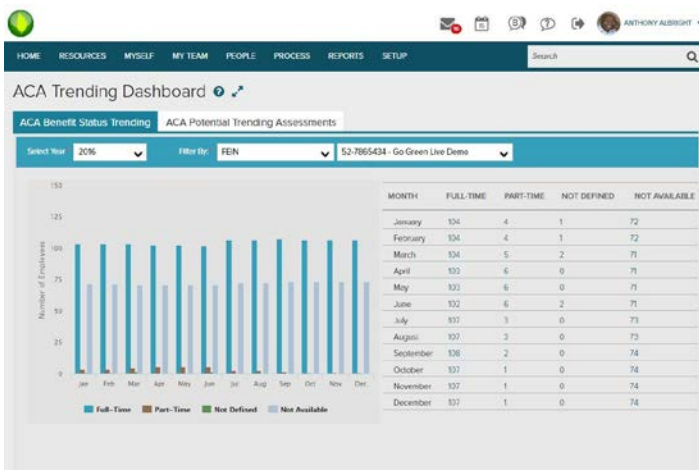
ADP Workforce Now® Essential ACA provides you with the information to certify that the benefit plans you are offering

- Qualify as meeting the Minimum Essential Coverage
- Are affordable as defined by the ACA guidelines
- Meet the minimum value for coverage

ADP Workforce Now® Essential ACA provides you with easy to read dashboards, screens and reports that prominently highlight ACA information. Our screens produce an automated view of your employees' every day changes to salary, life events and dependents that impact ACA without manual intervention. You can view each employee and see how the ACA impacts them.

ACA Annual Filing

When it comes to completing the IRS forms 1094 and 1095 annual reporting, ADP has a comprehensive, integrated and affordable solution. We are dedicated to solving your ACA reporting needs and helping you avoid any issues or fees for non-compliance. ADP will handle the annual reporting requirements for IRS forms 1094-C and 1095-C including distribution of the notice of coverage to your employees so you don't have to worry about completing and filing these forms.



ADP Workforce Now® Performance and Goal Management

ADP Workforce Now® Performance and Goal Management Solution is a complete approach to managing your talent, from newly hired to retirement. You get one system to help make the most of your biggest asset — your people.

Empower & engage employees to drive growth.

Engage managers and employees alike with a proactive, consistent approach that makes performance reviews and goal management a pleasure. Use our completely configurable tools and at-a-glance dashboard to:

- Rate and weight key performance information
- Speed up the review and approval process
- Take a competency-based approach that can help drive continuous growth
- Use performance reviews to establish and execute on personal, team & company goals.

Connect employees, managers and HR professionals, with no IT involvement. ADP Performance Management enables HR departments to operate in a more proactive, timely and responsive manner throughout the performance management process. Additionally, it helps HR professionals to better service managers by putting performance information at their fingertips to identify professional growth opportunities and employee retention and satisfaction strategies. Employees can access current and historical review information as well as receive notification of upcoming reviews.

Custom performance review templates can be assigned to the group or individual level. At a group level, they can be mass assigned based on common review or anniversary date. These templates can include questions, rating scales and acknowledgment collection. Automated reminders are included in the workflow based on review due dates. This eliminates the manual administration often associated with tracking and reminding users.

EMPLOYEE N.	GOAL NAME	GOAL CATEGORY	GOAL LEVEL	PROGRESS	OBSTACLES	TARGET DATE	ACTION
Berry, Lawrence...	Increase market share by 5%	S-Skills		0%	None		
Berry, Lawrence...	Increase Employee Engagement	T-Talent		0%	None		
Bonner, Edward...	Create and Distribute Employee...	S-Skills		75%	None	11/30/2015	
Delaney, Albert...	Increase Customer Retention by...	S-Skills		0%	None		
Escarrega, Jo...	Increase Customer Retention by...	S-Skills		0%	None		
Garland, Carlo...	Increase Customer Retention by...	S-Skills		0%	None		
James, Mark	Increase Customer Retention by...	S-Skills		0%	None		
Lee, Alle	Increase Customer Retention by...	S-Skills		0%	None		
Berry, Lawrence...	Increase Customer Retention by...	S-Skills		0%	None		
Rider, Emory	Increase Customer Retention by...	S-Skills		0%	None		

Highly effective talent management strategies mean greater employee productivity where the average revenue per employee is 26% higher; reduced voluntary turnover with high performers having 41% lower turnover; and improved ability to adapt to today’s economy with 28% less likely to have experienced a major layoff (>10%). Another Bersin & Associates study titled, High Impact Talent Management: Trends, Best Practices, and Industry Solutions, showed organizations that have implemented fully integrated talent management suites have achieved a 60% higher return when compared to organizations that are utilizing non-integrated solutions.

– Bersin & Associates



With ADP Workforce Now® Performance and Goal Management Tools, Employers can ensure alignment of Organizational Goals, Team Goals and Personal (individual) Goals. These can allow for employee contribution to update progression and completion. Managers can add and assess an employee's goals on the performance review form.

Gain a comprehensive view of employee performance.

Once you've made a great hire, ADP Workforce Now® can help turn a stellar candidate into a performance star. We'll bring together the data you need to spot performance trends, identify candidates for career growth, and address issues before they become problems.

- Leverage the power of a complete historical performance record for every employee.
- Track progress toward individual and organizational goals.
- Strengthen your compensation and succession planning.

ADP Workforce Now® Compensation Management

Compensation is often the single biggest cost to an employer and, depending on the industry, can be up to 70 percent of a company's annual operating costs. – Enterprise Compensation Solutions: The Next Wave in Integrated Talent Management,

– Bersin & Associates

To stay competitive, companies must work hard to ensure they both pay equitably and accommodate for differences in industries, job positions and geographies. A company's strategic approach to compensation planning directly impacts their ability to attract and retain top talent.

For many organizations, continued reliance on spreadsheets and manual compensation planning has critical implications for those charged with compensation planning. Data analysis is often incomplete, plans cannot be completed in a timely fashion, inequities arise and errors are inevitable. Workforce Now® Compensation Management streamlines the process and lessens the risks of your current practice.

Pay for Performance

- Drive a pay-for-performance culture by linking employee performance with awards. Define award guidelines consistent with your organizational goals and overall culture.

Budget & Guidelines

- Simplify the merit and bonus event cycle. Provide managers with an intuitive tool to complete award recommendations.
- Define budget plans that reflect your business practices (top down/bottom-up) and assign manager specific budgets.
- Eliminate manager confusion and ensure adherence to budgets by utilizing the built-in client configurable merit matrix and initial recommendation tool.

Approval Workflow & Communication

- Leverage Workforce Now's unified database to ensure each stakeholder is securely reviewing the most up to date data.
- Managers, HR Professionals and Executive Stakeholders each have tremendous visibility to all aspects of events and recommendations that impact their organization.
- Ensure changes made during a compensation event do not conflict with changes made outside the event.
- Communicate client customizable compensation notices via self-service or leverage mass print functionality

Compensation Event	Detail	Start Date	End Date	Progress	Budget	Status	Action
FY 15 Compensation Event - Merit Increase		9/1/2015	9/30/2015			Setup Completed	
FY 18 Compensation Payout	Click for Event Detail		/2013		Not Applicable		
comp event test 2		10/29/2013	11/28/2013				
FY 13 Global Products & Tech Merit Increase		10/27/2013	11/15/2013				
FY 11 Compensation Event - Merit Increase		9/30/2013	10/31/2013				
FY 15 - Bonus Payout		9/1/2013	10/31/2013			Rolled out	
FY 17 Compensation Event - Merit Increase		9/1/2013	9/30/2013			Rolled out	
FY 18 Compensation Event - Merit Increase		9/1/2013	10/31/2013			Rolled out	
FY '09 Compensation Event - Merit Increase		9/1/2013	9/30/2013			Closed	
FY 16 Compensation Event - Merit Increase		9/1/2013	9/30/2013			Ready for Payroll Pro...	

Budget Used: 431,203.77
Budget Allocated: 431,995.54
Budget Utilization (%): 99.82%

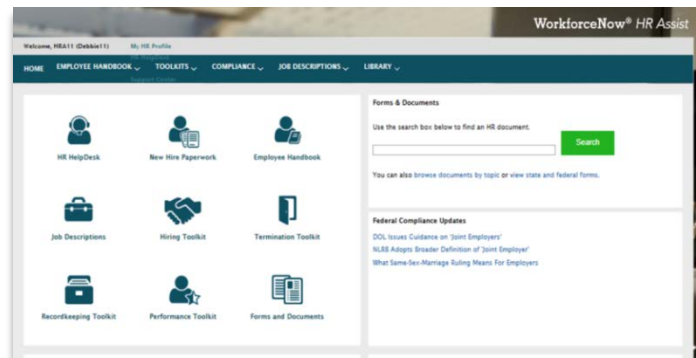
Legend:
 ▲ Over Budget
 ▼ Under Budget
 ■ On Budget or Submitted
 ■ In Progress or Not Started
 ▾ View Bar Details

ADP Workforce Now® HR Assist

ADP Workforce Now® HR Assist equips you with expertise and best practice-based solutions for everyday HR issues. With ADP Workforce Now HR Assist, you are only a few clicks away from a dedicated support team of experienced, certified HR professionals to help you tackle even your most complicated HR issues.

Get Access to Expertise and Documentation to Run Your HR Operations with Confidence

By tapping into ADP's HR experts and resources for assistance with your human capital management needs, your business can focus on what it does best. On-demand resources within ADP Workforce Now HR Assist include:



- **HR HelpDesk** – Receive phone and e-mail access to a dedicated support team of certified, experienced HR professionals to help you navigate even your most complicated HR issues.
- **Quick HR Answers** – Search a comprehensive database of commonly asked HR questions and get on-demand best-practice answers. Look up hundreds of must-know HR terms, definitions and abbreviations in the HR Dictionary to clarify your HR tasks.
- **HR Forms & Documents** – Save time by obtaining key HR forms from our central library of thousands of best-practice documents, checklists, forms, job descriptions, policies and downloadable labor law posters.
- **Employee Handbook Wizard** – Create a comprehensive, professional quality employee handbook based on federal employment law in just a few minutes.
- **Job Description Wizard** – Create customized job descriptions based on an extensive database.
- **HR Toolkits** – Properly complete everyday HR tasks such as hiring and termination with step-by-step best practice guidelines, essential forms and documents, and related policies. Step-by-step guidance also helps you complete and document advanced HR tasks, including everything from OSHA to FLSA.
- **State and Federal Compliance Resources** – Get information about ever-changing state and federal employment laws without the legal jargon, with plain English summaries of major regulations to help you stay on top of HR best-practices and compliance requirements. Help meet your core state and federal documentation requirements with access to key government forms and documents.
- **Compliance & Knowledge Updates** – Receive proactive e-mail alerts when laws change that may affect your company's policies, procedures or compliance requirements. Timely, comprehensive newsletters provide best practice information to complete your everyday employee management tasks and getting the most out of your workforce.
- **HR Checkups and Audit & Compliance Wizard** – Compare your current HR practices against standard best practices to see how you measure up. Use an intuitive wizard to assess your company's HR practices in seven key HR areas, and gain access to resources to help shore up your weaknesses.

ADP Workforce Now HR Assist: The Smartest Next Hire for Your Team

With the right information at your fingertips as you need it, you can tackle previously difficult HR and talent management goals and tasks. Plus, with Workforce Now HR Assist, you can:

- Increase HR operational efficiency
- Make more informed and faster decisions about workforce management issues
- Help minimize risk and address compliance needs without having to employ a large HR staff.

ADP Workforce Now® Document Cloud™

Introducing ADP Workforce Now® Document Cloud, a place where you can store employee documents in one unified database. With ADP Workforce Now® Document Cloud™ you can access your employee documents anytime, anywhere and from any location. ADP Workforce Now® Document Cloud supports a company's green initiatives while helping to stay compliant with document storage regulations. ADP Workforce Now® Document Cloud includes role-based security functionality designed to assist with the multitude of recordkeeping requirements under federal law such as the ADA, FMLA and HIPAA. By using ADP Workforce Now® Document Cloud, your HR Department can become more productive and can reduce storage costs associated with physical document storage.

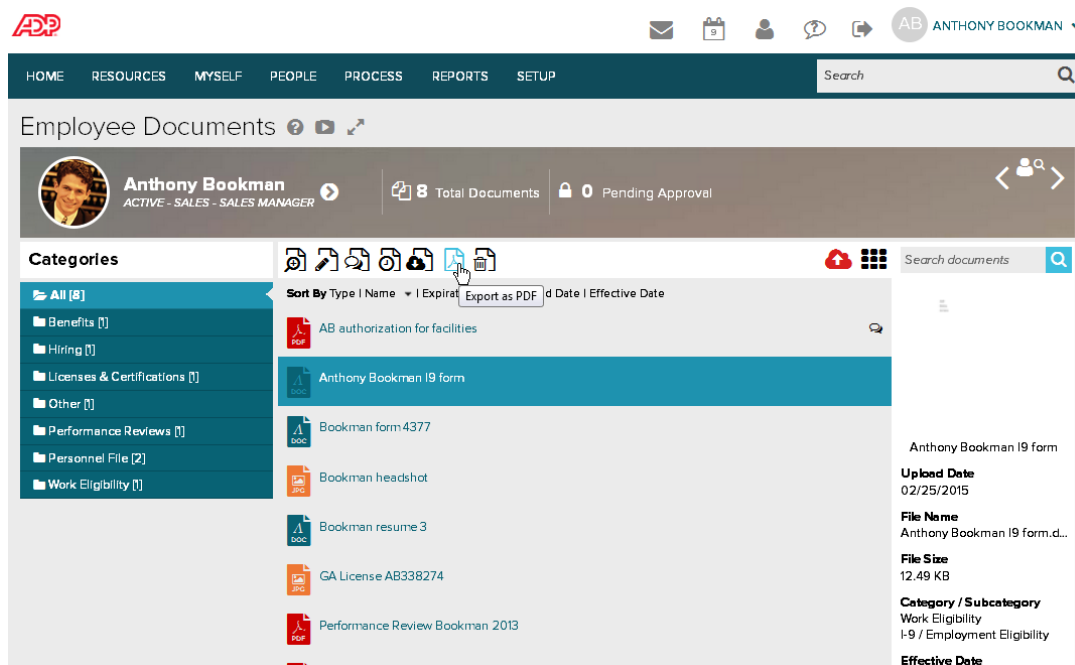
Organizations spend in labor cost \$20 (on average) to file a document; \$120 to find a misfiled document; \$220 to reproduce a lost document. Of all documents, 7.5% get lost; 3% of the remainder are misfiled.

– PriceWaterhouseCoopers LLP

Every company is required to manage, safely store, retrieve and retain specific employee records for compliance reasons. Additionally, there are many other employee documents that need to be accessible to various authorized individuals within an organization. ADP is redefining the document management process for mid-sized companies by providing a vehicle to simply and securely store and provide access to all your employee documents – in the Cloud!

Included Features

- Secure Cloud based Documents Storage
- Attach any digital document / file to an employee
- Integrated with HCM
- Document Access Auditing
- Categorize, tag, annotate documents
- Universal web mobile viewer
- Easily search, view, print and send documents on demand



ADP does not offer legal advice, please consult your Legal or HR professional for specifics on what documents may be required to retain, who in your organization should have access and record retention requirements under any applicable laws.

ADP Employment and Income Verification

ADP understands that fast and accurate employment and income verifications can be critical to your employees' everyday lives. ADP Employment Verification, powered by The Work Number®, provides a completely automated system for handling employment and income verifications and requests ("verifications") online. ADP Employment Verification helps keep employee information secure, helps mitigate exposure to unauthorized access and helps to relieve administrative burdens and costs. Only contracted and credentialed verifiers are allowed access to the information they need, helping to ensure your employees' information is secure.

Benefits of Automated Verifications: The service and systems are designed to create value for everyone involved: you, your employees and the verifying organizations:

- Accessible via the internet or telephone
- Secure release of employee information
- Data obtained directly from your payroll records

Employment Verifications: Verification reports are only provided to verifiers that have certified that they have a permissible purpose for requesting the report and will only use it for a permissible purpose (as meant by the Federal Fair Credit Reporting Act (FCRA)). The verifier identifies the employer and enters the employee's Social Security number. Employment verifications can be viewed and printed from the web application or voiced and faxed via the telephone.

Income Verifications: The employee provides their consent typically via a signature on an application. In a limited number of situations, a verifier might ask the employee for a "salary key". The salary key is an arbitrary six-digit number generated upon request by the employee to provide income verification. The salary key authorizes the verifier to access the employee's employment and income information one time.

Reports and Tools Included with Employment Verification Service

Monthly Usage Report: Provides general statistics as well as an audit trail for specific transactions (in PDF format)

Employment Data Report (EDR) Transaction History: Consistent with the FCRA, employees can view employment and income information provided by their employers as well as information about verifiers who have received their information. Employees are entitled to download a free Employment Data Report (EDR) once every 12 months. (Additional free EDRs are available if the employee is the victim of identity theft or their state of residence requires it)

User support: The ADP Employment Verification services are performed by a trained team of client service representatives who are dedicated to assisting employers, employees, verifiers and social services agencies.

Additional Services Include:

Social Services Verifications: When an employee applies for supplemental security income or other social services benefits, the federal or state agency must verify employment and income to determine the employee's initial and ongoing eligibility for such benefits.

Immigration Verifications: Non-citizen Employees and those traveling internationally periodically need to provide the U.S. Citizenship and Immigration Services (USCIS) or government embassies with proof of employment and income information.

Workers' Compensation Verifications: Insurance companies and third party administrators (TPA) that provide workers' compensation coverage for employers subscribing to ADP Employment Verification must verify employment and income for an employee filing a claim which helps determine the payment amount.

Worldwide Payroll

Multinational countries looking toward international expansion are tasked with adhering to fast-changing local compliance, managing processes, maintaining visibility of subsidiaries, minimizing people-related costs and protecting the company's most sensitive information.

An effective multi-country payroll solution must appropriately address platform incompatibilities, integrate diverse data and centralize multi-country information at both local and global levels. It must also adequately standardize service levels across vendors and integrate knowledge of local compliance.



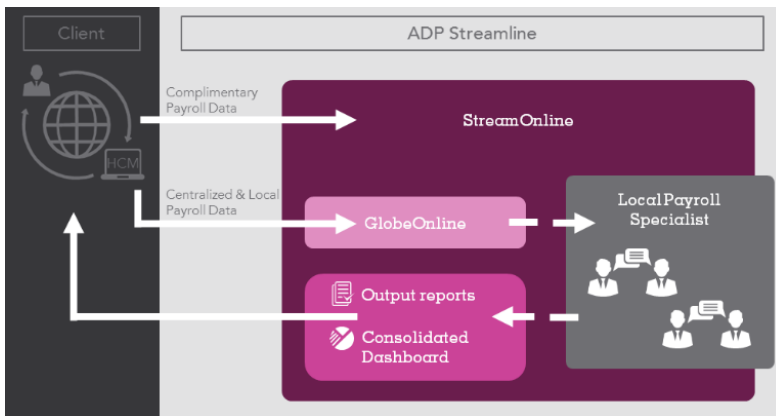
We are wherever success takes you

ADP's global payroll and HR administration has expanded to over 100 countries. Our payroll experts are well-versed in local laws, risks and requirements. This, combined with ADP Streamline's supervision and quality auditing across the network, can help you improve accuracy and compliance wherever your expansion and consolidation initiatives take your business.

ADP Streamline is an end-to-end global payroll solution that combines cloud-based technology with outstanding service and local expertise, offering companies with multi-country presence high visibility and control of their global operations. Its powerful connectivity, integration and reporting capabilities extend the value of payroll information and help companies maximize their current global HR, thereby gaining competitive advantage.

ADP Streamline Technology

The backbone of the ADP Streamline solution is its agile two-fold technology, which creates a continuous input/output feedback loop between your ERP or HRIS and ADP Streamline's country-specific payroll systems.



GlobeOnLine™ is a 'Software as a Service' solution, provides an easy-to-integrate gateway with the flexibility to receive payroll data automatically from your centrally or locally managed HR information systems.

StreamOnLine Payroll Management gives you complete visibility of your multi-country payroll and eases HR administration with access to the end-to-end payroll process, consolidated reports and training portal.

ADP Streamline: reduce risk and gain peace of mind

Backed by over 60 years of market leadership, ADP provides a safe environment for transactional data and business statutory reporting with security levels appropriate to the risks represented by the processing and the nature of the client's data. ADP is an ISAE 3402 Certified Company.

ADP Streamline alleviates the burden of multi-country business complexity by offering a single, flexible service delivery model that adapts to your needs. It replaces multiple vendors and applications with a unified contract, a single point of contact, one invoice and a flexible price structure.

ADP Streamline reduces maintenance and infrastructure costs with managed services, simplifies workflows by automatically updating country payroll data from central HCM, keeps system updated with changing national statutes and payroll legislation and facilitates regionalization by providing visibility of global payroll processing.

Screening and Selection Services

Lack of thorough screening can expose your company to legal liability, loss of customers, and loss of productivity. Background screening services with compliance support reduce risk and enhance time-consuming processes. ADP can perform a well-rounded mix of background checks on every applicant, but not all positions require the same degree of investigation. Therefore, the ADP Screening and Selection Service lets you establish the levels you need, by position. ADP's smart hiring technology includes easy-to-understand reports and our criminal court records include a convenient summary section. ADP also provides you and your organization with protection by helping you comply with current employment regulations. And, we help give you the confidence to make justifiable decisions based on facts and best practices.

Latest estimates have nearly 7 out of 10 employers noting the cost (of recruitment, training, severance, and productivity) of replacing a bad hire at 200-300% of an employee's salary.

– American Management Association

Workers' Compensation

Pay-by-Pay® is available to assist with workers compensation administration. Pay-by-Pay helps improve your cash flow by eliminating hefty up-front annual premium deposits and by basing premium payments on your actual payrolls and carrier rates rather than estimates. Convenient online reporting helps you better manage workers' compensation claims.

401(k) Administration

One of today's most valued employee benefits is a 401(k) plan. ADP Retirement Services has been providing complete recordkeeping services since 1989. Our breadth of service includes support for the following plan types and options:

- 401(k) - including Safe Harbor 401(k), Roth 401(k), and New Comparability
- SIMPLE IRA
- Executive Deferred Compensation
- Plan Sponsor Services
- Participant Education
- Participant Services

Website - Our Participant website, mykplan.com provides participants the information necessary to manage their accounts in a simple to use format. The participant web home pages and retirement tools are mobile enabled, so associates who wish to check balances and make transactions via a smartphone or tablet may do so with ease. In addition, we offer mobile applications for enrollment and education that can be pushed out to smart phone users as part of an overall education and outreach strategy. Participants can access the following planning tools from the website.

- Retirement Savings Tool
- Financial Wellness - An online library of financial wellness tools and information for every stage of life — no matter what stage of life
- Healthcare Wellness



ADP Expertise



Implementation Blueprint
Ensuring your success

Your ADP project team will work closely with you and your company to develop a project timeline, and will collaborate with you to help ensure milestones are met timely and accurately.

People

An ADP project manager is accountable for your implementation so that you can effectively participate while managing day-to-day business. All ADP Project Managers complete a thorough training curriculum inclusive of project management best practices and business acumen instruction.

Highly trained specialists with practical experience will align with your project stakeholders to:

- Understand your organization
- Discuss best practices
- Design, configure, and validate a solution on your unique requirements

Technology

ADP's highly engineered implementation methodology is built on an easy-to-use yet highly innovative workflow tool, allowing automation of traditionally labor intensive process steps.

- Security setup
- Data extraction
- Project plan maintenance

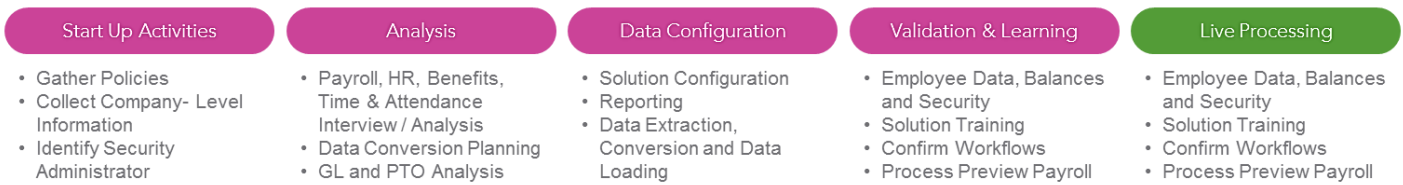
ADP will collect and convert your current employee data, typically in five business days or less, utilizing technology to help insure a rapid and accurate data conversion.

Process

ADP's structure implementation methodology is a step-by-step approach based on best practices gleaned from tens of thousands of implementations.

See the Process phases and activities on the table below.

ADP's Implementation Approach



Payroll – HR & Benefits – Time & Attendance →

At Your Service

Wherever you do business across the street or around the world, you can count on ADP to help you succeed.

ADP's Approach to Service: Sales and Implementation will be working diligently with you to discuss, design and deliver leading-edge solutions to help you run your business. Your ongoing ADP Service team continues this approach with a focus on your success.

People

- **Tenured:** One of our ADP Values is that "Each Person Counts." We value our associates and are focused on their engagement and retention. Our average Service Associate has over 12 years of experience.
- **Experienced:** Our Service Associates complete a six-month training program, followed by 80 hours of product and skills training annually.
- **Industry-certified:** We sponsor our Service Associates to attain key industry certifications, such as Fundamental Payroll Certification (FPC), Certified Payroll Professional (CPP) and Professional in Human Resources (PHR).
- **Service Excellence:** All of our Service Associates are focused on delivering the key elements of our approach to Service Excellence – partnership, being proactive, delivering insightful expertise and being easy to do business with.

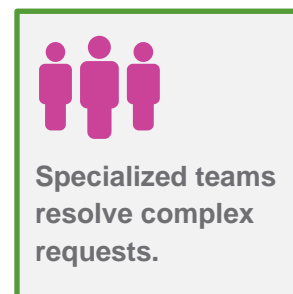
Process

- A **Dedicated Service Team** focused on ownership and on resolving your requests in a timely, effective and accurate manner with a personalized approach.
- **Specialized HR and/or Time & Attendance Associates** partnering with your Dedicated Service Team to handle your specific requests.
- Free **Training Support** provided throughout the year to ensure that you have success in your role. Our Service Center hours of operations are Monday through Friday 8:00 a.m. to 5:30 p.m. (in your local time zone).

Technology

- ADP's Support Center offers you multiple options for support: **24/7 self-service support.**
- A **robust** Knowledge Management System.
- **Tools** that integrate with our service centers and internal systems.

Service Facts

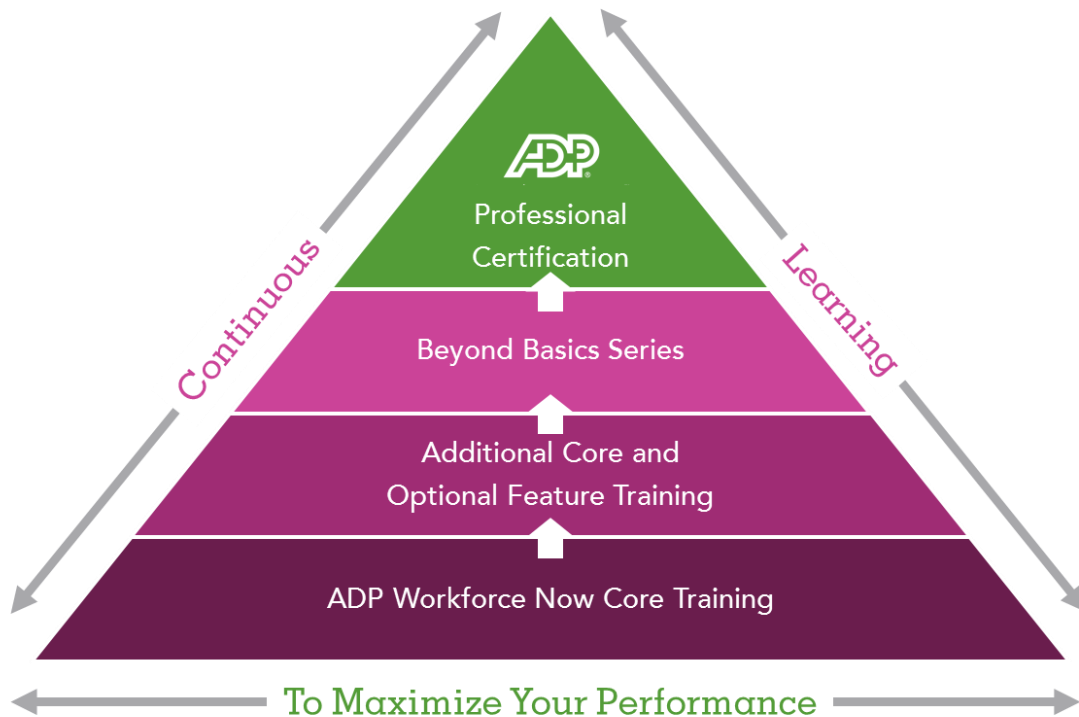


ADP ranks #19 in Training Magazine's Top 125 for 2016, This marks the ninth consecutive year that ADP has been recognized for providing extraordinary employer-sponsored workforce training and development offerings.

– 2016 Training Magazine Award

As part of your ADP Workforce Now® solution, ADP provides superior training and tools – from the basics to certification. Continuous learning opportunities, throughout the life cycle of your solution, we give you what you need exactly when you need it to maximize performance and ensure your success.

- ADP offers a Professional Certification Program for those who want to validate their ADP Workforce Now® payroll skills.
- ADP's Beyond Basics Series provides continuous opportunities for you to develop your expertise. The series supports you during year-end processing and when you need a refresher on a topic.
- Once you go live with your ADP solution, you receive unrivaled training on topics and features – precisely when you need it.
- Core training is available at local ADP training centers or in a virtual class. Both provide a structured learning environment with knowledgeable instructors and opportunities to practice using your new solution. Core training for your ADP solution is the foundation for your



System Requirements

This document lists minimum requirements for the latest version of ADP Workforce Now®.

For Data Collection software requirements refer to the *Data Collection Product Requirements*. For ADP Workforce Now® Enhanced Time & Attendance software requirements, refer to the *Enhanced Time Product Requirements*.

Certified Operating Systems and Browsers

The following browsers are supported for each operating system. **Note:** Pop-up and cookie-blocking software must be disabled. If firewall software is used, permit inbound and outbound traffic on port 443.

	Windows			Macintosh		
	7.0 (SP1) 32 bit & 64 bit	8.0: 32 bit & 64 bit	8.1*** (Excluding RT Touch Screen)	V10	Yosemite 10.10	El Capitan
Internet Explorer 11	X		X	X		
Edge*				X		
Firefox 52** and higher	X	X	X	X	X	X
Chrome 60.0 and higher	X	X	X	X	X	X
Safari 8.x					X	
Safari 9.0						X

*The Edge browser does not support ActiveX controls. On-Site Printing (OSP) and manual check printing functionality will not work with the Edge browser. Windows 10 includes IE 11, which can be used for OSP and manual check printing.

** v52 extended support release version (auto-update available).

*** Windows 8.1 OS RT Touch Screen is not supported or certified by ADP.

Note: For ADP Workforce Now Enhanced Time & Attendance® (formerly known as Enterprise eTIME) clients, Chrome is a supported browser for Enhanced Time v8.0 only. For Legacy versions of Enhanced Time v7.0 and lower, Chrome is NOT a supported browser. Please contact your Enhanced Time support team if you have questions or need assistance with version verification.

Mobile Solutions Requirements

- iPhone® or iPad® (iOS 9+ or higher)
- Android (v4.4 or higher)

Note: ADP Workforce Now Enhanced Time/Enterprise eTIME v7 SP10+ or v8 SP11c and Time and Attendance interfaces v4.6. We will continue to support clients with prior versions of ADP Workforce Now Enhanced Time/Enterprise eTIME.

Workstation Requirements

- 1 GB of RAM
- 500 MHz processor or higher

Video Requirements

- ADP recommends a minimum screen resolution of 1280 x 800 for the best possible user experience. Screen resolutions smaller than 1280 x 800 will still function; however, horizontal scrolling will be introduced in some cases.
- Minimum 256 colors

Disk Space Requirements

- 1.5 GB

System Requirements

Minimum Bandwidth Requirements

The following minimum bandwidth requirements are generally available from cable/DSL providers. Failure to maintain these bandwidths during payroll processing may result in slower response times:

- 0-500 employees, requires 512 Kbps.
- Over 500 employees, requires 1024 Kbps.

Third Party Plug-ins

- Adobe® Reader® 9, 10 or 11 for printing Payroll guides, Payroll Preview reports, and manual checks. You can download this software free of charge from the Adobe Web site (<http://get.adobe.com/reader/>).
- Microsoft Office® 2003, 2007, 2010 and 2013

Additional Requirements

ADP Analytics

ADP Analytics requires additional setup by ADP and the following supported browsers:

- Benchmarks Explorer – Internet Explorer 11 or higher, Chrome, Firefox, Safari
- Benchmarks Feature – Internet Explorer 11 or higher, Chrome, Firefox, Safari
- PDF Export – Internet Explorer 11 or higher, Chrome, Firefox, Safari

Time-Off Email Integration Support

The Time-Off Email Integration feature is supported for the following operating systems:

- Microsoft Windows 7: Outlook Version: 2007, 2010, 2013
- iOS 8.0: Outlook Version: iPhone Calendar

Printing Checks on Blank Check Stock

You must enable Microsoft® ActiveX® controls in Internet Explorer® to print checks on blank check stock using the On-Site Printing feature or the Manual Checks feature. You also need a printer specifically designed for Magnetic Ink Character Recognition (MICR) printer. You cannot use a standard laser printer with MICR toner.

Self-Service

- Minimum 56K modem connection
- Pentium® 330 processor
- 64 MB of RAM

Virtual Classroom Training

- 16-bit sound card
- 1 GB RAM or more
- 1GHz or higher CPU
- Adobe® Flash® Player
- Oracle® Java™ version 6 (update 10) or higher
- Microsoft Vista®, Windows 7, 8 or 10
- Apple® Macintosh® 10.7 through 10.11 operating system
- Internet Explorer 11, Firefox® latest version, Chrome latest version, Safari 5 – 8

Exporting Pay-Data Batches

Microsoft Excel® is required to use the Pay-Data Grid Export utility to export a Pay-Data batch to your desktop and enter Pay-Data via a spreadsheet.

The ADP Logo, ADP, Enterprise eTIME and ADP Workforce Now® are registered trademarks of ADP, LLC. ADP Analytics is a service mark of ADP, LLC.

Third-Party Trademarks

Adobe, Acrobat, Flash and Reader are registered trademarks of Adobe Systems, Incorporated in the United States and/or other countries. Mac, Mac OS, Macintosh and Safari are trademarks of Apple Inc., registered in the U.S. and/or other countries. Microsoft, Windows, Vista, Excel, and ActiveX are registered trademarks of Microsoft Corporation in the United States and/or other countries. Mozilla and Firefox are registered trademarks of the Mozilla Foundation in the United States and/or other countries. Pentium is trademark of Intel Corporation in the United States and/or other countries. Oracle and Java are trademarks of Sun Microsystems, Inc. in the United States and/or other countries. Chrome is a trademark of Google Inc.



Financial Considerations

Company Information

Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028
United States

Executive Contact

Vanessa Martinez
Finance Manager
vmartinez@rainbowmwd.com
(760) 728-1178



52

Total
Employees



\$1,725.00

Implementation
Costs



\$15,093.06

Total Annual
Investment



(\$2,180.68)

Total Annual Savings during
promotional period; See
Terms

ADP Sales Associate

Andrew Franz
Inbound
andrew.franz@adp.com
(610) 572-7634

Company Information


Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028
United States


Executive Contact


Vanessa Martinez
Finance Manager
vmartinez@rainbowmwd.com
(760) 728-1178


Processing Fees and Considerations


Number of Employees: 52 on Rainbow Municipal Water District

 Per Processing	Count	Min	Base	Rate	Bi-Weekly	Annual
Workforce Now Payroll Solutions	52	-	\$88.35	\$8.09	\$509.03	\$13,234.78
<ul style="list-style-type: none"> • Essential Plus Payroll • Enhanced HR • Benefits Administration • Document Cloud • HR Assist 						
Employment and Income Verification						
<ul style="list-style-type: none"> • Employment Verification 						

 Monthly Processing	Count	Min	Base	Rate	Monthly	Annual
Talent Management and Activation	52	-	-	\$1.39	\$72.28	\$867.36
<ul style="list-style-type: none"> • Performance and Goal Management • Compensation Management 						
Non-ADP System to Workforce Now	1	-	-	\$60.00	\$60.00	\$720.00
*Varies based on project scope. Final bill will be determined by actual hours worked.						
Additional Jurisdiction (if applicable)	2+			\$8.95/month		
International Employees Rate (if applicable)				\$3.00/month		

 Annual Processing	Count	Min	Base	Rate	Annual
Year End Forms, W2s or 1099s	52	-	-	\$5.21	\$270.92

 Total Annual Investment	Total Annual
Workforce Now Services	<u>\$15,093.06</u>
Estimated Value of Total Annual Concession; Already applied to values above:	\$1,156.74

 Other Considerations	Setup
Implementation	
<ul style="list-style-type: none"> • Implementation for Workforce Now Payroll Solutions • Implementation for Performance and Goal Management 	\$1,125.00 \$300.00

Company Information

Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028
United States

Executive Contact

Vanessa Martinez
Finance Manager
vmartinez@rainbowmwd.com
(760) 728-1178



Other Considerations

Implementation

- Implementation for Compensation Management

Setup

\$300.00



Total Other Considerations

Total Setup

Implementation and Setup

\$11,500.00

Implementation Discount Value

(\$9,775.00)

Estimated Total Net Implementation

\$1,725.00

Company Information

Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028
United States

Executive Contact

Vanessa Martinez
Finance Manager
vmartinez@rainbowmwd.com
(760) 728-1178

Important Project and Billing Information

Product

Billing for Payroll Processing Services, HCM and any module bundled into the single per employee per processing fee for payroll, is billed immediately following the client's first payroll processing. The billing count is based on the number of pays submitted during each processing period, therefore total billing may fluctuate.

Billing for all modules bundled under HCM Solutions will begin on the date the ADP Product or Service is available for use by the client in a production environment. The billing count is based on all unique lives in the database paid in the previous calendar month. Any non-terminated employees based outside the United States will be billed separately as International Employees.

Billing for all modules bundled under Talent Activation Suite will begin on the date the ADP Product or Service is available for use by the client in a production environment. The billing count is based on all unique lives in the Workforce Now database paid in the previous calendar month.

Promotion

Promotion is spread over the first five (5) years of services (also referred to as the Promotional Period) applying to months 7 & 8 each year from each product/controls start date. Actual promotional value may vary based on a number of reasons, including but not limited to: start date, number of processings during the promotional month(s) and actual number of employees paid during the promotional months.

Other

Start Date: Payroll:8/27/2018 | HCM:9/4/2018

ADP's Fees for Service will be debited directly out of client's bank account of their choosing seven (7) days from invoice date.

Summary

Estimated Annual Net Investment:	\$15,093.06	Total Net Implementation:	\$1,725.00
Estimated Annual Net Investment during promotional period:	<u>\$12,912.38</u>		
Estimated Annual Concession (already applied):	\$1,156.74		

The ADP Services Listed on this Sales Order are provided at the prices set forth herein and in accordance with the ADP Master Services Agreement (or other similar agreement governing ADP's services), which shall include any appendix, exhibit, addendum, schedule or other similar document attached thereto or accompanying this Sales Order. By signing below you are acknowledging and agreeing to such terms and conditions and to the listed prices.



Company Information

Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028
United States

Executive Contact

Vanessa Martinez
Finance Manager
vmartinez@rainbowmwd.com
(760) 728-1178

ADP, LLC

Client: Rainbow Municipal Water District

Signature: _____
Name: _____
Title: _____
Date: _____

Signature: _____
Name: _____
Title: _____
Date: _____

Company Information

Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028
United States

Executive Contact

Vanessa Martinez
Finance Manager
vmartinez@rainbowmwd.com
(760) 728-1178

Workforce Now Included Services

Essential Plus Payroll

- Tax Filing Service
- Payment Services
- Reports Library and Custom Report Writer
- Wage Garnishment Processing
- Group Term Life Auto Calculation
- One Delivery Location

- Employee and Manager Self Service
- Access to Mobile Apps
- Employee Discount Program
- New Hire Reporting
- General Ledger Solution
- Online Reports and Pay Statements

Enhanced HR

- ADP Portal with Customized Content
- Paid Time Off (PTO) Accruals Engine
- Multiple Language & Currencies
- Country Specific Workflows & Processes
- Country Specific Custom Fields & Formatting

- Employee Development Tracking
- Onboarding
- Compliance Reporting
- Organization Charting
- Policy Acknowledgement

Benefits Administration

- Multiple Benefit Plan Types
- Flexible Rate Structures (Age Banded & Salary Tiers)
- Notifications & Approvals
- Invoice Auditing
- Annual 1095-C Forms

- Dependent & Beneficiary Tracking
- Employee Open Enrollment
- ACA Measurement Dashboard
- Evidence of Benefit Offering Screens
- Annual 1094-C Filing

Document Cloud

- Secure Cloud Based Document Storage
- Search & Auditing Functionality

- Digital Employee Record
- Roles Based Security

HR Assist

- HR Forms Compliance Library and Webinars
- Employee Handbook
- Labor Law Posters

- Sample Job Description
- Employer Helpdesk (proactive outreach)
- ACA Support

Employment Verification

- Commercial Employment and Income Verifications
- Social Services Verifications
- Workers Compensation Verifications

- Client access to Electronic Reports and Tools
- Immigration Verifications

Performance and Goal Management

- Custom Performance Review Templates
- 360 Degree Peer Review

- Employee Goal Management
- Manager Dashboard

Compensation Management

- Performance & Award Alignment

- Budget and Award Guidelines

Company Information

Rainbow Municipal Water District
3707 S Hwy 395
Fallbrook, CA 92028
United States

Executive Contact

Vanessa Martinez
Finance Manager
vmartinez@rainbowmwd.com
(760) 728-1178

Workforce Now Included Services

- Configurable Merit Matrix
- Configurable Workflow

Thank you for your consideration

ADP, LLC: (referred to herein as "ADP")

One ADP Boulevard
Roseland, New Jersey 07068
United States

Client: (referred to herein as "Client")

Rainbow Municipal Water District
3707 S Hwy 395

Fallbrook, CA 92028, United States

Attention
Vanessa Martinez

05-29-2018
(Effective Date)

ADP and Client agree that ADP shall provide Client with the following services in accordance with the terms and subject to the conditions set forth in this Major Accounts Services Master Services Agreement (the "Agreement")

ANNEX A:	GENERAL TERMS AND CONDITIONS
ANNEX B:	PAYROLL PROCESSING & TAX FILING; EMPLOYMENT VERIFICATION SERVICES
ANNEX D:	HR, BENEFITS AND TALENT MANAGEMENT SERVICES
ANNEX L:	HR ASSIST SERVICES

BY SIGNING BELOW, CLIENT ACKNOWLEDGES THAT THEY HAVE REVIEWED THE ENTIRE AGREEMENT INCLUDING THE TERMS AND CONDITIONS IN EACH ANNEX CORRESPONDING TO SERVICES PURCHASED PURSUANT TO THE SALES ORDER.

This Agreement includes the Annexes related to the services selected by Client. Each Annex listed above is attached hereto and is incorporated into this Agreement in full by this reference as if set forth in this Agreement in full.

ADP, LLC		CLIENT	
_____ (Signature of Authorized Representative)		_____ (Signature of Authorized Representative)	
_____ (Name - Please Print)		_____ (Name - Please Print)	
_____ (Title)	_____ (Date)	_____ (Title)	_____ (Date)

1 Definitions.

- 1.1 “**ADP**” has the meaning set forth on the cover page.
- 1.2 “**ADP Application Programs**” means the computer software programs and related Documentation, including any updates, modifications or enhancements thereto, that are either delivered or made accessible to Client through a hosted environment by ADP in connection with the Services.
- 1.3 “**ADP Workforce Now**” means ADP’s web-based portal which provides a single point of access to ADP online solutions and employee-facing websites and resources related to payroll, HR, benefits, talent, and time and attendance. A general description of the Services can be found at www.productdescription.majoraccounts.adp.com (which may be modified from time to time provided, however, that any such modifications will not have a material adverse impact on any of the Services Client is receiving).
- 1.4 “**Agreement**” means this Major Accounts Services- Master Services Agreement, consisting of the signature pages, the General Terms and Conditions, all exhibits, annexes, addendum, appendices and schedules, and each Amendment, if any.
- 1.5 “**Affiliate**” means any individual, corporation or partnership or any other entity or organization (a “**person**”) that controls, is controlled by or is under common control with Client. For purposes of the preceding definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through ownership of voting securities or by contract or otherwise.
- 1.6 “**API**” means ADP approved application programming interface(s) that support point to point interaction of different systems.
- 1.7 “**Approved Country**” means each country in which, subject to the terms of this Agreement, Client is authorized to use or receive the Services. The Approved Country for the Services is the United States.
- 1.8 “**Access Country**” means each country in which, subject to the terms of this Agreement, Client is authorized to use or access the HR and/or Talent modules of ADP Workforce Now (but specifically excluding document cloud services and any other modules/tools that ADP, in its sole discretion, determines shall not be accessible to Client employees located outside the United States) and as approved by ADP. A list of Access Countries for the applicable Services is found at www.productdescription.majoraccounts.adp.com.
- 1.9 “**Business Day**” means any day, except a Saturday, Sunday or a day on which ADP’s bank is not open for business in the applicable jurisdiction where services are provided by ADP.
- 1.10 “**Client**” has the meaning set forth on the cover page.
- 1.11 “**Client Content**” means all information and materials provided by Client, its agents or employees, regardless of form, to ADP under this Agreement.
- 1.12 “**Client Group**” means Client and Client’s Affiliates means Client and Client’s Affiliates who are receiving Services under this Agreement pursuant to a Sales Order.
- 1.13 “**Client Infringement Event**” means (i) any change, or enhancement in the Services made by Client or any third party on behalf of Client other than at the direction of, or as approved by, ADP, (ii) Client’s use of the Services except as contemplated by this Agreement, or (iii) to the extent ADP Application Programs include computer software programs, Client’s use of other than the most current release or version of such computer software programs included in the ADP Application Programs, or Client’s failure to use corrections or enhancements to such computer software programs included in the ADP Application Programs, in each case provided by ADP to Client at no charge, that results in a claim or action for infringement that could have been avoided by use of such current release or version, or by such corrections or enhancements.
- 1.14 “**Confidential Information**” means all information of a confidential or proprietary nature, including pricing and pricing related information and all Personal Information, provided by the disclosing party to the receiving party under this Agreement but does not include (i) information that is already known by the receiving party, (ii) information that becomes generally available to the public other than as a result of disclosure by the receiving party in violation of this Agreement, and (iii) information that becomes known to the receiving party from a source other than the disclosing party on a non-confidential basis.
- 1.15 “**Documentation**” means all manuals, tutorials and related materials that may be provided or made available to Client by ADP in connection with the Services.
- 1.16 “**General Terms and Conditions**” means the terms and conditions contained in this Annex A.
- 1.17 “**Gross Negligence**” has the meaning set forth in Section 7.3.1.
- 1.18 “**Improvements**” has the meaning set forth in Section 5.4
- 1.19 “**Incident**” means a security breach (as defined in any applicable law) or any other event that compromises the security, confidentiality or integrity of Client’s Personal Information.
- 1.20 “**Indemnitees**” has the meaning set forth in Section 6.3
- 1.21 “**Indemnitor**” has the meaning set forth in Section 6.3
- 1.22 “**Intellectual Property Rights**” means all rights, title and interest to or in patent, copyright, trademark, service mark, trade secret, business or trade name, know-how and rights of a similar or corresponding character.
- 1.23 “**Internal Business Purposes**” means the usage of the Services solely by the Client Group for its own internal business purposes, without the right to provide service bureau or other data processing services, or otherwise share or distribute the Services, to any party outside the Client Group, unless expressly contemplated by this Agreement.
- 1.24 “**NACHA**” means the National Automated Clearing House Association.
- 1.25 “**OFAC**” means the Office of Foreign Assets Control.
- 1.26 “**Payee**” means any intended recipient of payments under the Payment Services and may include Client’s employees, taxing authorities, governmental agencies, suppliers, benefit carriers and/or other third parties; provided that in the case of ADP Wage Payment Services, Payee shall be limited to Client’s employees and independent contractors.
- 1.27 “**Payment Services**” means any Services that involve electronic or check payments being made by ADP to third parties on Client’s behalf and at its direction.

- 1.28 **“Personal Information”** means information relating to an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to such person's physical, physiological, mental, economic, cultural or social identity.
- 1.29 **“Price Agreement”** means a supplemental agreement between the parties that addresses future price increase rates on certain Services over a specific period of time.
- 1.30 **“Sales Order(s)”** means the document(s) between the parties that lists the specific Services purchased by Client Group from ADP.
- 1.31 **“Services”** means the services (including implementation services related thereto) listed in any Sales Order, and such other services as the parties may agree to be performed from time to time.
- 1.32 **“SOC 1”** means any routine Service Organization Control 1 reports.
- 1.33 **“Termination Event”** means with respect to any party, the occurrence of any of the following: (i) under the applicable bankruptcy laws or similar law regarding insolvency or relief for debtors, (A) a trustee, receiver, custodian or similar officer is appointed over a party's business or property, (B) a party seeks to liquidate, wind-up, dissolve, reorganize or otherwise obtain relief from its creditors, or (C) an involuntary proceeding is commenced against a party and the proceeding is not stayed, discharged or dismissed within thirty (30) days of its commencement, or (ii) a party's Standard and Poor's issuer credit rating falls to or below BB.
- 1.34 **“User”** means any single natural person who, subject to the terms of this Agreement, is authorized by Client to use, access or receive the Services.

2 Provision and Use of Services

- 2.1 **Provision of Services.** ADP, or one of its Affiliates, will provide the Services to Client in accordance with the terms of this Agreement and any applicable Sales Order(s). ADP will provide the Services in a good, diligent and professional manner in accordance with industry standards, utilizing personnel with a level of skill commensurate with the Services to be performed. ADP's performance of the Services (including any applicable implementation activities) is dependent upon the timely completion of Client's responsibilities and obligations under this Agreement. Without limitation of the foregoing, Client will timely provide the Client Content necessary for ADP to provide the Services.
- 2.2 **Cooperation.** ADP and Client will work together to implement the Services. Client will cooperate with ADP and execute and deliver all documents, forms, or instruments necessary for ADP to implement and render the Services. Client will provide ADP with all reasonable and necessary Client Content in the format requested by ADP, and will otherwise provide all reasonable assistance required of Client in order for ADP to implement the Services.
- 2.3 **Use of Services.** Client will use the Services in accordance with the terms of this Agreement and solely for its own Internal Business Purposes in the Approved Country and the Access Countries. Client will be responsible for the use of the Services by the Client Group and the Users in accordance with the terms of this Agreement. Client is responsible for the accuracy and completeness of the Client Content provided to ADP.
- 2.4 **Errors.** Client will promptly review all documents and reports produced by ADP and provided or made available to Client in connection with the Services and promptly notify ADP of any error, omission, or discrepancy with Client's records. ADP will promptly correct such error, omission or discrepancy and, if such error, omission or discrepancy was caused by ADP, then such correction will be done at no additional charge to Client.
- 2.5 **Records.** Without prejudice to ADP's obligation to retain the data necessary for the provision of the Services, ADP does not serve as Client's record keeper and Client will be responsible for retaining copies of all documentation received from and Client Content provided to ADP in connection with the Services to the extent required by Client.

3 Compliance.

- 3.1. **Applicable Laws.** Each party will comply with applicable laws and regulations that affect its business generally, including any applicable anti-bribery, export control and data protection laws
- 3.2. **Design of the Services.** ADP will design the Services, including the functions and processes applicable to the performance of the Services, to assist the Client in complying with its legal and regulatory requirements applicable to the Services, and ADP will be responsible for the accuracy of such design. Client and not ADP will be responsible for (i) how it uses the Services to comply with its legal and regulatory requirements and (ii) the consequences of any instructions that it gives or fails to give to ADP, including as part of the implementation of the Services, provided ADP follows such instructions. Services do not include any legal, financial, regulatory, benefits, accounting or tax advice.
- 3.3. **Online Statements.** If Client instructs ADP to provide online pay statements, Forms W2, Forms 1099 or Forms 1095-C, as applicable, without physical copies thereof, Client will be exclusively responsible for determining if and to what extent Client's use of online pay statements, Forms W2, Forms 1099 or Forms 1095-C, as applicable, satisfies Client's obligations under applicable laws and the consequences resulting from such determinations.
- 3.4. **Data Protection Laws.** Client represents that Personal Information transferred by Client or at Client's direction to ADP has been collected in accordance with applicable privacy laws, and ADP agrees that it shall only process the Personal Information as needed to perform the Services, or as required or permitted by law.

4 Confidentiality

- 4.1 General.** All Confidential Information disclosed under this Agreement will remain the exclusive and confidential property of the disclosing party. The receiving party will not disclose to any third party the Confidential Information of the disclosing party and will use at least the same degree of care, discretion and diligence in protecting the Confidential Information of the disclosing party as it uses with respect to its own confidential information. The receiving party will limit access to Confidential Information to its employees with a need to know the Confidential Information and will instruct those employees to keep such information confidential. ADP may disclose Client's Confidential Information on a need to know basis to (i) ADP's subcontractors who are performing the Services, provided that ADP shall remain liable for any unauthorized disclosure of Client's Confidential Information by those subcontractors, (ii) employees of ADP's Affiliates, provided such employees are instructed to keep the information confidential as set forth in this Agreement and (iii) social security agencies, tax authorities and similar third parties, to the extent strictly necessary to perform the Services. ADP may use Client's and its employees' and other Services recipients' information in an aggregated, anonymized form, such that neither Client nor such person may be identified, and Client will have no ownership interest in such aggregated, anonymized data. Client authorizes ADP to release employee-related data, and such other data as required to perform the Services, to third party vendors of Client as designated by Client from time to time. Notwithstanding the foregoing, the receiving party may disclose Confidential Information (x) to the extent necessary to comply with any law, rule, regulation or ruling applicable to it, (y) as appropriate to respond to any summons or subpoena or in connection with any litigation and (z) to the extent necessary to enforce its rights under this Agreement.
- 4.2 Return or Destruction.** Upon the request of the disclosing party or upon the expiration or earlier termination of this Agreement, and to the extent feasible, the receiving party will return or destroy all Confidential Information of the disclosing party in the possession of the receiving party, provided that each party may maintain a copy if required to meet its legal or regulatory obligations and may maintain archival copies stored in accordance with regular computer back-up operations. To the extent that any portion of Confidential Information of a disclosing party remains in the possession of the receiving party, such Confidential Information shall remain subject to the generally applicable statutory requirements and the confidentiality protections contained in Section 4.1.
- 4.3 Transfer.** The Services may be performed by ADP Affiliates or subcontractors located in other countries, and ADP may transfer or permit access to Client's Confidential Information, including employees' Personal Information, for the purposes of performing the Services outside of Canada and the United States of America. As a result, Client's employees' Personal Information may be subject to the laws of such jurisdictions and may be accessible to the courts and law enforcement authorities of those jurisdictions. Notwithstanding the foregoing, ADP will remain responsible for any unauthorized disclosure or access of Client's employees' Personal Information by any ADP Affiliate or subcontractor in the performance of any such Services.

5 INTELLECTUAL PROPERTY

- 5.1 Client IP Rights.** Except for the rights expressly granted to ADP in this Agreement, all rights, title and interests in and to Client Content, including all Intellectual Property Rights inherent therein and pertaining thereto, are owned exclusively by Client or its licensors. Client hereby grants to ADP for the term of this Agreement a non-exclusive, worldwide, non-transferable, royalty-free license to use, edit, modify, adapt, translate, exhibit, publish, reproduce, copy and display the Client Content for the sole purpose of performing the Services; provided Client has the right to pre-approve the use by ADP of any Client trademarks or service marks.
- 5.2 ADP IP Rights.** Except for the rights expressly granted to Client in this Agreement, all rights, title and interest in and to the Services, including all Intellectual Property Rights inherent therein and pertaining thereto, are owned exclusively by ADP or its licensors. ADP grants to Client for the term of this Agreement a personal, non-exclusive, non-transferable, royalty-free license to use and access the ADP Application Programs solely for the Internal Business Purposes in the Approved Countries and the Access Countries. The ADP Application Programs do not include any Client-specific customizations unless otherwise agreed in writing by the parties. Client will not obscure, alter or remove any copyright, trademark, service mark or proprietary rights notices on any materials provided by ADP in connection with the Services, and will not copy, decompile, recompile, disassemble, reverse engineer, or make or distribute any other form of, or any derivative work from, such ADP materials.
- 5.3 Ownership of Reports.** Client will retain ownership of the content of reports and other materials that include Client Content produced and delivered by ADP as a part of the Services, provided that ADP will be the owner of the format of such reports. To the extent any such reports or other materials incorporate any ADP proprietary information, ADP (i) retains sole ownership of such proprietary information and (ii) provides the Client a fully paid up, irrevocable, perpetual, royalty-free license to access and use same for its Internal Business Purposes without the right to create derivative works (other than derivative works to be used solely for its Internal Business Purposes) or to further distribute any of the foregoing rights outside the Client Group.
- 5.4 Improvements.** ADP will make available to Client, at no additional cost, software improvements, enhancements, or updates to any ADP Application Programs that are included in the Services (collectively "Improvements") if and as they are made generally available by ADP at no additional cost to ADP's other clients using the same ADP Application Programs as Client and receiving the same Services as Client. All Improvements provided under this Section 5.4 shall be considered part of the ADP Application Programs

6 Indemnities

- 6.1 ADP Indemnity.** Subject to the remainder of this Section 6.1, and Section 6.3 and 7, ADP shall defend Client in any suit or cause of action, and indemnify and hold Client harmless against any damages payable to any third party in any such suit or cause of action, alleging that the Services or ADP Application Programs, as provided by ADP and used in accordance with the terms of this Agreement, infringe upon any Intellectual Property Rights of a third party in an Approved Country. The foregoing infringement indemnity will not apply and ADP will not be liable for any damages assessed in any cause of action to the extent resulting from a Client Infringement Event or ADP's use of Client Content as contemplated by this Agreement. If any Service is held or believed to infringe on any third-party's Intellectual Property Rights, ADP may, in its sole discretion, (i) modify the Service to be non-infringing, (ii) obtain a license to continue using such Service, or (iii) if neither (i) nor (ii) are practical, terminate this Agreement as to the infringing Service.
- 6.2 Client Indemnity.** Subject to Sections 6.3 and 7, Client will defend ADP against any third party claims and will indemnify and hold ADP harmless from any resulting damage awards or settlement amounts in any cause of action to the extent such cause of action is based on the occurrence of a Client Infringement Event or ADP's use of Client Content as contemplated by this Agreement.
- 6.3 Indemnity Conditions.** The indemnities set forth in this Agreement are conditioned on the following: (i) the party claiming indemnification (the "Indemnitee") shall promptly notify the indemnifying party (the "Indemnitor") of any matters in respect of which it seeks to be indemnified, and shall give the Indemnitor full cooperation and opportunity to control the response thereto and the defense thereof, including without limitation any settlement thereof, (ii) the Indemnitor shall have no obligation for any claim under this Agreement if the Indemnitee makes any admission, settlement or other communication regarding such claim without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld, and (iii) the Indemnitee's failure to promptly give notice to the Indemnitor shall affect the Indemnitor's obligation to indemnify the Indemnitee only to the extent the Indemnitor's rights are materially prejudiced by such failure. The Indemnitee may participate, at its own expense, in such defense and in any settlement discussions directly or through counsel of its choice.

7 Limit on Liability

- 7.1 Ordinary Cap.** Notwithstanding anything to the contrary in this Agreement and subject to the remainder of this Section 7, neither party's aggregate limit on monetary damages in any calendar year shall exceed an amount equal to six (6) times the average ongoing monthly Services fees paid or payable to ADP by Client during such calendar year (the "Ordinary Cap"). ADP will issue Client a credit(s) equal to the applicable amount and any such credit(s) will be applied against subsequent fees owed by Client.
- 7.2 Extraordinary Cap.** As an exception to Section 7.1, if damages (monetary or otherwise) arise from a breach of Section 4.1 (Confidentiality) or Section 9.3 (Data Security), the Ordinary Cap will be increased by an additional six (6) times the average ongoing monthly Service fees paid or payable to ADP by Client during such calendar year (the "Extraordinary Cap"). For the avoidance of doubt, in no case shall either party's aggregate limit on monetary damages in any calendar year under this Agreement exceed twelve (12) times the average monthly ongoing Service fees paid or payable to ADP by Client during such calendar year.
- 7.3 Matters not Subject to Either Cap.** The limitations of liability set forth in Sections 7.1 and 7.2 shall not apply to:
- 7.3.1** Either party's Gross Negligence, or willful, criminal or fraudulent misconduct; for the purposes of this Agreement, "Gross Negligence" shall be defined as: (1) willful, wanton, careless or reckless conduct, misconduct, failures, omissions, or disregard of the duty of care towards others of a risk known or so obvious that the actor must be taken to have been aware of it, and with an intent to injure or so great as to make it highly probable that harm would follow and/or (2) failure to use even the slightest amount of care, or conduct so reckless, as to demonstrate a substantial lack of concern for the safety of others. For the avoidance of doubt, Gross Negligence must be more than any mere mistake resulting from inexperience, excitement, or confusion, and more than mere thoughtlessness or inadvertence or simple inattention;
 - 7.3.2** The infringement indemnity set forth in Sections 6.1 and 6.2;
 - 7.3.3** Client's obligations to pay the fees for Services;
 - 7.3.4** ADP's obligations to provide credit monitoring and notifications as set forth in Section 10.2;
 - 7.3.5** Client's funding obligations in connection with the Payment Services;
 - 7.3.6** ADP's loss or misdirection of Client funds in possession or control of ADP due to ADP's error or omission;
 - 7.3.7** In connection with the Employment Tax Services as provided in Annex B, (a) interest charges imposed by an applicable tax authority on Client for the failure by ADP to pay funds to the extent and for the period that such funds were held by ADP and (b) all tax penalties resulting from ADP's error or omission in the performance of such Service. The provisions of this (iv) shall only apply if (x) Client permits ADP to act on Client's behalf in any communications and negotiations with the applicable taxing authority that is seeking to impose any such penalties or interest and (y) Client assists ADP as reasonably required by ADP.
 - 7.3.8** Client's use or access of the Services and/or ADP Application Programs outside of the Approved Countries and/or Access Countries.
- 7.4 Mitigation of Damages.** ADP and Client will each use reasonable efforts to mitigate any potential damages or other adverse consequences arising from or relating to the Services.
- 7.5 No Consequential Damages.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT AND ONLY TO THE EXTENT PERMITTED BY APPLICABLE LAW, NONE OF ADP, CLIENT OR ANY BANK WILL BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING DAMAGES FOR LOSS OF BUSINESS OR PROFITS, BUSINESS INTERRUPTIONS OR HARM TO REPUTATION) THAT ANY OTHER PARTY OR ITS RESPECTIVE AFFILIATES MAY INCUR OR EXPERIENCE IN

CONNECTION WITH THIS AGREEMENT OR THE SERVICES, HOWEVER CAUSED AND UNDER WHATEVER THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing exclusion shall not apply to claims for consequential damages arising from ADP's or Client's (i) willful, criminal or fraudulent misconduct, or (ii) breach or breaches of Section 4.1 or Section 9.3 under this Agreement; provided however, that any consequential damages recovered by Client or ADP in a calendar year for claims pursuant to Section 7.5(ii) will be subject to the Extraordinary Cap set forth in Section 7.2 above.

8 WARRANTIES AND DISCLAIMER

- 8.1 Warranties.** Each party warrants that (i) it has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and (ii) this Agreement has been duly and validly executed and delivered and constitutes the valid and binding agreement of the parties, enforceable in accordance with its terms.
- 8.2 DISCLAIMER.** EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ALL SERVICES, ADP APPLICATION PROGRAMS AND EQUIPMENT PROVIDED BY ADP OR ITS SUPPLIERS ARE PROVIDED "AS IS" AND ADP AND ITS LICENSORS AND SUPPLIERS EXPRESSLY DISCLAIM ANY WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, COMPLETENESS, CURRENTNESS, NON-INFRINGEMENT, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS, VIRUSES OR ANY OTHER MALICIOUS CODE, WITH RESPECT TO THE SERVICES, THE ADP APPLICATION PROGRAMS, ANY CUSTOM PROGRAMS CREATED BY ADP OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP AND RESULTS OBTAINED THROUGH THE USE THEREOF.

9 SECURITY AND CONTROLS

- 9.1 Service Organization Control Reports.** Following completion of implementation of any applicable Services, ADP will, at Client's request and at no charge, provide Client with copies of any routine Service Organization Control 1 reports ("SOC 1 Reports") (or any successor reports thereto) directly related to the core ADP Products utilized to provide the Services provided hereunder for Client and already released to ADP by the public accounting firm producing the report. SOC 1 Reports are ADP Confidential Information and Client will not distribute or allow any third party (other than its independent auditors) to use any such report without the prior written consent of ADP. Client will instruct its independent auditors or other approved third parties to keep such report confidential and Client will remain liable for any unauthorized disclosure of such report by its independent auditors or other approved third parties.
- 9.2 Business Continuity; Disaster Recovery.** ADP has established and will maintain a commercially reasonable business continuity and disaster recovery plan and will follow such plan.
- 9.3 Data Security.** ADP has established and will maintain an information security program containing appropriate administrative, technical and physical measures to protect Client data (including any Personal Information therein) against accidental or unlawful destruction, alteration, unauthorized disclosure or access consistent with applicable laws. In the event ADP suspects any unauthorized access to, or use of, the Services, ADP may suspend access to the Services to the extent ADP deems necessary to preserve the security of the Client's data.

10 DATA SECURITY INCIDENT

- 10.1 Notification.** If ADP becomes aware of a security breach (as defined in any applicable law) or any other event that compromises the security, confidentiality or integrity of Client's Personal Information (an "**Incident**"), ADP will take appropriate actions to contain, investigate and mitigate the Incident. ADP shall notify Client of an Incident as soon as reasonably possible.
- 10.2 Other ADP Obligations.** In the event that an Incident is the result of the failure of ADP to comply with the terms of this Agreement, ADP shall, to the extent legally required or otherwise necessary to notify the individuals of potential harm, bear the actual, reasonable costs of notifying affected individuals. ADP and Client shall mutually agree on the content and timing of any such notifications, in good faith and as needed to meet applicable legal requirements. In addition, where notifications are required and where such monitoring is practicable and customary, ADP shall also bear the cost of one year of credit monitoring to affected individuals in applicable jurisdictions.

11 PAYMENT TERMS

- 11.1 Fees and Fee Adjustments.** Client will pay to ADP the fees and other charges for the Services as set forth in the Sales Order. Unless there is a Price Agreement in effect, the fees set forth in the Sales Order will remain fixed during the first six (6) months following the Effective Date and thereafter, ADP may modify the fees on an annual basis upon thirty (30) days' prior written notice to Client. The fees presented in the Sales Order were calculated based upon particular assumptions relative to Client requirements (including funding requirements), specifications, volumes and quantities as reflected in the applicable Sales Order and related documentation, and if Client's actual requirements vary from what is stated, ADP may adjust the fees based on such changes. The fees do not include any customizations to any Service.

- 11.2 Additional Services and Charges.** If Client requests additional services offered by ADP not included in this Agreement, and ADP agrees to provide such services: (i) those services and related fees will be included in a separate Sales Order; (ii) any Services provided to Client but not included in a Sales Order will be provided subject to the terms of this Agreement and charged at the applicable rates as they occur; and (iii) those services will be considered to be “Services” for purposes of this Agreement. Additional charges may be assessed Client in relation to the performance of the Services in certain circumstances, including without limitation, late funding, an insufficient funds notification and emergency payment requests from Client.
- 11.3 Fees for Implementation Services.** Implementation fees are due and payable by Client upon the go-live date for such Services. However, if this Agreement or any Service are terminated after implementation services have started but before the go-live date, the greater of the following amounts shall be immediately due and payable by Client: (i) implementation fees for implementation services performed up to the date of termination; or (ii) 30% of the total Implementation Fees set out in the Sales Order.
- 11.4 Invoicing.** ADP will notify Client of all applicable Services fees payable by Client by way of invoice or other method (i.e. ADP’s on-line reporting tool). Client will pay the amount on each invoice or such other similar document in full within seven (7) days of notification via the agreed to method of payment. All amounts not paid when due are subject to a late payment charge of one and one-half percent (1½%) per month (not to exceed the maximum allowed by applicable law) of the past due amount from the due date until the date paid.
- 11.5 Currency.** Client shall pay the fees in US dollars.
- 11.6 Taxes.** Unless Client provides ADP a valid tax exemption or direct pay certificate, Client will pay directly, or will pay to ADP, an amount equal to all applicable taxes or similar fees levied or based on the Agreement or the Services, exclusive of taxes based on ADP’s net income.
- 11.7 Postage, Shipping Travel and out-of-pocket expenses.** ADP will invoice Client for postage charges, delivery charges, other third party charges, and reasonable travel and out-of-pocket expenses as necessary to provide the Services.
- 11.8 Funding Requirements and Disbursement Disclosures.** With respect to Payment Services to be deducted by ACH or Pre-Authorized Debit, Client must have sufficient good funds for payment of the payroll obligations, tax filing obligations, wage garnishment deduction obligations, service fees (as applicable), expenses, and any other applicable charges, to be direct debited from Client’s designated account no later than one (1) banking days prior to the pay date for the applicable payroll (in the case of payroll processing services), or as otherwise agreed by the parties. For reverse wire clients, funds must be available (a) one (1) banking day prior to the pay date for the applicable payroll (in the case of the ADP Employment Tax Services) and (b) two (2) banking days prior to the pay date for all other Payment Services, or as otherwise agreed by the parties. In consideration for the additional costs incurred by ADP in providing wire transfer service, Client agrees to pay a reasonable fee (currently \$10.00) for each wire transfer. Notwithstanding the foregoing, ADP reserves the right to modify the aforementioned deadlines at any time and will communicate any such modifications to Client.
- 11.9 Change Control.** In the event either party requests a change in the scope of Services (including implementation services) or any rework is required by ADP as a result of a delay by Client in implementation of any Services (each a “**Change Control Item**”), the parties shall address such change request, if possible via ADP’s change control process. Change Control Items and the cost associated with such changes (if any) to the Services shall be mutually agreed to by the parties and shall be defined in a Statement of Work agreed to by the parties, with the exceptions of Change Control Items that are required to be made by law or regulation applicable to the Services or to the duration of implementation services, which ADP will notify Client of prior to making the change.

12 Term; Termination; Suspension

- 12.1 Term; Termination for Convenience** This Agreement will commence on the Effective Date and remain in effect until terminated by either party in accordance with the terms hereof. Subject to the terms of any Price Agreement, either party may terminate this Agreement or any Service upon ninety (90) days’ prior written notice to the other party. In the event Client does not provide ADP with the proper notice as set forth in the previous sentence (or as set forth in any Annex herein), Client shall pay ADP for any fees for Services that would have been incurred by Client during such notice period (calculated based on an average of the prior six months of invoices for such terminated Services, or shorter period of time if there has been less than six months of invoices).
- 12.2 Termination for Cause.** Either party may terminate this Agreement for the other’s material breach of this Agreement if such breach is not cured within sixty (60) days following notice thereof or in the event either party is the subject of a Termination Event. In addition, ADP may terminate this Agreement in the event Client fails to timely pay fees for Services performed within 10 days following notice that such fees are past due. ADP may also terminate this Agreement or the Services immediately on written notice to Client if the provision of Service to Client causes or will cause any affiliate or subsidiary of ADP to be in violation of any laws, rules or regulations applicable to such affiliate or subsidiary. Notwithstanding anything to the contrary in this Agreement, email will be considered adequate notification for the purposes of this Section 12.
- 12.3 Suspension.** Without limiting the foregoing, the parties agree that Payment Services involve credit risk to ADP. Payment Services may be suspended by ADP (A) immediately if: (i) Client has failed to remit sufficient, good and available funds within the deadline and via the method of delivery agreed upon as it relates to the applicable Payment Services; or (ii) Client breaches any rules promulgated by NACHA as it relates to ADP conducting electronic payment transactions on behalf of Client, and (B) with 24 hour notice if: (i) a bank notifies ADP that it is no longer willing to originate debits from Client’s

account(s) or credits for Client's behalf for any reason or (ii) the authorization to debit Client's account is terminated or ADP reasonably believes that there is or has been fraudulent activity on the account. If the Payment Services are terminated or suspended pursuant to Sections 12.2 or 12.3, Client acknowledges that ADP shall be entitled to allocate any funds in ADP's possession that have been previously remitted or otherwise made available by Client to ADP relative to the Payment Services in such priorities as ADP may determine appropriate, including reimbursing ADP for payments made by ADP on Client's behalf to a third party. If the Payment Services are terminated by ADP, Client understands that it will (x) immediately become solely responsible for all of Client's third party payment obligations covered by the Payment Services then or thereafter due (including, without limitation, for ADP Employment Tax Services any and all penalties and interest accruing after the date of such termination, other than penalties and interest for which ADP is responsible under Section 7.3.7), and (y) reimburse ADP for all payments properly made by ADP on behalf of Client to any payee, which have not been paid or reimbursed by Client. If the Payment Services remain suspended for thirty (30) days, the Payment Services will be terminated on the 31st day following suspension.

12.4 Post Termination. At any time prior to the actual termination date, Client may download Client's information or reports available to it in conjunction with all of the Services provided to Client by ADP. Upon termination of this Agreement, Client may order from ADP any data extraction offered by ADP, at the then prevailing hourly time and materials rate.

13 Reserved.

14 Additional Terms. In addition to the terms set forth in any subsequent Annexes attached hereto, the following terms shall apply.

14.1 ESS & MSS Technology. Employee self-service (ESS) and Manager self-service (MSS) functionality provides all Client Users (practitioners, managers and employees) 24x7 online access to ADP Application Programs. The following additional terms apply to the ESS & MSS Technology:

14.1.1 Client acknowledges that Client's employees or participants may input information into the self-service portions of the ADP Application Programs. ADP shall have no responsibility to verify, nor does ADP review the accuracy or completeness of the information provided by Client's employees or participants to ADP using any self-service features. ADP shall be entitled to rely upon such information in the performance of the Services under this Agreement as if such information was provided to ADP by Client directly.

14.2 ADP Marketplace. Enable Client to build applications and/or purchase available applications via online store. Provide access to certain Client data stored in ADP systems via industry-standard Application Programming Interfaces (APIs). The following additional terms apply to the ADP Marketplace (applies only if Client accesses ADP Marketplace Services):

14.2.1 Transmitting Information to Third Parties. In the event that Client elects to use an API to provide any Client Content or employee or plan participant information to any third party, Client represents that it has acquired any consents or provided any notices required to transfer such content or information and that such transfer does not violate any applicable international, federal, state, or local laws and/or regulations. ADP shall not be responsible for any services or data provided by any such third party.

14.2.2 Use of the ADP APIs. Client will use the ADP APIs to access Client's information only. Client may not use any robot, spider, or other automated process to scrape, crawl, or index the ADP Marketplace and will integrate Client's application with the ADP Marketplace only through documented APIs expressly made available by ADP. Client also agrees that Client will not (a) use the ADP Marketplace or any ADP API to transmit spam or other unsolicited email; (b) take any action that may impose an unreasonable or disproportionately large load on the ADP infrastructure, as determined by ADP; or (c) use the ADP APIs or the ADP Marketplace in any way that threatens the integrity, performance or reliability of the ADP Marketplace, Services or ADP infrastructure. ADP may limit the number of requests that Client can make to the ADP API gateway to protect ADP's system or to enforce reasonable limits on Client's use of the ADP APIs. Specific throttling limits may be imposed and modified from time to time by ADP.

15 Miscellaneous

15.1 Amendment. This Agreement may not be modified, supplemented or amended, except by a writing signed by the authorized representatives of ADP and Client.

15.2 Assignment. Neither this Agreement, nor any of the rights or obligations under this Agreement, may be assigned by any party without the prior written consent of the other party, such consent not to be unreasonably withheld. However, Client may assign any or all of its rights and obligations to any other Client Group member and ADP may assign any or all of its rights and obligations to any Affiliate of ADP, provided that any such assignment shall not release the assigning party from its obligations under this Agreement. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and permitted assigns.

15.3 Additional Documentation. In order for ADP to perform the Services, it may be necessary for Client to execute and deliver additional documents (including reporting agent authorization, client account agreement, limited powers of attorney, etc.) and Client agrees to execute and deliver such additional documents.

15.4 Subcontracting. Notwithstanding Section 15.2, ADP reserves the right to subcontract any or all of the Services, provided that ADP remains fully responsible under this Agreement for the performance of any such subcontractor. For the avoidance of doubt, third parties used by ADP to provide delivery or courier services, including the postal service in any country or any third party courier service, and banking institutions, are not considered subcontractors of ADP.

15.5 Entire Agreement. This Agreement constitutes the entire agreement and understanding between ADP and Client with respect to its subject matter and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between the parties. No party will be bound by any representation, warranty, covenant, term or condition

other than as expressly stated in this Agreement. Except where the parties expressly state otherwise in a relevant exhibit, annex, appendix or schedule, in case of conflict or inconsistency between this Annex A and any such exhibit, annex, appendix or schedule, this Annex A will prevail and control. Purchase orders or statements of work submitted to ADP by Client will be for Client's internal administrative purposes only and the terms and conditions contained in any purchase order or statements of work will have no force and effect and will not amend or modify this Agreement.

- 15.6 No Third Party Beneficiaries.** Except as expressly provided herein or in an applicable exhibit, annex, appendix or schedule, nothing in this Agreement creates, or will be deemed to create, third party beneficiaries of or under this Agreement. Client agrees that ADP's obligations in this Agreement are to Client only, and ADP has no obligation to any third party (including, without limitation, Client's personnel, directors, officers, employees, Users and any administrative authorities).
- 15.7 Force Majeure.** Any party to this Agreement will be excused from performance of its obligations under this Agreement, except for Client's obligation to pay the fees to ADP pursuant to Section 11, for any period of time that the party is prevented from performing its obligations under this Agreement due to an act of God, war, earthquake, civil disobedience, court order, labor disputes or disturbances, governmental regulations, communication or utility failures or other cause beyond the party's reasonable control. Such non-performance will not constitute grounds for breach.
- 15.8 Waiver.** The failure by any party to this Agreement to insist upon strict performance of any provision of this Agreement will not constitute a waiver of that provision. The waiver of any provision of this Agreement shall only be effective if made in writing signed by the authorized representatives of ADP and Client and shall not operate or be construed to waive any future omission or breach of, or compliance with, any other provision of this Agreement.
- 15.9 Headings.** The headings used in this Agreement are for reference only and do not define, limit, or otherwise affect the meaning of any provisions hereof.
- 15.10 Severability.** If any provision of this Agreement is finally determined to be invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality or enforceability of the remainder of this Agreement will not in any way be affected or impaired and such court shall have the authority to modify such invalid, illegal or unenforceable provision to the extent necessary to render such provision valid, legal or enforceable, preserving the intent of the parties to the furthest extent permissible.
- 15.11 Relationship of the Parties.** The performance by ADP of its duties and obligations under this Agreement will be that of an independent contractor and nothing contained in this Agreement will create, construe or imply an agency, joint venture, partnership or fiduciary relationship of any kind between ADP and Client. None of ADP's employees, agents or subcontractors will be considered employees, agents or subcontractors of Client. Unless expressly stated in this Agreement, none of ADP, its employees, agents or its subcontractors may enter into contracts on behalf of, bind, or otherwise obligate Client in any manner whatsoever.
- 15.12 Governing Law.** This Agreement is governed by the laws of the State of New York without giving effect to its conflict of law provisions.
- 15.13 Jurisdiction.** Any disputes that may arise between ADP and Client regarding the performance or interpretation of this Agreement shall be subject to the exclusive jurisdiction of the state and federal courts of New York, New York. The parties hereby irrevocably consent to the exclusive jurisdiction of the state and federal courts of New York, New York and waive any claim that any proceedings brought in such courts have been brought in an inconvenient forum. THE PARTIES HEREBY IRREVOCABLY WAIVE THEIR RIGHT TO TRIAL BY JURY.
- 15.14 Counterparts.** This Agreement may be signed in two or more counterparts by original, .pdf (or similar format for scanned copies of documents) or facsimile signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 15.15 Notices.** All notices required to be sent or given under this Agreement will be sent in writing and will be deemed duly given and effective (i) immediately if delivered in person, or (ii) upon confirmation of signature recording delivery, if sent via an internationally recognized overnight courier service with signature notification requested to Client at the address indicated on the signature page hereof and to ADP at 15 Waterview Boulevard, Parsippany, New Jersey 07054, Attention: Legal Department or to any other address a party may identify in writing from time to time. A copy (which shall not constitute notice) of all such notices shall be sent to ADP at One ADP Boulevard, MS 425, Roseland, New Jersey 07068, Attention: General Counsel and to Client at the address indicated on the cover page hereof.
- 15.16 Survival.** Those provisions which by their content are intended to, or by their nature would, survive the performance, termination, or expiration of this Agreement, shall survive termination or expiration of this Agreement

- 1 **Payroll Services.** Administration and processing of payroll including performing gross-to-net calculations and generating and/or transmitting of payment instructions and also including the following:
 - 1.1 **ADP Employment Tax Services.** Coordination of payroll-related tax and/or regulatory agency deposits, filings, and reconciliations on behalf of employers.
 - 1.2 **ADP Wage Payment Services.** Payment of wages, commissions, consulting fees, or similar compensation or work-related expenses in the employment context to employees and independent contractors via direct deposit, check, or payroll debit cards, in each case to the extent the method of payment delivery is in scope, and online posting of pay statements to the extent applicable. Such services may be provided via ADPCheck Services, ADP Direct Deposit Services, and ALINE Card Services (if elected additional terms set forth in Annex J shall apply).
 - 1.3 **Print and Online Statement Services.** Print and distribution of payroll checks, pay statements, and/or year-end statements, as well as online posting of pay statements and/or year-end statements.
 - 1.4 **Wage Garnishment Payment Services.** Garnishment payment processing and disbursement of payments to appropriate payees as directed by client.

- 2 **Billing.** Payroll, Employment Tax & Wage Payment Services and any other Services bundled into the pricing for such services are billed immediately following Client's first payroll processing. The billing count is based on the number of pays submitted during each payroll processing period, therefore total billing may fluctuate.

- 3 **ADP Wage Payment Services.** The following additional terms and conditions apply to the ADP Wage Payment Services:
 - 3.1 **Client Credentialing.** Client understands and acknowledges that the implementation and ongoing provision of Payment Services are conditioned upon Client passing (and continuing to pass) a credentialing process that ADP may deem necessary in connection with the provision of Payment Services.
 - 3.2 **Additional Requirements.** Payment Services may be subject to the rules and standards of any applicable clearing house, payment and/or card networks or associations. Client and ADP each agree to comply with all such rules and standards applicable to it with respect to the Payment Services.
 - 3.3 **Funding Obligations.** Client acknowledges that ADP is not a lender. As such, as a condition to receiving services, Client will remit or otherwise make available to ADP sufficient, good and available funds within the agreed-to deadline and via the agreed-to method of delivery to satisfy all of Client's third-party payment obligations covered by the Agreement. ADP will apply such funds to satisfy such third-party payment obligations. ADP will not be required to provide Payment Services if ADP has not received all funds required to satisfy Client's third-party payment obligations. Client will immediately notify ADP if it knows or should know that it will not have sufficient funds to satisfy the amounts required in connection with the Payment Services. If Client has a material adverse change in its condition, ADP may modify the funding method or deadline by which funds must be made available to ADP for payment to Payees. Client agrees to pay to ADP upon demand any amounts that have been paid by ADP to satisfy Client's third party payment obligations prior to receiving such amounts from Client.
 - 3.4 **Investment Proceeds; Commingling of Client Funds.** IF ADP RECEIVES CLIENT'S FUNDS IN ADVANCE OF THE TIME ADP IS REQUIRED TO PAY SUCH FUNDS TO THIRD PARTIES, ALL AMOUNTS EARNED ON SUCH FUNDS, IF ANY, WHILE HELD BY ADP WILL BE FOR THE SOLE ACCOUNT OF ADP. ADP may commingle Client's funds with similar funds from other clients and with similar ADP and ADP-administered funds. ADP utilizes a funds control system that maintains general ledger entries by client and/or by jurisdiction.
 - 3.5 **Recovery of Funds; Stop Payment Requests.** Client agrees to cooperate with ADP and any other third parties to recover funds erroneously issued or transferred to any Payee or credited to any Payee's account. If Client desires to stop payment on any check or to recall or reverse any electronic payment, Client will provide ADP with a stop payment request in the form required by ADP. Client acknowledges that ADP's placement of a stop order request is not a guarantee that such stop payment will occur.
 - 3.6 **ADPCheck Services.** Client agrees not to distribute any ADPChecks to Payees in a manner that would allow Payees to access the associated funds before pay date. With respect to ADPChecks drawn on an ADP bank account, to request a stop payment, Client shall provide ADP with a written stop payment order request in the form provided by ADP and ADP shall place a stop payment order in accordance with its standard operating procedures.
 - 3.7 **Full Service Direct Deposit (FSDD).** Prior to the first credit to the account of any employee or other individual under FSDD services, Client shall obtain and retain a signed authorization from such employee or individual authorizing the initiation of credits to such party's account and debits of such account to recover funds credited to such account in error.

- 4 **ADP Employment Tax Services.** The following additional terms and conditions apply to the ADP Employment Tax Services:
 - 4.1 **Important Tax Information (IRS Disclosure).** Notwithstanding Client's engagement of ADP to provide the ADP Employment Tax Services in the United States, please be aware that Client remains responsible for the timely filing of payroll tax returns and the timely payment of payroll taxes for its employees. The Internal Revenue Service recommends that employers enroll in the U.S. Treasury Department's Electronic Federal Tax Payment System (EFTPS) to monitor their accounts and ensure that timely tax payments are being made for them, and that online enrollment in EFTPS is available at www.eftps.gov; an enrollment form may also be obtained by calling (800) 555-4477; that state tax authorities generally offer similar means to verify tax payments; and that Client may contact appropriate state offices directly for details
 - 4.2 **State Unemployment Insurance Management.** Subject to Section 15.7 of Annex A, Client's compliance with its obligations in Sections 4.2.1 and 4.2.2 herein, and any delays caused by third parties (e.g., postal service, agency system and broker delays) and events beyond ADP's reasonable control, ADP will deliver the State Unemployment Insurance Management Services ("SUI Management Services") within the time periods established by the relevant unemployment compensation agencies.

- 4.2.1 Provision of Information; Contesting Claims.** Client will on an ongoing basis provide ADP and not prevent ADP from furnishing all information necessary for ADP to perform the SUI Management Services within the timeframes established or specified by ADP. The foregoing information includes without limitation the claimants' names, relevant dates, wage and separation information, state-specific required information, and other documentation to support responses to unemployment compensation agencies.
- 4.2.2 Transfer of Data.** Client may transfer the information described in Section A to ADP via: (i) on-line connection between ADP and Client's computer system, or (ii) inbound data transmissions from Client to ADP. Client will provide the data using mutually acceptable communications protocols and delivery methods. Client will promptly notify ADP in writing if Client wishes to modify the communication protocol or delivery method.
- 4.2.3** Client acknowledges that ADP is not providing storage or record keeping of Client records as part of the SUI Management Services, and that if the SUI Management Services are terminated, ADP may, in conformity with Section 4 of Annex A, dispose of all such records. If the SUI Management Services are terminated, any access Client has to ADP websites containing Client's data will expire and Client will be responsible for downloading and gathering all relevant data prior to expiration of any such access that may have been granted.

5 Employment Verification Services. Client desires to receive and ADP agrees to provide the following Services to Client in addition to those already provided under the Agreement.

5.1 Definitions. Unless a capitalized term used herein is defined herein, it shall have the same meaning ascribed that term in the Agreement.

- 5.1.1** "FCRA" Fair Credit Reporting Act, 15 U.S.C. §1681 et seq.
- 5.1.2** "Verification Agent" has the meaning set forth in Section 5.2.1.1
- 5.1.3** "Verification Data" has the meaning set forth in Section 5.2.1.1.
- 5.1.4** "Verifiers" has the meaning set forth in Section 5.2.1.1.

5.2 Additional Terms. To the extent Client has not opted out of receipt of Employment Verification Services, the following additional terms and conditions shall apply:

5.2.1 Verification Services and Authorization as Agent.

5.2.1.1 ADP currently provides the Employment Verification Services through The Work Number®, an Equifax Workforce Solutions service though ADP reserves the right to provide them through another entity (each, a "Verification Agent"). Notwithstanding anything to the contrary in Section 4.1 of Annex A, Client authorizes ADP and its Verification Agents to disclose, on Client's behalf, employment information (including employees' place of employment and employment status) and income information (including total wages per year to date and previous year income) of Client and Client's employees (or former employees) (collectively, "Verification Data"), to commercial, private, non-profit and governmental entities and their agents (collectively, "Verifiers"), who wish to obtain or verify any of Client's employees' (or former employees') Verification Data. Verification Data will be disclosed to Verifiers who certify they are entitled to receive such data (as described below) pursuant to the FCRA, and, in the case of income information requests, who additionally certify they have a record of the employee's consent to such disclosure or who utilize a salary key. In accordance with FCRA, Verification Data may be provided to Verifiers where (i) the employee has applied for a benefit (such as credit, other employment or social services assistance); (ii) the employee has obtained a benefit and the Verifier is seeking to (a) determine whether the employee is qualified to continue to receive the benefit; and/or (b) collect a debt or enforce other obligations undertaken by the employee in connection with the benefit; or (iii) the Verifier is otherwise entitled under FCRA to obtain the Verification Data. In certifying they have a record of the employee's consent, Verifiers generally rely on the employee's signature on the original application as authorization for the Verifier to access the employee's income data at the time of the application and throughout the life of the obligation. Client understands that Verifiers are charged for commercial verifications processed through ADP or its Verification Agents.

5.2.1.2 Data Quality. If requested by ADP, Client agrees to work with ADP during implementation to produce a test file and validate the Verification Data included in the Verification Services database using validation reports made available by ADP or its Verification Agents. If Client uses ADP's hosted payroll processing services, ADP will update the Verification Services database with the applicable Verification Data available on ADP's payroll processing system.

5.2.1.3 Notice to Furnishers of Information: Obligations of Furnishers of Information ("Notice to Furnishers"). Client certifies that it has read the Notice to Furnishers provided to Client at the following URL: <https://www.consumer.ftc.gov/articles/pdf-0092-notice-to-furnishers.pdf>. Client understands its obligations as a data furnisher set forth in such notice and under FCRA which include duties regarding data accuracy and investigation of disputes, and certifies it will comply with all such obligations. Client further understands that if it does not comply with such obligations, ADP may correct incorrect Verification Data on behalf of Client or terminate the Employment Verification Services upon 90 days prior written notice to Client.

5.2.1.4 Archival Copies. Notwithstanding anything to the contrary in Annex A, Client agrees that, after the termination of this Agreement, ADP and its Verification Agents may maintain archival copies of the Verification Data as needed to show the discharge and fulfillment of obligations to Client's employees and former employees and the provisions of Section 4.1 of Annex A will continue to apply during the time that ADP and its Verification Agents maintain any such archival copies.

5.2.1.5 Additional Termination Provisions for Employment Verification Services. ADP may, in its sole discretion, terminate the Employment Verification Services at any time upon 90 days prior written notice to Client should a Verification Agent notify ADP that it is no longer willing to provide the Employment Verification Services and ADP, after taking commercially reasonable steps, cannot engage a successor Verification Agent

- 1 **ADP HCM Services.** Only those Services that have been purchased by Client (as listed on a Sales Order) will be applicable.
 - 1.1 **ADP Document Cloud.** Integrated solution to support maintenance and retrieval of employee-specific documents via cloud-based technology.
 - 1.2 **Benefit Services.** Benefit-related services made up of the following:
 - 1.2.1. **Health and Benefits Services.** Technology to facilitate the administration of employee benefits, including applying eligibility rules, facilitating online enrollment and changes and calculating payroll deductions within a unified system, as well as providing data to carriers through ADP carrier connection services.
 - 1.3 **Business Intelligence.** Provide tools to analyze and understand data.
 - 1.3.1. **Analytics.** Enables an employer to gain insight from data for key Human Capital Management (HCM) metrics.
 - 1.4 **Global Data Storage.** Ability to house global employee HR data (personal, employment, and job data) within HR system of record.
 - 1.5 **Human Resources Administration Services.** Administration of human resource functions using a unified system to process and audit employee lifecycle events, provide compliance tracking and reporting, including new hire reporting, and automate notification and approval processes via self-service/direct access, and also including:
 - 1.6 **Talent Acquisition Solutions.** Talent acquisition solutions made up of the following:
 - 1.6.1. **ADP Recruitment Management Services.** Talent recruitment management technology, including talent acquisition and on-boarding for exempt and non-exempt workforce.
 - 1.7 **Talent Management Solutions.** Technology to facilitate the administration of talent management services, including:
 - 1.7.1 **Performance Management.** Solutions and tools to facilitate the performance management process, including goal alignment, and employee engagement.
 - 1.7.2 **Compensation Management.** Solutions and tools to administer the compensation planning process.
- 2 **Billing for HR, Benefits & Talent Services.** Billing for any HR, Benefits & Talent Services will begin on the date such Services are available for use by the client in a production environment. The billing count for any HR, Benefits or Talent Services when the pricing for such Services is not bundled with Client's pricing for ADP Payroll Services is based on all unique lives in the database paid in the previous calendar month. If pricing for HR, Benefits & Talent Services are bundled with ADP Payroll Services, then billing for such Services shall commence in accordance with the terms of Section 2 of Annex B.
- 3 **ADP Recruitment Management Services.** The following additional terms and conditions apply to the ADP Recruitment Management Services (applies only if Client has purchased ADP Recruitment Management Services):
 - 3.1 **Hiring Practices.** Client shall be exclusively responsible for all hiring practices, including, but not limited to, complying with all employment laws, including, if applicable, the monitoring, analysis and reporting of any adverse impact that may result from any specification or criteria that Client uses to rank candidates in the ADP Recruitment Management Services Application Programs.
 - 3.2 **Vendors.** Client shall be exclusively responsible all access and use of the ADP Recruitment Management Services by its vendors and such vendors' compliance with the terms of this Agreement.
- 4 **Benefit Services.** The following additional terms and conditions apply to the Benefit Services (applies only if Client has purchased Benefits Services):
 - 4.1 **Carrier Connections.** ADP will, at Client's request, and for an additional charges as set-out in the applicable Sales Order, provide Client with the following Carrier Connections services:
 - 4.1.1. ADP will electronically transmit employee data, including employee benefits enrollment data, to Client's carriers or other third parties authorized by Client, and Client authorizes ADP to provide such transmission on Client's behalf. Commencement of carrier connection service is subject to Client completing the configuration setup of Client Content and the format for such transmission to the designated carriers.
 - 4.1.2. ADP's ability to transmit Client Content data is subject to the provision by Client's designated carriers of a current functional interface between ADP's systems and the designated carriers' systems. ADP will not be obligated to transmit Client's data to designated carriers if at any time Client's designated carriers fail to provide the proper interface as described above. Client is responsible for promptly reviewing all records of carrier transmissions and other reports prepared by ADP for validity and accuracy according to Client's records, and Client will notify ADP of any discrepancies promptly after receipt thereof. In the event of an error or omission in carrier connection services caused by ADP, ADP will correct such error or omission, provided that Client promptly advises ADP of such error or omission.
- 5 **Human Resource Administration Services and Talent Management Services.** The following additional terms and conditions apply to the Human Resource Administration Services and/or Talent Management Services (applies only if Client has purchased Human Resource Administration Services and/or Talent Management Services):
 - 5.1 **Access and Use.** To the extent that Client intends on using the Human Resource Administration Services and/or Talent Management Services for its workforce outside of the United States, Client acknowledges that it is authorized to use the Human Resource Administration Services and/or Talent Management Services only in those countries listed in the "ADP Workforce Now Suitable Geography List" as provided to Client from time to time upon request.
 - 5.2 **Residents Outside the United States.** To the extent that Client uses the Human Resource Administration Services and/or the Talent Management Services to collect Personal Information about individuals resident outside the United States, Client represents and warrants: (i) the processing of that Personal Information, including the transfer itself, has been and will continue to be carried out in accordance with the relevant provisions of the applicable data protection and privacy laws; (ii) its instructions to ADP regarding the processing to be performed shall be in accordance with the applicable data protection laws; (iii) it has given the data subjects appropriate notices, and obtained any required consents; (iv) if it implements the Human

Resources Administration Services and/or the Talent Management Services to collect any sensitive data elements (or special categories of data), Client shall comply with any additional requirements for the processing of these data elements; and (v) it shall be responsible for respecting all individual rights of access, correction or deletion and for responding to any individual or regulatory inquiries relating to such Personal Information.

- 6 Essential ACA Services.** ADP will provide the Essential ACA solution specified in the Sales Order (and any applicable service specification) (collectively, the “Essential ACA”) to Client in accordance with the terms of this Agreement. The following terms apply if Client receives Essential ACA with Benefits Services.
- 6.1** Essential ACA a technology and software solution to assist Client in managing compliance needs related to the Affordable Care Act (ACA), including eligibility calculations and affordability determinations, preparation and electronic filing of Forms 1094-C and 1095-C forms, access to evidence of benefit offering information and benefit offering audit reports. Client must use ADP Workforce Now payroll, HR and benefits services in order to purchase and implement Essential ACA. For the avoidance of doubt, all Forms filed by ADP with the IRS on behalf of Client will be filed electronically; any Forms sent to Client for its employees by ADP shall be sent in paper form, and, if Client has ADP’s iPay functionality, ADP will also make Forms accessible to Client employees electronically. It will then be Client’s responsibility to distribute the Forms directly to its employees.
- 6.2 Client ACA Liaison.** Client shall designate in writing to ADP the name of one person who shall serve as ADP’s principal designated contact for Essential ACA (the “Client ACA Liaison”), and such Client ACA Liaison shall have the authority to (i) provide information, instructions and direction on behalf of Client, and (ii) grant or provide approvals (other than Amendments) required or permitted under the Agreement in connection with Essential ACA. Client shall designate an alternate Client ACA Liaison in the event the principal Client ACA Liaison is not available.
- 6.3 Disclaimer.** NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE SCOPE OF SERVICES, CLIENT EXPRESSLY ACKNOWLEDGES THAT ADP IS NOT THE “ADMINISTRATOR” OR “PLAN ADMINISTRATOR” AS DEFINED IN SECTION 3(16)(A) OF ERISA AND SECTION 414(g) OF THE CODE, RESPECTIVELY, NOR IS ADP A “FIDUCIARY” WITHIN THE MEANING OF ERISA SECTION 3(21). ADP SHALL NOT EXERCISE ANY DISCRETIONARY AUTHORITY OR DISCRETIONARY CONTROL RESPECTING MANAGEMENT OF ANY BENEFIT PLANS SPONSORED OR OFFERED BY CLIENT. ADP HAS NO DISCRETIONARY AUTHORITY OR DISCRETIONARY RESPONSIBILITY IN THE ADMINISTRATION OF THE CLIENT’S BENEFIT PLAN(S). ADP EXPRESSLY DISCLAIMS ANY WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS WITH RESPECT TO ESSENTIAL ACA, THE ADP APPLICATION PROGRAMS OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP.
- 6.4 Client Vendors.** Client will at its own cost make all necessary arrangements with its third party vendors to cause such vendors to send data to and receive data from ADP as required for ADP to provide Essential ACA. Client shall reimburse ADP for any costs ADP is required to bear in connection with or arising out of any such transmissions of data from and/or to such third party vendors.
- 7 Onboarding Services (including ADP Workforce Now EI-9 Services).** The following additional terms and conditions apply to the ADP Workforce Now EI-9 Services (“WFN EI-9 Services”) that are part of ADP Workforce Now Onboarding Services.
- 7.1 Use of Services.** In order to receive the WFN EI-9 Services, Client shall, and shall cause the members of the Client Group, to do the following:
- 7.1.1** Review the U.S. Citizenship and Immigration Services (“USCIS”) Form I-9, which is the employment eligibility verification form issued by the U.S. Department of Homeland Security (the “DHS”), including instructions in the form and the guidelines in the current USCIS Handbook for Employers: Instructions for Completing Form I-9 (M-274) (the “I-9 Handbook”), each of which is available on the USCIS website, currently located at <http://www.uscis.gov/i-9central>. Client certifies that it has reviewed the current USCIS Form I-9 and the I-9 Handbook and that it agrees to comply with the applicable policy and procedures set forth therein, and any future new or amended policies or procedures, as required by law. Client will ensure availability of the most recent version of the USCIS Form I-9 and the I-9 Handbook to all employees authorized to complete the USCIS Form I-9 on behalf of Client and/or its Affiliates.
- 7.1.2** Client is responsible for reviewing reports available to Client on the WFN EI-9 Services and for resolving (or causing the applicable employee to take action to resolve) missing or incomplete Forms I-9. This includes communicating with the employee in question and the submission or resubmission of the missing or incomplete Form I-9.
- 7.1.3** ADP executed a Memorandum of Understanding with the UDHS as the E-Verify employer agent. E-Verify is the DHS’s employment eligibility verification program which allows participating employers to electronically verify the employment eligibility of each newly hired employee and/or employee assigned to a covered federal contract. The following is required as it relates to the use of E-Verify through ADP and will apply only to the extent Client is using E-Verify through ADP:
- 7.1.3.1** Notify ADP of (i) the location(s) where Client elects to enroll; and (ii) whether the employer is a federal contractor or a federal, state or local government organization.
- 7.1.3.2** Execute a Memorandum of Understanding with the DHS and ADP (as its E-Verify employer agent), and comply with the terms and conditions set forth therein.
- 7.1.3.3** Review and comply with the policy and procedures contained in the E-Verify User Manual for Employers, and any superseding policy and procedures, available to Client on the WFN EI-9 Service.
- 7.1.3.4** To the extent the Client elects to have more than one company location participate in E-Verify, ensure all authorized users in each location have complied with all requirements of Section 7.1.2.

- 7.1.3.5** Ensure all of Client's authorized users (i) complete the mandated E-Verify training course and any applicable update courses administered by ADP and (ii) pass a knowledge test with the required score.
- 7.1.3.6** Immediately notify ADP of any updates/changes to its E-Verify employer status (e.g., Client becomes a federal contractor or Client ceases being a federal contractor).
- 7.2 Form I-9 Retention.** During the term of the Agreement, ADP will store electronic copies of Forms I-9 in the WFN EI-9 Services for a minimum of three years from the employee's hire date or until one year after the employee ceases to be employed by Client (or the applicable Affiliate), whichever is later (or as otherwise required by changes to federal regulations that come into effect hereafter). Upon termination or expiration of the Agreement, ADP shall use commercially reasonable methods to transfer all electronically stored Forms I-9 to Client in accordance with ADP's current security policies. Upon termination of the WFN EI-9 Services, Client shall be solely responsible for storage of copies of Forms I-9.
- 7.3 Form I-9 Section 3.** For the avoidance of doubt, Client understands and agrees that the WFN EI-9 Services do not support Form I-9 Section 3 for Reverifications and Rehires; if needed, Client must complete Section 3 outside of WFN EI-9 Services.

- 1 ADP shall agree to provide Client with a subscription-based HR service that provides Clients with access to expertise and best practice guidance relating to HR issues (“**HR Assist**”). HR Assist is a web-based HR resource center that provides practical tools, information and support to assist Clients with their HR compliance and administration requirements. HR Assist includes: employee handbook wizard; job description templates; employer helpdesk (staffed by HR professionals); online alerts, newsletters and tips of the week for HR compliance and best practice; and access to a central library of thousands of best-practice documents, templates, checklists, forms, and policies that include both state and federal resources.
- 2 Billing for HR Assist. If Client is purchasing HR Assist and the pricing for such Services is not bundled with Client's pricing for payroll processing services, billing for such Services will begin on the earlier of (i) the date that the services are available for use by Client in a production environment OR (ii) ninety (90) days after the Effective Date. The billing count for HR Assist if the pricing for such Services is not bundled with Client's pricing for payroll processing services is based on all unique lives in the database paid in the previous calendar month.
- 3 Client agrees to use HR Assist for research and reference purposes only and only for its internal use. By submitting any content to ADP through HR Assist, including message boards, forums and chat rooms, Client grants ADP a royalty-free, perpetual, irrevocable, world-wide license to use, reproduce, modify, adapt, translate, create derivative works from, distribute, publish and display all such content (in whole or in part) and to incorporate such content in other works in any form, media or technology, whether currently existing or hereafter developed. By submitting any content to ADP, Client represents and warrants to ADP that Client has the unfettered right to give such a license to ADP. Client agrees that it will not submit any content that (a) infringes on the intellectual property rights of any other person or entity, unless Client has the permission of the person or entity to submit the content and grant the license provided herein, (b) violates the privacy or publicity rights of any other person or entity, unless Client has the permission of such person or entity to submit the content and thereby grant the license provided herein, (c) is offensive, obscene, defamatory, threatening or abusive, (d) advertises any other site or business or (e) contains computer programming routines or code designed to interfere in any way with the full, proper and timely operation of HR Assist or any of the Services or any computer system.
- 4 Materials accessible from or added to HR Assist or web sites by third parties, such as comments posted in discussion groups, are strictly the responsibility of the third party who added such materials or made them accessible. While ADP reserves the right to monitor third-party discussions and to remove materials that ADP believes are inappropriate, ADP neither endorses nor undertakes to control, monitor, edit or assume responsibility for any such third-party material contained in or linked to HR Assist or web sites.
- 5 When Client subscribes to HR Assist, Client shall be permitted to make one attributed copy of a document available through HR Assist for use within its organization. Client may not make multiple copies of documents without expressed written consent of ADP. Except for individual copies and direct use by Client, Client may not copy, modify, distribute, display, transmit, use or prepare derivative works based on HR Assist or any of their contents, or remove or alter any copyright, trademark or other proprietary notice from any part of HR Assist or any of the contents except where expressly instructed to do so.
- 6 Pursuant to the Digital Millennium Copyright Act, ADP has registered an agent with the U.S. Copyright Office. Notices of claimed copyright infringement on any HR Services web site should be directed to: Automatic Data Processing, Inc., One ADP Boulevard, MS 325, Roseland, NJ 07068-1728, Attn: Global Privacy Officer.
- 7 Although ADP makes every reasonable effort to ensure that the information, tools and data provided through HR Assist, which include the HR Help Desk, are useful, accurate, and current, ADP cannot guarantee that the information, tools and data provided will be error-free. By using HR Assist, Client assumes all responsibility for and risk arising from its use of and reliance upon the contents of HR Assist services. Client agrees to defend, indemnify and hold harmless ADP and its affiliates and their successors or assigns from and against any liability whatsoever arising from or relating in any way to its use of HR Assist or any services directly related to HR Assist.



Professional Services

Statement of Work

To the ADP Letter Agreement for Professional Services

ALL FIELDS REQUIRED

PART I: Completed by

ADP Workforce Now Professional Services Agreement dated: _____ (the "Agreement")			
Client Company Name:		Client Region/ Company Code:	
Address:			
City	State	Zip Code	Time Zone
Corporate address (if different from above)			
City	State	Zip Code	
Industry:		Number of Employees:	
If multi-national, list locations:			
Client Contact Name/Title:		Completed By:	
Phone:		Phone:	
Email:		Email:	
Date of Transition to ADP (if applicable)			
Professional Service Title			
Brief description of project:		IDI Non-ADP employee data from ADP WFN	
Service Start Date (estimate):		Service Completion Date (estimate):	

Part II: Completed by ADP representative

Proposal Date:	
Project Prerequisites:	<ul style="list-style-type: none"> • Client will not significantly alter the scope of work beyond that which is proposed in the Statement of Work. • Client user(s) will be trained on importing or exporting applicable data with their ADP and non-ADP systems by their respective vendors • Client's environment supports high speed internet at location where Time Bank™ (IDI integration solution) will be installed or accessed from. • Time Bank will be granted necessary read and/or write access to required network or server directories and internal or external web services (via open internet) • Client IT resources will work with IDI and ADP resources as needed to troubleshoot any environmental issues.



Professional Services

Statement of Work

Technology Prerequisites	<p>Client will be responsible for:</p> <ul style="list-style-type: none"> • <insert destination system name > _____ Employee ID will match ADP File Number (unique Workforce Now employee identifier) • All employees will be exported on single extract into <insert destination system name > _____ file format <change if writing to web service or other format>_____. • All required and client desired optional fields are to be sent to <insert destination system name > _____ are available to be read from ADP WFN export “as-is” (i.e. no complex translations or other logic to convert ADP WFN values into destination system codes). • Time Bank will be configured to send employee demographic data only (e.g. not benefits, taxes or other information). Non demographic data would need to be evaluated separately • <insert other requirements if passing deductions, changes only logic, data translation logic, field manipulation or concatenation logic , other needs> _____ • Time Bank will be granted necessary read and/or write access to required network or server directories and internal or external web services (via open internet)
Description of Technology (not all services may apply)	<p>The IDI Time Bank™ hosted integration application will provide a one-way data transfer of employee new hire and Masterfile changes between ADP Workforce Now® <HR or Payroll> _____ module and <insert destination system name> _____.</p> <p>The client user steps to operate Time Bank are as follows:</p> <ol style="list-style-type: none"> 1. On an as-needed basis after entering all new hires and employee changes in ADP Workforce Now the designated administrator at <company name> _____ will export the employee data to the agreed to file format. <if accessing data from web service or database table this step can be deleted>_____ 2. The user will login to Time Bank URL to access and run the Time Bank <ul style="list-style-type: none"> • Time Bank reads the Workforce Now data extracted in standard ADP/IDI format, applies mappings, translations and other logic and downloads the data to format for import into < insert destination system name> _____. 3. The user will import the Time Bank generated output into < insert destination system name> _____ for posting the new hires and employee changes. <ul style="list-style-type: none"> • Client responsible for working with < insert destination system name> _____ vendor support for any import or other issues with that system.



Professional Services

Statement of Work

<p>Description of Services:</p>	<p>Analysis/Design</p> <ul style="list-style-type: none"> An IDI Integration Consultant will work with your team, our ADP partners and other system vendors (if needed) to document your business rules, data translation needs and other requirements so we can design the IDI Time Bank solution to best meet your needs. Once you approve the integration design specification, the Time Bank will be configured in accordance with the documented requirements. <p>Configuration/Implementation</p> <ul style="list-style-type: none"> IDI will configure and unit test the Time Bank based on the approved integration design specification and coordinate delivery and system testing timelines. An IDI specialist will work with your team to train the designated user(s) on the solution and test the configuration using your data. <p>On-Going Technical Support</p> <ul style="list-style-type: none"> After system testing is validated, you will have access to IDI's technical support teams (phone, email, web). IDI support hours are 8:30-5:30 eastern time Monday – Friday. Time Bank also includes online documentation and tool tips for client's to make basic mapping changes and troubleshooting. IDI provides free or discounted upgrades when your systems change. <input type="checkbox"/> <CORE Accounts> We understand your organization has less than 150 employees. If you anticipate exceeding that employee count, please contact IDI technical support (support@idesign.com) to discuss the additional processing fees to add capacity to your Time Bank solution. <input type="checkbox"/> <UP MARKET Accounts> We understand your organization has less than 1000 employees. If you anticipate exceeding that employee count, please contact IDI technical support (support@idesign.com) to discuss the additional processing fees to add capacity to your Time Bank solution.
<p>Deliverables:</p>	<ul style="list-style-type: none"> Time Bank software configured to meet the mapping requirements from ADP Workforce Now to <insert destination system name> _____ for <company name> _____ Remote installation and training for using Time Bank software User documentation for basic troubleshooting, making field configurable mapping changes, contacting IDI support, etc.
<p>Costs*:</p>	<p>One Time Setup (ENTER SCN) : _____</p> <p>Recurring Monthly Fee (ENTER SCN): _____</p> <p>One Time Setup _____</p>

* Changes in project scope and/or unforeseen internal/external issues such as delays beyond ADP control may impact completion date and project cost. Prices for the statement of work as set on the effective date shall not change, but any changes or additions to the statement of work shall be subject to price changes in the normal course of business, at ADP's discretion.

Upon completion of the services, ADP will request confirmation from the Client that the services and deliverables outlined in this statement of work have been satisfactorily delivered. Services, including any deliverables, will be deemed accepted by Client if no response has been received within 4 business days of the date of this confirmation request.

In the event that Client terminates this SOW or the Agreement and work hereunder has already commenced, Client agrees that it is



Professional Services

Statement of Work

responsible for all costs and fees incurred by ADP prior to the effective date of such termination and such amounts shall be due and payable by Client to ADP within 5 days of receipt of invoice.

Customization Support and Maintenance

As part of the scope of this Statement of Work, customization projects will be maintained and supported by ADP within thirty (30) days following delivery. Ongoing phone support, additional change requests and customization upgrades, including those coinciding with new software releases, are available at additional cost. After this initial 30 day period, recurring maintenance fees if detailed in this SOW will apply to those Professional Services identified in this SOW

This Statement of Work is an addendum to the Agreement executed by the parties and is incorporated by reference as if fully set forth herein. All other terms and conditions of the Agreement shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Addendum and the terms and conditions of the Agreement, this Addendum shall prevail. The terms defined in the Agreement and used in this Addendum shall have the same respective meanings as set forth in the Agreement, unless clearly otherwise defined in this Addendum.

Client Name:

Client Signature:

Title:

Date:

ADP Name:

ADP Signature:

Title:

Date:

*This proposal expires thirty (30) days after Proposal Date if not signed by Client.

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

AUTHORIZATION TO ACCEPT LAUTERBACH & AMEN, LLP'S PROPOSAL FOR ACTUARIAL SERVICES TO VALUE OTHER POST-EMPLOYMENT BENEFITS (OPEB) IN COMPLIANCE WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75 (GASB 75)

DESCRIPTION

In 2008 the Governmental Accounting Standards Pronouncement number 45 ("GASB 45") went into effect. Since then there has been some changes in actuarial practice, but no significant changes to the accounting guideline itself. But with 2017 that changed, as GASB 45 is being eliminated and replaced with a new standard, GASB 75.

GASB 45 and GASB 75 serve the same purpose, which is to value an entity's Other Postemployment Benefits ("OPEBs"). Both Standards require a calculation of a present liability for future non-pension benefits for employees and retirees, also known as the "Actuarial Accrued Liability" in GASB 45 and the "Total OPEB Liability" in GASB 75. The two standards differ in how the liability is disclosed on financial statements. GASB 45 recognizes the liability within a footnote of the financial statements, with only a portion of the total liability going on the book through the Net OPEB Obligation. GASB 75 does away with the Net OPEB Obligation, requiring the full liability to be recognized immediately on the balance sheet.

GASB 75 goes into effect for fiscal years beginning after June 15, 2017. The District solicited proposals in mid-April for GASB 75 compliance and reporting. There were three proposals received and each were presented to the Budget & Finance committee. The committee recommended Lauterbach & Amen, LLP based on the firm's experience, availability of staff, cost, and overall presentation of the proposal.

POLICY

N/A

BOARD OPTIONS/FISCAL IMPACTS

The annual fees are estimated to not exceed \$4,000.

STAFF RECOMMENDATION

Staff recommends the Board accept Lauterbach & Amen, LLP's proposal for GASB 75 compliance and reporting.



Vanessa Martinez
Finance Manager

June 26, 2018

Proposal to Provide
Actuarial Services to

RAINBOW MUNICIPAL WATER DISTRICT

For the Fiscal Years Ending
June 30, 2018 through June 30, 2021

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

Proposal to Provide
Actuarial Services to

RAINBOW MUNICIPAL WATER DISTRICT

FOR

OTHER POST-EMPLOYMENT BENEFITS

For the Fiscal Years Ending
June 30, 2018 through June 30, 2023

Submitted by:

Lauterbach & Amen, LLP
668 N. River Road
Naperville, Illinois 60563
630.393.1483 Phone
630.393.2516 Fax
www.lauterbachamen.com

Contact:

Todd A. Schroeder
630.393.1483 Ext. 222
tschroeder@lauterbachamen.com

April 29, 2018

TABLE OF CONTENTS

INTRODUCTION.....	1
FIRM INFORMATION	3
FIRM STRUCTURE AND PHILOSOPHY	4
ACTUARIAL PERSONNEL	5
ACTUARIAL TEAM STRUCTURE.....	5
PERSONNEL CHANGES	6
OUR ACTUARIAL PHILOSOPHY.....	6
TODD A. SCHROEDER	7
ROBERT L. RIETZ, JR.	8
STATEMENTS & AFFIRMATIONS	10
MANAGEMENT COMMITMENT.....	10
INDEPENDENCE STATEMENT	11
INSURANCE.....	11
REQUIRED STATEMENTS	11
REFERENCES.....	12
TECHNOLOGY & QUALITY ASSURANCE	13
ACTUARIAL VALUATION SOFTWARE	13
PEER REVIEW	14
QUALITY CONTROL.....	14
EMPLOYEE CONDUCT	15
DISASTER RECOVERY PLAN.....	15
ACTUARIAL VALUATION PROCESS.....	16
OVERALL APPROACH.....	16

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

TABLE OF CONTENTS

RETIREE HEALTHCARE (“OPEB”) VALUATION PROCESS	17
RETIREE HEALTHCARE (“OPEB”) VALUATION PROCESS (CONTINUED).....	19
WORKING WITH YOU AND YOUR AUDITORS.....	19
TIMING AND FEES	20
TIMING	20
FEES	22
BILLING	22
ENGAGEMENT LETTER	23
ATTACHMENTS.....	26

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

INTRODUCTION

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com



PROPOSAL TO PROVIDE ACTUARIAL SERVICES

April 29, 2018

Ms. Vanessa Martinez
Finance Director
Rainbow Municipal Water District
Fallbrook, California

Dear Vanessa:

Lauterbach & Amen, LLP is dedicated to small and mid-size governmental entities that provide Health & Welfare and Pension benefits. Our approach to actuarial services is more than just “number crunching.” We perform a regular assessment of the financial condition of your District’s benefit plan. Our job is to help you understand the key aspects of the actuarial process to insure you can make informed decisions about your plan and anticipate future events that could be crucial to those decisions. We advocate attendance at meetings and being available to answer questions.

Our scope of services includes all actuarial support required for financial reporting and disclosure purposes under GASB Statements #74 & #75. We will provide services that are accurate, timely, and create value for you and your plan participants at a cost that is fair and reasonable. Our proposal shall remain valid for a period of 120 calendar days from the date of submittal.

Please call or email me if you have questions about our proposal.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder, EA



FIRM INFORMATION

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

FIRM INFORMATION

Firm Structure and Philosophy

Lauterbach & Amen, LLP (“L&A”) is very different from most accounting and actuarial firms in that we are specialized in the governmental sector. We provide a wide range of accounting and benefits administration services including taxes, monthly accounting and bookkeeping for units of governments, benefits administration for Police and Firefighter Pension Funds, and actuarial services for pensions and retiree medical benefits. As a client of L&A, you will be served by partners and credentialed actuaries whose experience and depth of knowledge will become a valuable management resource.

A close working relationship with management on a year-round basis is the best way to provide our clients with the benefit of our knowledge. This approach also allows for timely resolution of questions and problems as they arise rather than after the fact.

Our Firm currently provides actuarial services for over 300 Police and Firefighters’ pension plans. We also retain actuarial valuation work for nearly 200 Municipalities throughout Illinois, Wisconsin and Texas. We have been providing actuarial services for the past six years through an actuarial staff with 55 years of combined actuarial and public plan experience.

L&A provides public plan actuarial services in the following areas:

- GASB 43/45 Retiree Healthcare Valuations and Consulting
- GASB 74/75 Implementation for Retiree Healthcare
- GASB 67/68 Pension Valuations and Consulting
- Valuation to Support Pension Tax Levy Recommendations

Our actuarial team also has experience with private sector pension and retiree healthcare plans, cash balance plans, supplemental executive retirement plans (SERPs), and a wide range of financial and operational risk management services. In addition, we have a network of relationships with other trusted, seasoned, non-actuarial professionals which we can draw upon should the need arise.

*Our Office is Located
in Naperville, Illinois*

Our Professional Personnel Includes:

<i>Partners</i>	<i>5</i>
<i>Directors</i>	<i>2</i>
<i>Principals</i>	<i>9</i>
<i>Staff</i>	<i>98</i>
<i>Total</i>	<i>114</i>

*L&A Focuses on
Close Working
Relationships with
Management; we
Encourage Face-to-
Face Meetings with
our Actuaries.*

*L&A Serves over 200
OPEB Plans within
the States of Illinois,
Wisconsin, Texas and
South Carolina.*



ACTUARIAL PERSONNEL

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

ACTUARIAL PERSONNEL

Actuarial Team Structure

Our actuarial team at L&A works under a flat organizational structure in order to empower our employees to better serve our clients at all levels. We currently have two Enrolled Actuaries on staff, three experienced actuarial consultants, two full-time data processing staff members, and an operations manager that pull everything together internally, as well as for our clients.

The role of your actuarial consultants is to oversee the preparation of actuarial calculations. The consultants do not have any responsibilities other than providing actuarial services. The role of the Enrolled Actuaries is to review all actuarial calculations and present findings to our clients. Meetings will be attended by Todd Schroeder, Enrolled Actuary, or Robert Rietz, Enrolled Actuary, or one actuarial consultant.

Personnel Changes

In the event that any key team members managing the assignment leave the organization, our Firm retains relationships with other professionals in the field, to ensure your actuarial needs are always met. We also maintain relationships with actuarial departments at local universities. These relationships enable us to hire quickly to maintain appropriate staff levels at all times.

Our Actuarial Philosophy

We consider it essential to maintain the lines of communication throughout the year, both formally (via meetings, letters, etc.) and informally (via telephone calls, emails, etc.). Our goal is to keep clients advised of changes and emerging developments related to government pensions, including economic conditions that might impact the security and sustainability of those benefits.

The success of our engagements results from our actuarial team's dedication to client service. Other aspects of our actuarial practice that make L&A different from our competitors include:

- A singular focus on actuarial services to *public pension and OPEB plans*
- Strong team dedicated solely to *actuarial services*
- GASB governmental pension and OPEB accounting expertise
- Collaborative approach to setting long-term financial objectives with Boards and Trustees



KEY ENGAGEMENT PERSONNEL

Todd A. Schroeder

Mr. Schroeder has nearly 20 years of experience serving clients in the governmental and private sectors. He has participated in numerous governmental engagements, providing services to public pension funds, school districts, Cities and Villages, and various other units of government. He has also provided actuarial services to companies in the private sector.

- Drake University, B.S./B.A. Actuarial Science
- Enrolled Actuary
- Associate of the Society of Actuaries
- Member of the American Academy of Actuaries
- Member of Illinois Public Pension Fund Association
- Member of the Illinois Professional Firefighters' Association
- Instructor, Illinois Public Pension Fund Association Certified Trustee Program
- Instructor, Pension Fund Member Workshops
- Speaker, Illinois Association of Fire Protection Districts (IAFPD)
- Speaker, Illinois Municipal Treasurers Association (IMTA)
- Speaker, Illinois Professional Firefighters Association (IPFA)
- Speaker, Illinois Public Pension Fund Association (IPPPFA)
- Speaker, Northern Illinois Alliance of Fire Protection Districts (NIAFPD)

Mr. Schroeder's experience in the governmental sector includes performing actuarial calculations for over 300 units of government including, public pension funds, Districts and Municipalities. This experience includes determination of funding requirements for Police and Firefighters' Pension Funds, development of pension funding policies, preparing results for financial statement reporting, and actuarial consulting for retiree healthcare plans.

Mr. Schroeder works frequently with Municipalities and School Districts to assist in the preparation of GASB 43/45 OPEB disclosures, implementation of new GASB 74/75 OPEB requirements, and consulting around Funding Policy options for previously unfunded retiree healthcare benefits.



Educational and Membership Background

Governmental Experience



KEY ENGAGEMENT PERSONNEL

Robert L. Rietz, Jr.

Mr. Rietz has over 20 years of experience serving clients in the public, private, and multiemployer (Taft-Hartley) sectors. His background includes providing actuarial services to numerous pension and OPEB plans to satisfy ERISA, US GAAP, IFRS, FASB and GASB requirements. In addition, he has provided lead audit support for defined benefit and postretirement medical plans for a Big 4 accounting firm.

- University of Iowa, B.S. Mathematics
- Enrolled Actuary
- Member of the American Academy of Actuaries

Mr. Rietz's experience in the governmental sector includes completing Actuarial calculations for units of government including public pension funds, Districts and Municipalities. This experience includes determination of funding requirements for Police and Firefighters' Pension Funds, pension funding policies, and providing results for financial statement reporting for pension and OPEB plans.

Educational and Membership Background

Governmental Experience



YOUR ACTUARIAL TEAM

Todd is a Director and Head of Actuarial Services at L&A with nearly 20 years of actuarial consulting experience. He is an Enrolled Actuary with a Bachelor's degree from Drake University. His role is to review all actuarial calculations and present findings at client meetings.

Bob is an actuarial consultant with over 20 years of experience. He is an Enrolled Actuary with a Bachelor's degree from the University of Iowa. His role is to review actuarial calculations and present findings to clients.

Colleen is an actuarial consultant with 10 years of experience at L&A. Her roles include a focus on attending client meetings, setting up actuarial valuation, and performing multi-year projections.

Jessica is an actuarial consultant with a Bachelor's degree from the University of Georgia and Master's degree from Roosevelt University. Her roles include setting up actuarial valuations, performing multi-year projections, and attending client meetings.

Kevin is an actuarial consultant with a Bachelor's degree from the University of Massachusetts and a background in private pension actuarial consulting. His roles include setting up actuarial valuations, drafting actuarial reports, and attending client meetings.

Alyssa is an operations manager with three years of public plan experience and a Bachelor's degree from the University of Illinois/Chicago. Her role is dedicated to coordinating the actuarial valuation process and ensuring the team's quality control steps and peer review processes are completed.

Todd Schroeder

Robert Rietz

Colleen Trela

Jessica Fain

Kevin Cavanaugh

Alyssa Ruan



STATEMENTS & AFFIRMATIONS

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

STATEMENTS & AFFIRMATIONS

Management Commitment

L&A is fully committed to providing exceptional services to the public pension and retiree healthcare markets. This includes a broad array of actuarial, audit, benefits administration, training and other benefits-related services. L&A is the market share leader related to serving public pension plans in the State of Illinois. We also provide retiree healthcare actuarial services to almost 200 other postemployment benefit plans. As a result, we have more actuarial staff fully dedicated to Illinois plans than any other provider. In short, the strength of our actuarial service line and market position are testaments to our commitment to meeting your long-term actuarial consulting needs.

Independence Statement

Lauterbach & Amen, LLP operates independently of District as well as their associated benefit plans. We are unaware of any potential conflicts of interest if we are the selected firm.

As a Firm, we maintain a client services database and, annually, all employees receive and attest to an Employee Independence Representation.

Should a conflict of interest issue arise, we adhere to the specific guidelines set forth in the American Institute of Certified Public Accountants' (AICPA) Code of Professional Ethics. Additionally, we are in compliance with the standards established by the General Accounting Office (GOA).

Insurance

Our Firm carries Errors and Omissions insurance. Our policy limit is \$5,000,000. Any client can be listed as an additional insured on this policy, by request, and once a signed engagement letter for services is received by L&A.

Required Statements

All charges for services will be a "Not-To-Exceed" fee, as detailed in the fee section of this proposal.

The hourly rate quote, detailed in the fee section of this proposal, is part of the L&A's quote for use in invoicing for progress payments and for extra work incurred that is not part of this RFP.



STATEMENTS & AFFIRMATIONS

All federal laws and regulations shall be adhered to notwithstanding any state or local laws and regulations. In case of conflict between federal, state, or local laws or regulations, the strictest shall be adhered to.

L&A will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

L&A shall allow all authorized federal, state, county, and the District officials access to place of work, books, documents, papers, fiscal, payroll materials, and other relevant records pertinent to this project. All relevant records shall be retained for at least three (3) years.

References

Please see attachments section for a list of our references.



TECHNOLOGY & QUALITY ASSURANCE

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

TECHNOLOGY & QUALITY ASSURANCE

Actuarial Valuation Software

As a Firm, we develop and maintain our own proprietary actuarial valuation software. Our system includes capabilities for providing the plan's required GASB 43/45 and 74/75 projections and disclosures. In addition, our valuation software includes capabilities for providing scenario planning, sensitivity analysis to various assumption changes, and transition plans into funded arrangements should the District decide to consider that approach in the future. We believe these additional capabilities are invaluable when it comes to helping our clients make long-term strategic planning decisions.

Peer Review

L&A reports are reviewed by numerous federal and state oversight agencies as well as other external professional agencies and organizations. The feedback from the independent reviews of our clients' financial statements indicates that L&A's reports meet, if not exceed, industry standards and reporting requirements. These reviews were undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPAs in public practice, industry, government and education.

Quality Control

Our Quality Assurance Team is responsible for reviewing all financial statements before issuance, assisting in technical inquiries and reviewing reports of all engagements to verify compliance with professional standards and Firm policies. The processes we follow before delivering any report to a client are quite rigorous. All inputs and outputs from our valuation software, including summary actuarial valuation reports, are reviewed by at least three members of our actuarial team for both technical accuracy and general reasonableness.

In addition, the actuaries at L&A adhere to the high ethical standards detailed within the profession's Actuarial Standards of Practice (ASOPs). These evolving standards provide guidance on developing reasonable, best practices when it comes to setting actuarial assumptions and methods, as well as the measurement and disclosure of retiree medical obligations.



TECHNOLOGY & QUALITY ASSURANCE

Employee Conduct

L&A has procedures in place for employee conduct. The procedures address all areas of work including ethics, use of email, conflicts of interest, etc. Procedures include an annual review process to monitor and address adherence to Firm policies. Employee conduct is also guided and monitored by the professional governing bodies they represent.

No member of our Firm has been sanctioned by any licensing or regulatory body in the last five (5) years. Employers are permitted to make employment decisions based on criminal record when a conviction is job-related and/or may affect their ability to perform the job. L&A will not employ an individual in a particular position if we are aware of his/her felony conviction(s), and by having such felony conviction(s) would impose significant risk to our Firm, employees, and/or clients.

There have been no Counseling and Discipline complaints filed with any Actuarial Board against L&A or any of its actuaries.

Disaster Recovery Plan

L&A's electronic files are backed up twice daily and then again at the close of business each day. Weekly and then monthly backups are also performed and maintained offsite.

Nearly all paper copies of client files are maintained electronically, which are included in the electronic files backup process as described above. The most current two years of client paper copies are maintained onsite, with three additional years of files being maintained offsite.

L&A adheres to the State of Illinois' recommended practices for records retention.



ACTUARIAL VALUATION PROCESS

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

ACTUARIAL VALUATION PROCESS

Overall Approach

An actuarial valuation is more than just “number crunching”. It is an annual assessment of the financial condition of your benefit program. There are a myriad of different methods and assumptions that can be used in the development of valuation results. Our job is to help you understand the key aspects of the actuarial process to ensure that you are able to make informed decisions about your plan and anticipate outside influences that may be crucial to those decisions.

Another differentiator between L&A and our competitors is our overall business partner approach to actuarial valuations. This makes us an invaluable resource to our clients. We are involved in developing suggestions for plan design revisions and assessing their impact on short-term cash costs and the accounting liability. We work with entities to better define their healthcare and employee benefit plan objectives. Plan design revisions need not necessarily equate to benefit reductions.

Retiree Healthcare (“OPEB”) Valuation Process

Our general process for actuarial valuations is shown on the following page as a series of steps. Execution of the process blends one step into the next with some steps overlapping. The valuation will be conducted in a manner consistent with the Code of Professional Conduct and Qualification Standards of the American Academy of Actuaries, including applicable Actuarial Standards of Practice (ASOPs).

Information Collection

Fees quoted in this proposal require that information be provided electronically (if at all possible). We can read almost any electronic format, although we prefer the commonly used Microsoft programs.

Eligibility and Coverage Summary

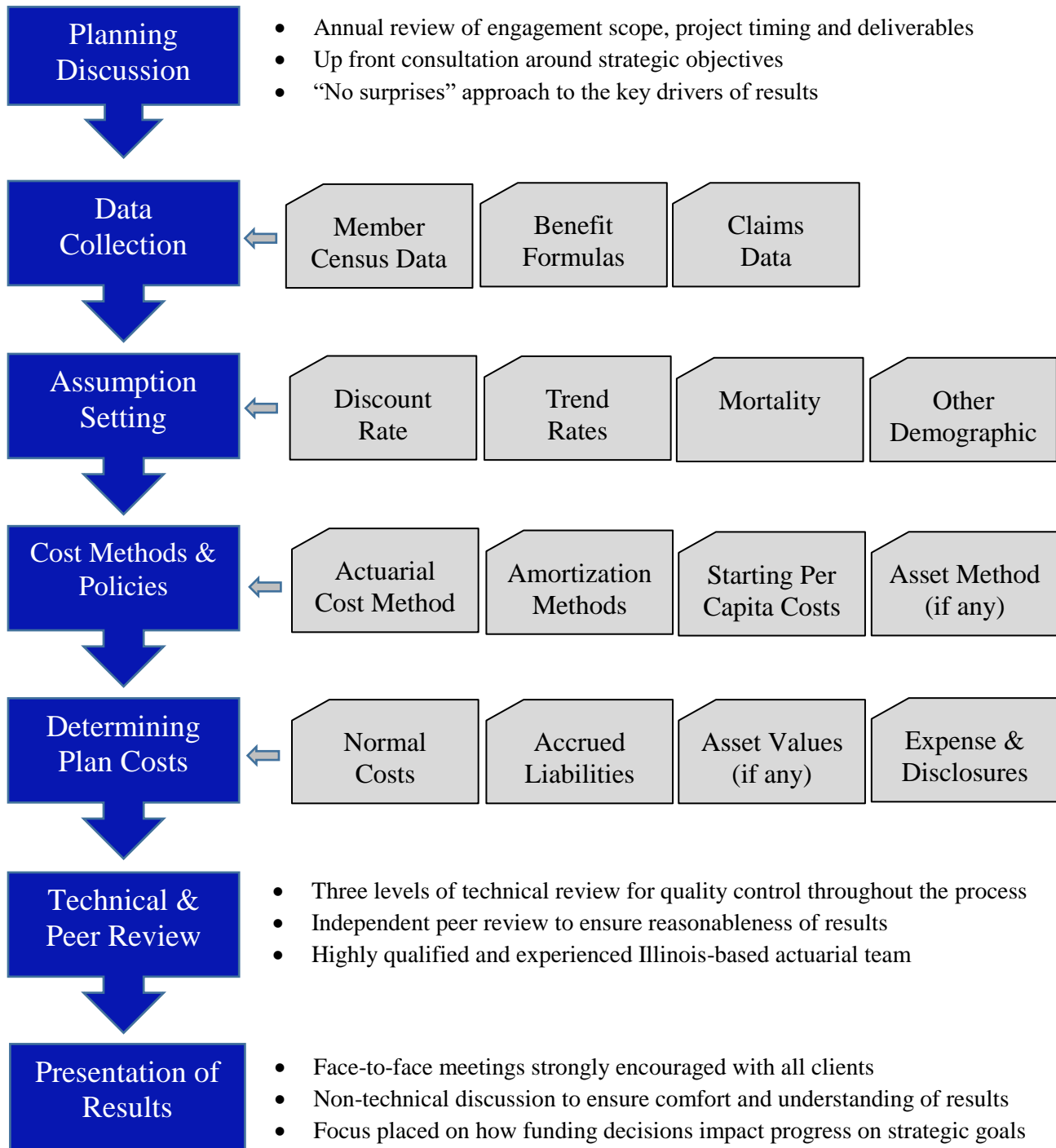
We will create a preliminary document which summarizes our understanding of the eligibility provisions and coverage levels. Once you review and approve this document, our actuarial modeling will be based on those provisions.

Assumption Setting

We will assist and guide you in setting economic assumptions (such as the Discount Rate and Health Care Trend Rates) and demographic assumptions (such as Retirement Rates and Termination Rates). L&A will issue a preliminary assumptions document which provides guidance on reasonable choices available and their general effects. We will then use assumptions to which we mutually agree. The assumption document will be finalized and can be provided to your auditors for review.



ACTUARIAL VALUATION PROCESS



ACTUARIAL VALUATION PROCESS

Retiree Healthcare (“OPEB”) Valuation Process (continued)

Development of Starting Costs

Valuation results are most sensitive to the starting per capita costs. Thorough and rigorous analysis is undertaken for self-insured coverages by health actuaries who have considerable experience in health care cost projections. For fully insured and fixed contribution benefits, much time and effort will be dedicated to ensuring the accuracy of reported amounts. Starting costs development will be performed by a qualified healthcare actuary.

Client Review

Results are reviewed with you so that you are comfortable with the methodology and terminology, as well as have an understanding of the impact of each of your decisions that led to those results. Discussion with the District, whether by attendance at a board meeting, meeting with District personnel, or via conference call is always included in our fees. Results will be provided in the form of a formal, comprehensive report.

Working with You and Your Auditors

One individual will be designated as the main contact at the District. In some instances, it may be preferable to have certain tasks or areas addressed by additional people. It is at your discretion on how this is best structured. The main areas of assistance and guidance will be for data gathering, understanding of the data, and understanding the plan. It is our intention to minimize the work load for District personnel. An example of how this may be done is for us to work directly with your healthcare advisor to obtain data. We strongly encourage and advocate leveraging existing vendor relationships in the data and information gathering process. This not only reduces the reliance on and time of your staff but is a solid step to ensure data and information is consistent across its various uses.

It is critical to include auditors early in the assumption setting process. They will ultimately sign-off on both the assumptions and the results of the valuation. All parties are best served if discussions about assumptions occur early in the process as opposed to when the auditors are performing fieldwork. We intend to supply the auditors with the aforementioned assumption document for their review prior to generating valuation results. We will also be available for subsequent auditor questions.



TIMING AND FEES

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com

TIMING AND FEES

Timing

Our actuarial team has extensive experience transitioning work from prior actuaries. We do not charge additional fees for this work. We view the transition as an opportunity to identify hidden risks and opportunities and will elevate any significant findings with the District.

Actuarial valuations typically take four to five weeks to complete. The actual time is a function of the availability and delivery of information and data.

L&A commits to providing you with a complete set of results for your review within a four-to-five-week timeframe contingent upon receipt of complete participant and claims information.

Below is a preliminary work plan. This schedule will be modified after the initial planning discussion.

Initial planning discussion	Week 1
Request data and information	Week 1
Delivery of requested data and information	Week 2
Follow-up data questions, if necessary	Week 2
Summarization of eligibility and coverage	Week 2
Responses to data questions	Week 3
Discussion on actuarial assumptions	Week 3
Confirmation of our understanding of eligibility and coverage	Week 3
Finalize actuarial assumptions	Week 3 / 4
Deliver preliminary report	Week 4
Discussion / Meeting to review preliminary report	Week 4 / 5
Final report	Week 4 / 5



TIMING AND FEES

Fees

It is our intention to quote a fee which is fair, proportional to the work effort involved, and geared toward beginning a long-term working relationship with you. As such, we propose the following fees for your consideration.

	Fiscal Year End June 30, 2018	Fiscal Year End June 30, 2019	Fiscal Year End June 30, 2020	Fiscal Year End June 30, 2021	Fiscal Year End June 30, 2022	Fiscal Year End June 30, 2023
Actuarial Financial Statement Reporting						
<ul style="list-style-type: none"> ● Implementation and Preparation of GASB 74/75 Actuarial Valuation* ● Preparation of Audit Friendly Exhibits 	\$3,400	\$1,000	\$3,500	\$1,050	\$3,600	\$1,100
	<u>Included</u>	<u>Included</u>	<u>Included</u>	<u>Included</u>	<u>Included</u>	<u>Included</u>
Total Annual Actuarial Services	<u>\$3,400</u>	<u>\$1,000</u>	<u>\$3,500</u>	<u>\$1,050</u>	<u>\$3,600</u>	<u>\$1,100</u>

*The above fee table assumes implementation of the new GASB 74/75 requirements for the District’s fiscal year ending June 30, 2018. After the GASB 74/75 implementation year, all OPEB reporting will follow a biennial reporting cycle and for all fiscal year ends where a full-valuation is not required, we will prepare financial statement entries based on a limited actuary’s report. The limited actuary’s report will not require updating of participant or medical information but will be run at the most recently available discount rate required by the new GASB 74/75 standards. If, for any reason, the District or auditors require a full-valuation vs. the limited actuary’s report, updating of all participant and medical information will be required and a full-valuation fee will be charged.

Reasonable expenses, such as airfare, hotel, car rental, etc. will be charged in addition to the fees quoted above for attendance at meetings, if necessary. From time-to-time, the District may request additional services or analysis beyond the scope of this proposal. The cost per hour for additional services is \$250. At the request of the District, we will provide a flat fee quote in lieu of an hourly rate at the time additional services are requested when the scope of services can be suitably defined. Charges for any additional upon request services will not exceed the fee of \$10,000, per fiscal year, unless L&A is provided written authorization to complete work that would from the District.

Billing

Our actuarial service line typically emails invoices for our valuation services once per year following delivery of the valuation reports. Additional billings may occur for out-of-scope projects upon completion of the work.



ENGAGEMENT LETTER

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com



April 29, 2018

Ms. Vanessa Martinez
Finance Director
Rainbow Municipal Water District
Fallbrook, California

Dear Vanessa:

We are pleased to confirm our understanding of the services we are to provide for the Rainbow Municipal Water District for the fiscal years ending June 30, 2018 through June 30, 2023. It is our understanding that Lauterbach & Amen, LLP will prepare the GASB 74/75 actuarial reports for the District.

You agree to assume all management responsibilities for the actuarial services we provide; you will oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; you will evaluate the adequacy and results of the services; and you will accept responsibility for them.

Lauterbach & Amen, LLP does not assume any management responsibilities for the District. These services cannot be relied upon to detect errors, irregularities, or illegal acts that may exist. However, we will inform you of any such matters that may come to our attention.

Fees for our services are as follows:

Table with 7 columns: Actuarial Financial Statement Reporting, Fiscal Year End June 30, 2018, Fiscal Year End June 30, 2019, Fiscal Year End June 30, 2020, Fiscal Year End June 30, 2021, Fiscal Year End June 30, 2022, Fiscal Year End June 30, 2023. Rows include Implementation and Preparation of GASB 74/75 Actuarial Valuation* and Preparation of Audit Friendly Exhibits, and Total Annual Actuarial Services.

*The above fee table assumes implementation of the new GASB 74/75 requirements for the District’s fiscal year ending June 30, 2018. After GASB 74/75 implementation year, all OPEB reporting will follow a biennial reporting cycle and for all fiscal year ends where a full-valuation is not required, we will prepare financial statement entries based on a limited actuary’s report. The limited actuary’s report will not require updating of participant or medical information but will be run at the most recently available discount rate required by the new GASB 74/75 standards. If, for any reason, the District or auditors require a full-valuation vs. the limited actuary’s report, updating of all participant and medical information will be required and a full-valuation fee will be charged.

Rainbow Municipal Water District
Page 24



Reasonable expenses, such as airfare, hotel, car rental, etc. will be charged, in addition to the fees quoted on the previous page, for attendance at meetings, if necessary.

We appreciate the opportunity to be of service to the Rainbow Municipal Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Cordially,

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Rainbow Municipal Water District:

Accepted by: _____

Title: _____



ATTACHMENTS

Lauterbach & Amen, LLP

Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
www.lauterbachamen.com



Other Post-Employment Benefits Actuarial References

Village of Downers Grove, Illinois
Contact: Carol Hogan, Assistant Finance Director
Email: chogan@downers.us
Phone: (630) 434-5929

Village of Mount Prospect, Illinois
Contact: Lynn Jarog, Deputy Finance Director
Email: LJarog@mountprospect.org
Phone: (847) 818-5281

Naperville Community Unit School District #203
Contact: Brad Cauffman, CSBO/CFO
Email: bcauffman@Naperville203.org
Phone: (630) 420-6324

Village of Hillside, Illinois
Contact: John Flood, Director of Economic Development
Email: jflood@hillside-il.org
Phone: (708) 202-4324

Downers Grove Sanitary District
Contact: W. Clay Campbell, Administrative Services Director
Email: ccampbell@dgspd.org
Phone: (630) 969-0664

Lauterbach & Amen, LLP
668 N. River Road
Naperville, IL 60563

Actuarial Valuation
as of July 1, 2016



SAMPLE CLIENT
POSTRETIREMENT HEALTH
PLAN

GASB 74/75 Financial Statement Reporting

LAUTERBACH & AMEN, LLP

Actuarial GASB Disclosures Statements 74 and 75



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

SAMPLE CLIENT

Fiscal Year Ending: June 30, 2017
Actuarial Valuation Date: July 1, 2016
Measurement Date: **June 30, 2017**

Submitted by:

Lauterbach & Amen, LLP
630.393.1483 Phone
www.lauterbachamen.com

Contact:

Todd A. Schroeder
September 28, 2017

LAUTERBACH & AMEN, LLP



TABLE OF CONTENTS

ACTUARIAL CERTIFICATION	1
POSTRETIREMENT PLAN NET POSITION	2
Statement of Fiduciary Net Position	3
Statement of Changes in Fiduciary Net Position	4
ACTUARIAL OPEB LIABILITY INFORMATION.....	5
Statement of Total OPEB Liability.....	6
Statement of Changes in Total OPEB Liability.....	7
Statement of Changes in Net OPEB Liability.....	8
Deferred Outflows and Inflows of Resources	9
Deferred Outflows and Inflows of Resources - Details.....	10
OPEB Expense Development.....	11
ACTUARIAL ASSUMPTION INFORMATION.....	12
Statement of Significant Actuarial Assumptions.....	13
Statement of Significant Actuarial Assumptions – Continued.....	14
Statement of Significant Actuarial Assumptions – Continued.....	15
Notes on Actuarial Assumptions	16
Development of Starting Claims Costs.....	17
Expected Return on OPEB Plan Investments.....	17
Municipal Bond Rate.....	17
Discount Rate	18
Sensitivity of the Discount Rate	19
Sensitivity of the Healthcare Trend Rate.....	19
PARTICIPANT DATA	20
Participant Demographic Data.....	21
Expected Future Working Lifetime.....	21
FUNDING POLICY	22
Components of the Actuarially Determined Contribution.....	23
Formal Funding Policy.....	23
Informal Funding Policy.....	23
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION.....	24
Schedule of Changes in the Net OPEB Liability.....	25
Schedule of Total OPEB Liability and Related Ratio	26
Schedule of Contributions	27
Notes to Schedule of Contributions.....	27
GASB METHODS AND PROCEDURES.....	28
GASB Methods and Procedures.....	29



TABLE OF CONTENTS

PLAN PROVISIONS..... 30

 Summary of Eligibility and Coverage31

 Summary of Eligibility and Coverage – Continued.....32

SAMPLE



ACTUARIAL CERTIFICATION

This certification provides supplemental information as required by the Governmental Accounting Standards Board. The enclosed schedules were prepared by the undersigned to provide general information to assist in the preparation of the Annual Financial Report. The assumptions and methods used in the preparation of this disclosure meet the parameters set for the disclosures presented in the financial section as required by the Governmental Accounting Standards Board. Additional information is also provided solely to assist the auditors in preparation of the required footnote disclosures.

The results in this report are based on information and data submitted by the SAMPLE CLIENT. We did not prepare the actuarial valuations for the years prior to July 1, 2014. Those valuations were prepared by other actuaries whose reports have been furnished to us, and our disclosures are based upon those reports. An audit of the information was not performed, but high-level reviews were performed for general reasonableness as appropriate based on the purpose of the valuation. The accuracy of the results is dependent upon the accuracy and completeness of the underlying information. The results of the actuarial valuation and these supplemental disclosures rely on the information provided.

The valuation results summarized involve actuarial calculations that require assumptions about future events. The SAMPLE CLIENT selected certain assumptions, while others were the result of guidance and/or judgment. We believe that the assumptions used in the valuation are reasonable and appropriate for the purposes for which they have been used.

To the best of our knowledge, all calculations are in accordance with the applicable funding requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices. The undersigned consultant of Lauterbach & Amen, LLP, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between the SAMPLE CLIENT and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,
LAUTERBACH & AMEN, LLP

Todd A. Schroeder, EA



POSTRETIREMENT PLAN NET POSITION

Statement of Net Position
Statement of Changes in Net Position

SAMPLE



STATEMENT OF FIDUCIARY NET POSITION

	<u>2017</u>	<u>2016</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ -
Total cash	<u>-</u>	<u>-</u>
Receivables:		
Due from Municipality	-	-
Investment Income - Accrued Interest	-	-
Other	-	-
Total Receivables	<u>-</u>	<u>-</u>
Investments:		
Common Stock	-	-
Total Investments	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>-</u>
Liabilities		
Payables:		
Expenses Due/Unpaid	-	-
Other	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position Restricted for Postretirement Plan	<u>\$ 0</u>	<u>\$ 0</u>

The total OPEB liabilities are an unfunded obligation. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits.



STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	<u>2017</u>
Additions	
Contributions	
Employer	\$ 227,474
Other	-
Member	-
Total Contributions	<u>227,474</u>
Investment Income	
Net Appreciation in Fair Value of Investments	-
Interest and Dividends	-
Less Investment Expense	-
Net Investment Income	<u>-</u>
Total Additions	<u>227,474</u>
Deductions	
Benefit Payments	227,474
Administrative Expense	-
Total Deductions	<u>227,474</u>
Net Increase in Net Position	<u>0</u>
Net Position Restricted for Postretirement Plan	
Beginning of Year	<u>0</u>
End of Year	<u>\$ 0</u>

The total OPEB liabilities are an unfunded obligation. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits.



ACTUARIAL OPEB LIABILITY INFORMATION

Statement of Total OPEB Liability
Statement of Changes in Total OPEB Liability
Statement of Changes in Net OPEB Liability
Deferred Outflows and Inflows of Resources
Deferred Outflows and Inflows of Resources – Detail
OPEB Expense Development



STATEMENT OF TOTAL OPEB LIABILITY

	<u>2017</u>	<u>2016</u>
Active Employees		
Active Employees Fully Eligible	\$ 515,804	\$ 530,533
Active Employees Not Yet Fully Eligible	5,165,803	4,285,216
Total Active Employees	<u>5,681,607</u>	<u>4,815,749</u>
Inactive Employees		
Retired Employees	509,276	662,854
Disabled Employees	-	-
Total Inactive Employees	<u>509,276</u>	<u>662,854</u>
Total OPEB Liability	<u>\$ 6,190,883</u>	<u>\$ 5,478,603</u>

The total OPEB liability shown is dependent on several factors such as plan provisions and actuarial assumptions used in the report. In addition, the calculation of the total OPEB liability may be dependent on the Fiduciary Net Position shown on the prior page. Changes in the Fiduciary Net Position due to any factor including adjustment on final audit could change the total OPEB liability. The dependence of the total OPEB liability on the net position is due to the role of the net position (and projected net position) on the determination of the discount rate used for the total OPEB liability.

The total OPEB liability has been determined for GASB 74/75 reporting purposes only. The resulting total OPEB liability is intended to be used in the financial statement reporting of the postretirement plan and/or the employer. The resulting liability is not intended to be a representation of the postretirement plan liability for other purposes, including but not limited to determination of cash funding requirements and recommendations, if applicable.

This is the first year of implementation of GASB 74/75. The total OPEB liability for the prior fiscal year has been developed based on the current actuarial valuation date and assumptions shown in this report, and has been provided for purposes of an opening balance for the implementation of GASB 74/75.



STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

	<u>2017</u>
Changes in Total OPEB Liability	
Service Cost	\$ 739,548
Interest	200,206
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	(227,474)
Net Change in Total OPEB Liability	712,280
Total OPEB Liability - Beginning	5,478,603
Total OPEB Liability - Ending (a)	<u>\$ 6,190,883</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 0</u>
Employer's Net OPEB Liability - Ending (a) - (b)	<u>\$ 6,190,883</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0%
Covered-Employee Payroll	\$ 67,745,771
Employer's Net OPEB Liability as a Percentage of Employee Payroll	9.14%

The plan fiduciary net position was detailed in the prior section of this report. The employer's net OPEB liability is the excess of the total OPEB liability over the plan Fiduciary Net Position.

Total OPEB liability may be dependent on the net position of the postretirement plan. Changes in the net position could change the determination of the total OPEB liability. Any changes in net position, including adjustments on final audit, can have an impact on net OPEB liability that extends beyond the dollar-for-dollar change in net position.

Covered employee payroll is based on total covered payroll for the postretirement plan members during the fiscal year.



STATEMENT OF CHANGES IN NET OPEB LIABILITY

The table below illustrates the change in the net OPEB liability from the prior measurement date to the current measurement date. Under Statement 75, the difference between the net OPEB liability from the prior measurement date to the current measurement date should be recognized as an expense, unless permitted to be recognized as a deferred outflow or inflow of resources.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances Beginning at 07/01/16	\$ 5,478,603	\$ -	\$ 5,478,603
Changes for the year:			
Service Cost	739,548	-	739,548
Interest	200,206	-	200,206
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	227,474	(227,474)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit payments	(227,474)	(227,474)	-
Administrative Expense	-	-	-
Net Changes	<u>712,280</u>	<u>-</u>	<u>712,280</u>
Balances Beginning at 06/30/17	<u>\$ 6,190,883</u>	<u>\$ -</u>	<u>\$ 6,190,883</u>

The changes in total OPEB liability above are described on the prior page. The plan fiduciary net position was detailed in the prior section of this report. The employer's net OPEB liability is the excess of the total OPEB liability over the plan fiduciary net position.



DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (active and retired) in the postretirement plan. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-
Contributions Subsequent to the Measurement Date*	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

* Contributions subsequent to the measurement date may be recognized as a reduction to the net OPEB liability. The amount is not known as of the date of this report. Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years:

Year ended June, 30:

2018	\$ -
2019	-
2020	-
2021	-
2022	-
Thereafter	-

Because this is the first year of implementation of GASB 74/75, the beginning total OPEB liability is based on the same assumptions and data as the ending total OPEB liability. Therefore, there are no differences between actual and expected experience that are being deferred in the current year.



DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - DETAILS

The table below shows the annual detail amounts that have been summarized on the prior page. Under Statement 75, the level of detail shown on the prior page is sufficient for financial statement reporting. The detail shown below is primarily for tracking purposes.

OPEB Expense Source	Date Established	Initial Period	Initial Balance	Remaining Period	6/30/2017 Expense Recognized	6/30/2017 Deferred Balance
Asset (Gain)/Loss	6/30/2017	5.00	\$ 0	5.00	\$ 0	\$ 0
Change in Assumptions (Gain)/Loss	6/30/2017	14.40	0	14.40	0	0
Actuarial (Gain)/Loss	6/30/2017	14.40	0	14.40	0	0
Total			\$ 0		\$ 0	\$ 0

Each detail item in the chart above was established as of the fiscal year end shown and the full amount deferred has been determined as of that time. Any events that occur in subsequent fiscal years do not have an impact on the prior fiscal year. The bases are established independently each year.

Because this is the first year of implementation of GASB 74/75, the beginning total OPEB liability is based on the same assumptions and data as the ending total OPEB liability. Therefore, there are no differences between actual and expected experience that are being deferred in the current year.



OPEB EXPENSE DEVELOPMENT

The table below displays the OPEB expense development for the current year. The OPEB expense includes items that change the net OPEB liability from one year to the next, netted out for amounts that are deferred under GASB pronouncement, plus any amounts that are being recognized that were deferred previously.

See below for development of the OPEB expense:

	<u>2017</u>
OPEB Expense/(Income) Under GASB 75	
Service Cost	\$ 739,548
Interest	200,206
Plan Changes	-
Contributions - Employee	-
Contributions - Other	-
Expected Investment Income	-
Administrative Expense	-
Other Changes	-
Initial OPEB Expense/(Income)	<u>939,754</u>
Recognition of Outflow/(Inflow) of Resources due to Liabilities	-
Recognition of Outflow/(Inflow) of Resources due to Assets	-
Total OPEB Expense/(Income)	<u>\$ 939,754</u>



ACTUARIAL ASSUMPTION INFORMATION

Statement of Significant Actuarial Assumptions
Assumption Changes
Notes on Actuarial Assumptions
Development of Starting Claims Costs
Expected Return on Postretirement Plan Investments
Municipal Bond Rate
Discount Rate
Sensitivity of the Discount Rate
Sensitivity of the Healthcare Trend Rate



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS

Actuarial Assumptions (Economic)

Discount Rate used for the Total OPEB Liability	3.58%
Long-Term Expected Rate of Return on Plan Assets	N/A
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.58%
Salary Increase Rate	3.00%
Election at Retirement Rate	See Table Below
Plan Participation Rate	See Table Below
Retiree Lapse Rate	No Post-65 Coverage Offered
Spousal Coverage	0%
Claims	See Tables on Page 14
Health Care Trend Rates	See Table on Page 15
Retiree Contribution Trend Rates	Same as Health Care Trend Rates

Election at Retirement Coverage election at retirement is assumed at the following rates:

Administrative	N/A
Custodians	N/A
Support Staff	100%
Teachers	100%

Plan Participation Rate Participation amongst the various Medical plans for those assumed to continue coverage upon retirement are assumed at the following rates:

	<u>Administrative</u>	<u>Custodians</u>	<u>Support Staff</u>	<u>Teachers</u>
PPO \$250 (District)	N/A	N/A	100%	0%
TCHP W Plan	N/A	N/A	0%	75%
TCHP WO Plan	N/A	N/A	0%	10%
TCHP MC Plan	N/A	N/A	0%	15%



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

Claims See accompanying table for PPO claims data.

PPO \$250 (District)		
Retiree		
Age	Male	Female
50	\$8,789	\$10,516
55	\$11,157	\$11,990
60	\$13,962	\$14,428
64	\$16,522	\$17,263
65	\$6,210	\$6,489
70	\$7,423	\$7,756
75	\$8,060	\$8,422
80	\$8,640	\$9,028
85	\$9,036	\$9,442
89+	\$9,218	\$9,632

Blended Premium Rates See accompanying tables for premiums charged for coverage.

	Annual Blended Premiums			
	Under Age 65		Age 65-&-Over	
	Retiree	Spouse	Retiree	Spouse
TRIP (Blended)	\$5,743	\$0	N/A	N/A
PPO \$250 (District)	\$1,764	\$0	N/A	N/A
TCHP W Plan	\$6,650	\$0	N/A	N/A
TCHP WO Plan	\$3,325	\$0	N/A	N/A
TCHP MC Plan	\$2,820	\$0	N/A	N/A



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

Health Care Trend Rates

Health Care Trend	Period	Medical
(FY = Fiscal Year)	FY 17 to FY 18	5.00%
	FY 18 to FY 19	5.00%
	FY 19 to FY 20	5.00%
	FY 20 to FY 21	5.00%
	FY 21 to FY 22	5.00%
	FY 22 to FY 23	5.00%
	FY 23 to FY 24	5.00%
	FY 24 to FY 25	5.00%
	FY 25 to FY 26	5.00%
	FY 26 to FY 27	5.00%
	FY 27 to FY 28	5.00%
	FY 28 to FY 29	5.00%
	FY 29 to FY 30	5.00%
	Ultimate	5.00%

Actuarial Assumptions (Demographic)

Mortality Table	IMRF 2014 for IMRF Employees
	TRS 2015 for TRS Employees
Retirement Rates	IMRF 2014 for IMRF Employees
	TRS 2015 for TRS Employees
Disability Rates	IMRF 2014 for IMRF Employees
	TRS 2015 for TRS Employees
Termination Rates	IMRF 2014 for IMRF Employees
	TRS 2015 for TRS Employees

Assumption Changes

There have been no changes in assumptions from the prior year.



NOTES ON ACTUARIAL ASSUMPTIONS

Salary Increases

Salaries are assumed to increase at the rate of 3.00%.

Election at Retirement

The percentage of active employees assumed to continue the participation from the active medical plan into the retiree medical plan upon retirement is based on the current retiree population. If an employee has waived active medical coverage, they are assumed not to participate in the retiree medical plan.

Plan Participation

The percentage of active employees assumed to elect the various plans available upon retirement is based on the current retiree population.

Spousal Coverage

The percentage of active employees assumed to elect medical coverage for spouses in retirement is based on the current retiree population.

Retiree Lapse Rate

The percentage of retirees receiving medical coverage, assumed to lapse all coverages at age 65, is based on the plan provisions of the District's postretirement plan, as detailed in in the Plan Provisions section of this report.

Demographic Assumptions

TRS: The RP-2014 White Collar table was used for pre-retirement and post-retirement mortality rates. All other demographic assumptions are based on the June 30, 2014 Actuarial Valuation Report for the Teachers' Retirement Insurance Program of the State of Illinois.

IMRF: The RP-2014 table was used for pre-retirement mortality rates and the RP-2014 Blue Collar table was used for post-retirement mortality rates. All other demographic assumptions are based on the 2011-2013 Illinois Municipal Retirement Fund Triennial Experience Study.



DEVELOPMENT OF STARTING CLAIMS COSTS

Starting costs for the District Plan were developed based on the blended premiums charged for coverage. The insurance carrier charges actives and retirees the same premium rates. According to GASB, when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees. As such, premiums were estimated for under-65 retirees and their spouses as if they were rated on a stand-alone basis. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationship between costs and increasing age.

EXPECTED RETURN ON OPEB PLAN INVESTMENTS

There is currently no expectation for future returns on OPEB plan assets since the OPEB obligation is an unfunded obligation. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

MUNICIPAL BOND RATE

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Actuarial Assumption section is the June 29, 2017 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.



DISCOUNT RATE

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the SAMPLE CLIENT, then only the municipal bond rate is used in determining the total OPEB liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net OPEB liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the plan. The funding policy is discussed in more detail in a later section.

SAMPLE CLIENT



SENSITIVITY OF THE DISCOUNT RATE

The net OPEB liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the net OPEB liability to the discount rate assumption.

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Employer Net OPEB Liability	\$7,050,528	\$6,190,883	\$5,742,402

The sensitivity of the net OPEB liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total OPEB liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

SENSITIVITY OF THE HEALTHCARE TREND RATE

Below is a table illustrating the sensitivity of the net OPEB liability to the healthcare trend rate assumption.

	1% Decrease (4.00%)	Current Healthcare Trend Rate (5.00%)	1% Increase (6.00%)
Employer Net OPEB Liability	\$5,285,136	\$6,190,883	\$7,312,807



PARTICIPANT DATA

Participant Demographic Data
Expected Future Working Lifetime

SAMPLE



PARTICIPANT DEMOGRAPHIC DATA

The chart below summarizes the employee count and payroll of plan members:

Actuarial Valuation Date	<u>6/30/2017</u>
Active Employees Full Eligible	27
Active Employees Not Yet Eligible	848
Retired Plan Members	29
Total	<u>904</u>
Payroll of Active Plan Members	<u>\$67,745,771</u>

Participant count is shown as of the fiscal year end date. Pay is the total covered payroll as of the fiscal year end date.

EXPECTED FUTURE WORKING LIFETIME

The chart below summarizes the expected future working lifetime of plan members:

Average Future Working Career (In Years)	<u>7/1/2016</u>
Active Plan Members	14.88
Inactive Plan Members	0.00
Total	14.40

The expected future working lifetime is measured as of the actuarial valuation date and is based on the demographic assumptions used in the preparation of this report.



FUNDING POLICY

Components of the Actuarially Determined Contribution
Formal Funding Policy
Informal Funding Policy



COMPONENTS OF THE ACTUARIALLY DETERMINED CONTRIBUTION

The actuarially determined contribution (ADC) includes the determination of the normal cost contribution for active plan members, as well as a provision for the payment of unfunded liability.

Unfunded liability is the excess of the actuarial liability over the actuarial value of assets.

For the SAMPLE CLIENT, there is no determination of an ADC and normal cost, as the total OPEB liabilities are currently an unfunded obligation. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

FORMAL FUNDING POLICY

There is no formal funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation.

INFORMAL FUNDING POLICY

There is no informal funding policy determined for GASB reporting purposes, as the total OPEB liabilities are currently an unfunded obligation.

SAMPLE



SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability
Schedule of Total OPEB Liability and Related Ratios
Schedule of Contributions



SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB Liability										
Service Cost	\$ 739,548									
Interest	200,206									
Changes of Benefit Terms	-									
Differences Between Expected and Actual Experience	-									
Changes in Assumptions	-									
Benefit Payments and Refunds	(227,474)									
Net Change In Total OPEB Liability	712,280									
Total OPEB Liability - Beginning	5,478,603									
Total OPEB Liability - Ending (a)	\$ 6,190,883									
Plan Fiduciary Net Position										
Contributions - Employer	\$ 227,474									
Contributions - Member	-									
Contributions - Other	-									
Net Investment Income	-									
Benefit Payments	(227,474)									
Administrative Expense	-									
Prior Period Audit Adjustment	-									
Net Change in Plan Fiduciary Net Position	-									
Plan Fiduciary Net Position - Beginning	-									
Plan Fiduciary Net Position - Ending (b)	\$ -									
Employer Net OPEB Liability - Ending (a) - (b)	\$ 6,190,883									

The current year information was developed in the completion of this report.



SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIO

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB Liability - Ending (a)	\$ 6,190,883									
Plan Fiduciary Net Position - Ending (b)	\$ -									
Employer Net OPEB Liability - Ending (a) - (b)	\$ 6,190,883									
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%									
Covered-Employee Payroll	\$ 67,745,771									
Employer Net OPEB Liability as a Percentage of Covered-Employee Payroll	9.14%									

Covered employee payroll shown for the current year is the total covered payroll for the fiscal year for all plan members.



SCHEDULE OF CONTRIBUTIONS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	N/A									
Contributions in Relation to the Actuarially Determined Contribution	0									
Contribution Deficiency (excess)	N/A									
Covered-Employee Payroll	\$ 67,745,771									
Contributions as a Percentage of Covered-Employee Payroll	0.0%									

NOTES TO SCHEDULE OF CONTRIBUTIONS

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.



GASB METHODS AND PROCEDURES

GASB Methods and Procedures
Methodology for Deferred Outflows and Inflows

SAMPLE



GASB METHODS AND PROCEDURES

Statement 75
Employer Financials

Fiscal Year End for Reporting	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Actuarial Valuation - Data Date	June 30, 2017
Asset Valuation Method	Market Value
Actuarial Cost Method	Entry Age Normal (Level %)

Methodology Used in the Determination of Deferred Inflows and Outflows of Resources

Amortization Method	Straight Line
Amortization Period	
Actuarial Experience	14.40 Years
Changes in Assumptions	14.40 Years
Asset Experience	5.00 Years

As noted in the table above, the actuarial funding method used in the determination of the total OPEB liability is the Entry Age Normal Cost method (level percent of pay). The method allocates normal cost contributions by employee over the working career of the employee as a level percent of their pay.

The total OPEB liability for the current fiscal year has been developed based on the actuarial valuation date shown above, and adjusted to the measurement date shown above, based on procedures that conform to generally accepted actuarial principles and practices.



PLAN PROVISIONS

Summary of Eligibility and Coverage

SAMPLE



SUMMARY OF ELIGIBILITY AND COVERAGE

Eligibility Provisions

Full-Time Employees – Teachers

Employees age 55 with at least 20 years of service are covered

Full-Time Employees – Support Staff

Employees age 60 with at least 20 years of service are covered

Full-Time Employees – Administrators

Not eligible for retiree medical coverage.

Medical Coverage

Types of Coverage:

District Insurance (HMO and PPO)

TRIP MC

TRIP W

TRIP WO

MC

Coverage Provisions

Full-Time Employees – Teachers

Pre-65 Coverage:

The District will pay 100% of the premium to participate in the health insurance program.

The Board may limit participation in the plan to a maximum of five teachers per fiscal year, based on seniority.

Coverage continues until Medicare eligibility is reached.

Post-65 Coverage:

There is post-65 retiree coverage through the quarter the employee turns 65. Coverage then ends.



SUMMARY OF ELIGIBILITY AND COVERAGE – CONTINUED

Coverage Provisions – Continued

Full-Time Employees – Support Staff

Pre-65 Coverage:

The District will pay 100% of the employee single coverage premium for the HMO plan until the earlier of death or age 65.

Should the employee elect an alternative plan, the employee pays the difference in premium.

Coverage continues until Medicare eligibility is reached.

Participation is limited to no more than four support staff employees per fiscal year.

Post-65 Coverage:

There is no post-65 retiree coverage.

SAMPLE



BOARD ACTION

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-10 — 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 JULY 14, 2018 THROUGH JUNE 30, 2019

BACKGROUND

In compliance with state and CalPERS regulations, the District maintains a Salary Grade structure that includes all job titles, salary grade levels, and monthly salary ranges for each grade. The table is available for public review, accessible from the Rainbow MWD website, and is published on a website hosted by the California State Controller.

On February 27, 2018, the Board approved the current salary grades in Resolution No. 18-05. The memoranda of understandings in place between the District and the bargaining units call for a cost of living adjustment (COLA) to the salary grade structure and base pay adjustment of all employees in non-legacy pay grades. The new Pay Grade Structure reflects a **3%** increase, which is based on the change in annual average San Diego CPI between 2016 and 2017. All rates are rounded to the nearest whole cent.

	Annual Average
2017	283.012
2016	274.732

San Diego CPI data source:

https://www.bls.gov/regions/west/data/consumerpriceindex_sandiego_table.pdf

Legacy pay grades are not eligible for COLA increases, so the minimums and maximums remain unchanged. Two legacy pay grades have been eliminated. Since the Non-Exempt and Exempt pay grades have caught up with them, they are no longer necessary.

The Safety Administrator I and Safety Administrator II classifications have been eliminated.

The General Manager’s pay grade has not changed.

DESCRIPTION

The grade structure included in Resolution No. 18-10 is revised to reflect the new pay grades in accordance with the cost of living adjustments (COLAs) as previously approved in the memoranda of understanding between the District and the bargaining units. Resolution No. 18-10 rescinds Resolution No. 18-05.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Updating this document with current information allows the District to comply with CalPERS requirements and California Code of Regulations 570.5 and 571.

BOARD OPTIONS/FISCAL IMPACTS

A 3% increase in base pay for all employees who are not in a legacy pay grade. Estimated to be \$150,140. The increase is reflected in the 2018-2019 budget.

This resolution allows the District to comply with CalPERS requirements.

1. Option 1: Approve Resolution No. 18-10 as presented.
2. Option 2: Do not approve Resolution No. 18-10.

STAFF RECOMMENDATION

Staff recommends approval of Resolution No. 18-10.



Karleen Harp, COSM
Human Resources Manager

06/26/2018

RESOLUTION NO. 18.10

RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY RATES OF PAY FOR DISTRICT EMPLOYEES EFFECTIVE JULY 14, 2018 THROUGH JUNE 30, 2019

Exempt Salary Grade	Monthly Salary Range/ Hourly Equivalent	Job Titles
GM	\$15,069- \$21,700/ \$6,955 - \$10,015	General Manager
E11	\$10,367.80 - \$14,929.20 / \$59.82 - \$86.13	Engineering Manager Finance Manager Operations Manager
E10	\$9,015.07 - \$13,071.07 / \$52.01 – \$75.41	Human Resources Manager
E9	\$7,839.87 - \$11,367.20 / \$45.23 - \$65.58	Associate Engineer Construction and Maintenance Superintendent Senior IT and Applications Analyst Water Operations Superintendent
E8	\$6,817.20 - \$9,883.47 / \$39.33 - \$57.02	Information Technology and Applications Analyst Environmental Health and Safety Officer Wastewater Superintendent

Non-Exempt Salary Grade	Monthly Salary Range/ Hourly Range	Job Titles
N7	\$6,505.20 - \$9,434.53 / \$37.53 - \$54.43	Executive Assistant/Board Secretary Lead Operator Technical Services Team Lead
N6	\$5,657.60 - \$8,203.87 / \$32.64 - \$47.33	Administrative Analyst Crew Leader – Valve Maintenance Crew Leader – Construction & Maintenance Electronic / Electrical Technician II Right of Way and Facilities Coordinator System Operator III
N5	\$4,919.20 - \$7,132.67 / \$28.38 - \$41.15	Accounting Specialist II Crew Leader – Meter Services Electrical / Electronics Technician I Engineering Inspector II Engineering Technician II Mechanic II System Operator II Utility Worker III – Construction Utility Worker III – Valve Maintenance Utility Worker III – Wastewater Services Water Quality Technician II

N4	\$4,277.87 - \$6,201.87 / \$24.68 - \$35.78	Accounting Specialist I Administrative Assistant II Engineering Inspector I Engineering Technician I Purchasing & Inventory Control Specialist II System Operator I Utility Worker II – Construction Utility Worker II/III – Meter Services Utility Worker II – Valve Maintenance Utility Worker II – Wastewater Services Water Quality Technician I
N3	\$3,719.73 - \$5,394.13 / \$21.46 - \$31.12	Administrative Assistant I Customer Service Representative II Purchasing / Inventory Control Specialist I Utility Worker I – Construction Utility Worker I – Meter Services Utility Worker I – Valve Maintenance Utility Worker I – Wastewater Services
N2	\$3,232.67 - \$4,690.40 / \$18.65 - \$27.06	Customer Service Representative I
N1	\$2,813.20 - \$4,080.27 / \$16.23 - \$23.54	Interns

Legacy Salary Grade	Monthly Salary Range/ Hourly Range	Job Titles
L6	\$4,982-\$6,536 / \$28.74 - \$37.71	Engineering Inspector I
L5	\$4,884-\$6,408 / \$28.18 - \$36.97	Utility Worker III – Meter Services

Resolution No. 18-10 rescinds Resolution No. 18-05.

PASSED, APPROVED, AND ADOPTED in Open Session at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 26nd day of June 2018 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

CODE OF ETHICS POLICY REVIEW

BACKGROUND

At the May 22, 2018 Board meeting, Director Brazier directed staff to prepare appropriate revisions to the Administrative Code pertaining to terms of conduct based on feedback she received on a matter that occurred at a recent committee meeting.

DESCRIPTION

Per Director Brazier's request, staff reviewed Administrative Code Section 2.01.010 – Code of Ethics Policy and made some suggested revisions for Board consideration.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Five: Customer Service
Strategic Focus Area Six: Communication

BOARD OPTIONS/FISCAL IMPACTS

- 1) Direct staff to provide a revised policy at the next Board meeting for consideration and approval to include any additional changes provided at this meeting.
- 2) Decide to leave the policy as is without revisions.

STAFF RECOMMENDATION

Staff supports direction.


Tom Kennedy
General Manager

June 26, 2018

Section 2.01.010 Code of Ethics Policy

The Board of Directors of the Rainbow Municipal Water District is committed to providing excellence in leadership that results in the provision of the highest quality of services to its constituents. In order to assist in the governing of the behavior between and among members of the Board of Directors, Staff and Public, the following rules ~~shall~~should be observed.

The dignity, style, values and opinions of each Director ~~shall~~should be respected.

Responsiveness and attentive listening in communication is encouraged.

The Board ~~shall~~should ~~have as its two (2) main priorities~~focus on the provision of service to its constituents and the proper management of the District.

The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to the General Manager ~~of the District~~.

Directors ~~shall~~should commit themselves to emphasizing the positive by, avoiding double talk, hidden agendas, gossip, backbiting, partisan political discussions, and other negative forms of interaction.

Directors ~~shall~~should commit themselves to focusing on issues and not personalities. The presentation of the opinions of others ~~shall~~should be encouraged. Cliques and voting blocks based on personalities rather than issues ~~shall~~should be avoided.

Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action, Directors ~~shall~~should commit to supporting said action and ~~not to~~ create barriers to the implementation of said action.

Directors ~~shall~~should practice the following procedures:

- In seeking clarification on ~~informational~~ items, Directors will work directly with the General Manager to obtain information ~~needed~~ to supplement, upgrade or enhance their knowledge and understanding to improve legislative decision-making.
- In handling complaints from residents, property owners, and employees of the District, said complaints ~~shall~~should be referred directly to the General Manager.
- In handling items related to safety, concerns for safety, or hazards ~~shall~~should be reported to the General Manager or to the District Office. Emergency situations ~~shall~~should be dealt with ~~immediately~~ by seeking appropriate assistance immediately.
- In seeking clarification for policy related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and

programming, said concerns ~~shall~~ be referred directly to the General Manager.

- When approached by District personnel concerning specific District policy, Directors ~~shall~~ direct inquiries to the ~~employee's immediate supervisor~~ General Manager. If the General Manager is the subject of the concern of the employee, the Director ~~shall~~ contact the Human Resources Manager. The chain of command ~~shall~~ be followed.

The work of the District is a team effort. All individuals ~~shall~~ work together in the collaborative process, assisting each other in conducting the affairs of the District.

When responding to constituent requests and concerns, Directors ~~shall~~ be courteous, responding to individuals in a positive manner and routing their questions ~~through appropriate channels and~~ to the General Manager.

Any member of the public who attends a Board or Standing Committee meeting ~~shall~~ be treated with respect and given deference as they provide input to the Board or Standing Committee. All parties who wish to speak ~~shall~~ be given the opportunity to do so in accordance with regular procedures outlined in the agenda for each meeting. Directors and Standing Committee members ~~shall~~ not interact with any member of the public in a dismissive or disrespectful manner at any meeting.

Directors should develop a working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly.

Directors should function as a part of the whole. Staff lobbying of Board ~~M~~members on a particular position on an issue is prohibited.

Directors are responsible for monitoring the District's progress.

Section 2.01.010.1 Non-Partisan Board Policy

The Board of Directors of the Rainbow Municipal Water District is a non-partisan elected body. Decisions made by the Board ~~shall~~ not be made on the basis of party affiliation of any Director or whether a particular political party has a stated position on the matter under deliberation by the Board. When in ~~the~~ Board chambers, all Directors and Standing Committee members will leave their party affiliations outside of the room and refrain from partisan political discussions. All decisions ~~shall~~ be made in terms of what is best for the constituents of the District, not on the basis of what is good for any political party.

Section 2.01.010.2 Climate Change Policy

While there may be some who disagree with the root cause of the climate changes ~~that are~~ currently being observed globally, ~~T~~the Board of Directors ~~of the District shall~~ follow the science that forecasts climate change. Since the mission of the District is to ensure a reliable supply of water for our constituents, failure to monitor and use the best available scientific forecasts for future water supply could put our constituents at risk. The root cause of climate change is immaterial – the Board must focus on how science can inform the

Board as to the impacts of climate change will have on future water supply conditions and take appropriate actions to prevent harm to our constituents.

Section 2.01.010.3

Code of Ethics for Board Appointed Members of Standing Committees

All appointed members of the District's ~~s~~Standing ~~e~~Committees should all conform to the same guidelines described above. All appointed members of the District's ~~s~~Standing ~~e~~Committees represent the Board of Directors on these committees and as such are held to the same expectations.

Section 2.01.010.4

Failure to Follow Code of Ethics Policy

Any Director who fails to follow this Code of Ethics policy is subject to censure by a vote of the Board of Directors. Any member of any Standing Committee who fails to follow this Code of Ethics Policy may have their appointment to the ~~Standing~~ Committee revoked by a vote of the Board of Directors.

Section 2.01.010

Code of Ethics Policy

The Board of Directors of the Rainbow Municipal Water District is committed to providing excellence in leadership that results in the provision of the highest quality of services to its constituents. In order to assist in the governing of the behavior between and among members of the Board of Directors, Staff and Public, the following rules should be observed.

The dignity, style, values and opinions of each Director should be respected.

Responsiveness and attentive listening in communication is encouraged.

The Board should focus on the provision of service to its constituents and the proper management of the District.

The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to the General Manager.

Directors should commit themselves to emphasizing the positive by avoiding double talk, hidden agendas, gossip, backbiting, partisan political discussions, and other negative forms of interaction.

Directors should commit themselves to focusing on issues, not personalities. The presentation of the opinions of others should be encouraged. Cliques and voting blocks based on personalities rather than issues should be avoided.

Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action, Directors should commit to supporting said action and not create barriers to the implementation of said action.

Directors should practice the following procedures:

- In seeking clarification on items, Directors will work directly with the General Manager to obtain information to supplement, upgrade or enhance their knowledge and understanding to improve legislative decision-making.
- In handling complaints from residents, property owners, and employees of the District, said complaints should be referred directly to the General Manager.
- In handling items related to safety, concerns for safety, or hazards should be reported to the General Manager or to the District Office. Emergency situations should be dealt with by seeking appropriate assistance immediately.
- In seeking clarification for policy related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the General Manager.

- When approached by District personnel concerning specific District policy, Directors should direct inquiries to the General Manager. If the General Manager is the subject of the concern of the employee, the Director should contact the Human Resources Manager. The chain of command should be followed.

The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.

When responding to constituent requests and concerns, Directors should be courteous, responding to individuals in a positive manner and routing their questions to the General Manager.

Any member of the public who attends a Board or Standing Committee meeting should be treated with respect and given deference as they provide input to the Board or Standing Committee. All parties who wish to speak should be given the opportunity to do so in accordance with regular procedures outlined in the agenda for each meeting. Directors and Standing Committee members should not interact with any member of the public in a dismissive or disrespectful manner at any meeting.

Directors should develop a working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly.

Directors should function as a part of the whole. Staff lobbying of Board Members on a particular position on an issue is prohibited.

Directors are responsible for monitoring the District's progress.

Section 2.01.010.1 Non-Partisan Board Policy

The Board of Directors of the Rainbow Municipal Water District is a non-partisan elected body. Decisions made by the Board should not be made on the basis of party affiliation of any Director or whether a particular political party has a stated position on the matter under deliberation by the Board. When in Board chambers, all Directors and Standing Committee members will leave their party affiliations outside of the room and refrain from partisan political discussions. All decisions should be made in terms of what is best for the constituents of the District, not on the basis of what is good for any political party.

Section 2.01.010.2 Climate Change Policy

While there may be some who disagree with the root cause of the climate changes currently being observed globally, the Board of Directors should follow the science that forecasts climate change. Since the mission of the District is to ensure a reliable supply of water for our constituents, failure to monitor and use the best available scientific forecasts for future water supply could put our constituents at risk. The root cause of climate change is immaterial – the Board must focus on how science can inform the Board as to the impacts of climate change will have on future water supply conditions and take appropriate actions to prevent harm to our constituents.

Section 2.01.010.3

Code of Ethics for Board Appointed Members of Standing Committees

All appointed members of the District's Standing Committees should conform to the same guidelines described above. All appointed members of the District's Standing Committees represent the Board of Directors on these committees and as such are held to the same expectations.

Section 2.01.010.4

Failure to Follow Code of Ethics Policy

Any Director who fails to follow this Code of Ethics policy is subject to censure by a vote of the Board of Directors. Any member of any Standing Committee who fails to follow this Code of Ethics Policy may have their appointment to the Standing Committee revoked by a vote of the Board of Directors.

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-09 APPROVING FISCAL YEAR 2018-2019 BUDGET

DESCRIPTION

The Operating & Capital Improvement Budget for 2018-2019 has been reviewed by the Board of Directors, Budget and Finance Committee and staff. This proposed FY 2019 Budget is now presented to the Board for final adoption.

The proposed budget will be provided under a separate cover.

POLICY

Government Code 53901 requires that RMWD file a copy of the annual budget with the San Diego County Auditor and Controller.

BOARD OPTIONS/FISCAL IMPACTS

The budget will serve as a guideline to generate the funds for the operations and maintenance, capital improvements and debt service of the District.

1. Approve Resolution No. 18-09 Adopting the 2018-2019 Budget in its present form.
2. Direct the Staff to make further adjustments to the budget.

STAFF RECOMMENDATION

Staff recommends the Board adopt Resolution No. 18-09 approving the 2018-2019 Operating & Capital Improvement Budget.



Vanessa Martinez, Finance Manager 06/26/18

RESOLUTION NO. 18-09

RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ADOPTING THE ANNUAL OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019

WHEREAS, the Rainbow Municipal Water District (“District”) is organized and operates pursuant to the Municipal Water District Law of 1911 commencing with Section 71000 of the California Water Code; and

WHEREAS, there has been presented to the Board of Directors a proposed Annual Operating and Capital Improvement Budget for The Fiscal Year Ending June 30, 2019 (“2019 Budget”); and

WHEREAS, on June 26, 2018, the Board of Directors received and considered all comments regarding the proposed 2019 Budget; and

WHEREAS, the proposed 2019 Budget has been reviewed and considered by the Board of Directors and it has been determined to be in the best interests of the District to adopt said budget for the sound financial operation of the District.

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

1. The 2019 Budget, as detailed in the budget document entitled “Annual Operating and Capital Improvement Budget for the Fiscal Year Ending June 30, 2019,” is hereby adopted. A copy of the 2019 Budget is attached hereto and incorporated herein by reference.
2. The expenditure amounts designated for the Fiscal Year 2018-2019, pursuant to the 2019 Budget, are hereby appropriated and may be expended by the departments or funds for which they are designated.
3. The proposed amount of the San Diego County Water Authority Rate pass-through, as allowed shall be increased effective 01/01/2019.
4. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.
5. If any section, subsection, sentence, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or the application thereof to any person or circumstance be held invalid.
6. This Resolution will be effective immediately upon adoption.

PASSED, APPROVED, AND ADOPTED in Open Session at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 26th day of June 2018 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

CONSIDER APPROVAL OF ORDINANCE NO. 18-15 REVISING ADOPTED RATES FOR RAINBOW MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEE FOR COMMERCIAL WITH IRRIGATION CUSTOMER CLASS ONLY, RECLASSIFY RATES UNIFORMLY TO THE SINGLE-FAMILY RATE STRUCTURE

BACKGROUND

On February 27, 2018, the Rainbow MWD Board of Directors approved the increases in water and wastewater rates that were outlined in the Financial Plan and Cost of Service report prepared by Raftelis Financial Consultants, Inc.

For wastewater rates we changed how the rates are calculated. In the past, we used the lowest winter water consumption to set sewer rates. When we reviewed this data, we found that there was not a strong correlation between our costs to provide service and the lowest winter water consumption. In the revised structure, for residential use there is a \$55.07 flat fee per home, or equivalent dwelling unit (EDU). For commercial customers wastewater rates consist of a variable charge per hundred cubic feet (hcf) of water usage. Commercial customers are also subject to a minimum charge \$40.51 equal to the Multi-Family Residential charge.

The new rate structure also separates the former Commercial class into two classes: Commercial and Commercial with Irrigation. The Commercial with Irrigation class, which includes customers such as golf courses, country clubs, and nurseries have a lower wastewater return factor and therefore a lower variable charge per hcf of water used. These customers have a lower return factor because irrigation usage is not discharged into the wastewater system. The rate structure is based on annual wastewater flow for each customer class, which helps to recover costs more equitably from each class dependent upon their burden on the system.

An oversight that was not taken into consideration during the wastewater study, is how to account for consumption spikes from leaks or other increases in outdoor water use (such as a failed well) that would adversely affect the wastewater charges that are assessed based on water consumption such as commercial accounts more so commercial with irrigation customers. During the first billing with the approved wastewater rates, a Nursery (commercial with irrigation account) had a massive leak of approximately 2,200 units in excess to their average usage; the sewer bill would have been close to \$7,000. Prior to the rate change this account's monthly wastewater bill was \$75.50, with an average usage of 40 units a month. Irrigation usage does not have a direct impact on the wastewater system. As a result of the situation, we had the rate consultant review this customer class to examine the most appropriate rate structure that will still maintain the rates to be fair and equitable but minimize or eliminate the sensitivity of irrigation usage.

After careful review, the consultant recommended the rates to be in uniform with the Single-Family rate structure. The wastewater flow of commercial with irrigation customers are consistent with domestic use. The advisable rate structure would be \$55.07 per equivalent dwelling unit.

It should be noted that this change affects only 23 accounts total. The Engineering Department has reviewed the accounts and has validated that the number of EDUs assigned to each account is commensurate with their wastewater volumes.

PROP 218

Since this action will effectively lower wastewater rates for the small number of accounts affected, there is no requirement to perform a full Prop 218 notification process. The Prop 218 process is only required if we increase rates, so this change, which will effectively decrease rates for this small group of accounts, falls outside of that requirement.

DESCRIPTION

This agenda item is to consider revising the adopted rates pertaining to wastewater service fee affecting commercial with irrigation customers only that became effective March 1, 2018.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility and Strategic Focus Area Five: Customer Service: It is imperative that the District provides fair and equitable rates to all customer classes while maintaining sufficient revenues to cover the cost of service.

POLICY IMPACT

This action will adopt Ordinance 18-15 which will revise the wastewater rates and charges in accordance with the newly recommended rate structure for commercial with irrigation accounts only.

BOARD OPTIONS/FISCAL IMPACTS

The Board has several options:

1. Approve Ordinance No. 18-15 with Exhibit 1 as written.
2. Modify the terms included in Ordinance No. 18-15 and approve as modified.
3. Direct staff to develop other options.

STAFF RECOMMENDATION

Staff recommends option 1 revising the wastewater rates for commercial with irrigation accounts only, for adoption on Ordinance 18-15.



Vanessa Martinez
Finance Manager

6-26-18

ORDINANCE NO. 18-15

**ORDINANCE OF THE RAINBOW MUNICIPAL WATER DISTRICT
REVISING APPENDIX A OF THE RULES AND REGULATIONS
REGARDING WASTEWATER SERVICE CHARGES
FOR COMMERCIAL WITH IRRIGATION ACCOUNTS ONLY**

WHEREAS, the Rainbow Municipal Water District (“RMWD” or the “District”) Board of Directors is committed to providing reliable, high-quality water services at the most efficient costs for our ratepayers; and

WHEREAS, to meet this commitment, the District undertook an evaluation of the infrastructure needs, programs, and operations and maintenance costs of its water and wastewater services for the ensuing five fiscal years; and

WHEREAS, on or around August 2017, the District retained Raftelis Financial Consultants (“RFC”), an industry-leading third party rate and fee public finance consultant, to develop a financial plan, perform a cost of service study, and develop rates that support and optimize a blend of various utility objectives, such as affordability for essential needs, revenue sufficiency and stability, drought conditions, and ease of implementation, as well as ensure compliance with California Constitution Article XIII D, section 6 (“Proposition 218”); and

WHEREAS, between August 2017 and January 2018, the District held a series of meetings with staff and the District Budget and Finance Committee to discuss the RFC study and details regarding the proposed water and wastewater rate increases, which meetings were publicly noticed and open to the public; and

WHEREAS, the District Board of Directors reviewed and heard presentations on the proposed rate changes at a regular board meeting on the special meeting held on January 10, 2018, and were presented with RFC’s 2018 Water and Wastewater Financial Plan and Cost of Service Rates Executive Summary, which presentation slides and Executive Summary were thereafter made available to the public on RMWD’s website; and

WHEREAS, the final RFC 2018 Water Financial Plan and Cost of Service Rates Report was published on RWMD’s website on January 2018 for the public’s consumption; and

WHEREAS, at this point in time, based on the RFC’s recommendations and findings, together with all prior public meetings, staff reports and presentations, the Board of Directors of the RMWD hereby desires to adjust certain rates related to wastewater service for commercial with irrigation class only; and

WHEREAS, the Board of Directors is provided authority to establish rates and charges by California Water Code §71616 and §71670; and

WHEREAS, Proposition 218 requires that prior to imposing any increase to the water service rates, the District shall provide written notice (the "Notice") by mail of: (1) the proposed increases to such rates and charges to the record owner of each parcel upon which the rates and charges are proposed for imposition and any tenant directly liable for payment of the rates and charges; (2) the amount of the rates and charges proposed to be imposed on each parcel; (3) the basis upon which the rates and charges were calculated; (4) the reason for the rates and charges; and (5) the date, time, and location of a public hearing (the "Public Hearing") on the proposed rates and charges; and

WHEREAS, pursuant to Proposition 218, such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the rates and charges not less than forty-five days prior to the Public Hearing on the proposed rates and charges; and

WHEREAS, the District did provide such timely Notice of the Public Hearing to the affected property owners and tenants of the proposed water service rate increases in compliance with Proposition 218 on or before January 12, 2018, and the District's Notice set forth a procedure by which property owners and tenants may submit written protests to the proposed water service fee increase; and

WHEREAS, the Public Hearing was held at the duly noticed public meeting on February 27, 2018; and

WHEREAS, at the Public Hearing the District Board of Directors heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases for water services, and at the close of the Public Hearing the District did not receive written protests against the establishment and imposition of the proposed rate increases for water services from a majority of the affected property owners and tenants directly liable for the payment of the water service rates; and

WHEREAS, by adopting this Ordinance, the District Board of Directors hereby desires to adopt and revise the rates for the wastewater services for commercial with irrigation class only as set forth below; and

WHEREAS, the wastewater rates for commercial with irrigation accounts will be adjusted effective with all bills issued for service that occurs on or after July 1, 2018.

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

SECTION 1: The District Board of Directors finds and determines that the foregoing Recitals are true and correct and incorporates the Recitals herein.

SECTION 2: The District Board of Directors hereby finds that the administration, operation, maintenance, and improvements of the water system, which are to be funded by the water and wastewater service rates set forth herein, are necessary to maintain service within the District's existing service area. The District Board of Directors further finds that such water service rates are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the water system. More specifically, the changes in rates and charges established by this Ordinance are for the purposes of (a) meeting operating expenses, including employee wages and benefits, (b) purchasing and leasing of supplies, equipment and materials, (c) meeting financial reserve needs and requirements as set forth in the District Budget, and (d) passing through wholesale water rates charged by the

San Diego County Water Authority and the Metropolitan Water District of Southern California. Based on these findings, the District Board of Directors hereby determines that this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA).

SECTION 3: Based on RFC's recommendations and findings, together with all prior public meetings, staff reports, recommendations and presentations, as well as all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases for water services presented to the Board of Directors before the close of the duly noticed Public Hearing, the District Board of Directors hereby finds and determines that the proposed rates for water service comply substantively with Proposition 218 for the following reasons:

- a) The revenues derived from the service rates do not exceed the funds required to provide services;
- b) The revenues derived from the service rates will not be used for any purpose other than that for which the fee is being imposed;
- c) The service rates do not exceed the proportional cost of the services attributable to each parcel upon which they are imposed;
- d) The service rates will not be imposed on a parcel unless the services are actually used by, or immediately available to, the owner of the parcel; and
- e) The service rates will not be imposed for general governmental services, such as police, fire, ambulance, or libraries, where service is available to the public in substantially the same manner as it is to property owners and tenants.

SECTION 4: Effective July 1, 2018, the District Board of Directors hereby adopts and implements the rates for the District's water services as set forth in the "Revised Appendix A" attached hereto as **Exhibit 1**, entitled "Water and Sewer Rates and Charges – Effective July 1, 2018 – December 31, 2022". Exhibit 1 hereby replaces in its entirety former Appendix A to the District Rules and Regulations. The rates and charges set forth in Exhibit 1 shall be applicable to all water use and other charges billed on or after July 1, 2018.

SECTION 5: Through this Ordinance, and as set forth in Exhibit 1, the District's Rules and Regulations are hereby being amended to include the following provisions:

PROSPECTIVE ANNUAL RATE INCREASES VIA PASS THROUGH CHARGES FOR WATER AND WASTEWATER

To avoid operational deficits, depletion of reserves, an inability to address infrastructure and water quality improvements, and to continue to provide a safe, reliable water supply, the District will pass through to its customers: (1) any increases in the rates of the SDCWA Fixed Charges imposed on the District by SDCWA (an "SDCWA Fixed Pass Through"); (2) any future charges and any rate increases to any other existing charges, including imported water charges, that are imposed on the District by SDCWA (a "SDCWA Pass Through"); and The foregoing are collectively referred to in this notice as "Pass Through Increases."

Any SDCWA Fixed Pass Through will only impact the rates of the SDCWA Fixed Charges. The District may annually implement the Pass Through Increases for a five-year period commencing March 1, 2018, through December 31, 2022, provided, however, that (1) any increase to the rates described above as a result of any SDCWA Pass Through, and (2) in no event shall such rates be increased by more than the cost of providing service.

SECTION 6: The District Board of Directors hereby authorizes and directs the District General Manager to (a) implement and take all actions necessary to effectuate the rates for services as set forth herein and in Exhibit 1; (b) annually amend, with the Board's prior approval, the District's Service Rates July 1, 2018 and each January 1 thereafter, beginning March 1, 2018 through December 31, 2022, to include the Pass Through Increases set forth herein and in Exhibit 1; and (c) file a Notice of Exemption with the County Clerk for San Diego County within five (5) working days of the date of the adoption of this Ordinance.

SECTION 7: If any section, subsection, subdivision, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The District Board of Directors hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

SECTION 8: This Ordinance shall supersede all other previous District Board of Directors resolutions and ordinances that may conflict with, or be contrary to, this Ordinance.

SECTION 9: This Ordinance amends Ordinance 18-04 dated February 27, 2018 as of July 1, 2018; the rates prescribed by Ordinance 18-04 shall remain in effect through June 30, 2018.

PASSED AND ADOPTED at a meeting of the Board of Directors of Rainbow Municipal Water District held on the 26th day of June 2018 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Helene Brazier, President Board of Directors

ATTEST:

Dawn Washburn, Board Secretary

RAINBOW MUNICIPAL WATER DISTRICT

Appendix A

Water and Sewer Rates and Charges

EFFECTIVE March 1, 2018

Adopted by Ordinance No. 18-15

(***) Denotes Change from Previous Schedule

WATER COMMODITY CHARGE

A. BASIC COMMODITY CHARGE

(Basic rate for all water delivered through the water meter)

1 Unit = 748 Gallons = 100 cubic feet (cf)

<u>Service Category</u>	<u>Water Rate</u>
Single Family Residential– first 10 units each month	\$3.64 / 100 cf
Single Family Residential – 11 -26 Units each month.	\$3.86 / 100 cf
Single Family Residential – Over 26 Units each month.	\$4.27 / 100 cf
Multi-Family Residential – all units	\$3.76 / 100 cf
Commercial – all units	\$3.89 / 100 cf
Agricultural w/ Residence– first 10 units each month	\$3.64 / 100 cf
Agricultural w/ Residence – 11 -26 Units each month.	\$3.86 / 100 cf
Agricultural w/ Residence – Over 26 Units each month.	\$3.56 / 100 cf
Agricultural w/o Residence – all units	\$3.56 / 100 cf
Institutional – all units	\$3.98 / 100 cf
Construction – all units	\$4.87 / 100 cf
Transitional Special Agricultural Water Rates (TSAWR)	
TSAWR Domestic - first 10 units each month	\$3.70 / 100 cf
TSAWR Domestic – 11 to 26 units each month	\$3.92 / 100 cf
TSAWR Domestic – Over 26 units each month	\$3.04 / 100 cf
TSAWR Commercial – all units	\$3.04 / 100 cf

B. PUMPING ZONE CHARGES

<u>Service Area</u>	<u>Amount</u>
Monthly fixed charge for all zones	\$9.24 per meter
1 - Rainbow Heights	\$1.03 / 100 cf
2 - Improvement District U-1	\$0.64 / 100 cf
3 - Vallecitos	\$0.36 / 100 cf
4 - Northside	\$0.13 / 100 cf
5 - Morro	\$0.19 / 100 cf
6 - Huntley	\$0.75 / 100 cf
7 - Magee	\$3.37 / 100 cf

C. WATER ALLOCATION PENALTY RATES

The Water Allocation Penalty charges shall apply only to TSAWR customers in the event that the San Diego County Water Authority (SDCWA) establishes mandatory TSAWR allocation cutbacks. During a TSAWR allocation, SDCWA will establish an allocation reduction percentage. Each TSAWR customer will be issued a baseline allocation that is calculated from a base year defined by SDCWA and this allocation will be reduced by the SDCWA defined reduction percentage.

A penalty of \$3.31 per unit will be charged to TSAWR customers who use greater than their reduced allocation but less than their baseline allocation. A penalty of \$6.62 per unit will be charged to TSAWR customers who use more than their baseline allocation.

FIXED ACCOUNT CHARGES

A. METER SERVICES CHARGES

RMWD Monthly Fixed O&M Charges for Single Family Residential, Multi-Family Residential, Commercial, and Institutional

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 29.28
3/4 "	\$ 29.28
1"	\$ 45.74
1 1/2"	\$ 86.85
2"	\$ 136.19
3"	\$ 292.42
4"	\$ 522.68
6"	\$ 1,073.62

NOTE: Locked or sealed meters are assessed a charge equal to the above monthly charge for the appropriate sized meter.

RMWD Monthly Fixed O&M Charges for Agricultural w/Residence, Agricultural w/o residence, TSAWR Domestic, and TSAWR Commercial

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 53.19
3/4 "	\$ 53.19
1"	\$ 85.55
1 1/2"	\$ 166.50
2"	\$ 263.64
3"	\$ 571.22
4"	\$ 1,024.52
6"	\$ 2,109.15

NOTE: Locked or sealed meters are assessed a charge equal to the above monthly charge for the appropriate sized meter.

SDCWA Fixed Pass Through Charges

Charge is assessed by the San Diego County Water Authority and passed through directly by RMWD to all meter customers. These charges are in addition to RMWD Monthly Fixed O&M Charges

Monthly SDCWA Fixed Pass Through Charge for Single Family Residential, Multi-Family Residential, Agricultural w/ residence, Agricultural w/o Residence, Commercial, and Institutional

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 32.18
3/4 "	\$ 32.18
1"	\$ 53.63
1 1/2"	\$ 107.27
2"	\$ 171.63
3"	\$ 375.43
4"	\$ 675.78
6"	\$ 1,394.47

Monthly SDCWA Fixed Pass Through Charge for TSAWR Domestic, and TSAWR Commercial

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 14.82
3/4 "	\$ 14.82
1"	\$ 24.70
1 1/2"	\$ 49.39
2"	\$ 79.03
3"	\$ 172.88
4"	\$ 311.18
6"	\$ 642.12

B. OTHER FIXED ACCOUNT CHARGES

(Additional charges added to the basic meter service charge to reflect other special service conditions.)

Backflow device annual inspection fee

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 4.81
3/4 "	\$ 4.81
1"	\$ 4.81
1 1/2"	\$ 4.81
2"	\$ 4.81
3"	\$ 8.14
4"	\$ 8.14
6"	\$ 8.14

<u>Service Conditions</u>	<u>Monthly Charge</u>
Bypass Meter (for detector check systems) or Fire Service Only Meters	\$10.00
Fire Standby Charge (Vista Valley Area) (Applicable to properties under the jurisdiction of the Vista Fire Department. See Resolution No. 85-24)	\$ 5.00
Fire Standby Charge (All Other Areas)	\$ 5.00

MISCELLANEOUS CHARGES

A. CONSTRUCTION METERS

Deposit	\$1,825.00
Installation Fee	\$ 115.00
Relocation Fee	\$ 50.00
Meter Service Fee (3" O & M)	\$ 243.68
Water Commodity Charge	\$4.87 / 100 cf

B. OTHER CHARGES

Unpaid Bills (delinquency)	5% of unpaid balance-1st mo. 1 1/2% of unpaid balance per month thereafter.
Returned Check Charge	\$30.00
Tax Roll Fee (Accounts collected through SD County Assessor's Office)	\$45.00
48-hour Lock Off Notice	\$40.00
Service Turn-on Fee	\$50.00
After hours Turn-on-Fee	\$75.00
Cut Padlock Fee	\$22.00
Meter Testing Charge	\$ 50.00 (1" or smaller)
(testing for 3" and greater is outsourced)	\$ 71.00 (1 1/2" or 2") \$225.00 (3" or 4") \$225.00 (6")

WATER CAPACITY CHARGES

The SDCWA charge is collected by RMWD forwarded quarterly to the SDCWA. Capacity fees list are for **residential only**, all other land use types will be calculated case by case based on the number of EDUs (equivalent dwelling unit).

Capacity Reference Water Capacity SDWCA SDCWA Treatment

<u>Class</u>	<u>Meter Size</u>	<u>Charge</u>	<u>Fee</u>	<u>Charge</u>
A	5/8"	\$ 6,241	\$ 5,099	\$ 141
B	3/4"	\$ 10,401	\$ 5,099	\$ 141
C	1"	\$ 16,642	\$ 8,158	\$ 226
D	1 1/2"	\$ 27,043	\$ 15,297	\$ 423
E	2"	\$ 62,406	\$ 26,515	\$ 723
F	3"	\$ 124,812	\$ 48,950	\$ 1,354
G	4"	\$ 208,020	\$ 83,624	\$ 2,312

Lot size less than 5,000 sqft (0.11 acre) with de minimis irrigation of less than 1,000 sqft may qualify for a 5/8 inch meter.

Lot size less than 21,7880 sqft (0.5 acres) may qualify for a 3/4 inch meter.

For cases where demand qualifies for a smaller capacity meter, but requires a larger meter to meet fire flow requirements only, a meter one size larger may be installed and a monthly fire standby charge will be assessed. Written confirmation from the fire department is required.

SEWER CHARGES

A.

MONTHLY SERVICE CHARGE PER EQUIVALENT DWELLING UNIT (EDU)

Single Family	\$55.07/monthly
Multi-Family	\$40.51/monthly
Sewer Only	\$54.40/monthly
Commercial w/Irrigation	\$55.07/monthly

VARIABLE CHARGE PER HCF OF WATER

Commercial	\$6.67/HCF
------------	------------

MONTHLY MINIMUM CHARGE

Commercial	\$40.51
------------	---------

B. EDU description and basis for Sewer Capacity Charges

Single Family Residential, Apartment, Condominium, Duplex or Mobile home, Each Unit

Square Footage

≤1,250	0.8 EDU
1,251 to 2,000	1.0 EDU
2,001 to 3,000	1.2 EDU
3,001 to 4,500	1.5 EDU
4,501 to 6,000	2.0 EDU
>6,000	Case by Case

Motel or Hotel	
Each Living Unit with Kitchen	0.80 EDU
Each Living Unit without Kitchen	0.40 EDU
Commercial Business - Retail shop or Offices Equipped with Restroom, Up to 1,000 sf.	1.20 EDU
Commercial Business – Each additional 1,000 sf. of gross floor space or part thereof.	0.80 EDU
Automobile Service Stations	
A. Providing RV holding tank disposal station	2.00 EDU
B. Four (4) or under Gas Pumps	0.80 EDU
C. Over four (4) Gas Pumps	1.00 EDU
Church, Fraternal Lodge or similar auditorium for each unit of seating capacity for 200 persons.	1.0 EDU
Bakery	1.0 EDU
Theater - 200 seating capacity	1.40 EDU
Hospital - per bed	0.40 EDU
Convalescent Hospital - Boarding Home - per bed	0.40 EDU
Labor Camp, Per Bed	0.10 EDU
Mortuary	1.20 EDU
Car Wash	1.20 EDU
Grocery Store	1.20 EDU
Self Service Laundry - each washing machine	0.40 EDU
Swimming Pool - with restrooms	1.20 EDU
Spas - with restrooms	1.20 EDU
Country Clubs with common restroom facilities	1.20 EDU
Each additional shower unit, wash closet and/or fixture.	
Restaurant – Base (Using non-disposable tableware	2.70 EDU
Per each seven (7) seats or part thereof	1.20 EDU
Restaurants—Base (Using disposable tableware)	1.20 EDU
Per each twenty-one (21) seats or part thereof	1.20 EDU

Schools (Public or Private)		
Elementary	Per each 60 students	1.20 EDU
Junior High School	Per each 40 students	1.20 EDU
High School	Per each 30 students	1.20 EDU

D. Sewer Capacity Charge \$14,126 per EDU

PROSPECTIVE ANNUAL RATE INCREASES VIA PASS THROUGH CHARGES FOR WATER

To avoid operational deficits, depletion of reserves, an inability to address infrastructure and water quality improvements, and to continue to provide a safe, reliable water supply, the District will pass through to its customers: (1) any increases in the rates of the SDCWA Fixed Charges imposed on the District by SDCWA (an “SDCWA Fixed Pass Through”); (2) any future charges and any rate increases to any other existing charges, including imported water charges, that are imposed on the District by SDCWA (a “SDCWA Pass Through”); The foregoing are collectively referred to in this ordinance as “Pass Through Increases.”

Any SDCWA Fixed Pass Through will only impact the rates of the SDCWA Fixed Charges. The District may annually implement the Pass Through Increases for a five-year period commencing March 1, 2018, through December 31, 2022, provided, however, that (1) any increase to the rates described above as a result of any SDCWA Pass Through shall not exceed 15% per year and (2) in no event shall such rates be increased by more than the cost of providing service.

END

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT CHANGE ORDER FOR LIFT STATION NO. 1 REPLACEMENT PROJECT IN THE AMOUNT OF \$293,111

BACKGROUND

District staff and our consultant Kennedy Jenks and Associates (KJ) have been undertaking the design for the replacement of Lift Station 1 (LS1) and surrounding pipelines. These facilities require replacement because they are undersized for current and predicted future flows. In addition, certain sections of these pipelines and LS1 are showing signs of deterioration. Originally, the improvements consisted of the following:

1. Upsizing existing sewer lines along Highway 76.
2. Upsizing the existing sewer siphon located at the Camino Del Rey crossing of the San Luis Rey River.
3. Replacement of Lift Station 1 with a new Schoolhouse Lift Station, located in the Golf Green Estates development.
4. Upsize the existing gravity main in Old River Road to the Old River Lift Station, formerly Lift Station 2, located at the intersection of Little Gopher Canyon and Old River Road.

Due to maintenance issues and proximity to sites of historical and cultural significance, the design for the upsize of the existing siphon was replaced with the Thoroughbred Lift Station and a force main across the bridge at Camino Del Rey.

Due to current budget restraints, the initial design to meet this area's present and future flow requirements in one project is infeasible. A reevaluation of the initial design concluded that upsizing a stretch of sewer main along highway 76 and placing an equalization basin upstream of the existing siphon could level out the flows through the siphon to meet existing capacity requirements to Lift Station 1. With flow equalization moved upstream, the replacement of Lift Station 1 with the Schoolhouse Lift Station can meet the existing capacity requirements downstream, without upsizing the line to the Old River Lift Station. Thus, the current plan for meeting current flow requirements consists of the following:

1. Upsize existing sewer lines along Highway 76
2. Construct an equalization basin near Thoroughbred Lane and Highway 76
3. Replace Lift Station 1 with a new Schoolhouse Lift Station, located in the Golf Green Estates development

This alternative design allows the District to immediately complete the projects required to meet existing capacity requirements within the current budget restraints and postpone the buildout of projects to meet future demands until funds are available.

DESCRIPTION

The Board approved the initial professional services contract with Kennedy Jenks for the design of the LS1 Replacement project in March of 2014. Through many investigations and design iterations, the scope of the contract has changed several times. Each of these scope changes has been accompanied by a Change Order. As the concept of the final design has changed again due to the budget constraints, another change order is required. Kennedy Jenks has proposed to continue on the work they have already completed and add to that scope design and bid support services related to the revised design of the Schoolhouse Lift Station, the equalization basin at Thoroughbred Lane, the upsize of the main in Highway 76, and a reactivation memo for the design already completed on the Thoroughbred Lift Station and the gravity main upgrades to Old River Lift Station. Enclosed is the proposal from KJ.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management: This project includes rehabilitation of existing sewer facilities and expansion to meet existing capacity requirements.

BOARD OPTIONS/FISCAL IMPACTS

The current design contract amount is \$1,146,854. This change order would add an additional \$293,111 to the contract bringing the contract amount to \$1,439,965.

1. Authorize staff to execute a change order with Kennedy/Jenks Consultants for a price not-to-exceed \$293,111.
2. Provide other direction to staff.

STAFF RECOMMENDATION

Staff recommends Option 1.



Michael Powers
Associate Engineer

June 26, 2018

May 13, 2018

Mr. Michael Powers
Rainbow Municipal Water District
3707 S Highway 395
Fallbrook, CA 92028

Subject: Additional Services Request No. 11 – Design of Thoroughbred Equalization Basin (LS1A) and Additional Items for Schoolhouse Lift Station (LS1B)
Lift Station No. 1 Replacement, Project No. 201040
K/J 1444101*00

Dear Mr. Powers:

Kennedy/Jenks Consultants (Kennedy/Jenks) respectfully requests an amendment to our existing contract for additional engineering services for the Lift Station No. 1 Replacement Project. The scope will include professional engineering services, in accordance with design criteria included herein, for design and bid support for:

1. Thoroughbred EQ Basin
 - a. 600,000 gallons Thoroughbred Equalization Basin (Thoroughbred EQ Basin)
 - b. approximately 100 feet of force main from the EQ basin to the existing gravity sewer,
 - c. approximately 300 feet of redirected gravity sewer line to connect the Thoroughbred EQ basin to the existing gravity line as well as the abandonment of the existing gravity line being redirected,
2. Upgrading approximately 3,000 feet of gravity sewer from 12-inch to 18-inch diameter including abandonment of the existing gravity line
3. Schoolhouse Lift Station: Modifications to previously designed Schoolhouse Lift Station for revised flows. Design will include resizing of facilities such as
 - a. wet wells
 - b. pumps
 - c. new electrical building
 - d. site piping

Task 2000 – Field Investigations and Supporting Engineering

Task 2005 – CEQA

HELIX Environmental (HELIX), as a subconsultant to Kennedy/Jenks, will complete environmental and cultural resources consulting services including preparation of Mitigated Negative Declaration (MND)/Initial Study (IS) for CEQA compliance for the Lift Station 1 Replacement Project. A Draft MND/IS will be submitted for District review and comment. HELIX will incorporate comments and submit a proof copy of the public review Draft MND/IS electronically for approval of production. Twenty-five (25) copies of the Draft MND/IS will be provided to the District for distribution.

Task 2006 – Geotechnical Investigation

Leighton, as a subconsultant to Kennedy/Jenks, will perform a geotechnical investigation for the proposed gravity line upgrades. The scope includes general review of the geologic conditions based on a desktop review, geotechnical field investigation consisting of five (5) borings along the pipeline alignments, perform laboratory tests on selected soil samples and include the findings in a geotechnical report summarizing specific geologic/geotechnical conditions for this work. Also included in this investigation the following services are anticipated to be required and shall be performed: encroachment permits for the field work from both County of San Diego and Caltrans, traffic control during field work, utility locates prior to field work, Cal/OSHA tunnel classification for the proposed storm channel crossing and updating the previously submitted report for the Thoroughbred site reflecting the revised EQ basin design.

Task 2007 – Surveying

Our subconsultant, Cozad & Fox, will complete surveying and utility research for the Thoroughbred Gravity Main Upgrades.

Task 2008 – Odor Provisions and Air Permitting Assistance

DHK Engineers (DHK), as a sub-consultant to Kennedy/Jenks, will provide the following services:

1. Schoolhouse Lift Station
 - a. odor control provisions (evaluate odor potential, and design system to mitigate it),
 - b. odor control permitting assistance (prepare, submit and monitor permit acquisition process),
 - c. standby generator permitting assistance (prepare, submit and monitor permit acquisition process)
 - d. noise assessment and modeling (assess baseline ambient noise, model and assess predicted noise impacts of proposed lift station)
2. Thoroughbred EQ Basin
 - a. odor control provisions (evaluate odor potential, and design system to mitigate it)

- b. odor control permitting assistance (prepare, submit and monitor permit acquisition process)

Task 3000 – PACKAGE 1 Thoroughbred EQ Basin and Schoolhouse Lift Station Final Design

The scope for the detailed design is based on the Design Criteria listed previously in this letter and the Sheet List Table below.

Task 3001 – 90% Design Submittal

Kennedy/Jenks will prepare the 90% design of the Thoroughbred EQ Basin and Schoolhouse Lift Station based on the established design criteria presented in letter. The submittal will include drawings (per Sheet List table), technical and front-end specifications, all related calculations, and an opinion of probable construction cost (OPCC). Three half size sets of the drawings and one electronic copy (pdf) of the documents will be submitted. The drawings will also be submitted to San Diego County for approval of force main along the Moosa Creek Bridge.

Task 3002 – 100% Design Submittals

District comments on the 90% submittal will be incorporated and 100% detailed design plans and specifications will be submitted to the District for bidding. The drawings and specifications will be signed and stamped by registered professional engineer(s) in California. One full size set (mylars) of the drawings and one electronic copy (pdf) of the drawings and specifications will be submitted to the District.

Sheet No.	Sheet Title	New (N) or Revisions (R)
G-1	Title Sheet, Vicinity and Location Map	N
G-2	Abbreviations, Legend and Sheet Index	N
G-3	Key Plan	N
C-1	Civil and Survey Notes	N
C-2	Hydraulic Profile	N
C-3	Schoolhouse Site Plan	R
C-4	Schoolhouse Site Paving and Horizontal Control Plan	R
C-5	Schoolhouse Site Grading and Drainage Plan	R
C-6	Schoolhouse Site Yard Piping Plan	R
C-7	Gravity Line to Schoolhouse LS	R
C-8	Force main Plan and Profile #1	R
C-9	Force main Plan and Profile #2 (San Luis Rey Bridge Crossing)	R
C-10	Force main Plan and Profile #3	R
C-11	Schoolhouse Site Wall Profile	N
C-12	Schoolhouse Site Details	N
C-13	Thoroughbred Site Plan	R
C-14	Thoroughbred Site Paving and Horizontal Control Plan	R
C-15	Thoroughbred Site Grading and Drainage Plan	R
C-16	Thoroughbred Site Yard Piping Plan	R
C-17	Thoroughbred Site Wall Profile	N
C-18	Thoroughbred Site Details	N
C-19	Pipeline Details	N
C-20	Pipeline Connection Details	N
C-21	Civil Details #1	R
C-22	Civil Details #2	N
C-23	Civil Details #3	N
S-1	Structural General Notes and Design Criteria	R
S-2	Structural Special Inspection Notes - 1	R
S-3	Structural Special Inspection Notes - 2	R
S-4	Concrete Standard Details - 1	R
S-5	Concrete Standard Details - 2	R
S-6	CMU Standard Details	N
S-7	Schoolhouse Emergency Storage Basin Bottom Plan	N
S-8	Schoolhouse Emergency Storage Basin Top Plan	N
S-9	Schoolhouse Emergency Storage Basin Roof Reinforcing Plan	R
S-10	Schoolhouse Emergency Storage Basin Typ Wall and Columns	R

Sheet No.	Sheet Title	New (N) or Revisions (R)
S-11	Schoolhouse Emergency Storage Basin Details	R
S-12	Thoroughbred Precast EQ Basin and LS Wet Well Bottom Plan	N
S-13	Thoroughbred Precast EQ Basin and LS Wet Well Top Plan	N
S-14	Thoroughbred Precast EQ Basin and LS Wet Well Sections - 1	N
S-15	Thoroughbred Precast EQ Basin and LS Wet Well Sections - 2	N
S-16	Electrical Building Slab Plan and Sections	N
S-17	Misc Details	N
A-1	Schoolhouse Electrical Building Plan, Elevations and Code Summary	N
A-2	Thoroughbred Electrical Building Plan, Elevations and Code Summary	N
M-1	Schoolhouse Lift Station Bottom Plan	R
M-2	Schoolhouse Lift Station Top Plan	R
M-3	Schoolhouse Lift Station Sections	R
M-4	Schoolhouse Lift Station Details	R
M-5	Schoolhouse Odor Control Piping and Sections	N
M-6	Schoolhouse Electrical Building HVAC and Plumbing Plan	N
M-7	Thoroughbred Future Lift Station Plan	R
M-8	Thoroughbred EQ Basin Plan	R
M-9	Thoroughbred Odor Control Piping and Sections	N
M-10	Thoroughbred Electrical Building HVAC and Plumbing Plan	N
M-11	Mechanical Details - 1	R
M-12	Mechanical Details - 2	N
E-1	Electrical General Notes	R
E-2	Electrical Details - 1	R
E-3	Electrical Details - 2	R
E-4	Schoolhouse Site Plan	R
E-5	Schoolhouse Site Power and Signal Plan	R
E-6	Schoolhouse Electrical Building Power and Signal Plan	R
E-7	Control Schematic - 1	R
E-8	Control Schematic - 2	R
E-9	Thoroughbred Site Plan	N
E-10	Thoroughbred Site Power and Signal Plan	N
E-11	Thoroughbred Electrical Building Power and Signal Plan	N
E-12	Control Schematic - 3	N
E-13	Electrical Schedule and Details - 1	N
E-14	Electrical Schedule and Details - 2	N
I-1	Instrumentation General Notes and Abbreviations	R

Sheet No.	Sheet Title	New (N) or Revisions (R)
I-2	Process Legends and Symbols	R
I-3	Schoolhouse P&ID - 1	R
I-4	Schoolhouse P&ID - 2	R
I-5	Schoolhouse P&ID - 3	R
I-6	Thoroughbred EQ Basin P&ID	N
I-7	Instrumentation Details	N

Task 4000 – PACKAGE 2 Thoroughbred Gravity Main Upgrades Final Design

The scope for the detailed design is based on the Design Criteria listed previously in this letter and the Sheet List Table below.

Task 4001 – Progress Design Submittal

Kennedy/Jenks will prepare progress design drawings for the Thoroughbred Gravity Main Upgrades based on the established design criteria attached with this letter. The drawings will include plan and profiles of the proposed gravity main. Three half size sets of the drawings and one electronic copy (pdf) of the documents will be submitted. It is anticipated that the District will submit these drawings to Caltrans for coordination purposes.

Task 4002 – 90% Design Submittal

Kennedy/Jenks will incorporate District's comments on the progress set and prepare a 90% design for the Thoroughbred Gravity Main Upgrades. The submittal will include drawings (per Sheet List table), technical and front-end specifications, all related calculations, and an opinion of probable construction cost (OPCC). Three half size sets of the drawings and one electronic copy (pdf) of the documents will be submitted.

Task 4003 – 100% Design Submittals

District comments on the 90% submittal will be incorporated and 100% detailed design plans and specifications will be submitted to the District for bidding. The drawings and specifications will be signed and stamped by registered professional engineer(s) in California. One full size set (mylars) of the drawings and one electronic copy (pdf) of the drawings and specifications will be submitted to the District.

Sheet No.	Sheet Title	New (N) or Revisions (R) or Update (U)
G-1	Title Sheet, Vicinity and Location Map	N
G-2	Abbreviations, Legend and Sheet Index	N
G-3	Key Plan	N
C-1	Civil and Survey Notes	N
C-2	Hydraulic Profile	N
C-3	18-inch Gravity Line Plan and Profile – 1	N
C-4	18-inch Gravity Line Plan and Profile – 2	N
C-6	18-inch Gravity Line Plan and Profile – 3	N
C-7	18-inch Gravity Line Plan and Profile – 4	N
C-8	Pipeline Connection Details – 1	N
C-9	Pipeline Connection Details – 2	N
C-10	Manhole Details	N
S-1	Structural Details	N

Task 5000 – Project Management and QA/QC

Task 5001 – Project Management and Coordination Meetings

This task addresses the management responsibilities associated with proper scheduling, budget control, invoice preparation and coordination with the District and the Kennedy/Jenks project team.

Permitting Support: Kennedy/Jenks will provide figures and drawings as required to facilitate District's discussion with Caltrans. It is assumed that the District will take the lead on any required permitting efforts with Caltrans.

Task 5002 – Meetings and Workshops

The following meetings and design review workshops are included in this scope of work:

- Progress meetings: Four (4) meetings (Kennedy/Jenks will prepare agenda and meeting minutes)
- Caltrans Permitting Support: Kennedy/Jenks will attend two (2) meetings at District's request. It is assumed that the District will coordinate and lead the meetings, Kennedy/Jenks will attend.
- Design Review Workshops: Four (4) workshops
 - 90% Package 1 Design Review

- 100% Package 1 Design Review
- Progress Package 2 Design Review
- 90% Package 2 Design Review

Task 5003 – Quality Assurance/Quality Control

Kennedy/Jenks will provide quality assurance and quality control (QA/QC) reviews throughout the course of the project, consistent with Kennedy/Jenks' policies, as outlined in our QA/QC and Quality Management Manual.

Task 6000 – Bid Support

Task 6001 – Package 1 Bid Support

Kennedy/Jenks will provide the following services during bidding of Package 1:

- Attend the construction pre-bid meeting and provide technical support to District staff relative to immediate contractor questions.
- Prepare addenda and include the distribution of minutes and responses to questions received during the pre-bid meeting and to clarify items omitted or changed in the bid documents. Additional addenda will be issued, if required, to further clarify technical questions asked by bidders and as instructed by the District during the bidding period. All addenda will be submitted to the District for its review and approval and will be signed and stamped by a State of California Registered Engineer. The scope of services includes up to two (2) addenda. It is assumed that the District will distribute the addendum to all plan holders.

Task 6002 – Package 2 Bid Support

- Attend the construction pre-bid meeting and provide technical support to District staff relative to immediate contractor questions.
- Prepare addenda and include the distribution of minutes and responses to questions received during the pre-bid meeting and to clarify items omitted or changed in the bid documents. Additional addenda will be issued, if required, to further clarify technical questions asked by bidders and as instructed by the District during the bidding period. All addenda will be submitted to the District for its review and approval and will be signed and stamped by a State of California Registered Engineer. The scope of services includes up to one (1) addenda. It is assumed that the District will distribute the addendum to all plan holders.

Task 7000 – Package 3 Reactivation

Kennedy/Jenks will:

- repackage current drawings for Thoroughbred Lift Station and Force Main (currently at 60% design) and LS2 Gravity Main Upgrades (currently at 100% design) into one

package (Package 3). The drawings will be submitted as is and no further design or drafting revisions will be made.

- add a reactivation memo with pending design action items needed to be completed prior to bidding it for construction

Technical specifications and front-end documents will not be included in this package. It is assumed that a single, final submittal of the drawings will be made to the District. A draft Reactivation Memo will be submitted to the District. District comments will be incorporated, and a final Reactivation Memo will be submitted.

Schedule

Kennedy/Jenks proposes to perform the services described above per the following schedule:

PACKAGE 1

- 90% Submittal: August 24, 2018
- District Review and Review Meeting: August 24 to September 14, 2018
- 100% Submittal: October 15, 2018
- CEQA: Board adoption in October
- Advertise (District): November 1, 2018
- Bid Opening (District): December 15, 2018

PACKAGE 2

- Owner consent forms for Geotechnical work (District): June 15, 2018
- Geotechnical Investigations: July 24, 2018
- Progress Submittal: July 24, 2018
- 90% Submittal: September 10, 2018
- 100% Submittal: October 26, 2018
- Advertise (District): November 12, 2018
- Bid Opening (District): January 14, 2019

Budget

Kennedy/Jenks proposes to perform the services described above on a time-and-materials basis for an additional fee of \$293,111 as summarized in the table below. This will increase the total authorization from **\$1,141,374 to \$1,434,485**.

Description	Total
Professional Engineering Services for Included Scope (see attached detailed breakdown)	
Kennedy/Jenks Fee	\$420,050
Subconsultants (Survey, Geotechnical, Odor Control, CEQA)	\$105,000
Total Design Services Fee	\$525,050
Available Funds	(\$231,939)
Requested Amendment	\$293,111

Kennedy/Jenks will complete services described in Task 2006, Task 2007, Task 2008, Task 2009, and Task 3001 (and associated support services listed in Tasks 5000, 5001, 5002) under the current authorization. Services under all other Tasks will commence after approval additional funds requested through this amendment.

Please feel free to contact me at (951) 440-0638 should you have any questions regarding this amendment request. Kennedy/Jenks appreciates the opportunity to work with the District on this important project.

Very truly yours,

KENNEDY/JENKS CONSULTANTS



Sridhar Sadasivan
Vice President / Project Manager

DESIGN CRITERIA & ASSUMPTIONS

DESIGN FLOWS:

Item	Facility	ADWF			Design PDWF	Design PWWF
		Existing ADWF (GPM)	Interim Future ADWF (GPM)	Interim Design ADWF (GPM)		
1	Thoroughbred EQ Basin	440	187	627	941	1,568
2	Schoolhouse Lift Station	513	281	794	1,034	1,201

THOROUGHbred EQ BASIN:

Item	Design Feature	Description
1	Capacity	0.6 Million Gallons
2	Material	Precast Concrete (pipes or boxes). Design will include performance specifications and preliminary plan and sections. Final design will be provided by the fabricator.
3	Pumps	Submersible pumps from Basin to Influent Manhole (maximum static head = 40 feet)
4	Maintenance Flush	Each pipe or box segment will have mechanical flushing system such as a tilting drum
5	Elevations	Bottom of Basin = EL 151.30 Top of Basin = EL 159.00 Finish Grade = EL 182.00
6	Future Lift Station	Provisions for construction of future lift station will be provided including future piping connections provisions
7	Site Design	Site access from Thoroughbred Lane, site grading and drainage, site wall extents will be based on the concepts presented in the previous 60% design submittal. No above ground buildings will be included. Odor control and electrical panels will be housed outside on a slab with CMU screen walls. A canopy will be provided over the electrical panels.
8	Electrical	Electrical design will include site lighting and electrical for the submersible pump in the EQ basin.

SCHOOLHOUSE LIFT STATION:

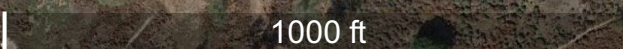
Item	Design Feature	Description
1	Design Revisions	Previous Lift Station mechanical and site piping design will be updated for revised flows and new electrical building will be designed to house the panels and emergency generator. Electrical design will be revised accordingly. It is assumed that the P&IDs and control schematics will not be changed and only revised to reflect the new pump sizes.
2	Site Layout and Grading/Drainage Plan	Previous site design will be updated to show the revised wet well and piping sizes. It is assumed that the general layout of the site including access, site walls, gates and site grading/drainage will not be revised.
3	Emergency Storage Basin	Basin size, layout and design will not be revised. Structural design of the basin will be updated to meet the current code requirements.
5	Force main	The 14-inch force main design from Schoolhouse Lift Station across Moosa Creek Bridge will not need to be revised. The design across Moosa Creek Bridge has already been approved by the County and it is assumed that no further documentation or coordination will be required prior to finalizing the drawings.

THOROUGHbred GRAVITY MAIN:

Item	Design Feature	Description
1	Alignment Length	3,000 linear feet (see attachment)
2	Mission Road Crossing	Open trench
3	Permitting	Caltrans coordination and any permitting led by the District; Kennedy/Jenks to provide support
4	Traffic Control	Not included in the design (provided by the Contractor)

Rainbow Proposed Sewer Line

- Legend:**
- Water Line** (Blue line)
 - Existing 12" Sewer Line** (Green line)
 - Proposed 18" Sewer Line (~3,000 ft)** (Red line)
 - Extents of Trenchless Construction** (Red dashed line)
 - Thoroughbred Property/EQ Basin Location** (Cyan line)



Proposal Fee Estimate

Kennedy/Jenks Consultants

CLIENT Name: Rainbow Municipal Water District

PROJECT Description: Lift Station No. 1 Replacement Amendment No. 11

Proposal/Job Number: 1444101*00

Date: 5/20/2018

Custom	Eng-Sci-9	Eng-Sci-8	Eng-Sci-6	Eng-Sci-4	Eng-Sci-3	Eng-Sci-2	Designer	Admin. Assist.	Total	KJ Labor	KJ ODCs	Sub Helix	Sub Leighton	Sub Cozad & Fox	Sub DHK Engineers	KJ Sub-Markup	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses
Classification:	\$250	\$230	\$195	\$155	\$140	\$125	\$135	\$80	Hours	Fees	2%	Fees	Fees	Fees	Fees	10%	Fees	Fees	Fees	Fees
Hourly Rate:																				
Task 2000 Field Investigations																				
Task 2005 - CEQA					4				4	\$560	\$11	\$35,500				\$3,550	\$560	\$39,050	\$11	\$39,621
Task 2006 - Geotechnical					4				4	\$560	\$11		\$32,500			\$3,250	\$560	\$35,750	\$11	\$36,321
Task 2007 - Surveying					4				4	\$560	\$11			\$4,500		\$450	\$560	\$4,950	\$11	\$5,521
Task 2008 - Odor Control					4				4	\$560	\$11				\$32,500	\$3,250	\$560	\$35,750	\$11	\$36,321
Task 200 - Subtotal	0	0	0	0	16	0	0	0	16	\$2,240	\$45	\$35,500	\$32,500	\$4,500	\$32,500	\$10,500	\$2,240	\$115,500	\$45	\$117,785
Task 3000 PACKAGE 1 - Thoroughbred EQ Basin and Schoolhouse LS Final Design																				
Task 3001 - 90% Design Drawings	0	32	254	120	400	180	120	0	1106	\$170,190	\$3,404					\$0	\$170,190	\$0	\$3,404	\$173,594
Task 3002 - 100% Design Drawings	0	8	68	30	124	72	40	0	342	\$51,510	\$1,030					\$0	\$51,510	\$0	\$1,030	\$52,540
Task 3004 - Control Strategy Memo		4	24		16	0			44	\$7,840	\$157					\$0	\$7,840	\$0	\$157	\$7,997
Task 3003 - Specifications and Front Ends		24	24		24				72	\$13,560	\$271					\$0	\$13,560	\$0	\$271	\$13,831
Task 300 - Subtotal	0	68	370	150	564	252	160	0	1564	\$243,100	\$4,862	\$0	\$0	\$0	\$0	\$0	\$243,100	\$0	\$4,862	\$247,962
Task 4000 PACKAGE 2 - Thoroughbred Gravity Line Upgrades Final Design																				
Task 4001 - Progress Design Drawings		24			40		64		128	\$19,760	\$395					\$0	\$19,760	\$0	\$395	\$20,155
Task 4002 - 90% Design		24			40		124		188	\$27,860	\$557					\$0	\$27,860	\$0	\$557	\$28,417
Task 4003 - 100% Design		24			40		48		112	\$17,600	\$352					\$0	\$17,600	\$0	\$352	\$17,952
Task 4004 - Specifications and Front Ends		32			32				64	\$11,840	\$237					\$0	\$11,840	\$0	\$237	\$12,077
Task 4000 - Subtotal	0	104	0	0	152	0	236	0	492	\$77,060	\$1,541	\$0	\$0	\$0	\$0	\$0	\$77,060	\$0	\$1,541	\$78,601
Task 5000 Project Coordination																				
Task 5001 - Project Coordination and Management	0	24	0	0	48	0	0	24	96	\$14,160	\$283					\$0	\$14,160	\$0	\$283	\$14,443
Task 5001 - Meetings and Workshops	0	24	0	0	48	0	0	0	72	\$12,240	\$245					\$0	\$12,240	\$0	\$245	\$12,485
Task 5002 - QA/QC	32	24	16	0	0	0	0	0	72	\$16,640	\$333					\$0	\$16,640	\$0	\$333	\$16,973
Task 5000 - Subtotal	32	72	16	0	96	0	0	24	240	\$43,040	\$861	\$0	\$0	\$0	\$0	\$0	\$43,040	\$0	\$861	\$43,901
Task 6000 Bid Support																				
Task 6001 - Package 1 Prebid Meeting, Bid Assistance and Addenda (2)		8	40		40		32		120	\$19,560	\$391					\$0	\$19,560	\$0	\$391	\$19,951
Task 60012- Package 2 Prebid Meeting, Bid Assistance and Addenda (1)		8			24		24		56	\$8,440	\$169					\$0	\$8,440	\$0	\$169	\$8,609
Task 6000 - Subtotal	0	16	40	0	64	0	56	0	176	\$28,000	\$560	\$0	\$0	\$0	\$0	\$0	\$28,000	\$0	\$560	\$28,560
Task 7000 Package 3 Reactivation																				
Task 7001 - Repackage Drawings and Reactivation Memo		2			12		24		38	\$5,380	\$108					\$0	\$5,380	\$0	\$108	\$5,488
Task 7002 - Reactivation Memo		2			16				18	\$2,700	\$54					\$0	\$2,700	\$0	\$54	\$2,754
Task 7000 - Subtotal	0	4	0	0	28	0	24	0	56	\$8,080	\$162	\$0	\$0	\$0	\$0	\$0	\$8,080	\$0	\$162	\$8,242
All Tasks Total	32	264	426	150	920	252	476	24	2544	\$401,520	\$8,030	\$35,500	\$32,500	\$4,500	\$32,500	\$10,500	\$401,520	\$115,500	\$8,030	\$525,050
																			AVAILABLE FUNDS	\$231,939
																			AMENDMENT REQUEST	\$293,111

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE GENERAL MANAGER TO EXECUTE GROUND LEASE AGREEMENT (CONTRACT 18-09) BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND PERRAULT CORPORATION

DESCRIPTION

In 2015 the District entered into a lease agreement (Contract 15-12) with Perrault Corporation for the lower yard of the District headquarters. Perrault Corporation uses the property for processing concrete, asphalt and other non-hazardous aggregate into crushed miscellaneous base and began the process using materials from the Pala Mesa Tank site. This lease expired in June 2018.

District staff have been working with Perrault Corporation to negotiate a lease extension on the property. In accordance with District policy and State Law, a property appraisal was performed to determine the correct market value of the property in 2015. This study compared similar properties and uses in the area and assigned a market value of \$6,000 per month for the 2015 lease. A copy of the appraisal is attached. The assigned market value from 2015 has been escalated 6.4% according to the Consumer Price Index resulting in a current market value of \$6,384 per month for the lease.

Contract 18-09 is also attached for review. The contractor has requested a two-year lease to process sand and material. The terms of the contract set the monthly rate at \$6,384 per month with a lease start date of July 1, 2018.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility. This lease agreement allows the District to utilize an existing asset to generate revenue until it is used for other purposes.

FISCAL IMPACTS

If the lease agreement is approved the following revenue streams will be generated:

FYE 19 - \$76,608

FYE 20 - \$76,608

Total lease value: \$153,216 for the two-year term of the contract

BOARD OPTIONS

- 1) Authorize the General Manager to execute the ground lease agreement Contract 18-09.
- 2) Recommend changes and direct staff to renegotiate terms of lease.
- 3) Do not continue lease and have Perrault Corporation vacate lease premises per contract. District would not get any rental income for this section of property.

STAFF RECOMMENDATION

Staff recommends Option 1, Approve Contract 18-09.



Michael Powers
Associate Engineer

June 26, 2018



LEASE AGREEMENT
CONTRACT AGREEMENT NO. [__18-09__]

This LEASE AGREEMENT (“Lease”) is made by and between RAINBOW MUNICIPAL WATER DISTRICT (“Landlord”), and PERRAULT CORPORATION (“Tenant”), collectively referred to herein as “Parties.”

ARTICLE 1
LEASE OF SITE

1.1 Description of Site. Landlord is the owner of real property located at 3707 Old Highway 395, Fallbrook, CA 92028, which includes a site measuring approximately 171,428 square feet, more specifically depicted in Attachment A (“Site”).

1.2 Ingress and Egress. Landlord grants Tenant the non-exclusive right to ingress and egress to the Site by the “South Entrance” as depicted in Attachment B. For ingress and egress, Tenant may use the driveway on the south end of Landlord’s property at 3707 Old Highway 395, Fallbrook, CA 92028.

1.3 Agreement to Lease. Subject to the terms and conditions provided herein, Landlord hereby leases to Tenant the Site, including the non-exclusive right to ingress and egress, where Tenant may stage and process sand and materials as set forth in the Site Plan described in Article 6.

ARTICLE 2
TERM

2.1 Lease Term. The initial term of this Lease (“Initial Term”) shall commence on July 1, 2018 (the “Commencement Date”) and, unless terminated sooner pursuant to the provisions of this Lease, shall continue for a period of twenty-four (24) months.

2.2 Renewal Term. At the end of the Initial Term, Tenant shall have the first right of refusal to renegotiate this Lease for a Renewal Term not to exceed an additional twelve (12) months (“Renewal Term”). The Lease shall expire automatically unless Tenant serves written notice no less than six (6) months prior to the expiration of the Initial Term of its intent to renegotiate the Lease for a Renewal Term

2.3 Holding Over. If Tenant remains in possession of the Site after the expiration or earlier termination of the Lease term, with Landlord’s consent, such possession shall be deemed to be a month-to-month tenancy, terminable on thirty (30) days’ written notice given by either party to the other, at the rental rate in effect at the date of such expiration or termination. All provisions of this Lease, except those pertaining to term, shall apply to the month-to-month tenancy.

**ARTICLE 3
RENT**

3.1 Rent. Tenant shall pay to Landlord, as rent for the Site, including the non-exclusive right to ingress and egress as described herein, the sum of six thousand three hundred eighty four dollars (\$6,384.00) per month. The parties hereby agree and acknowledge that the amount of rent is reasonable and consistent with the fair market value of the Site, escalated according to the Consumer Price Index from the market value determined by the appraisal report, entitled Restricted Appraisal Report Rent Comparability Study File 2015-074, dated March 10, 2015, attached hereto as Attachment C.

3.2 Timing and Location of Rent Payments. Rent shall be due and payable beginning on the Commencement Date of this Lease and on the first day of each month thereafter for the duration of this Lease, unless the date rent is due falls on a weekend or holiday, in which case rent will be due on the following business day. All rent shall be paid to Landlord at the address for notice stated herein, or at such other location as Landlord may designate in writing.

3.3 Partial Payments and Deductions. Rent payments shall be made without deduction, offset, prior notice or demand, except to the extent that rent may be prorated for a partial month as approved in writing by Landlord. Landlord has discretion to accept partial payments of rent, however, Landlord's acceptance of a partial payment of rent does not waive the terms of this Lease and all outstanding rent will remain due unless otherwise agreed to by Landlord in writing.

3.4 Late Rent and Dishonored Payments. The parties acknowledge that late payment by Tenant of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. If Landlord does not receive Tenant's rent payment within five (5) days of the due date, Landlord may collect a late fee of one hundred dollars (\$100.00). The parties further acknowledge that any returned checks or otherwise dishonored rent payments will result in additional costs to Landlord, including but not limited to bank charges and processing. If Tenant's rent payment is returned or otherwise dishonored, Landlord may collect a service charge of \$25 for the first payment that is dishonored, and up to \$35 for each additional payment. Any late fees or service charges due under this section shall be considered additional "rent." The parties hereby agree and acknowledge that such late fees and service charges represent a fair and reasonable estimate of the costs Landlord will incur by reason of late or dishonored payment by Tenant.

**ARTICLE 4
TAXES AND UTILITIES**

4.1 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes, assessments, license fees and other charges levied and assessed against Tenant's trade fixtures, furnishings, equipment and other personal property located on the Site to the extent applicable. Whenever possible,

Tenant shall cause personal property to be assessed and billed separately from the real property of Landlord.

4.2 Utilities. Tenant shall be responsible to secure all utilities required by Tenant for its use of the Site directly from the servicing utility. Landlord will cooperate with Tenant in Tenant's efforts to obtain utilities from any location provided by Landlord or the servicing utility, including effectuating any easement or other instrument reasonably required by the utility company provided that such efforts do not pose any disruption to Landlord's operations, or place any financial obligation upon Landlord. If electricity is needed, Tenant shall, at its sole expense, install a separate electric meter and pay its electricity costs directly to the appropriate utility company.

4.3 Disruption of Utilities. If either party in any way disturbs, interrupts or interferes with the utility service of the other party, that party shall, at its sole expense, promptly provide for complete repair and restoration of the utility service.

4.4 Damages for Disruption of Utilities. Notwithstanding the foregoing Section 4.3, under no circumstances shall Landlord be liable to Tenant for any consequential, incidental, or any other damages caused by any lapse in Tenant's services due to a disturbance, interruption, or interference of utility service.

ARTICLE 5 USE

5.1 Tenant's Access. Tenant's use of and access to the Site, and that of its agents and guests, for the purpose of staging and processing sand and materials as set forth in the Operations described in Article 6, shall be restricted as follows:

(a) Hours of Operation. Tenant may only conduct operations at the Site within the hours of 7 a.m. to 5 p.m., Monday through Friday, and 7 a.m. to 4 p.m. on Saturdays, although Tenant may be present after-hours Monday through Saturday for maintenance and housekeeping.

(b) Emergency Access. Tenant shall have unrestricted twenty-four (24) hour access to the Site for emergencies, which shall be defined as any threat of injury to persons or property. Tenant shall make reasonable efforts to notify Landlord prior to access for emergency purposes, but in all such cases Tenant shall notify Landlord within seventy-two (72) hours of when such access has occurred, and upon written request shall provide sufficient documentation to establish that emergency access was necessary.

(c) Unauthorized Persons. Tenant has the sole responsibility under this Lease to ensure that unauthorized persons do not enter the Site. Tenant shall be wholly responsible for any liabilities or damages caused by unauthorized persons entering the Site.

(d) Access for Oversight. Tenant shall notify Landlord if any government, licensing, permitting or oversight agency requests or demands access to the Site for inspections or other regulatory purposes. It shall be Tenant's responsibility to coordinate access with Landlord, to ensure that Landlord has a reasonable opportunity to accommodate any disruption caused by the access.

(e) Parking and Speed Limit. Tenant shall park vehicles only in designated parking areas near the south entrance, depicted on Attachment A. Tenant shall follow the speed limit of 15 miles per hour.

5.2 Landlord's Right of Entry. Landlord and Landlord's agents shall have the right to enter the Site at all reasonable times in order to inspect, maintain and repair the Site or any portion thereof, to post notices of non-responsibility, or to show the Site to prospective purchasers, tenants or lenders. Tenant hereby waives any claim for abatement of rent, for damages for any injury or inconvenience to or interference with Tenant's business, for any loss of occupancy or quiet enjoyment of the Site, and for any other loss occasioned by such entry by Landlord.

5.3 Suitability. By executing this Lease, Tenant acknowledges and represents as follows: (a) Tenant has inspected the Site, including the means of ingress and egress described herein; (b) Tenant accepts the Site and means of ingress and egress in the AS-IS condition existing as of the date of execution of this Lease; and (c) neither Landlord nor Landlord's agents have made any representation or warranty as to the suitability of the Site for any particular use.

5.4 Prohibited Uses.

(a) Insurance Requirements. Tenant shall not do or permit anything to be done in or about the Site which will increase the existing rate of insurance or cause the cancellation of any insurance policy covering the Site. Tenant shall not sell, use or maintain, or permit the sale, use or maintenance of, any articles in or about the Site which may be prohibited by a standard form policy of fire or liability insurance.

(b) Nuisance, Waste. Tenant shall not cause, maintain, commit or permit any nuisance in, on, or about the Site. Tenant shall not permit any waste in, on or about the Site.

(c) Compliance with Laws. Tenant shall not use the Site or permit anything to be done thereon which will in any way conflict with any applicable zoning ordinances, building regulations, or other municipal, county, state or federal laws, ordinances or regulations, now or hereafter enacted. During the Lease term, Tenant shall, at its sole cost, promptly comply with all such laws, ordinances and regulations and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant (whether or not Landlord is a party to such action) that Tenant has violated any such law, ordinance or regulation shall be conclusive of that fact between Landlord and Tenant.

**ARTICLE 6
TENANT OPERATIONS**

6.1 Tools, Equipment, Machinery. Tenant, at its sole cost, expense and risk, may maintain on the Site such tools, equipment and machinery as necessary to perform the operations referred to in this Lease (collectively the "Equipment"), subject to the requirements set forth herein. Landlord shall have no risk of loss or liability related to any Tenant Equipment.

6.2 Future Modification. Tenant shall not materially modify the Site or its operations at the Site without first obtaining the prior written approval of Landlord.

6.3 Fencing, Site Plan. Landlord may require that Tenant provide a reasonably adequate fence around the Site, at Tenant's sole expense, designed to safely prevent Landlord's employees and visitors from entering the Site or disturbing the Equipment, to protect against hazards arising from Tenant's operations, and to prevent unauthorized access. Tenant shall provide its own locks on the gate and provide copies of the keys to the locks to Landlord. If Landlord requires fencing, then Tenant shall prepare and submit a proposed Site Plan for Landlord's approval prior to any fencing being constructed on the Site. The proposed site plan will become final upon Landlord's written approval, which shall not be unreasonably withheld. The Site Plan shall be included as Attachment D to this Agreement.

6.4 Rock/Gravel Entry. Tenant shall provide Rock/Gravel Entry with Rumble plates.

6.5 Aesthetic Enhancements. Landlord may require, in its discretion, reasonable aesthetic enhancements related to Tenant's operations at any time during the term of this Lease. Tenant shall incorporate Landlord's reasonable requirements into the Site Plan and may deduct enhancement expenditures from rent payments with prior written approval of Landlord. Landlord shall not compel Site modifications that are inconsistent with applicable law or ordinances.

6.6 Water. Tenant shall purchase any water necessary for its operations at the Site from Landlord.

6.7 Stormwater Compliance. Tenant shall be responsible for compliance with all federal, state and local stormwater laws and regulations, including but not limited to the preparation of an adequate Storm Water Pollution Prevention Plan for the [Site][SS1]. This includes any regulations promulgated by the San Diego Regional Water Quality Control Board Region 9 and or the State Water Quality Control Board.

6.8 Dust Control. Tenant shall be responsible for all dust control measures related to its operations at the Site, including but not limited to all dust control measures necessary to keep all dust confined within Tenant's working areas. Tenant shall wash all Landlord's full time office employees' vehicles once every four (4) months during the term of this Lease. Such wash will be either an onsite deionized water wash or a basic car wash [reimbursement][AES2] offsite.

6.9 Permits and Regulatory Compliance. Tenant agrees to comply with all applicable governmental laws, rules, statutes, and regulations relating to its use of the Site, including any stockpiling and sand processing. Tenant may not begin operations unless and until Tenant has received and demonstrated to Landlord's reasonable satisfaction, all necessary permits and licenses from the appropriate permitting or licensing agencies or other governmental authorities, including if applicable any emissions permit required by the San Diego Air Pollution Control District for the operation of back-up power generators. Tenant shall be solely responsible to establish, implement and maintain an effective Injury and Illness Prevention Program ("IIPP") in compliance with applicable law. Tenant shall obtain all necessary permits and licenses and begin operation no less than three (3) months from the date of Landlord's execution of this Lease, and Tenant's failure to do so within the required time period shall constitute nonperformance pursuant to Section 12.1 of this Lease.

6.10 Clean Site. Tenant shall clean the Site daily prior to leaving the Site. Tenant agrees to maintain the Site in a clean and neat manner.

6.11 Inspection. Landlord may inspect Tenant's Equipment and operations at any time for verification of compliance with the terms of the Lease.

6.12 Safety. Tenant shall be solely responsible for safety concerning its Equipment and operations on and off the Site. Landlord requires that Tenant take all reasonable safety and security measures in its operations, including adequate signage on Site and on Old Highway 395 for the safe entering and exiting of vehicles. Tenant shall incorporate reasonable Landlord requirements into the Site Plan. Any Landlord review or observation of Tenant's safety measures shall not reduce, limit or otherwise affect Tenant's sole responsibility for safety concerning its Equipment and operations at the Site.

6.13 Hazardous Materials. At no time shall Tenant store or use any hazardous material or substance, defined as such by any state, local or federal statute or regulation, on the Site or otherwise on Landlord's property in violation of applicable law or Landlord's policy. Tenant shall submit a list of all hazardous materials or substances used or stored on the Site, for approval of Landlord. Tenant shall cease to store or use any hazardous substance or material not approved by Landlord. Such approval shall be at the sole discretion of Landlord.

6.14 Generators. Tenant must obtain prior written approval from Landlord prior to operating any back-up power generators with attached manufacturer-installed fuel storage tanks in the event of an interruption in electrical service or as use as a power source for its operations. The self-contained back-up power generators and attached fuel storage tanks shall be immediately removed from the Site once regular electrical service is restored unless generators are used as power supply for Tenant's operations. Unless otherwise approved by Landlord in writing, Tenant shall be restricted to portable, gasoline-powered and diesel-powered generators only, described in Attachment D, and shall not refuel the generators on Landlord's property. Tenant shall not store any fuel at the Site other than that contained in the generator's attached manufacturer-installed tank, which in no event shall exceed fifty (50) gallons of gasoline fuel on Landlord's property at any time. Tenant shall not place more than one (1) such generator at the Site at any time, without prior written approval from Landlord.

ARTICLE 7 MAINTENANCE AND REPAIRS

7.1 Maintenance Obligations. Landlord shall not be obligated to incur any expense or responsibility of any kind in connection with the maintenance of the Site. Tenant expressly waives the benefits of any statute now or hereafter in effect which may otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Site in a good, clean and safe condition. Tenant shall, at its sole cost, keep the Site, including any improvements located thereon, in good condition and repair in accordance with all applicable laws, ordinances, rules, orders and regulations of: (a) federal, state, county, municipal, and other governmental agencies having or claiming jurisdiction over the Site; (b) any insurance underwriting board or insurance inspection bureau having or claiming jurisdiction over the Site; and (c) all insurance

companies insuring all or any part of the Site. Tenant shall promptly and diligently repair, restore and replace all or any part of the Site in order to comply with the maintenance obligations specified herein.

7.2 Restoration of Site. In the event of damage to or destruction of all or any part of the Site, whether or not such damage or destruction is covered by insurance required to be maintained under the terms of this Lease, Tenant shall reconstruct and repair the Site to a good, clean and safe condition as before such damage or destruction. Landlord shall not be obligated to furnish any services or facilities, or to perform any reconstruction, repairs or replacements, or to pay any costs thereof. No deprivation, impairment, or limitation of use resulting from any event or work contemplated by this Section shall entitle Tenant to any offset, abatement or reduction in rent or to any termination or extension of the Lease term. Landlord's prior approval is not required for Tenant's repairs under this Section.^[AES3]

7.3 Surrender. Upon the expiration or termination of this Lease, Tenant shall surrender the Site in a good, clean, and safe condition. Tenant, at its sole cost, shall repair any damage to the Site caused by or in connection with the removal of any personal property, business or trade fixtures, machinery, equipment, or alterations, improvements or additions which Tenant has the right to remove. Title to all improvements located on the Site shall be surrendered with the Site unless Landlord provides written consent for Tenant to remove.

ARTICLE 8 LIENS

8.1 Liens. Tenant shall keep the Site free from any liens or claims arising out of work performed, materials furnished or obligations incurred by Tenant in connection with any construction, maintenance, repair, restoration, replacement, improvement, addition, alteration or other work on or for the Site. Tenant shall indemnify, hold harmless and defend Landlord from all liability for such liens, including attorneys' fees and costs, arising from Tenant's use and occupancy of the Site. In the event that Tenant fails to cause any such lien to be released within twenty (20) days after imposition of the lien, Landlord shall have, in addition to all other remedies provided under Article 11 and by law, the right, but not the obligation, to cause the lien to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid and all expenses incurred by Landlord in connection therewith, including attorneys' fees and costs, shall be due and payable by Tenant upon demand, with interest at the then applicable maximum rate an individual is permitted by law to charge. Landlord shall have the right at all times to post and keep posted on the Site any notices permitted or required by law, or which Landlord shall deem proper, to protect Landlord and the Site, and any other party having an interest therein, from mechanics' and materialmen's liens.

ARTICLE 9 DEFENSE AND INDEMNITY

9.1 Indemnification. To the fullest extent permitted by law, Tenant shall indemnify, hold harmless and defend Landlord, its directors, officers, employees, agents and authorized volunteers (collectively referred to herein as "Indemnified Parties"), and each of them, from and against any and all claims, demands, causes of action, damages, penalties, judgments, awards, decrees, costs,

expenses, attorneys' fees, losses or liabilities, of every kind or nature, including but not limited to personal injury, wrongful death, and property damage arising out of, related to or in connection with this Lease or Tenant's use and occupancy of the Site, and regardless of any negligence of Indemnified Parties except for the gross negligence or willful misconduct of Indemnified Parties.

9.2 Defense. Tenant shall defend, at its own cost, expense and risk, any all suits, actions or proceedings of every kind that may be brought against Indemnified Parties within the scope of Tenant's obligation under this Lease. Landlord shall approve the selection of legal counsel to defend Indemnified Parties. Tenant shall not agree to any settlement which would require Indemnified Parties to pay money or perform some affirmative act without Landlord's prior written consent. Landlord may, in its sole discretion, defend any and all such aforesaid suits, actions or other proceedings and Tenant shall be responsible to reimburse Landlord for all costs of defense incurred including attorneys' fees, expert witness fees and reasonable costs.

9.3 No Limitation. Tenant's indemnification, defense and hold harmless obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers compensation acts, disability benefit acts, other employee acts or the insurance required by this Lease. Tenant's indemnification, defense and hold harmless obligation shall also not be restricted to insurance proceeds, if any, received by Indemnified Parties, or any of them.

9.4 Notification. Each party shall use reasonable efforts to notify the other party in writing of any such claim or loss within thirty (30) days of receipt of any such claim. Failure to give notice within said time period shall not, however, relieve the Tenant of its obligations under this section.

9.5 Survival. The indemnity, hold harmless and defense obligations under this Section will survive the termination of this Lease.

ARTICLE 10 INSURANCE

10.1 Insurance. Tenant, at its sole cost, shall procure and maintain at all times during the Lease term the following types of insurance:

(a) Tenant shall maintain "OCCURRENCE" form Commercial General Liability Insurance covering the Site and Tenant's operations in the amount of not less than one million dollars (\$1,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damaged suffered or alleged to be suffered by any person or persons whatsoever resulting directly or indirectly from any act or activities of Tenant, of any person acting for it or under its control or direction, or any person authorized by it to use the rented premises.

(b) Tenant shall maintain automobile liability insurance to cover all owner, non-owned and hired automobiles (any auto) with a liability limit of one million dollars (\$1,000,000.00) per "Occurrence."

(c) Tenant shall maintain commercial pollution/environmental coverage for any and all liability associated with any environmental assessment and/or environmental cleanup on the Site with a liability limit of at least one million dollars (\$1,000,000.00).

(d) Tenant and all sublessors shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the Workers' Compensation and Insurance Act, Division IV of the labor code of the State of California and any Acts amendatory thereof. Tenant shall provide employer's liability insurance with limits of no less than one million dollars (\$1,000,000.00) for each accident, one million dollars (\$1,000,000.00) disease policy limit, and one million dollars (\$1,000,000.00) disease for each employee.

10.2 Policy Requirements. All insurance required to be maintained or paid by Tenant hereunder: (a) shall name Landlord as an additional insured; (b) shall contain a standard waiver of subrogation endorsement, and a full replacement cost endorsement; (c) shall provide that no cancellation or reduction of coverage or other modification shall be effective until at least thirty (30) days after written notice to Landlord; (d) shall be written as primary policies, not contributing with and not in excess of coverage which the Landlord may carry; (e) shall be taken out with companies having a current rating of A+ Class XIII (Best's Insurance Guide) throughout the period for which said policy is written, and such companies shall be licensed to do business in the State of California; and (f) shall be satisfactory to Landlord in all other respects.

10.3 Proof of Insurance. Within ten (10) days after execution of this Lease and within thirty (30) days of Landlord's written request at any time thereafter, Tenant shall provide Landlord with certificates of insurance for the required policies for the above-specified types of insurance and all additional insured endorsements.

10.4 Notice of Changes in and Expiration of Coverage. If any of the required coverages under this Section are to be reduced, modified, or cancelled during the term of this Lease, Tenant shall provide Landlord written notice of the scheduled action at least thirty (30) days in advance of any such action. Where any coverage required by this Section is set to expire, Tenant shall deliver the renewal certificate(s) including all additional insured endorsements to Landlord at least ten (10) days prior to the expiration date.

ARTICLE 11 ASSIGNMENT AND SUBLETTING

11.1 Assignment. Tenant shall not assign, transfer, mortgage, or encumber this Lease or any interest therein (collectively "assign") without the prior written consent of Landlord.

11.2 Subleasing. Tenant shall not sublease without prior, written consent by Landlord.

11.3 No Release of Tenant. No consent by Landlord to any assignment or sublease shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent, assignment or subletting. Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any subletting of all or any part of the Site, and Landlord, as assignee, may collect such rent and apply it toward Tenant's obligations under

this Lease. Provided, however, that, until the occurrence of a default by Tenant, Tenant shall have the right to collect such rent. Landlord's consent to any assignment or subletting shall not relieve Tenant of the obligation to obtain Landlord's express written consent to any other assignment or subletting. Landlord's acceptance of rent from any other person shall not be deemed a waiver by Landlord of any provision of this Lease or a consent to any assignment, subletting or other transfer.

ARTICLE 12 DEFAULT AND REMEDIES

12.1 Default. Tenant's failure to timely perform any duty or obligation under this Lease, and failure to remedy such nonperformance following written notice and opportunity to cure where legally required, will result in default. The following will also result in default.

(a) Abandonment. Tenant's abandonment of the Site shall result in default.

(b) Expansion of Operations, Damage or Destruction. (1) If Tenant's operations or occupancy of the Site interferes with or limits future building alterations needed for the operation or the expansion of Landlord's operations, or (2) if the Site has been destroyed or damaged in such a way as to make repair or restoration of the Site infeasible while occupied by Tenant, Landlord may terminate this Lease by giving the Tenant one hundred eighty (180) days prior written notice.

(c) Interference. If Tenant's Equipment or operations interfere with Landlord's equipment or operations, whether or not located on the same property, and Tenant fails to cure said interference within thirty (30) days of receipt of written notice of interference by Landlord (or, if a longer period of time is reasonably necessary, then such longer period of time provided that Tenant is diligently attempting to cure the interference).

12.2 Remedies. In the event of a default by Tenant, as described in Section 12.1, Landlord shall have the remedies specified herein. These remedies are not exclusive and are cumulative and in addition to any rights or remedies at law or in equity now or later allowed to Landlord.

(a) Continuation of Lease. Landlord may continue this Lease in full force and effect without terminating Tenant's right of possession, and Landlord shall have the right to collect rent and other monetary charges when due. Landlord may do all acts necessary to maintain or preserve the Site, as Landlord deems reasonable and necessary, including removal of personal property from the Site and storage of same in a public warehouse at the expense and risk of the owners thereof. Landlord shall have the right to enter the Site and re-let it, or any part thereof, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in re-letting the Site. Re-letting can be for a period shorter or longer than the remaining term of this Lease and at such rent and upon such conditions as Landlord deems reasonable in its sole discretion. Any rent received by Landlord from such re-letting shall be applied to the payment of:

(i) First, all costs incurred by Landlord in re-letting;

(ii) Second, rent due and unpaid under this Lease, including late fees and service charges; and

(iii) Third, future rent as it becomes due under this Lease.

Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any re-letting. No act by Landlord permitted under this Section shall be deemed an election to terminate this Lease. Notwithstanding that Landlord fails to elect to terminate the Lease immediately after a default by Tenant, Landlord may, at any time during the Lease term elect to terminate this Lease as a result of any prior default. After Tenant’s default and for as long as Landlord does not terminate Tenant’s right to possession of the Site, and if Tenant obtains Landlord’s consent, Tenant shall have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability hereunder.

(b) Termination of Lease. Landlord may terminate Tenant’s right to possession of the Site by any lawful means, at any time after a default by Tenant. On termination, Landlord has the right to recover from Tenant any unpaid rent, including late fees and service charges, which were owed at the time of such termination and up to the time Tenant relinquishes possession of the Site to Landlord, and any other amount, including court costs and lost rents resulting from an inability to re-let the Site during the remainder of the Lease term, necessary to compensate Landlord for all losses proximately caused by Tenant’s default.

(c) Equipment after Termination. Any Equipment that Tenant does not remove within sixty (60) days after the termination of this Lease may be removed by Landlord and placed in storage at Tenant’s expense. Landlord shall be entitled to reimbursement from Tenant for the actual costs of storage, or a fair market value equivalent if Equipment is stored on Landlord’s property. If Tenant does not remove Equipment within one hundred twenty (120) days after termination of this Lease, the Equipment shall be considered abandoned and Landlord may take ownership of, dispose, remove, discard, abandon, or dismantle the Equipment, at Landlord’s sole discretion. Landlord shall be entitled to reimbursement from Tenant for any costs associated with removal or disposal of Equipment from the Site.

**ARTICLE 13
GENERAL PROVISIONS**

13.1 Notice. Notice to either party shall be personally delivered or sent by certified mail, postage prepaid, return receipt requested, addressed to the party to be notified at the address specified herein, or at such other address as such party may from time to time designate in writing. Notice shall be deemed delivered on the date of personal delivery or three (3) business days after deposit in the U.S. Mail, as the case may be.

Landlord’s Address for Notice:

Tenant’s Address for Notice:

3707 Old Highway 395
Fallbrook, CA 92028

P.O. Box 578
Bonsall, CA 92003

13.2 Transfer of Landlord’s Interest. In the event of a sale, assignment, exchange or other disposition (collectively, “transfer”) of Landlord’s interest in the Site, other than a transfer for security purposes only, Landlord shall be relieved of all obligations and liabilities accruing hereunder after said

effective date, provided that any funds then in the hands of Landlord in which Tenant has an interest are delivered to the successor of Landlord. This Lease shall not be affected by any such transfer,. The obligations to be performed by Landlord under this Lease shall be binding on Landlord's successors and assigns only during their respective periods of ownership.

13.3 Headings. The captions and paragraph headings used in this Lease are inserted for convenience of reference only and are not intended to define, limit or affect the interpretation or construction of any term or provision hereof.

13.4 Entire Agreement. This Lease, together with all attachments hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are superseded.

13.5 Attachments. All Attachments referred to herein are incorporated by reference.

13.6 Modification. No modification, amendment, discharge or change of this Lease shall be valid unless the same is in writing and signed by the party against whom the enforcement of such modification, amendment, discharge or change is sought.

13.7 Severability. If any term or provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each other term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

13.8 Costs of Suit; Attorneys' Fees. If either party brings any action for relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of rent or possession of the Site, the losing party shall pay the prevailing party's reasonable attorneys' fees and court costs.

13.9 Binding Effect. Subject to the provisions of Article 11 restricting assignment or subletting by Tenant and subject to Section 13.2 regarding transfer of Landlord's interest, all the provisions of this Lease shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

13.10 Choice of Law. This Lease shall be governed, construed and enforced in accordance with the laws of the State of California. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings arising out of or relating to this Lease shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. Landlord and Tenant agree not to bring any action or proceeding arising out of or relating to this Lease in any other jurisdiction, forum or venue.

13.11 Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed. Any waiver of the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time such performance is due shall not be deemed a waiver of any preceding breach by Tenant other than the failure of performance so accepted, regardless of Landlord's

knowledge of such preceding breach at the time of acceptance. No delay or omission by either party in exercising any relief or power accruing upon non-compliance or failure of performance by the other party shall impair or be construed as a waiver thereof, unless an intention to waive is expressly set forth in a writing signed by the waiving party.

13.12 Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the Board of Directors or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

13.13 Force Majeure. If either party, except as otherwise herein specifically provided, shall be delayed or prevented from performing any act required hereunder, by reason of strikes, lock-outs, labor problems, inability to procure materials, fire, unusual weather conditions, failure of power or other utilities, applicable governmental laws or regulations (other than those reasonably foreseeable in connection with the uses contemplated by this Lease), riots, insurrection, war or other reason of a like nature, not the fault of the party so delayed, then performance of such act shall be excused to the extent necessary as a result of such delay. The provisions of this Section shall not operate to excuse Tenant from the prompt payment of rent or other monetary payments required hereunder.

RAINBOW MUNICIPAL WATER DISTRICT

TENANT

Name: Tom Kennedy
Title: General Manager
Date: _____

Name: Chuck Perrault
Title: President
Date: _____

ATTACHMENT A – Description of the Site



LANDLORD: _____

TENANT: _____

ATTACHMENT B – Ingress / Egress



Attachment B Ingress/Egress South Entrance

This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions.

LANDLORD: _____

TENANT: _____

ATTACHMENT C – Appraisal Report

LANDLORD:_____

TENANT:_____

ATTACHMENT D – Tenant’s Proposed Site Plan

This Attachment should clearly describe and depict Tenant’s Equipment and operations as proposed, through diagrams, pictures, and text, and should state that it is a “proposed” draft, subject to Landlord’s approval. Additionally, this Attachment should include the make and model information and specifications, including fuel storage capacity, for any proposed back-up power generators. Include any schedule requirements. This Attachment should be prepared by the Tenant.

The equipment is a power screen, crusher, excavator, bulldozer, and generator. Operations include screening, crushing, and loading trucks. No fuel is stored onsite.

LANDLORD: _____

TENANT: _____

Restricted Appraisal Report Rent Comparability Study *File 2015-074*

For the Property Identified as & Located at
202,279 square foot vacant portion of the property located at
3707 Old Highway 395
Fallbrook, CA 92028

Prepared for
Rainbow Municipal Water District
3707 Old Highway 395, Fallbrook, CA 92028
Attn: Sherry R. Kirpatrick, P.E., Associate Engineer
Phone (760) 728-1178 Ext 199

Prepared by
Noble R. Tucker Jr., MAI, SRA, AI-GRS
Tucker Appraisal Service Corporation
Post Office Box 673, Murrieta, CA 92564-0673

Inspection Date
March 6, 2015

Effective Date
March 6, 2015

Date Prepared
March 10, 2015

TUCKER APPRAISAL SERVICE CORPORATION
NOBLE R. TUCKER JR., MAI, SRA, AI-GRS

SOUTHERN CALIFORNIA OFFICE - PO Box 673, MURRIETA, CA 92564-0673
(951)677-4888 (TEL.) • (951)677-4891 (FAX) • MMTUCKER@AOL.COM

March 10, 2015

Rainbow Municipal Water District
3707 Old Highway 395
Fallbrook, CA 92028
Attn: Sherry R. Kirpatrick, P.E., Associate Engineer
Phone (760) 728-1178 Ext 199
E mail: srbueno@rainbowwd.com

Our File Number 2015-074

Reference: Restricted Appraisal Report for the 202,279 square foot vacant portion of the property located at 3707 Old Highway 395 Fallbrook, CA 92028.

Dear Ms. Kirpatrick:

Pursuant to your request and authorization, I have conducted the investigations and analyses necessary to form an opinion of the market rent on the above referenced project. The purpose of this Restricted Appraisal Report is to estimate the Fair Market Base Rent of the Fee Simple Interest in the subject property as of March 6, 2015.

The following Restricted Appraisal Report is intended to comply with the reporting requirements as set forth under standards rule 2-2 (b) of The 2014-2015 Uniform Standards of Professional Appraisal Practice (USPAP). It contains limited discussion of the data, reasoning, and analyses that were used to develop the opinions of value.

The intended user includes the landlord, Rainbow Municipal Water District, and the intended use is for to estimate the Fair Market Base Rent of the Fee Simple Interest in the subject property as of March 6, 2015. Parties that may receive a copy of the appraisal report do not become intended users unless specified by the client, who is Rainbow Municipal Water District, at the time of engagement. Any unauthorized use of this report without written permission of the appraiser and any copies of the report without the written permission of the appraiser are unauthorized and the appraiser is not responsible for the use. A true and original copy of the report has the appraiser's logo in color next to his name and signature. The original reports also have a Corporate Embossed

Stamp next to the appraisers name and no copies of this report are permitted without this color emblem and an original embossed stamp.

Based upon the analysis and investigations conducted in the forthcoming report and our experience as real estate appraisers and analysts, I/we have formed the opinion that as of March 6, 2015, and subject to the Assumptions and Limiting Conditions set forth in the report, my/our opinion of value is as follows:

Property	Fair Market Base Rent As of March 6, 2015
202,279 square foot vacant portion of the property located at 3707 Old Highway 395 Fallbrook, CA 92028	\$6,100 to \$7,100 per month triple net

This Restricted Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's work-file which is available upon request. The intended user is warned that the rationale for how the appraiser arrived at the value conclusions and opinions may not be completely understood properly without referring to the appraiser's work-file.

If you have any further questions, please contact Mr. Noble R. Tucker Jr., MAI, SRA, AI-GRS at (951) 677-4888.

Respectfully submitted,
TUCKER APPRAISAL SERVICE CORPORATION




Noble R. Tucker Jr., MAI, SRA, AI-GRS
"Certified General Real Estate Appraiser"
Calif. State Certification No.: AG001532
Expiration Date: January 31, 2017

TABLE OF CONTENTS

Appraiser's Transmittal Letter

<u>Page No.</u>	<u>Item</u>
5	Scope of Work
7	Description of Subject Property
22	Definition of Subject's Market Area
28	How Comparable Properties Were Selected.
29	Rent Comparability Data Sheets
40	Conclusion of Fair Market Rental Rate
41	Limiting Conditions
44	Hypothetical Conditions
45	Certification
ADDENDA	
	Subject Photographs
	Zoning Map, General Plan Map, Aerials, Soil Map, Environmental Maps, and Misc. Maps
	Copy of Previous Lease
	Qualifications of Appraiser

SCOPE OF WORK

The scope of work is to determine the fair market rental rate of the 202,279 square foot vacant portion of the property located at 3707 Old Highway 395 Fallbrook, CA 92028. The subject site is a portion of Assessor Parcel Numbers 760-188-11, 760,188-12, and 125-090-38 per the County of San Diego Planning Department web site. I/we have included numerous maps in the addenda of this report. The property is zoned A72 with the county of San Diego and has a general plan designation of Public / Semi Public Facilities. The site is located on the west side of Old Highway 395, immediately south of the Rainbow Municipal Water District Offices, north of the San Luis Rey River, and approximately ¼ mile west of the 15 Freeway. The site has been utilized by West Tech Contracting Inc. to store dirt and other materials over the past year. In the past, the property was leased on a contract basis to West Tech Contracting Inc. at a nominal cost.

The site currently has large mounds of dirt and asphalt stored on the site and if this was removed and the site remediated to the original grade it would be gently rolling with flood plains, a pond, and other environmentally sensitive areas.

Scope of Work and Statement of Facts

This Restricted Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's work-file which is available upon request. The intended user is warned that the rationale for how the appraiser arrived at the value conclusions and opinions may not be completely understood properly without referring to the appraiser's work-file.

The purposes of this Appraisal Report is to estimate the Fair Market Base Rent of the Leased Fee Interest in the subject property as of March 6, 2015. This Rent Comparability Study was completed in accordance with the requirements set forth in the instructions from the property owner, Rainbow Municipal Water District. Noble R. Tucker Jr., MAI, SRA, AI-GRS a State certified general appraiser employed by Tucker Appraisal Service Corporation, oversaw and supervised all data collection and analysis. The following actions were taken to complete this RCS.

- On March 6, 2015, Noble R. Tucker Jr., MAI, SRA, AI-GRS inspected the north site perimeter of the subject property and the eastern perimeter of the subject property exterior to determine the property's physical and functional characteristics.
- Mr. Tucker researched comparable rental activity in the subject area and competing locations. The research included pulling data from Costar, Loopnet, MLS, internet sites, local newspapers and rental publications, town records, owners and managers of local retail and commercial properties, local real estate brokers, fellow appraisers, and files of Tucker Appraisal Service Corporation.

- I am aware of the compliance and competency provisions of USPAP, and within my understanding of those provisions, the author of this report complies with all mandatory requirements. Noble R. Tucker Jr., MAI, SRA, AI-GRS a Certified General Appraiser with the State of California (No. AG0015320), conducted the primary research, analysis, and writing of this appraisal report.
- The report was requested by Rainbow Municipal Water District and there were no unusual instructions. A two-point value range was given by the appraiser.
- The conduct section of Ethics Rule in the 2014-2015 USPAP requires appraisers to discuss any current and prospective interest in the subject property or parties involved and whether or not any services regarding the subject property were performed by the appraiser within the three year period immediately preceding acceptance of the assignment. Noble R. Tucker Jr., MAI, SRA, AI-GRS has not prepared previous appraisal reports or real estate related services on the subject property within the previous 3 year period and Noble R. Tucker Jr., MAI, SRA, AI-GRS does not have any prospective interest in the subject property or parties involved.

PURPOSE AND FUNCTION

The purposes of this Appraisal Report is to estimate the Fair Market Base Rent of the Leased Fee Interest in the subject property as of March 6, 2015.

The following Restricted Appraisal Report is intended to comply with the reporting requirements as set forth under standards rule 2-2 (b) of The 2014-2015 Uniform Standards of Professional Appraisal Practice (USPAP). It contains stated discussion of the data, reasoning, and analyses that were used to develop the opinions of value.

DEFINITION OF MARKET RENT

The Dictionary of Real Estate Appraisal defines market rent as, “The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).”

(Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, Fifth Edition, 2010.)

INTENDED USE AND USER OF THE REPORT

The intended user includes the landlord, Rainbow Municipal Water District, and the intended use is for to estimate the Fair Market Base Rent of the Leased Fee Interest in the subject property as of March 6, 2015. Parties that may receive a copy of the appraisal report do not become intended users unless specified by the client, who is Rainbow Municipal Water District, at the time of engagement. Any unauthorized use of this report without written permission of the appraiser and any copies of the report without the written permission of the appraiser are unauthorized and the appraiser is not responsible for the use. A true and original copy of the report has the appraiser's logo in color next to his name and signature. The original reports also have a Corporate Embossed Stamp next to the appraisers name and no copies of this report are permitted without this color emblem and an original embossed stamp.

EFFECTIVE DATE OF REPORT, INSPECTION, & SIGNATURE

The opinion expressed in this report is stated as of March 6, 2015. The date of property inspection was March 6, 2015. The date of this report is March 10, 2015 and the date of signature is March 10, 2015.

DESCRIPTION OF SUBJECT PROPERTY

The subject property is a 202,279 square foot vacant portion of the property located at 3707 Old Highway 395 Fallbrook, CA 92028. The subject site is a portion of Assessor Parcel Numbers 760-188-11, 760,188-12, and 125-090-38 per the County of San Diego Planning Department web site. I/we have included numerous maps in the addenda of this report. The property is zoned A72 with the county of San Diego and has a general plan designation of Public / Semi Public Facilities. The site is located on the west side of Old Highway 395, immediately south of the Rainbow Municipal Water District Offices, north of the San Luis Rey River, and approximately ¼ mile west of the 15 Freeway. The site has been utilized by West Tech Contracting Inc. to store dirt and other materials over the past year. In the past, the property was leased on a contract basis to West Tech Contracting Inc. at a nominal cost.

The site currently has large mounds of dirt and asphalt stored on the site and if this was removed and the site remediated to its original grade it would be gently rolling with flood plains, a pond, and other environmentally sensitive areas. There have been no sales of the subject property within the previous three year period and the subject property is not currently listed for sale.

REAL PROPERTY TAXES

Real property taxes in California are limited to one percent of market value of the property, as of a specified base year plus bonded indebtedness/special assessments. The base year valuation is the 2006 Assessor's market value estimate, or market value indicated by a sale, or market value based upon reassessment of the property which is triggered by new construction or leasing of the property on a long-term basis. To provide for inflation, if there is no sale, lease, or new construction, there is a maximum two percent per year increase allowed in the assessed values assigned to land and improvements.

Assessed Value 2015

I was not provided with a copy of the 2015 tax year tax bill (last year). The client is advised to check with the title company for the exact status of the property taxes. According to the Tax Assessor's office, if the subject property is sold, taxes will be based upon the market value of the property at the time of transfer. The taxes will increase based upon the new market value of the property reflecting the reassessed value of the improvements and land. The property has supplemental assessments.

No property tax bills were reviewed.

HIGHEST AND BEST USE

According to the Dictionary of Real Estate Appraisal a publication of The Appraisal Institute, highest and best use is defined as:

1. The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal;
2. The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that result in the highest present land value; and
3. the most profitable use.

I have evaluated the sites highest and best use as if vacant as well as its highest and best use as improved. In each case the use must be (1) physically possible, (2) legally permissible, (3) financially feasible, and (4) maximally productive.

Conclusion of Highest and Best Use - As Vacant

Zoning regulations dictate that the most probable use of the site is some type of development in conformance with the zoning and general plan. Since the property is owned by a water district, it is my opinion that, due to current economic conditions, as of the date of value it is most financially feasible for commercial open space rental of the subject property.

LEASE STATUS SUBJECT PROPERTY

The subject property is currently leased and a copy of the lease is included in the addenda of this report. There is also an offer to continue to lease the property for \$5,000 per month.

I /we were not provided with an operating income and expense statement(s) for the subject property. The subject property is analyzed on a triple net basis which is defined as "A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. Source: Appraisal Institute, *the Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010).

REGIONAL MAP



SAN DIEGO COUNTY REGIONAL OVERVIEW

The forces that influence value, which are manifested in the similar characteristics of properties in a region, are summarized in the forthcoming analysis. This section of the report will examine the regional trends that influence value, which are manifested in the similar characteristics of properties in a region, are summarized in the forthcoming analysis. The four forces are Social, Economic, Governmental, and Environmental.

SOCIAL FORCES

Population Trends

Population trends are a major indicator of trends in real estate values. Given the fixed supply of land within any region, population changes will eventually affect demand for real estate. As of January 1, 2013, the population of the San Diego SMSA was estimated at 3.152 million. These were the most recent statistics available as of the appraisal date according to the San Diego Chamber of Commerce and the San Diego Association of Governments (SANDAG).

San Diego, the sixth most populous city in the United States and the second most populous county in California is reported to have been the fastest growing of the twenty largest cities in the nation, with a 26.8% growth from 1980 to 1990. In contrast, the United States population grew 8.4% during the same period. During the 1980s, the San Diego SMSA was one of only four major metro areas that posted more than a 30% growth in its population base.

According to the 2020 Regional Forecast by the San Diego Association of Governments (SANDAG), population forecasts show a total population of 3.8533 million in the year 2020, a gain of nearly 1.0 million persons over the current population. This represents an annual increase of 312,032 persons per year between the years 2000 and 2005 or 2.1% per year. The following table portrays historic and forecasted population growth within the San Diego Region from 1995 to the year 2020.

Population Summary					
Year	Population	Interval	Population Change	Avg. Annual Numeric Change	Annual Percent Change
1995	2669200	1990 to 1995	157800	31560	1.2%
2000	2911468	1995 to 2000	242468	48454	1.8%
2005	3223500	2000 to 2005	312032	62046	2.1%
2010	3437700	2005 to 2010	214200	42840	1.3%
2015	3634000	2010 to 2015	196,300	39260	1.1%
2020	3853300	2015 to 2020	219300	43600	1.2%
1995 to 2020	44%	1995 to 2020	1184100	47364	1.5%

It is important to note that San Diego's figures for the year 2000 were posted and were moderately different than when the forecast was conducted. For example, the actual year 2000 population is 2,911,468 and not the 2,946,500 which Sandag had forecasted in previous forecasts therefore we have revised the year 2000 appropriately. In contrast, the California Department of Finance reported the January 1, 2009 population of 3,173,407 up 1.3% from the 3,131,552 figure as of January 1, 2008. There are 18 incorporated cities within the San Diego Region. The table on the forthcoming page portrays population statistics as of 2013 for the county.

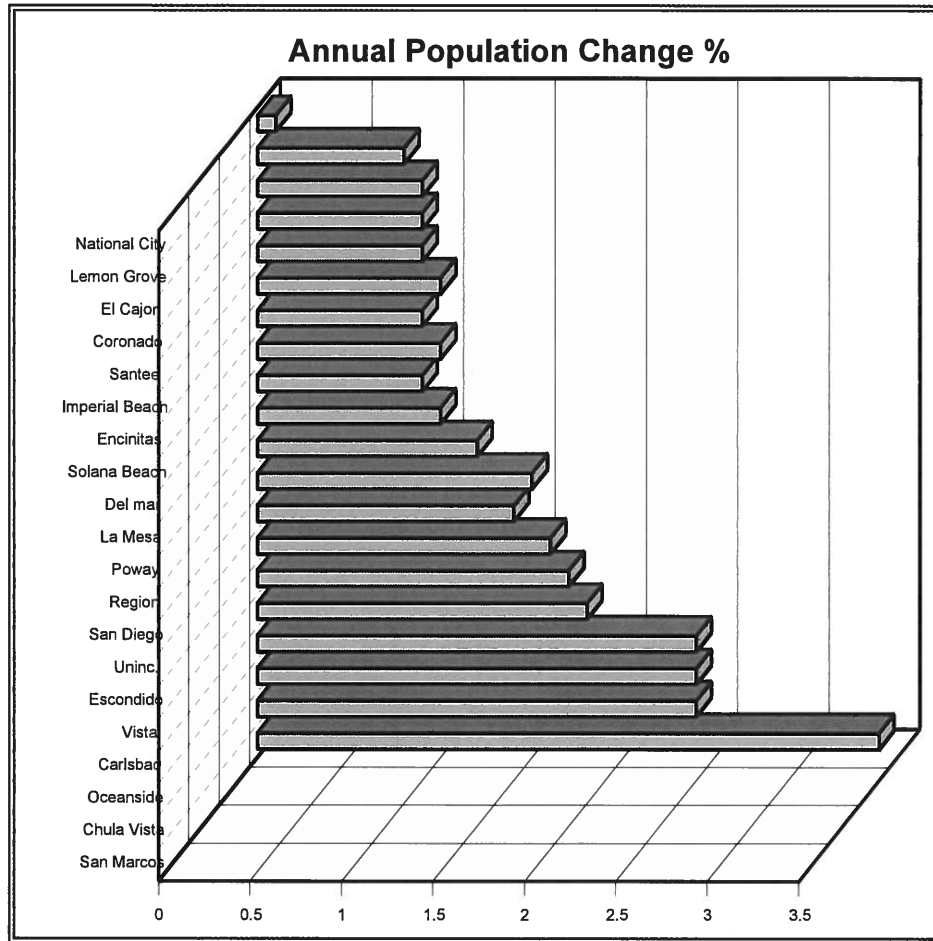
SAN DIEGO COUNTY POPULATION STATISTICS 2013

Summary	Census 2010		2013		2018	
Population	3,095,313		3,152,434		3,294,603	
Households	1,086,865		1,105,214		1,155,207	
Families	720,480		731,462		763,960	
Average Household Size	2.75		2.76		2.76	
Owner Occupied Housing Units	591,025		581,722		617,746	
Renter Occupied Housing Units	495,840		523,492		537,461	
Median Age	34.7		34.9		35.7	
Trends: 2013 - 2018 Annual Rate	Area		State		National	
Population	0.89%		0.78%		0.71%	
Households	0.89%		0.77%		0.74%	
Families	0.87%		0.76%		0.63%	
Owner HHs	1.21%		1.07%		0.94%	
Median Household Income	4.03%		3.66%		3.03%	
	2013				2018	
Households by Income			Number	Percent	Number	Percent
<\$15,000			108,216	9.8%	107,173	9.3%
\$15,000 - \$24,999			86,545	7.8%	69,093	6.0%
\$25,000 - \$34,999			102,025	9.2%	97,205	8.4%
\$35,000 - \$49,999			149,719	13.5%	140,155	12.1%
\$50,000 - \$74,999			192,323	17.4%	164,506	14.2%
\$75,000 - \$99,999			145,340	13.2%	179,150	15.5%
\$100,000 - \$149,999			174,529	15.8%	211,041	18.3%
\$150,000 - \$199,999			77,726	7.0%	102,242	8.9%
\$200,000+			68,775	6.2%	84,626	7.3%
Median Household Income			\$61,452		\$74,887	
Average Household Income			\$85,820		\$99,383	
Per Capita Income			\$30,800		\$35,529	
	Census 2010		2013		2018	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	203,423	6.6%	202,091	6.4%	213,392	6.5%
5 - 9	194,029	6.3%	196,917	6.2%	204,289	6.2%
10 - 14	198,716	6.4%	197,286	6.3%	206,734	6.3%
15 - 19	225,095	7.3%	214,251	6.8%	209,510	6.4%
20 - 24	270,750	8.7%	273,634	8.7%	253,692	7.7%
25 - 34	470,922	15.2%	495,165	15.7%	527,718	16.0%
35 - 44	420,563	13.6%	412,341	13.1%	435,375	13.2%
45 - 54	430,774	13.9%	419,200	13.3%	400,581	12.2%
55 - 64	329,616	10.6%	358,444	11.4%	387,834	11.8%
65 - 74	180,554	5.8%	207,107	6.6%	261,414	7.9%
75 - 84	116,911	3.8%	118,025	3.7%	131,243	4.0%
85+	53,960	1.7%	57,973	1.8%	62,821	1.9%

According to the 2020 Region wide forecast the San Diego Region has the following age. Distribution. The first table portrays the population by age group and the second table portrays the percentage of the population by age group.

Population By Age					
Year	Under 18	18-34	35-64	65+	85+
1980	478700	658300	543400	192900	16600
1990	613200	841400	782200	274600	24200
1995	684500	769600	912900	302100	32800
2000	764200	761400	1096200	324700	42500
2005	829600	776100	1269100	348700	53200
2010	850900	831900	1365000	389900	66100
2015	872100	894100	1402000	465800	72800
2020	914900	942000	1431000	565400	78300
1995-2000	34%	22%	57%	87%	139%

Population % by Age					
Year	Under 18	18-34	35-64	65+	85+
1980	26%	35%	29%	10%	0.9%
1990	24%	33%	31%	11%	1.0%
1995	26%	29%	34%	11%	1.2%
2000	26%	26%	37%	11%	1.4%
2005	26%	24%	39%	11%	1.6%
2010	25%	24%	40%	11%	1.9%
2015	24%	25%	39%	13%	2.0%
2020	24%	24%	37%	15%	2.0%



Another interesting facet of the population is the growth within the specific sectors of San Diego County. The table to the left portrays the population growth within the 18 incorporated cities and as can be seen the fastest growing cities tend to be in the Northern San Diego County Regions.

Education

The San Diego SMSA has a relatively well-educated population, with approximately 45% of residents 25 years of age and older having college degrees or some college education. Only 22% of adults are reported to have no high school diploma.

The California Constitution provides for a free public school system. The schools are subject to local control through an elected School Board. There are many public school districts in San Diego County.

Adult education is available at the University of California, San Diego, San Diego State University (Cal State System), the University of San Diego, National University, University of Phoenix, and the Cal State San Marcos campus. The subject area is also in proximity of several junior colleges including Palomar College, Miramar College, and San Diego Junior College.

Health Care

The San Diego Statistical Metropolitan Area (SMSA) enjoys an extensive network of health care facilities including nationally-renowned hospitals and research facilities such as the Salk Institute, which is world renowned for its biomedical research and Nobel Prize winners. Other research facilities include the University Of California San Diego School Of Medicine and approximately 30 major general hospitals.

Recreational

Recreational facilities are one of the SMSA's most valuable assets. The area is renowned for its golf, water sports, and other extensive outdoor facilities as well as for its theme parks such as Sea World, Wild Animal Park, and the world-acclaimed San Diego Zoo.

Cultural

San Diego County offers many opportunities to enjoy music, drama, dance, and museums. A new conference center in the City of San Diego has provided the city with the ability to host international-class exhibitions.

ECONOMIC FORCES

Economy

With a 5.2 percent increase in the Gross Regional Product, San Diego County continues to outperform the nation's Gross Domestic Product Growth. The strong economy has helped keep vacancy rates low. Once dominated by the defense industry, San Diego has developed a stable, diversified economy. Industries such as communications research & development, medical and biotech, have become sources for economic expansion resulting in job growth for the county. Expansion in international trade and tourism has provided further diversification for the region. In addition, the return of defense spending in San Diego along with the burgeoning research and technology industries are the driving forces behind sustained growth.

In the Agricultural sector San Diego continues to see a moderate increase due to the specialization in avocado production, and the nursery and decorative plant yield. With the second largest number of farms in the nation, San Diego County is currently the 10th largest agricultural producer in the nation.

The Defense sector in San Diego County continues to play a major role in the economy. San Diego still receives more than \$10 billion in expenditures from the U.S. Department of Defense (DOD), a rate only second to Los Angeles County in DOD expenditures and obligations.

Other sectors of the economy worth noting include High Technology, International Trade, Manufacturing, Bio-Technology, and Tourism. High technology is a major contributor to growth in the area with telecommunication firms such as wireless phones contributing to more than \$5 billion to the local economy each year. International trade continues to be a major economic strength for San Diego with over 500 billion in goods moving through the San Diego customs district in 2006. Manufacturing, the largest contributor to the county's gross regional product in 2006. San Diego has the third largest concentration of bio-tech industries in the United States.

According to the *California Retail Sales Survey*, retail sales totaled nearly \$35.893 billion in 2006, an increase of 6.2 percent since 33,784 billion in 2005. Retail, in general, is expected to continue to grow through the new millennium as millions of square feet of new retail space is projected to be built in the forthcoming years. This is portrayed in the number of retail outlets which has grown from 42,917 in 2005 to 44,333 in 2006.

Tourism is a major source of revenue for the region. San Diego is considered one of the most desirable year-round vacation spots in the nation and it is regularly ranged in the top ten most popular destinations in the continental United States for international visitors.

Summary of Population, Labor Force, Employment, and Income

The forthcoming table, by Sandag, portrays employment by sector from the years 2000 to 2020.

Year	Agr. & Mining	Const	Mfg.	TCPU	Trade	FIRE	Serv.	Govt.	SEDW
2000	12000	58800	131900	44600	268200	65800	375200	214500	108200
2005	12400	64900	139200	48100	304000	76500	422500	229900	121900
2010	11900	68000	131600	49000	318600	82300	441300	242300	127100
2015	11800	72400	129800	50900	338600	89600	471500	252800	135000
2020	11700	77200	126900	52700	355100	96800	499400	264600	142400

The forthcoming table portrays the employment by industry for the San Diego Region. This table, by Sandag, portrays the changes in employment sectors over the next 20 years.

Year	Agr. & Mining	Const	Mfg	TCPU	Trade	FIRE	Serv.	Govt.	SEDW
2000	1%	4%	10%	3%	20%	5%	27%	16%	8%
2005	1%	4%	9%	3%	20%	5%	28%	15%	8%
2010	1%	4%	8%	3%	20%	5%	28%	15%	8%
2015	1%	4%	8%	3%	21%	5%	29%	15%	8%
2020	1%	4%	7%	3%	21%	6%	29%	15%	8%

Source: Sandag

Household Size

Between 1960 and 1980, household sizes in the metropolitan area declined from 3.41 to 2.62 because of a reduction in birth rates, increases in the proportion of never-married persons, rising divorce rates, aging of the baby boom generation to the young adult years, and larger numbers of elderly persons maintaining their own households. However, this trend reversed after 1980 through to the present time. According to the SANDAG INFO the average household sizes for the overall SMSA increased from 2.69 in 1990 to 2.84 in 2000 and are forecasted to further increase to 2.86 in 2006.

GOVERNMENT FORCES

Government

San Diego County is incorporated as a general law county incorporated on February 18, 1850 with the City of San Diego as the County Seat. The legislative body is a board of supervisors; each supervisor being elected by voters within his supervisorial district. In addition, special districts are under the governing power of the board of supervisors. Because much of the County lies outside the 18 incorporated cities, the County provides a wide variety of services in the form of special districts for these areas.

Other elected County officials include the Assessor, Auditor-Controller, Clerk-Recorder, Coroner-Public Administrator, District Attorney, Sheriff, Treasurer and Tax Collector, and Superintendent of Schools. Appointed posts include the County Administrative Officer and County Counsel. San Diego County administers the assessment and collection of property taxes for the various cities and special districts within its jurisdiction. This is accomplished by each city adding their tax rate to the

county's basic rate and special districts rates. Real and personal property taxes and sales tax are the primary sources of revenue for San Diego County and the various cities.

PHYSICAL FORCES

San Diego County, also defined as the San Diego Metropolitan Statistical Area (SMSA), is located in the extreme southwestern corner of the United States and is bordered by the Pacific Ocean to the west; Mexico to the south; Orange and Riverside Counties to the north; and Imperial County to the east. It encompasses 4,212 square miles of land area, and enjoys 70 miles of Pacific Ocean beaches. In terms of land area, the SMSA ranks as the 28th largest in the nation.

Transportation

As a result of local and federal government initiatives, the San Diego Metro area has an industrial transportation network that rivals any in the nation. It has premium road, rail, sea, and air transportation facilities.

Military Presence

During the 1950s, defense constituted about 40 percent of the local economy. The Defense sector in San Diego County continues to play a major role in the economy. Annually, San Diego receives more billions in expenditures from the U.S. Department of Defense (DOD), a rate only second to Los Angeles County in DOD expenditures and obligations. Military installations include Marine Corps Base Camp Pendleton, the Marine Corps Recruit Depot, and Marine Corps Air Station at Miramar, Naval Air Station North Island, Naval Station San Diego and the Naval Submarine Base.

Even with the cutbacks in defense revenues, the military will once again become an economic stimulant to the region's growth and income. Previous downsizes will be more than recouped as the Navy consolidates to San Diego, and operations in other areas are closed and transferred to the Navy's San Diego mega-port headquarters.

Utilities

San Diego county provides overall adequate utilities for real estate development. However, the burgeoning population has strained these services and the major utility suppliers continue to strive for new technology to keep pace with the population growth. This is not anticipated to adversely affect the value of the subject.

ENVIRONMENTAL FORCES

Climate

The San Diego Metropolitan Area is reputed to have the mildest climate within the continental United States. According to the National Weather Bureau, it is sunny approximately 70 percent of the year. The range in high and low daily temperatures averages approximately 10 degrees in

summer and 16 degrees in winter. Rainfall over a ten-year period averages 10 inches annually, with the mean temperature at 63.2 degrees.

Elevations range from sea level to 6,500 feet in the mountains on the SMSA's eastern border. The terrain varies and includes sandy beaches along the coast, rising to rolling hills and coastal valleys and plains, and to rugged mountains and mostly level desert areas in the far eastern portions of the County. The mountains to the east restrict easterly expansion leaving expansion to the north, in the direction of Riverside and Orange Counties, as the path for future growth. The Pacific Ocean on the western side is also a major environmental factor affecting real property values in the area.

Man-made Environmental Influences

The area has excellent road, rail, and air transportation systems, as well as extensive highway communications both to the north, along the Pacific Coast, to the east, through Arizona, and to the south to Mexico, which is important in light of the recent passage by congress of the North American Free Trade Agreement (NAFTA). The current lack of a substantial international airport in the metro area is widely viewed as a significant impediment to economic growth in the area. The Port of San Diego, is one of the 10 natural harbors of the world, has container cranes and bulk loading machinery that can accommodate ocean-going ships.

Road Access

The three primary transportation corridors for the region are Interstate 5, which serves the entire western seaboard of the United States, Interstate 8 which connects San Diego County to Imperial County and Arizona, and Interstate 15, which provides northerly access to the central part of the country as well as access to Interstates 10 and 40 which connect to the central and eastern states. Public transportation includes a local bus service provided by the Metropolitan Transit System and a trolley line, which runs from downtown San Diego to the international border with Mexico. Other trolley lines with access to the outlying eastern cities of Lemon Grove, La Mesa, El Cajon, and Santee were recently completed. There is also the North County Transit District, which provides both local bus service and commuter rail to points north. Small local bus routes exist in outlying areas, and privately-operated bus and taxi services, as well as Intra-state and transcontinental bus services are also available.

SUMMARY

San Diego County is experiencing a relatively rapid expansion of its population and economic base precipitated by affordable housing and direct access to major employment centers via the area's network of freeways. The growth of the local housing market is due to the area's relatively abundant supply of affordable land and direct access to employment. New commercial and industrial businesses are also attracted to the area by an available labor pool, relatively close proximity to major metropolitan areas and lower land costs. However, current economic downturns in the residential market, multi-family market, retail, office, and industrial markets have slowed growth significantly. Values decreased significantly in past years from 2007 to 2010 during the recession and have now recovered in most sectors. In summary, this combination of social, governmental, environmental, and economic forces will continue to generate demand for real estate.

DEFINITION OF THE SUBJECT'S MARKET AREA

The subject property is located within the unincorporated portion of San Diego County known as Fallbrook which is located in northern San Diego County and bounded by Bonsall and Vista to the south, the San Diego / Riverside County line to the north, Rainbow to the east, and Oceanside and Camp Pendleton to the west.

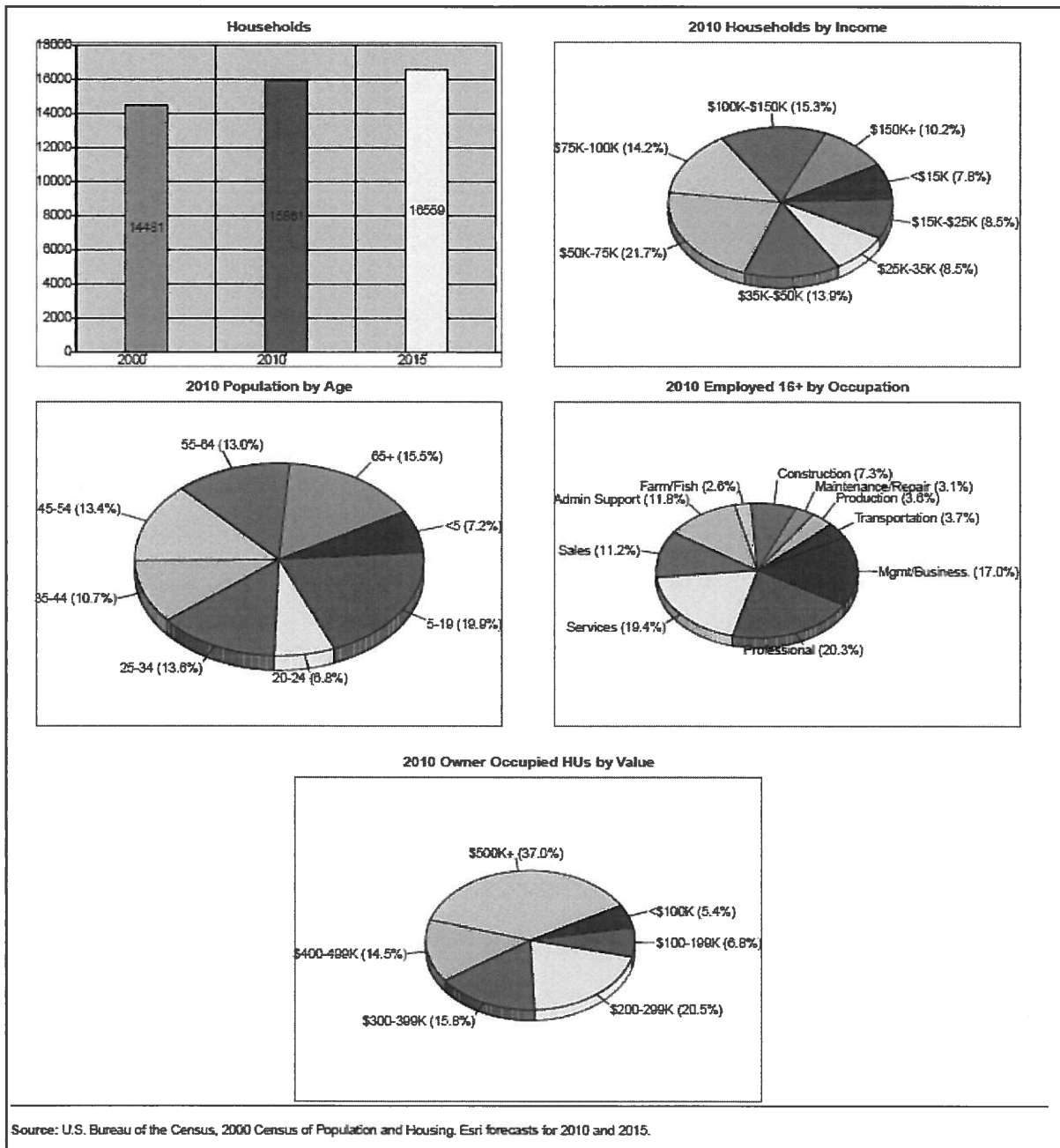
SOCIAL FORCES

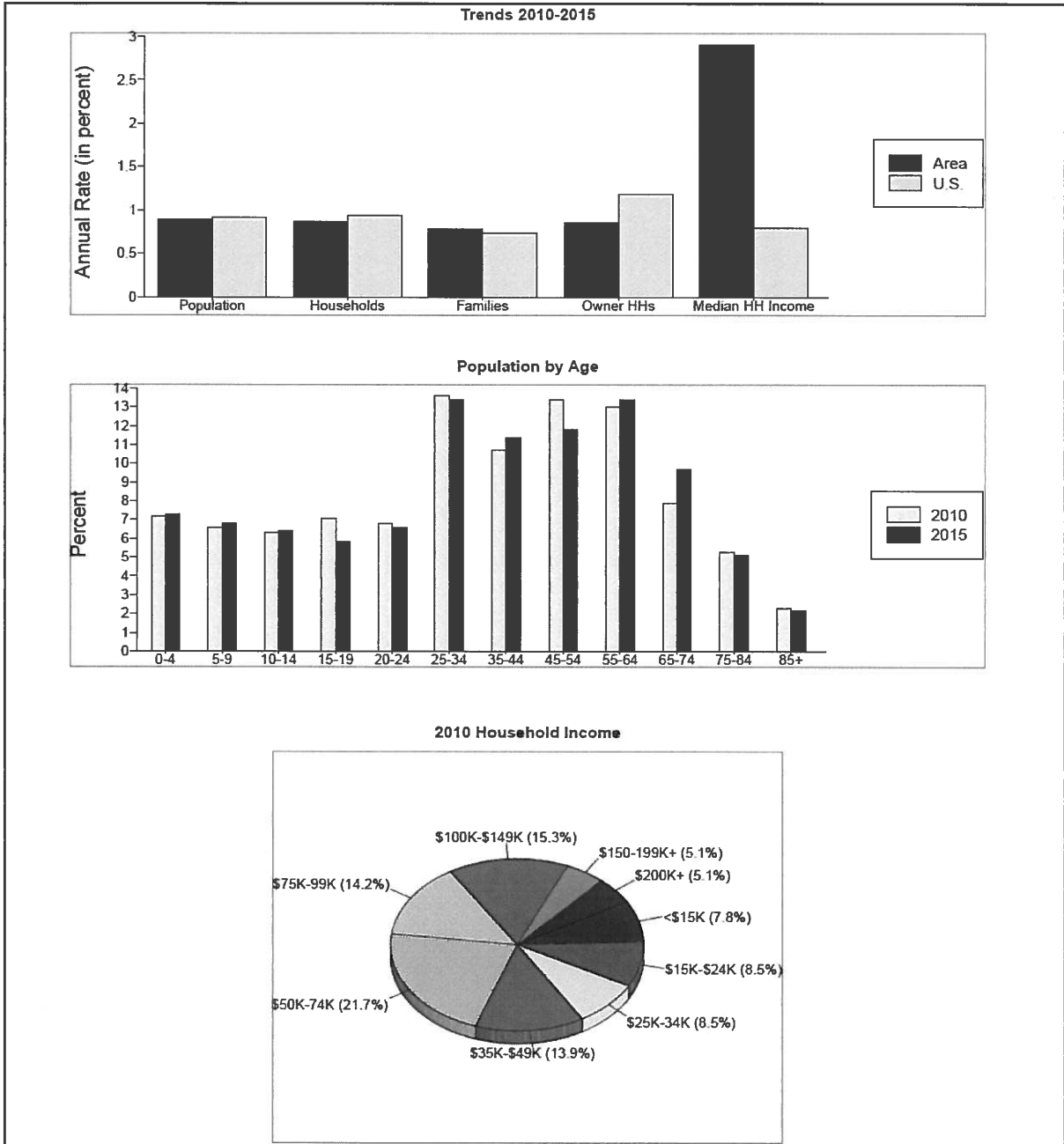
Population Trends

Fallbrook's downtown is not on any major highway route. It is 6 miles west of Interstate 15 or 5 miles north of State Route 76. Fallbrook is situated immediately east of the U.S. Marine Corps' Camp Pendleton. It once housed a stagecoach stop for the stage that ran from Temecula to San Diego. Fallbrook is known for its avocado groves and claims the title "Avocado Capital of the World." It is often called or known as "The Friendly Village." The Avocado Festival is held in the downtown strip annually and frequently draws large crowds.

Climate

Fallbrook has an average year-round temperature of 61 degrees. Due to the prevailing ocean breezes, the humidity is relatively low and constant. The average daytime high in Fallbrook is 76 degrees, although in the summer, temperatures can easily exceed 90 and often reach the 100s. Most of the area is frost-free; during the coldest periods the average nighttime temperature is about 42 degrees. Annual rainfall is roughly 16 inches and comes mostly between November and April. The area is ideal for avocados, strawberries, tomatoes and many other sub-tropical fruits, vegetables, and flowers.





GOVERNMENTAL FORCES

Government

The Fallbrook area is governed by the San Diego County Planning and Building and Safety Division. County tax assessor administers taxes and other county agencies such as the San Diego County Sheriff's Department provide police protection.

Real Estate Taxes

Fallbrook is subject to the same real estate tax system as all other cities in the San Diego SMSA. As with other cities, San Diego levies taxes and fees on businesses.

Transportation

The area has excellent access to all of the transportation facilities within the greater metropolitan area. The Interstate 15 Freeway traverses the eastern portion of the area in a north and south direction linking downtown San Diego with Fallbrook. It also links the area with the Inland Empire to the north.

Provision of Utilities

The county provides all necessary utilities for the development of both residential and commercial real estate. However, in many cases, the developer is required to fund these public facilities. Failing this, the county levies high special assessment taxes on homeowners in new developments to pay for the infrastructure. San Diego Gas and Electric provides electricity and natural gas to the area, while water and sewer services are provided by various entities.

ECONOMIC FORCES

Economic Trends

The local economy is based largely on retail, trade, military, and service geared to the needs of a growing area population of citizens with above average incomes. An abundant supply of labor is usually available, particularly for unskilled and semi-skilled jobs.

While it is true that in past years that defense and military cutbacks hit the economy hard, city planners have worked hard to create a more diversified economy in order to remain untouched by the rises and falls of any one industry group. In the years following the first declines in defense-related income, some industries in San Diego have remained stable with steady growth, while others, such as high technology and medical technology, have come into the forefront as major areas of potential economic growth

SUMMARY

The area of Fallbrook, like the county, is experiencing current economic downturns in the residential market, multi-family market, retail, office, and industrial markets have slowed growth significantly. In summary, this combination of social, governmental, environmental, and economic forces will continue to generate demand for real estate.

AERIAL OVERVIEW



HOW COMPARABLE PROPERTIES WERE SELECTED

Our appraisal firm has been conducting appraisals of open space commercial properties in this area for the past 30 years and we have become familiar with many of the commercial projects in the expanded area. It is difficult to find open space comparable properties in the immediate area and therefore it is necessary to expand the parameters. Rental data number one through five, ten, and eleven were negotiated rentals while rentals 6 through 9 were asking rentals from the San Diego Area.

RENTAL ONE**Location Data**

Address: 10221 Redwood Avenue
 City: Fontana
 County: San Bernardino

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: 1,180 square foot building
 Lot Size: 124,886 square feet
 Year Built: 1934
 Number of Stories: 1
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: 100%
 Term: Flat for 2 years with escalations based on CPI of 2-4%
 Rent PSF: \$0.07 per square foot per month
 Basis: Modified Gross
 Source: Loopnet, Broker, Survey, Dataquick

Comments: This property has concrete-block and wrought-iron fencing and gates; however, it is only partially improved with slag ground-covering. In addition, according to Jess Mancha with Manch Realtors and Associates, the site never completed the permitting process. Reportedly, since the property is located within the City of Fontana, the permits, various fees, and additional requirements such as a new building facade have been estimated at \$75,000.

RENTAL TWO**Location Data**

Address: 2631 S. Riverside Avenue
 City: Rialto
 County: San Bernardino

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: 10,200 square foot building/6,800 square feet of office
 Lot Size: 233,353 square feet
 Year Built: 1978
 Number of Stories: 1
 Parking: Open spaces
 Condition: Average
 Building Type: Class C

Lease Data

Occupancy: 100%
 Term: 60 Months 3% annual escalations
 Rent PSF: \$0.08 per square foot per month
 Basis: Net
 Source: Loopnet, Broker, Survey, Dataquick

Comments: This transaction was confirmed with Robert Dixon with NAI Capital, (626) 564-4800.
 This property is configured with a concrete tilt-up building on a slightly irregular site that's partially asphalt-paved with a perimeter wall.

RENTAL THREE**Location Data**

Address: 8707 Mulberry Avenue
 City: Fontana
 County: San Bernardino

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: 1,632 square foot building
 Lot Size: 180,612 square feet
 Year Built: 1947/renovated
 Number of Stories: 1
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: 100%
 Term: 72 months
 Rent PSF: \$0.07 per square foot per month
 Basis: Modified Gross
 Source: Loopnet, Broker, Survey, Dataquick

Comments: The property is an improved with a 1,212-SF office building (converted single-family residence) and a 420-SF storage shed (former garage). The site, which is currently being used as a truck yard, is also improved with asphalt paving, yard lighting, wrought-iron fencing along the southern and a portion of the western site boundaries, concrete- block fencing along the northern and a portion of the western site boundaries, chain-link fencing along the eastern site boundary, three wrought-iron rolling gates, and landscaping at various points.

RENTAL FOUR



Location Data

Address: 1877 Rubidoux Blvd.
 City: Riverside
 County: Riverside

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: 2,250 square foot building
 Lot Size: 142,006 square feet
 Year Built: Not disclosed
 Number of Stories: 1
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: 100%
 Term: 36 months
 Rent PSF: \$0.06 per square foot per month
 Basis: Net
 Source: Loopnet, Broker, Survey, Dataquick

Comments: This comparable was confirmed by Eric Hutchins with IE Commercial Real Estate Team, (909) 380-4687. There is a 2,250 square foot building which is also included in the rental amount.

RENTAL FIVE**Location Data**

Address: 1751 Spruce Street
 City: Riverside
 County: Riverside

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: 13,890 square foot building
 Lot Size: 183,388 square feet
 Year Built: 1965/2008
 Number of Stories: 1
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: 100%
 Term: 60 Months
 Rent PSF: \$0.06 per square foot per month
 Basis: Modified Gross
 Source: Loopnet, Broker, Survey, Dataquick

Comments: This property has limited paving, chain-link fencing, and asphalt/concrete paving that covers only 20% of the site. This is an asking rental and is not yet negotiated. There is a 13,890 square foot building which is also included in the rental amount.

RENTAL SIX**Location Data**

Address: 8710 to 8785 Miramar Place
 City: San Diego
 County: San Diego

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: 900 square foot trailer
 Lot Size: 31,000 square feet
 Year Built: n/a
 Number of Stories: 1
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: Asking
 Rent PSF: \$0.20 to \$0.30 per square foot per month
 Basis: Net
 Source: Flyer, Costar, Agent - Brian Crepeau (619) 469-3600

Comments: This property is an outside storage and vehicle parking, fully fenced, with water and electricity, perimeter security lighting, fencing, and surface. The dead storage gravel yards which are 4,000 and 6,000 square feet are \$0.20 per square foot per month. This is an asking rental and is not yet negotiated.

RENTAL SEVEN**Location Data**

Address: 8785 Miramar Road
 City: San Diego
 County: San Diego

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: 500 square foot office trailer
 Lot Size: 12,925 square feet
 Year Built: n/a
 Number of Stories: 1
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: Asking rate
 Term: Asking
 Rent PSF: \$0.30 per square foot per month
 Basis: Net
 Source: Costar, Flyer, Agent - Simon Terry-Lloyd (858) 794-5503
 Comments: This property has limited paving, chain-link fencing, and asphalt/concrete paving that covers only 20% of the site. This is an asking rental and is not yet negotiated.

RENTAL EIGHT**Location Data**

Address: 1139 Harbinson Avenue
 City: National City
 County: San Diego

Physical Data

Type: Contractor/Industrial Yard
 Lot Size: 14,000 square feet
 Parking: Open space
 Condition: Average

Lease Data

Occupancy: Asking
 Term: Negotiable
 Rent PSF: \$0.12 per square foot per month
 Basis: Net
 Source: Loopnet, Survey, Flyer, Agent Don and Nick Zech (858) 486-9999 @ CDC Commercial

Comments: This property is in National City and is located next to a service station. This is an asking rental and is not yet negotiated.

RENTAL NINE**Location Data**

Address: 6910 Mission Gorge
 City: San Diego
 County: San Diego

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: No building
 Lot Size: 43,560 square feet
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: Vacant - Asking
 Term: Negotiable
 Rent PSF: \$0.17 per square foot per month
 Basis: Net
 Source: Loopnet, Broker, Survey, Dataquick, Agent Mark Silverman
 (619) 497-2255 at NAI Capital

Comments: This property is a 1 acre open space lot with fencing located approximately 1 ½ miles east of I-15 Freeway. The minimum divisible space is ½ acre.

RENTAL TEN



Location Data

Address: 1300 Juanita Street
 City: Hemet
 County: Riverside

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: No building
 Lot Size: 75,000 square feet
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: Occupied 100%
 Term: Occupied
 Rent PSF: \$0.02 per square foot per month
 Basis: Net
 Source: Property Manager, Tenant Truss Company
 Comments: This property is an open space with approximately 75,000 square feet of usable space. Monthly rental amount is \$0.02 per square foot per month.

RENTAL ELEVEN**Location Data**

Address: 34246 and 35248 Antelope Road
 City: Murrieta
 County: Riverside

Physical Data

Type: Contractor/Industrial Yard
 Gross Building Area: See Comments Below
 Lot Size: 249,544 square feet
 Parking: Open spaces
 Condition: Average

Lease Data

Occupancy: Occupied 100%
 Term: Occupied
 Rent PSF: \$0.034 per square foot per month
 Basis: Net
 Source: Owner - Mark Harrison -951-312-3123

Comments: Commercial property located at 34246 and 35248 Antelope Road, City of Murrieta, Riverside County, California 92563. The combined sites are 249,544 square feet or 5.73 acres. On assessor parcel number 392-290-004 there is a 1944 built 1,664 square foot farmhouse which was converted to an office. On assessor parcel number 392-290-003 there is a covered canopy structure which is 6,930 square feet. Both properties are currently leased for \$8,500 per month per Mark. The property has freeway visibility and is a negotiated rental.

Conclusion of Market Rent

Rental data no. 1 to 5 and no's 10 and 11 reflected industrial properties from the Inland Empire sub-market and the rentals portrayed a range from \$0.02 to \$0.08 per square foot. Rental number 6 to 9 are asking contractor yard rentals from the San Diego County area and these ranged from \$0.12 to \$0.30 per square foot per month.

It is difficult to find open space comparable properties in the immediate area and therefore it is necessary to expand the parameters. Rental data number one through five, ten, and eleven were negotiated rentals while rentals 6 through 9 were asking rentals from the San Diego Area. Rental 11 is a negotiated rental of a 5.73 acre yard with a small older home and minimal structures and this is a negotiated lease at \$0.034 per square foot per month. I/we felt that due to the subject being an open yard utilized primarily for dirt storage only, that a rental rate towards the lower end of the spectrum at about \$0.03 per square foot is appropriate.

The subject site is a 202,279 square foot vacant portion of the property located at 3707 Old Highway 395 Fallbrook, CA 92028 and the owners of the property have received offers from the current tenant to lease the property for \$5,000 per month. The subject site is a dirt lot, with no pavement, no security, in a flood plain, and the rental amount would be towards the lower end of the spectrum at \$0.03 per square foot per month x 202,279 square feet or \$6,068 per month rounded to \$6,100 per month. The high end of the range would be \$0.035 per square foot per month x 202,279 square feet or \$7,080 per month rounded to \$7,100 per month.

Based upon the analysis and investigations conducted in the forthcoming report and our experience as real estate appraisers and analysts, I/we have formed the opinion that as of March 6, 2015, and subject to the Assumptions and Limiting Conditions set forth in the report, my/our opinion of value is as follows:

Property	Fair Market Base Rent As of March 6, 2015
202,279 square foot vacant portion of the property located at 3707 Old Highway 395 Fallbrook, CA 92028	\$6,100 to \$7,100 per month triple net

ASSUMPTIONS & LIMITING CONDITIONS

The Analyses and opinions set forth in this appraisal are subject to the following assumptions and limiting conditions:

1. No responsibility is assumed by us for matters which are legal in nature. A title report was requested from the property manager and was not received. No opinion of title is rendered, and the property is appraised as though free of all liens, easements, encroachments and encumbrances, and the title is assumed to be marketable. No survey of the boundaries of the property was undertaken by us. All areas and dimensions furnished are presumed to be correct.
2. An on-site inspection indicates that the subject appears to have normal utility easements.
3. I/we assume that there are no adverse liens, easements or encroachments or other items affecting the value of the property. None were noted at the time of inspection. Furthermore, no responsibility is assumed by us for matters which are legal in nature. No opinion of title is rendered, and the property is appraised as though free of all encumbrances, liens, encroachments, and easements and the title is assumed to be marketable. No survey of the boundaries of the property was undertaken by us. All areas and dimensions furnished to us are presumed to be correct.
4. No soils report was provided for our review. We assume that there are no soils conditions that adversely affect the value of the subject. None were observed upon inspection.
5. Information contained in this appraisal has been gathered from sources that are believed to be reliable, and, where feasible, has been verified. No responsibility is assumed for the accuracy of information supplied by others.
6. I/we assume no responsibility for economic or physical factors occurring subsequent to the date of value that affect the opinions stated herein.
7. I/we reserve the right to make such adjustments to the valuation herein reported as may be required by the consideration of additional data or more credible data that may become available.
8. Forecasts of future events that influence the valuation process are predicated on the continuation of historic and current trends in the market.
9. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

10. No engineering survey has been made. Except as specifically stated, data relative to sizes, square footage, and areas were taken from onsite measurements by the appraisers and from sources considered reliable. Should a future engineering study reveal sizes substantially different from those used herein, we reserve the right to adjust our opinion of value accordingly.
11. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the appraisal. They should not be considered as surveys nor relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report.
12. No opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials except as is expressly stated.
13. No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
14. Your appraisers have inspected, as far as possible, by observation the land and improvements thereon; however, it was impossible to personally inspect all of the improvements or hidden structural and mechanical components within the improvements; therefore, no representations are made as to these matters unless specifically considered in the appraisal.
15. I/we shall not be required, by reason of this appraisal, to give testimony or to be in attendance in court or any governmental or other hearing in reference to the subject property without prior arrangements having first been made with the appraiser relative to such additional employment.
16. The Bylaws and Regulations of the Appraisal Institute require each member and or candidate to control the use and distribution of each appraisal by such member or candidate. Therefore, except as may hereinafter be provided, the party for whom this appraisal was prepared may distribute copies of this appraisal, in its entirety, to such third parties as may be selected by the party for whom this appraisal was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatories of this appraisal.
17. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraisers' or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media for public or private communication without the written consent and approval of the signatories of this appraisal, particularly as to

valuation conclusions, the identity of the appraiser or firm with which the appraisers is connected, or any reference to the Appraisal Institute, and the MAI or SRA designation. Furthermore, this report is for the sole use of our client. Further, the appraisers or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting condition of the assignment.

18. It is assumed that there are no deed restrictions to a single use of the subject. The presence of such restrictions could adversely impact site value.
19. Consideration has not been given in this appraisal to personal property (if any) located on the site; this has been separated from the real estate in our analysis. This appraisal excludes the value of any items of an historical, archaeological or biological nature.
20. This property does not appear to be in a wetlands area. If this should be found to be untrue or different at a later date, we reserve the right to change our report accordingly.
21. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. Considering the subject property was constructed circa 1974, the subject may be non-conforming in certain aspects of the ADA requirements. We have not made a specific compliance survey and analysis of the plans to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that the compliance survey of the plans, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. Should the subject be later found to require work to bring it in conformity with ADA, we reserve the right to adjust our estimated values stated herein for the subject property, accordingly.
22. It is assumed that there are no hidden or unapparent conditions or substances in the structure, soil or subsoil that may be hazardous or toxic, including, but not limited to, asbestos. We are not qualified to detect substances such as asbestos, P.C.B.'s, radon, ground contamination, etc. Further, we are not responsible for arranging any engineering or research studies that may be necessary to detect such conditions or substances.
23. In accordance with the Fair Housing Amendments Act, it is illegal for an appraiser(s) to discriminate against any person because of race, religion, sex, hardship, family status, or national origin. This appraisal complies with all rules and regulations prohibiting discrimination on the basis of race, color, religion, sex, nation origin, and marital status.
24. The appraisal report was prepared in conformance with the Graham, Leech, Bliley Act.

EXTRAORDINARY ASSUMPTIONS

1. The site access was unavailable due to fencing and I/we assume that the site is in average condition and has average lot utility.
2. I assume that portions of the subject rental, which were not visible, are in average condition.
3. I assume that all of the sizes given to me are correct.
4. I assume that the scope of work is correct.

If any of the above items are found to be incorrect, I reserve the right to alter my opinion of rental rate.

HYPOTHETICAL CONDITIONS

A hypothetical condition which is defined in the Dictionary of Real Estate Appraisal as “That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if: use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; use of the hypothetical condition results in a credible analysis; and the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

CERTIFICATION

Per Standards Rule 2-3, and FIRREA

I/we, the undersigned, certify that, to the best of our knowledge and belief:

-the statements of fact contained in this report are true and correct.

-The reported analyses, opinions, and conclusions are limited only by the reported Assumptions and Limiting Conditions, and are our personal, unbiased professional analyses, opinions and conclusions.

-I/we have no present or prospective interest in the property that is the subject of this report, and I/we have no personal interest or bias with respect to the parties involved.

-My/our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report, such as the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Furthermore, the appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

-My/our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice, USPAP, as published in the Appraisal Foundation, and the federal financial regulating agencies.

-Noble R. Tucker Jr., MAI, SRA, AI-GRS has made a personal inspection of the property that is the subject of this report, and has considered pertinent facts affecting the value thereof.

-Market data pertaining to the Final Value Estimates has been accumulated from various sources and where possible, examined and verified as to details, motivation and validity.

-The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

-The Appraisal Institute conducts a program of continuing professional education for its designated members. Noble R. Tucker Jr., MAI, SRA, AI-GRS is currently certified under the continuing education program of the Appraisal Institute.

-Noble R. Tucker Jr., MAI, SRA, AI-GRS holds a Certified General Real Estate Appraiser certificate from the State of California Office of Real Estate Appraisers.

-I/we are competent to perform this appraisal assignment by virtue of previous experience with similar assignments and/or appropriate research and education regarding the specific property type being appraised. Qualifications are attached.

-I/we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

-My/our engagement for completion this assignment is not contingent upon the development of or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

Noble R. Tucker



Noble R. Tucker Jr., MAI, SRA, AI-GRS
"Certified General Real Estate Appraiser"
Calif. State Certification No.: AG001532
Expiration Date: January 31, 2017

ADDENDA

SUBJECT PROPERTY PHOTOGRAPHS



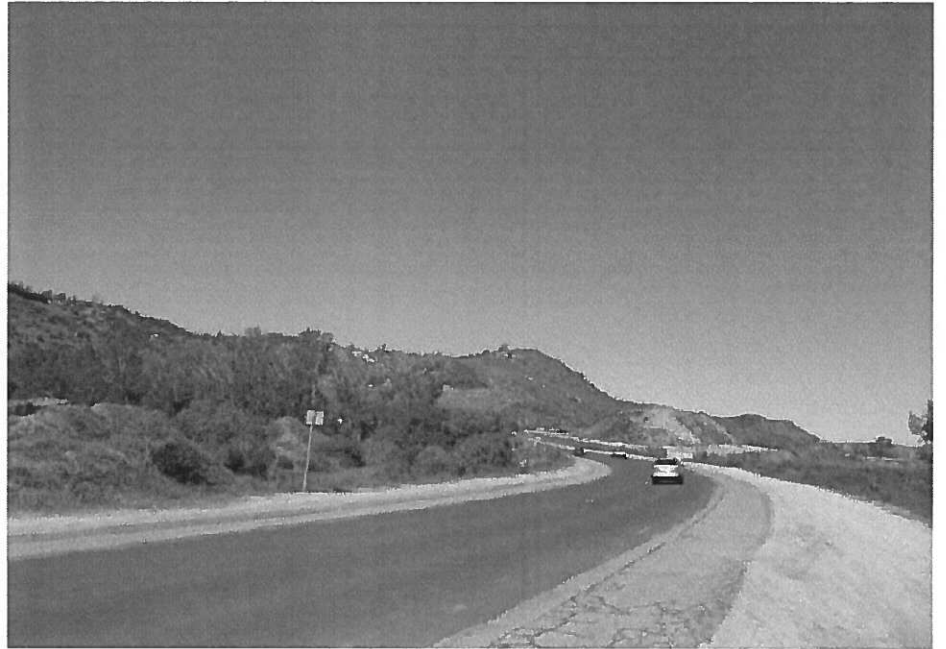
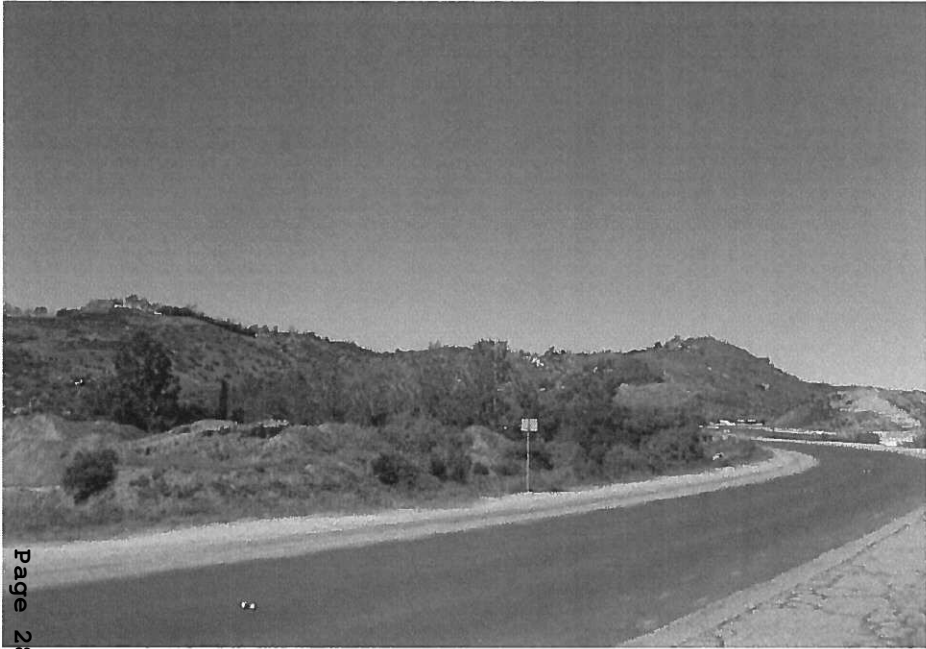
Page 181

SUBJECT PHOTOGRAPHS

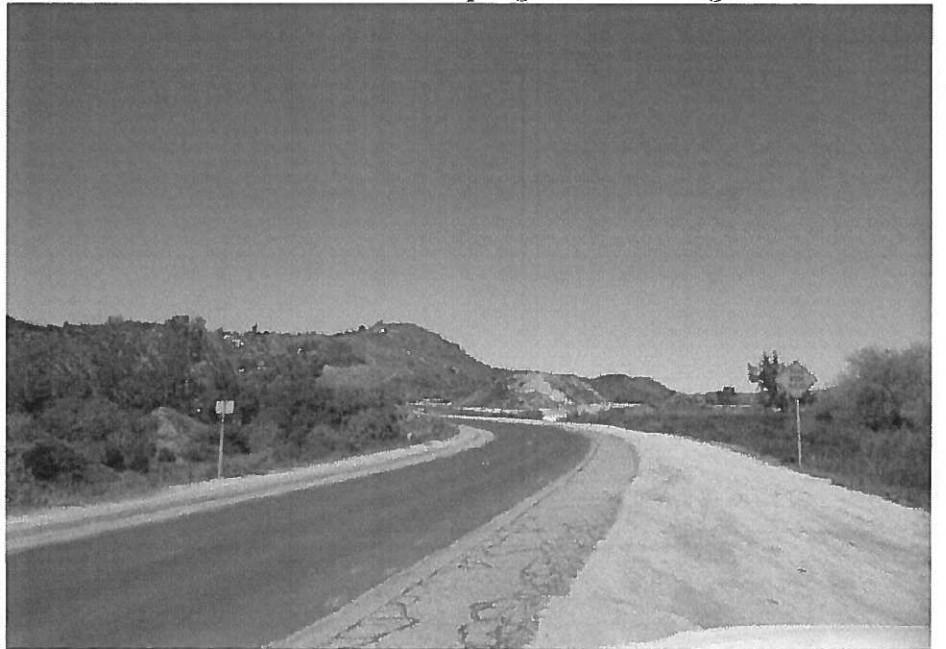


Page 171





SUBJECT PHOTOGRAPHS (top left, & lower left) STREET PHOTOGRAPHS (top right & lower right)



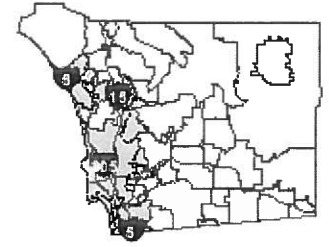


Page 283
of 371

SUBJECT PHOTOGRAPHS



SUBJECT PROPERTY MAPS



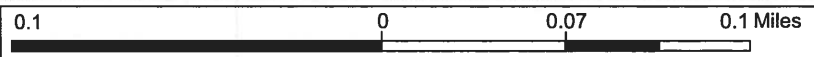
Page 285 of 371

Legend

- Parcels

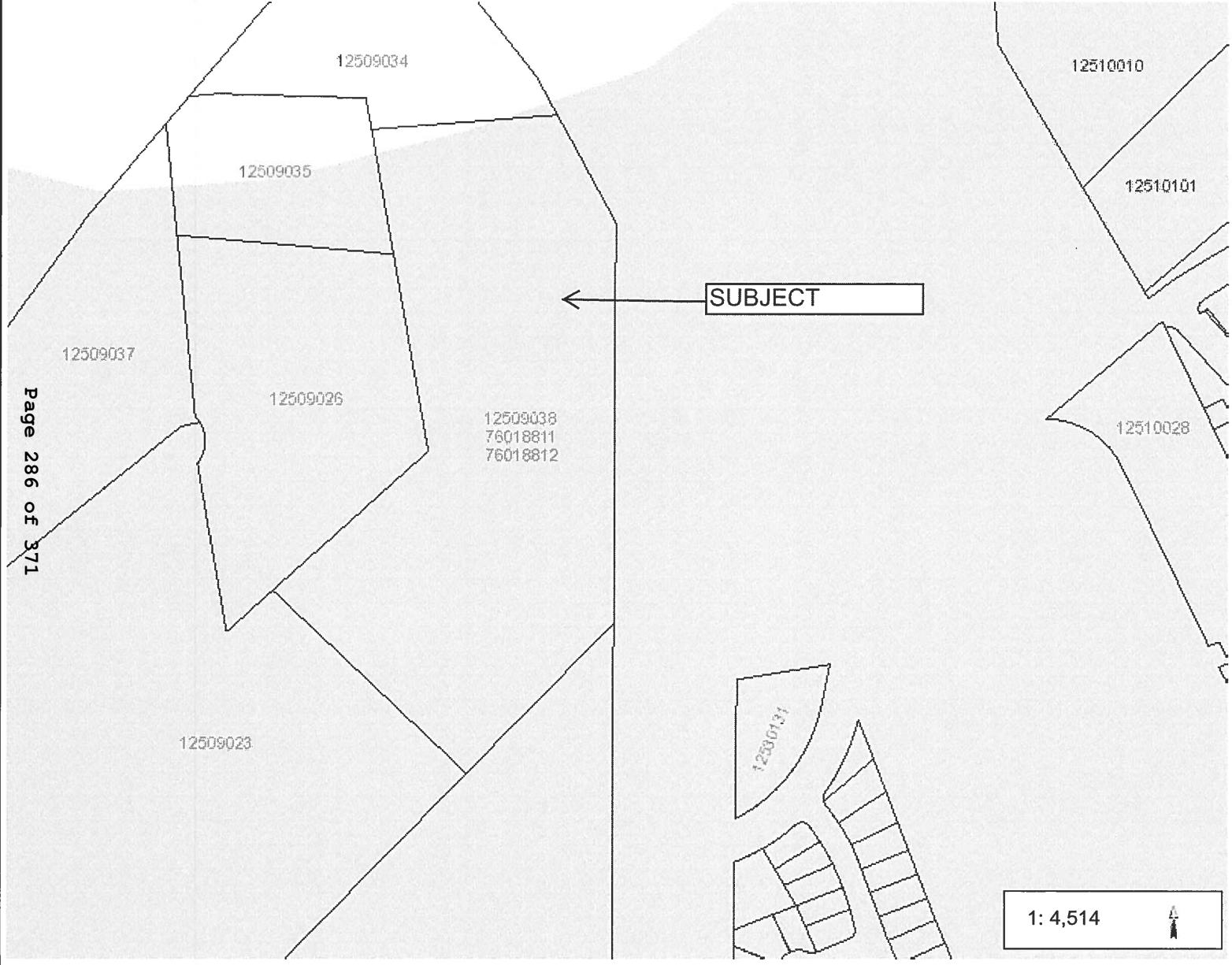
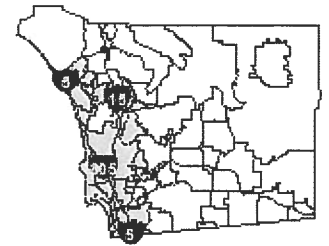
Notes

1: 4,514



WGS_1984_Web_Mercator_Auxiliary_Sphere
Planning and Development Services

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.
THIS MAP IS NOT TO BE USED FOR NAVIGATION

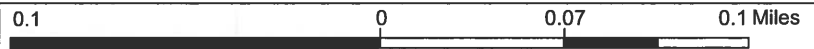


Page 286 of 371

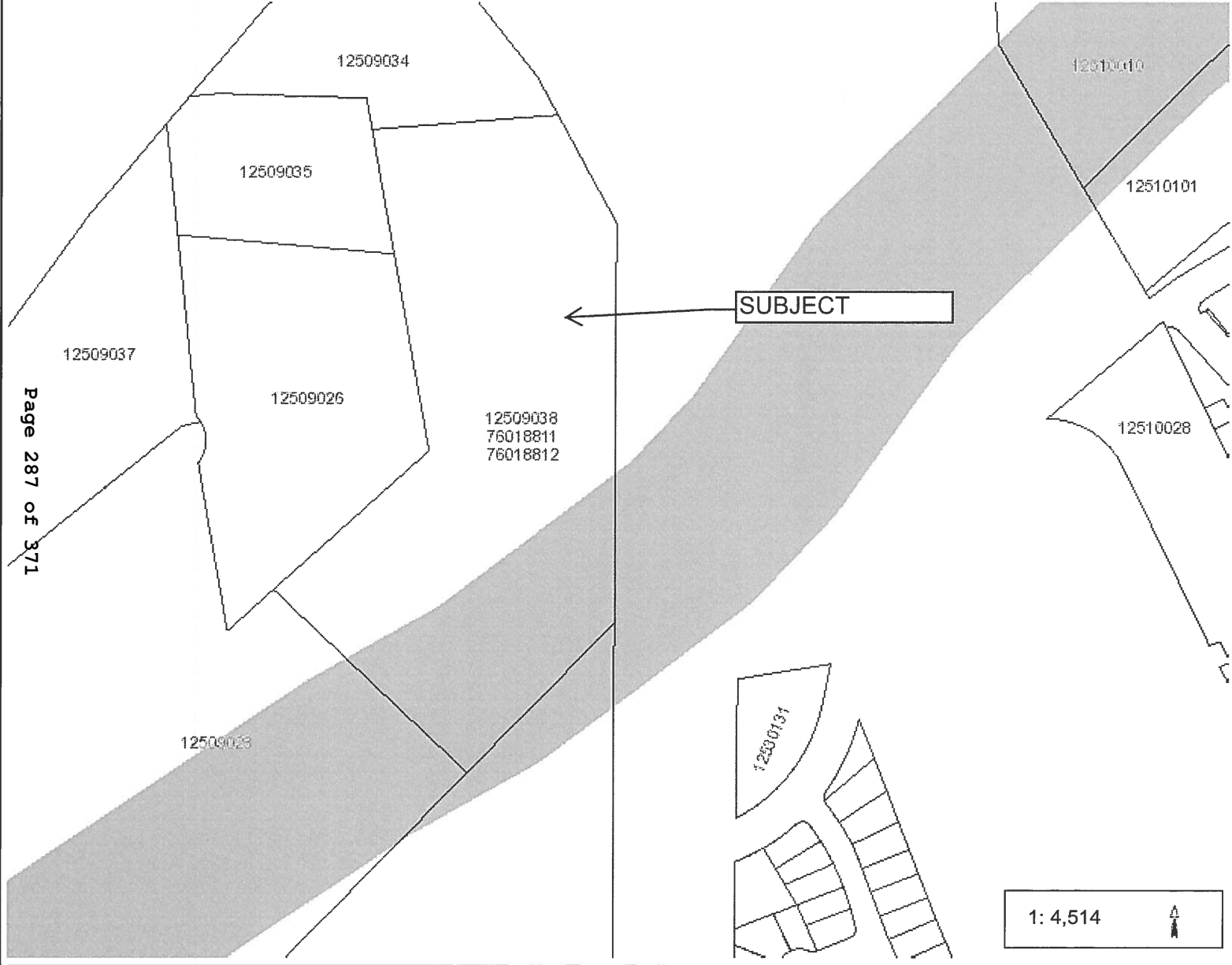
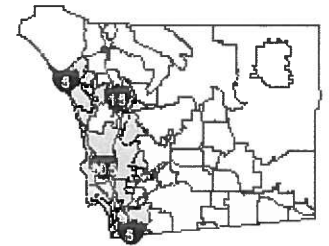
Legend

- Parcels
- Alluvial Land

1: 4,514



Notes

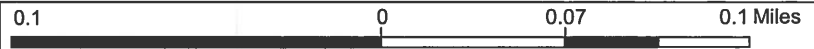


Page 287 of 371

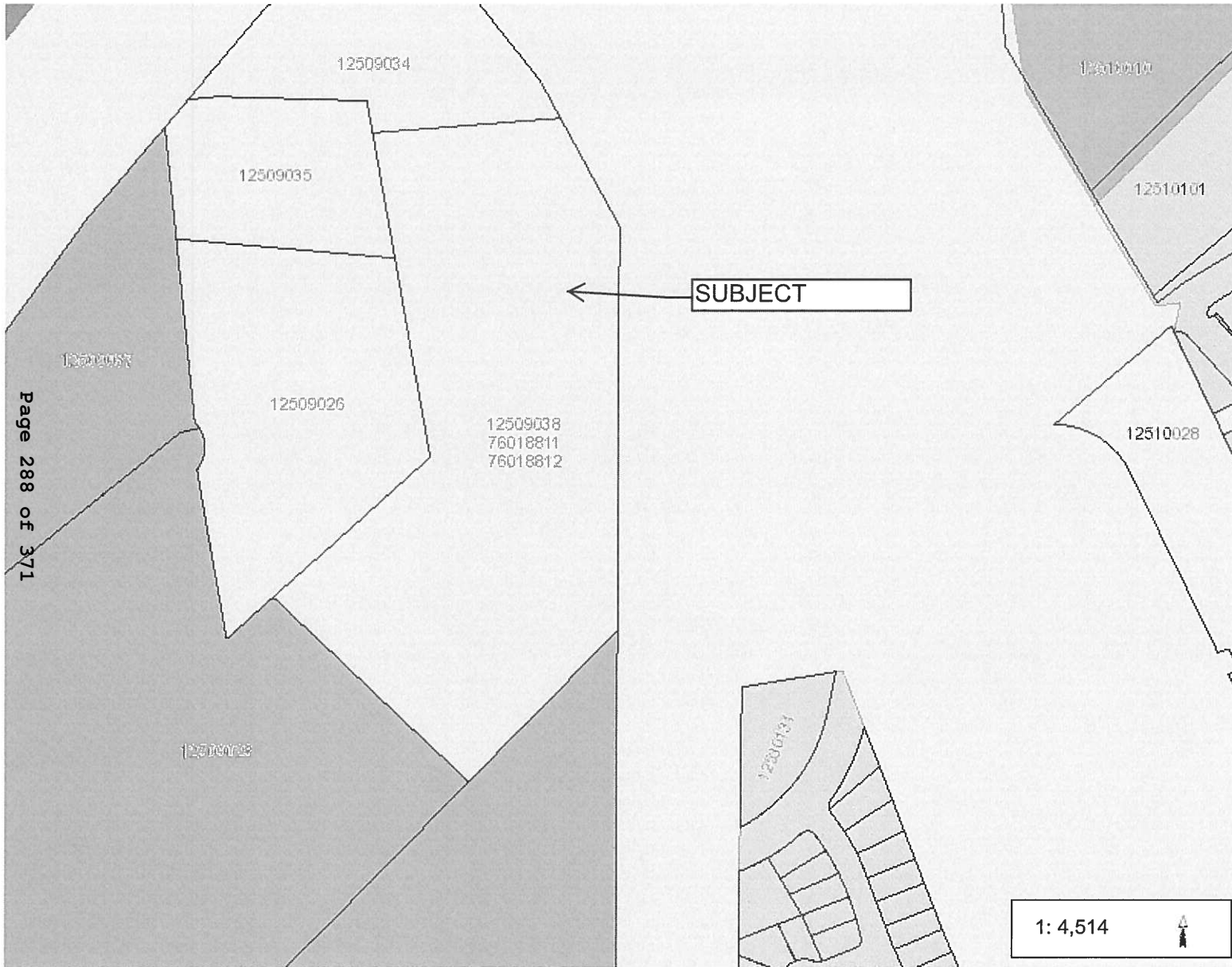
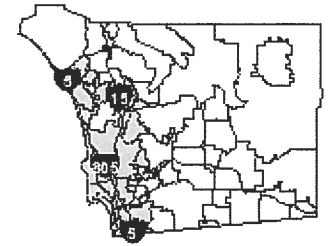
Legend

- Parcels
- Environmentally Sensitive Area

1: 4,514



Notes



Page 288 of 371

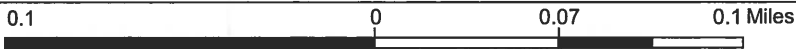
SUBJECT

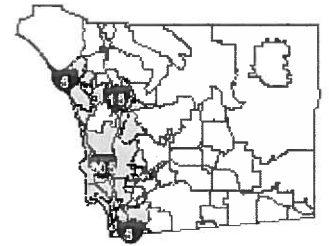
1: 4,514

Legend

- Parcels
- General Plan (Adopted 2011)**
 - Village Residential (VR-30), 30 du/£
 - Village Residential (VR-24), 24 du/£
 - Village Residential (VR-20), 20 du/£
 - Village Residential (VR-15), 15 du/£
 - Village Residential (VR-10.9), 10.9
 - Village Residential (VR-7.3), 7.3 du
 - Village Residential (VR-4.3), 4.3 du
 - Village Residential (VR-2.9), 2.9 du/ac
 - Village Residential (VR-2), 2 du/ac
 - Semi-Rural Residential (SR-0.5), 1
 - Semi-Rural Residential (SR-1), 1 du
 - Semi-Rural Residential (SR-2), 1 du
 - Semi-Rural Residential (SR-4), 1 du
 - Semi-Rural Residential (SR-10), 1 du
 - Rural Lands (RL-20), 1 du/20 ac
 - Rural Lands (RL-40), 1 du/40 ac
 - Rural Lands (RL-80), 1 du/80 ac
 - Specific Plan Area (residential dens)
 - Office Professional
 - Neighborhood Commercial
 - General Commercial
 - Rural Commercial
 - Limited Impact Industrial
 - Medium Impact Industrial
 - High Impact Industrial
 - Village Core Mixed Use

Notes



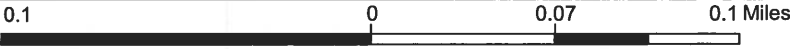


Page 289 of 371

Legend

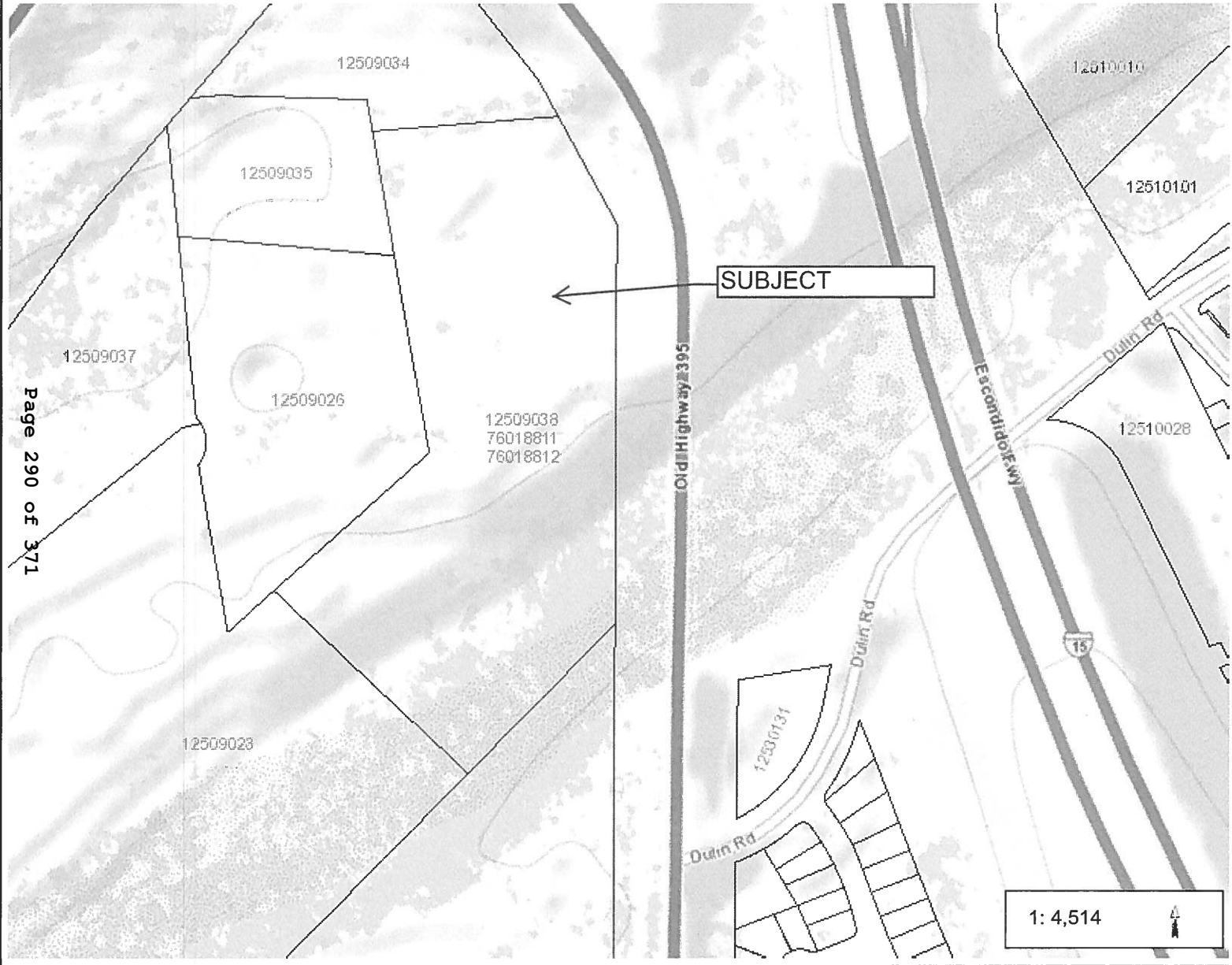
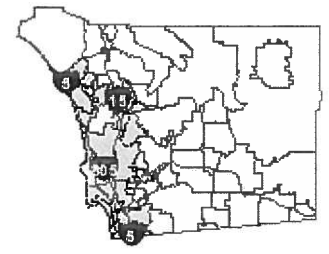
- Parcels
- Habitat Evaluation Model**
 - Very High
 - High
 - Moderate
 - Low
 - Agriculture
 - Developed

1: 4,514



This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.
THIS MAP IS NOT TO BE USED FOR NAVIGATION

Notes

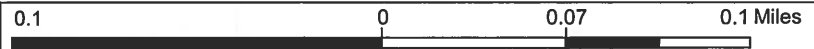


Page 290 of 371

Legend

- Parcels

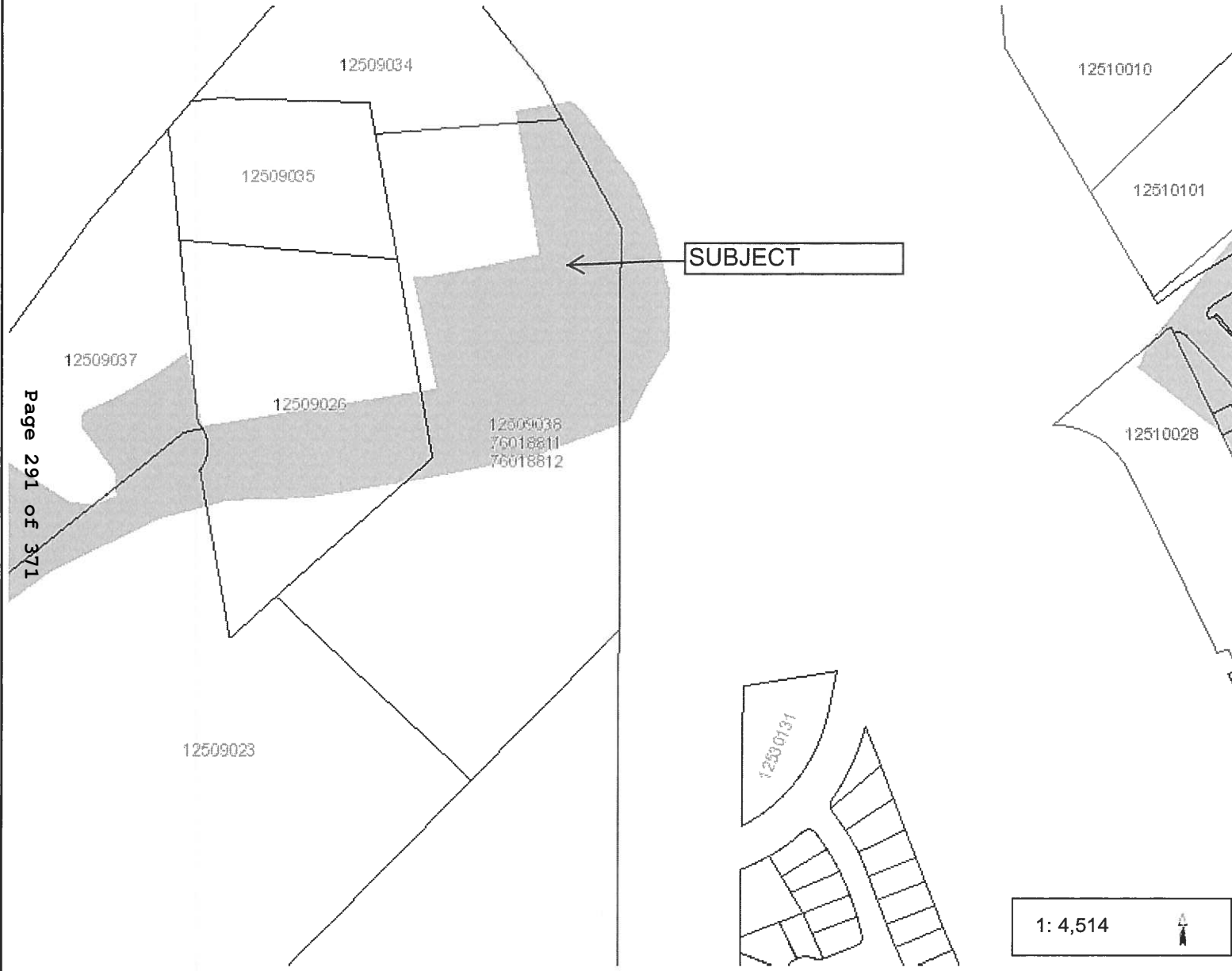
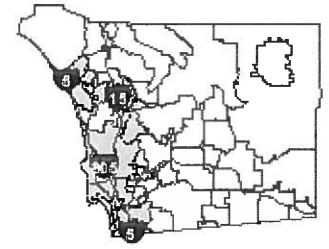
1: 4,514



WGS_1984_Web_Mercator_Auxiliary_Sphere
 Planning and Development Services

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.
THIS MAP IS NOT TO BE USED FOR NAVIGATION

Notes



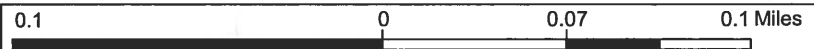
Page 291 of 371

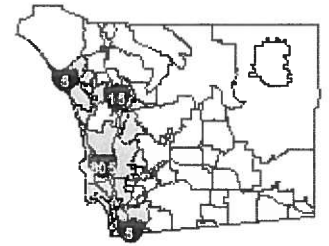
Legend

- Parcels
- Ramona Grasslands

Notes

1: 4,514



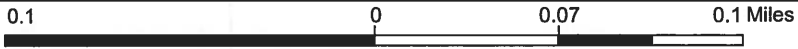


Page 292 of 371

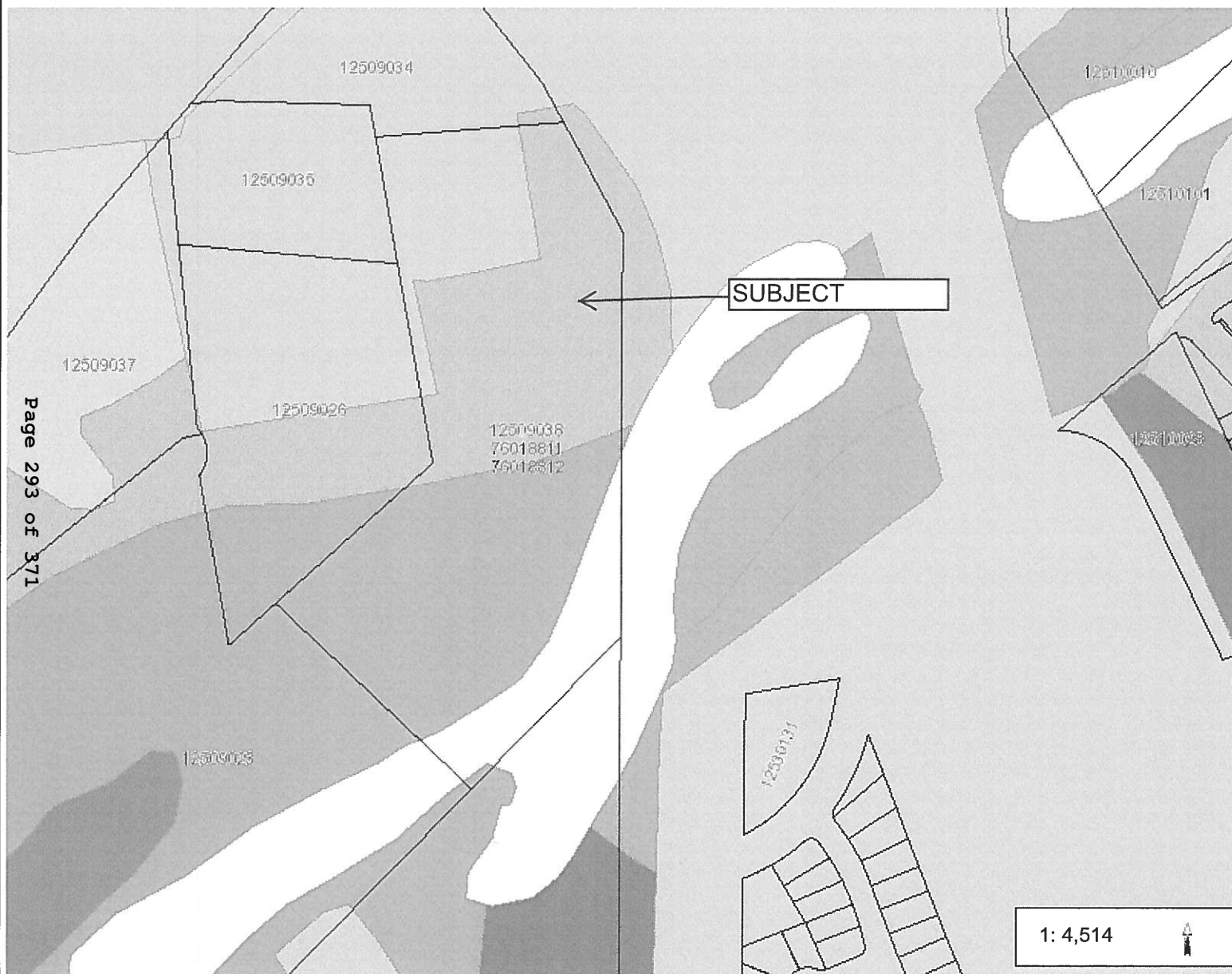
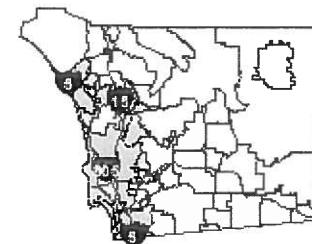
Legend

- Parcels
- Mineral Resource Zones**
 - Within 1500ft of MRZ 2
 - Resource present
 - Inconclusive
 - Resource potentially present
 - Resource not present

1: 4,514



Notes

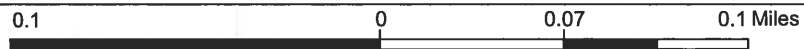


Page 293 of 371

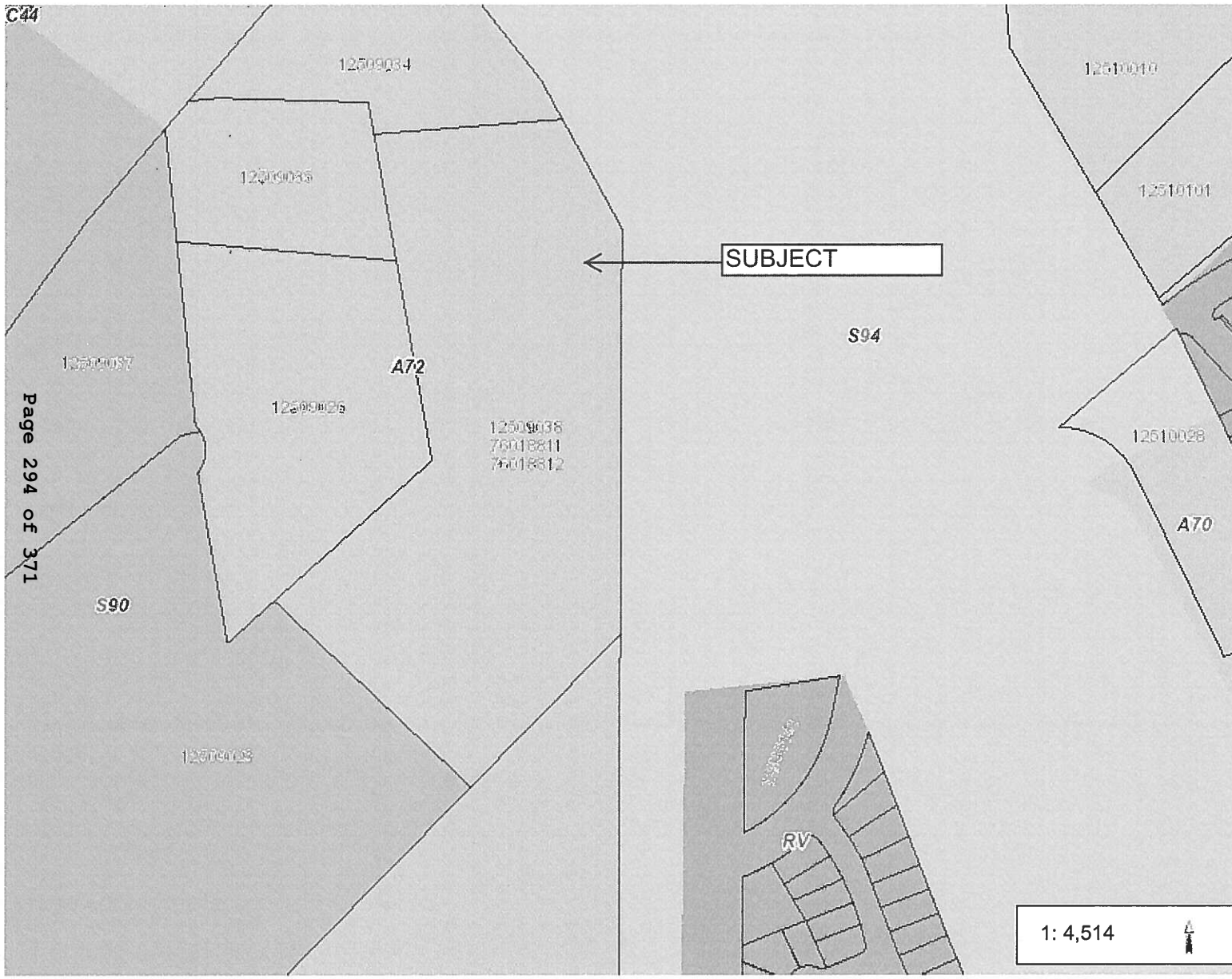
Legend

- Parcels
- Vegetation**
 - Southern Foredunes, Beach, Saltp
 - Coastal Sage Scrub
 - Chaparral
 - Grassland
 - Riparian Scrub
 - Riparian Woodland
 - Riparian Forest
 - Pinyon Juniper Woodlands
 - Other Woodlands
 - Oak Forest
 - Meadow and Seep
 - Marsh
 - Coniferous Forest
 - Desert Dunes
 - Playas/Badlands/Mudhill Forbs
 - Desert Scrub
 - Desert Chaparral
 - Dry Wash Woodla
 - Water
 - Urban, Disturbed Habitat, Agriculture
 - Not Mapped (data gaps)

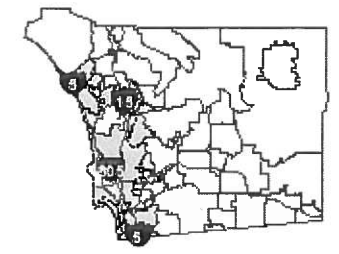
1: 4,514



Notes



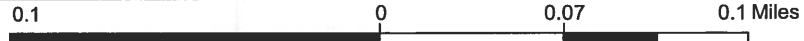
Page 294 of 371



Legend

- Parcels
- Zoning (Adopted 2011)**
 - Agriculture
 - Commercial and Office
 - Industrial
 - Multi-Family Residential
 - Residential Mobile Home
 - Rural Residential
 - Residential - Single
 - Residential - Urban
 - Residential - Variable
 - Fallbrook Revitalization Area
 - Open Space
 - Extractive Use
 - Transportation and Utility
 - Limited Control
 - Specific Plan
 - Holding Area
 - General Rural
 - City of San Diego/No Zone
 - Indian Reservation

Notes



COPY OF THE PREVIOUS LEASE



**GROUND LEASE CONTRACT AGREEMENT
BETWEEN THE
RAINBOW MUNICIPAL WATER DISTRICT
AND
WEST-TECH CONTRACTING INC.**

CONTRACT AGREEMENT NO. 12-02, PROJECT NO. 200940

1. LICENSED PROPERTY AND USE OF SITE.

1.1 Licensed Property. Rainbow Municipal Water District (“DISTRICT”) hereby licenses to West-Tech Contracting Inc. (“CONTRACTOR”) the use of a portion of the property described in Attachment A attached hereto and incorporated herein (hereinafter referred to as the “Site”), under the terms and conditions described herein. Such license includes non-exclusive ingress and egress thereto described in subsection 6.1 and Attachment C attached hereto and incorporated herein. The Site is described as a portion of DISTRICT’s property measuring approximately 202,279 square feet specified in attached Attachment A where CONTRACTOR may stockpile and process concrete, asphalt and other non-hazardous aggregate into crushed miscellaneous base (“CMB”), subject to the terms and conditions stated in this License, including Attachment B attached hereto and incorporated herein by reference. CONTRACTOR may only bring materials, including concrete, asphalt, direct and other non-hazardous aggregate from the Pala Mesa Tank project site to the Site. Nothing herein creates any CONTRACTOR right to compensation or payment from DISTRICT related to, in connection with or pertaining to such stockpiling and processing operations of CONTRACTOR.

1.2 DISTRICT use of Site. CONTRACTOR shall allow DISTRICT to access and utilize the Site.

1.3 Conformity with applicable law. CONTRACTOR agrees to use the Site only for the uses stated in this License and in accordance with all applicable federal, state, or local laws or regulations. CONTRACTOR shall be licensed under the classification of General A at times during term of this License, and shall provide proof of such licensure upon request by DISTRICT.

1.4 Commencement Date. This License shall be effective commencing January 1, 2012.

2. TERM OF LICENSE.

2.1 Initial Term. The initial term of this License (“Initial Term”) shall be twenty four (24) months from the Commencement Date. CONTRACTOR shall process and remove all material from the Site by the expiration of the Initial Term.

2.2 Renewal Term. At the end of the Initial Term, CONTRACTOR shall have the right to renegotiate this License for a Renewal Term not to exceed an additional twelve (12) months (a “Renewal Term”). The License shall expire automatically unless CONTRACTOR serves written notice no less than six (6) months prior to the expiration of the Initial Term of its intent to renegotiate the License for a Renewal Term.

3. LICENSE FEE.

Initial Term fee. CONTRACTOR shall pay to DISTRICT as a fee for the use of the Site, the sum of One Dollar (\$1.00) per year, payable on the Commencement Date of this License and each year on the same date thereafter.

4. SITE PLAN.

4.1 Tools, Equipment, Machinery. CONTRACTOR, at its sole cost, expense and risk, may maintain on the Site such tools, equipment and machinery as necessary to the uses stated in this License (collectively the "Equipment"), subject to the requirements set forth herein. DISTRICT shall have no risk of loss or liability related to any CONTRACTOR Equipment.

4.2 Site plan. CONTRACTOR shall prepare a proposed site plan to be approved in writing by DISTRICT prior to initial LICENSES access to the Site. The proposed site plan will become final upon DISTRICT's written approval, which shall not be unreasonably withheld, conditioned, or delayed. If DISTRICT fails to respond to CONTRACTOR's request for such approval in writing to CONTRACTOR within thirty (30) days following CONTRACTOR's request for such approval, the requested approval will be deemed provided by DISTRICT. The site plan shall be attached hereto as Attachment B and incorporated herein by reference.

4.3 Future modification. CONTRACTOR shall not materially modify the Site or its operations at the Site without first obtaining the prior written approval of DISTRICT. If DISTRICT does not respond in writing to CONTRACTOR within thirty (30) days following CONTRACTOR's request for approval, the requested approval will be deemed provided by DISTRICT.

4.4 Fencing. DISTRICT may require that CONTRACTOR provide a reasonably adequate fence around the Site, designed to safely prevent DISTRICT employees and visitors from entering the Site or disturbing the Equipment, and to prevent other unauthorized access. The site plan shall include fencing around the Site to protect DISTRICT employees and visitors from any and all hazards that may arise out of CONTRACTOR'S operations. CONTRACTOR shall provide its own locks on the gate and provide keys to the locks to DISTRICT.

4.5 Rock/Gravel Entry. CONTRACTOR shall provide Rock/Gravel Entry with Rumble plates.

4.6 Aesthetic enhancements. DISTRICT may require, in its discretion, reasonable aesthetic enhancements related to CONTRACTOR'S operations or any time during the term of this License. CONTRACTOR shall incorporate DISTRICT'S reasonable requirements into the site plan. DISTRICT shall not compel Site modifications that are inconsistent with applicable law or ordinances.

4.7 Water. CONTRACTOR shall purchase any water necessary for its operations at the Site from DISTRICT.

4.8 Stormwater Compliance. CONTRACTOR shall be responsible for compliance with all federal, state and local stormwater laws and regulations, including but not limited to preparation of an adequate Storm Water Pollution Prevention Plan ("SWPPP") for the Site.

4.9 Dust control. CONTRACTOR shall be responsible for all dust control measures related to its operations at the Site, including but not limited to all dust control measures necessary to keep all dust confined within CONTRACTOR'S working areas. CONTRACTOR shall wash all DISTRICT employees' vehicles once every four (4) months during the term of this License. Such wash will be either an onsite deionized water wash or a basic car wash reimbursement offsite.

4.10 Permits and regulatory compliance. CONTRACTOR agrees to and be responsible to comply with all applicable governmental laws, rules, statutes, and regulations relating to its use of the Site, including any stockpiling and processing of concrete, asphalt and non-hazardous aggregate into CMB. CONTRACTOR may not begin operation unless and until CONTRACTOR has received and demonstrated to DISTRICT'S reasonable satisfaction, all necessary permits and licenses from the appropriate permitting or licensing agencies or other governmental authorities, including if applicable any emissions permit required by the San Diego Air Pollution Control District for the operation of back-up power generators. CONTRACTOR shall be solely responsible to establish, implement and maintain an effective Injury and Illness Prevention Program ("IIPP") in compliance with applicable law. CONTRACTOR shall obtain all necessary permits and licenses and begin operation no less than three (3) months from the date of DISTRICT'S execution of this License, and CONTRACTOR's failure to do so within the required time period shall constitute nonperformance pursuant to Section 11.1(a) of this License.

4.11 Clean Site. CONTRACTOR shall clean the Site daily prior to leaving the Site. CONTRACTOR agrees to maintain the Site in a clean and neat manner.

4.12 Inspection. DISTRICT may inspect CONTRACTOR'S Equipment and operations at any time for verification of compliance with the terms of the License.

4.13 Processing of Existing Stockpiles and Other Materials. CONTRACTOR shall process all existing stockpiles of concrete, asphalt and other non-hazardous aggregate on the Site for DISTRICT'S use (estimated at approximately ten thousand (10,000) tons) and any material brought into and deposited on the Site by DISTRICT during the term of this License at no cost, charge or expense to DISTRICT. Material(s) brought onsite by the DISTRICT to be processed must not require additional equipment mobilization. Materials brought on-site by the District will be processed with equipment mobilized for the CONTRACTOR's initial crushing operation. DISTRICT shall have sole ownership and title to all such materials, including after such materials have been processed into CMB.

4.14 Processing Materials from Pala Mesa Tank - Phase I Project. CONTRACTOR may stockpile and process concrete, asphalt and other miscellaneous non-hazardous aggregate from the Pala Mesa Tank - Phase I project at the Site, provided all such material shall be removed from the Site prior to expiration of this License. This License shall in no way affect the scope of work or relieve the CONTRACTOR from any obligations pursuant to the Pala Mesa Tank - Phase I Contract Agreement No. 10-16 ("Pala Mesa Tank Agreement"), including but not

limited to removal, hauling and disposal obligations, and this License does not waive any DISTRICT rights pursuant to the Pala Mesa Tank Agreement. All removal, hauling and disposal of any materials from the Pala Mesa Tank – Phase I project will be pursuant to the Pala Mesa Tank Agreement and subject to all obligations, requirements, terms and conditions stated in such agreement.

4.15 No Other Materials Allowed. Except as stated in sections 4.13 and 4.14, above, CONTRACTOR shall not deliver, stockpile or process any other materials at the Site.

4.16 Increased maintenance costs. In the event that the set up, existence or operation of CONTRACTOR Equipment or operations directly causes any increase in the cost of maintenance and/or repairs of any other portion of DISTRICT property, CONTRACTOR agrees to pay the increased expense caused by CONTRACTOR Equipment or operations, subject to CONTRACTOR's receipt of third party invoices and any other documentation relating to such increase. In the event that CONTRACTOR, jointly with other licensees is responsible for such increased maintenance, then any increased cost shall be shared equally by all such licensees (including CONTRACTOR).

4.17 Safety. CONTRACTOR shall be solely responsible for safety concerning its Equipment and operations at the Site. DISTRICT requires that CONTRACTOR take all reasonable safety and security measures in its operations, including adequate signage as determined by DISTRICT. CONTRACTOR shall incorporate reasonable DISTRICT requirements into the site plan. Any DISTRICT review or observation of CONTRACTOR'S safety measures shall not reduce, limit otherwise affect CONTRACTOR'S sole responsibility for safety concerning its Equipment and operations at the Site.

4.18 Hazardous materials. At no time shall CONTRACTOR store or use any hazardous material or substance, defined as such by any state or federal statute or regulation, on the Site or otherwise on DISTRICT property in violation of applicable law or DISTRICT policy. CONTRACTOR shall submit a list of all hazardous materials or substances used or stored on the Site, for approval of DISTRICT. CONTRACTOR shall cease to store or use any hazardous substance or material not approved by DISTRICT. Such approval shall be at the sole discretion of DISTRICT.

4.19 Generators. CONTRACTOR must obtain prior written approval from DISTRICT prior to operating any back-up power generators with attached manufacturer-installed fuel storage tanks in the event of an interruption in electrical service. The self-contained back-up power generators and attached fuel storage tanks shall be immediately removed from the Site once regular electrical service is restored. Unless otherwise approved by DISTRICT in writing, CONTRACTOR shall be restricted to portable, gasoline-powered generators only, described in Attachment B, and shall not refuel the generators on DISTRICT property. CONTRACTOR shall not store any fuel at the Site other than that contained in the generator's attached manufacturer-installed tank, which in no event shall exceed 50 (fifty) gallons of gasoline fuel on DISTRICT property at any time. CONTRACTOR shall not place more than 1 (one) such generator at the Site at any time, without prior written approval from DISTRICT. Co-licensees may enter co-use agreements for back-up power generation subject to the restrictions set forth in this License, and subject to written approval of DISTRICT. Additionally, DISTRICT may require any licensee

that intends to use back-up power generation at the Site, including CONTRACTOR under this subsection, to enter into a co-use agreement pursuant to subsection 7.3.

4.20 Compliance with Agreement. CONTRACTOR shall comply with all requirements of the Pala Mesa Tank – Phase I Contract Agreement No. 10-16, including the general conditions, in its use of the Site.

5. OWNERSHIP.

DISTRICT shall, at all times, be the sole and exclusive owner of the Site, and any materials deposited by DISTRICT at the Site, before and after any processing into CMB. CONTRACTOR shall at all times be the sole and exclusive owner of its Equipment, which shall be maintained and repaired by the CONTRACTOR at its sole expense.

6. ACCESS.

6.1 Restricted ingress/egress. DISTRICT grants CONTRACTOR ingress to and egress from the Site as described and depicted in Attachment C. CONTRACTOR shall be restricted to the ingress/egress as set forth in Attachment C, unless otherwise directed in writing by DISTRICT.

6.2 Hours of Operation. CONTRACTOR may only be present and conduct operations at the Site pursuant to this License within the hours of 7 a.m. and 5 p.m., Monday through Friday.

6.3 Routine access notification. CONTRACTOR shall notify DISTRICT concerning either routine maintenance or other non-emergency repairs, at least forty-eight (48) hours before CONTRACTOR begins any maintenance or repair work to its Equipment. Such notification shall be in writing and shall be transmitted to DISTRICT either by certified or registered mail, or by facsimile. Should CONTRACTOR desire to perform any routine or other non-emergency maintenance or repair work to its Equipment other than during the regular hours of operation, CONTRACTOR shall obtain written permission from DISTRICT, which may be granted or denied in DISTRICT'S sole discretion, and pay to DISTRICT a service charge of Seventy-Five Dollars (\$75.00) per hour for each hour of after-hours access to the Site. DISTRICT and CONTRACTOR shall cooperate in scheduling maintenance or repairs to the Equipment to assure the least disruption to DISTRICT operations.

6.4 Emergency access notification. CONTRACTOR shall have unrestricted twenty-four (24) hour access to the Site for the purpose of emergency repairs of the Equipment. Emergency repairs shall be limited to repairs that must be completed immediately in order to prevent injury to persons or property. CONTRACTOR shall make reasonable efforts to notify DISTRICT prior to access for emergency repairs to the Site, but in all such cases the CONTRACTOR shall notify DISTRICT within seventy-two (72) hours of when such access has occurred, and upon written request shall provide sufficient documentation to establish that emergency access was necessary.

6.5 Authorized persons. It shall be CONTRACTOR'S sole responsibility under this License to ensure that unauthorized persons do not enter the Site or disturb the Equipment.

DISTRICT shall have no responsibility for the safety or security of CONTRACTOR, its employees or agents, or unauthorized persons entering the Site.

6.6 Third-party access. CONTRACTOR shall notify DISTRICT should any governmental agencies request or demand access to the Equipment or Site for lawful inspections or other regulatory actions or activities. It shall be CONTRACTOR's responsibility to coordinate access with DISTRICT, to ensure that DISTRICT has a reasonable opportunity to accommodate any disruption caused by the access.

7. ASSIGNMENT, SUBLICENSE, AND CO-LICENSING.

7.1 Assignment. CONTRACTOR shall not have the right to assign its rights under this License without the prior written consent of DISTRICT.

7.2 Sublicense. Sublicensing and subcontracting by CONTRACTOR is prohibited, unless approved in writing by DISTRICT.

7.3 Co-license. CONTRACTOR hereby agrees to cooperate fully with DISTRICT's co-licensing agreements, and shall not interfere with a co-licensee's access to DISTRICT's property or its facilities, so long as a co-licensee does not interfere with the CONTRACTOR's Equipment or operations. If requested by DISTRICT, CONTRACTOR hereby agrees to enter into a co-use agreement with one or more co-licensees for back-up power generation pursuant to subsection 4.13, if CONTRACTOR intends to use back-up power generation.

8. UTILITIES.

8.1 CONTRACTOR responsibility. CONTRACTOR shall be responsible to secure all utilities required by CONTRACTOR for its use of the Site directly from the servicing utility. DISTRICT will cooperate with CONTRACTOR in CONTRACTOR'S efforts to obtain utilities from any location provided by DISTRICT or the servicing utility, including effectuating any easement or other instrument reasonably required by the utility company provided that such efforts do not pose any disruption to DISTRICT operations, or place any financial obligation upon DISTRICT. CONTRACTOR shall, at its expense, install a separate electric meter and pay its electricity costs directly to the appropriate utility company.

8.2 Disruptions. If either party in any way disturbs, interrupts or interferes with the utility service of the other party, that party shall, at its sole expense, promptly provide for complete repair and restoration of the utility service.

8.3 Damages for disruption. Notwithstanding the foregoing section 8.2, under no circumstances shall DISTRICT be liable to CONTRACTOR for any consequential, incidental, or any other damages caused by any lapse in CONTRACTOR'S services due to a disturbance, interruption, or interference of utility service.

9. INSURANCE.

9.1 Requirement of insurance. CONTRACTOR shall, at its sole cost and expense, secure and maintain in effect during the entire period of this License, insurance as required by

the Pala Mesa Tank – Phase I Contract Agreement No. 10-16 covering its use of the Site. Such insurance shall include commercial pollution/environmental coverage for any and all liability associated with any environmental assessment and/or environmental cleanup on the Site of at least \$1,000,000 per occurrence. All insurance provisions stated in the Pala Mesa Tank – Phase I Contract Agreement No. 10-16 shall apply to this License.

9.2 Proof of Insurance. Within ten (10) days after execution of this License and within thirty (30) days of DISTRICT's written request at any time thereafter, CONTRACTOR shall provide DISTRICT with certificates of insurance for the required policies for the above-specified types of insurance and all additional insured endorsements. Upon DISTRICT'S written request, the CONTRACTOR shall provide DISTRICT with copies of the required policies and proof of payment of premiums thereon.

9.3 Continuation of Coverage. If any of the required coverages expire during the term of this License, CONTRACTOR shall deliver the renewal certificate(s) including all additional insured endorsements to DISTRICT at least ten (10) days prior to the expiration date.

9.4 Sub-licensees. In the event of any sublicense or subcontract by the CONTRACTOR, CONTRACTOR shall be responsible to require and confirm that each sublicense or subcontractor meets the minimum insurance requirements required by this section, including the waiver of subrogation.

10. INDEMNIFICATION, HOLD HARMLESS AND DEFENSE.

10.1 Indemnification, Hold Harmless and Defense. To the fullest extent permitted by law, CONTRACTOR shall indemnify, hold harmless and defend DISTRICT, its directors, officers, employees, agents and authorized volunteers, and each of them (collectively referred to as "DISTRICT Indemnified Parties") from and against any and all claims, demands, causes of action, damages, penalties, judgments, awards, decrees, costs, expenses, attorneys' fees, losses or liabilities, in law or in equity, of every kind or nature, including but not limited to personal injury, wrongful death, and property damage arising out of, related to or in connection with any of the following, and regardless of any negligence of DISTRICT Indemnified Parties except the sole negligence or willful misconduct of DISTRICT Indemnified Parties:

(a) the use and/or occupancy of the Site by CONTRACTOR or any of its sublicensees, subcontractors or agents;

(b) any alleged violation of any governmental law, rule, statute, regulation or ordinance concerning the existence or operation of CONTRACTOR or any sublicense, subcontractor or agent; and/or

(c) the failure, neglect, or refusal of CONTRACTOR or any of its sublicensees, subcontractors or agents to perform any obligation under this License.

10.2 Defense. CONTRACTOR shall defend, at its own cost, expense and risk, any all suits, actions or proceedings of every kind that may be brought or instituted against DISTRICT Indemnified Parties, or any of them, within the scope of CONTRACTOR's obligation under this

License. DISTRICT shall approve the selection of legal counsel to defend DISTRICT Indemnified Parties. CONTRACTOR shall not agree without DISTRICT Indemnified Parties' prior written consent to any settlement which would require DISTRICT Indemnified Parties to pay money or perform some affirmative act. DISTRICT may, in its sole discretion, defend any and all such aforesaid suits, actions or other proceedings and CONTRACTOR shall be responsible to reimburse DISTRICT Indemnified Parties for all costs of defense incurred by each of them including attorneys' fees and reasonable costs.

10.3 Enforcement of this Obligation. CONTRACTOR shall reimburse DISTRICT Indemnified Parties for any and all legal expenses and costs, including attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnify, hold harmless and defense obligation herein provided.

10.4 No Limitation. CONTRACTOR's indemnification, defense and hold harmless obligation shall not be limited in any way by any limitation on the amount of type of damages, compensation or benefits payable by or for CONTRACTOR, any sublicensee, or other persons, under workers compensation acts, disability benefit acts, other employee acts or the insurance required by this License. CONTRACTOR's indemnification, defense and hold harmless obligation shall also not be restricted to insurance proceeds, if any received by DISTRICT Indemnified Parties, or any of them.

10.5 Notification. Each party shall use reasonable efforts to notify the other party in writing of any such claim or loss within thirty (30) days of receipt of any such claim. Failure to give notice within said time period shall not, however, relieve the CONTRACTOR of its obligations under this section.

10.6 Survival. The indemnity, hold harmless and defense obligations under this Section will survive the termination of this License.

11. TERMINATION.

11.1 DISTRICT termination. DISTRICT shall have the right to terminate this License as set forth below.

(a) Nonperformance. If CONTRACTOR shall fail or refuse to timely perform any duty or obligation under this License, and CONTRACTOR shall have failed to remedy such nonperformance within thirty (30) days following written notice from DISTRICT to CONTRACTOR, DISTRICT may terminate this License by giving the CONTRACTOR thirty (30) days prior written notice. Substantial variation from any DISTRICT-approved site plan or schedule shall be considered CONTRACTOR failure to perform its duty and obligation.

11.2 Expansion of DISTRICT operations, damage or destruction. (1) If CONTRACTOR's operation or occupancy of the Site interferes with or limits future building alterations needed for the operations or the expansion of DISTRICT operations, or (2) if the Site has been destroyed or damaged in such a way as to make repair or restoration of the Site infeasible while occupied by CONTRACTOR, DISTRICT may terminate this License by giving the CONTRACTOR ninety (90) days prior written notice. Such determination is within

DISTRICT's sole judgement. DISTRICT shall deliver a written notice (the "Notice") to CONTRACTOR terminating the lease under this section.

(a) Interference. If CONTRACTOR's Equipment or operations interfere with DISTRICT's equipment or operations, whether or not located on the same property, and CONTRACTOR fails to cure said interference within thirty (30) days of receipt of written notice of interference by DISTRICT (or, if a longer period of time is reasonably necessary, then such longer period of time provided that CONTRACTOR is diligently attempting to cure the interference), DISTRICT may terminate this License by giving CONTRACTOR twenty four (24) hours prior written notice. Notwithstanding the above, DISTRICT shall have no grounds to terminate the LICENSE for interference caused by CONTRACTOR's Equipment or operations if CONTRACTOR elects to temporarily cease its operations (except to conduct occasional, limited tests) until such time as CONTRACTOR is able to resume its operations without its Equipment or operations causing such interference.

11.3 CONTRACTOR termination. CONTRACTOR shall have the right to terminate this License as set forth below.

(a) Nonperformance. If DISTRICT shall fail or refuse to timely perform any duty or obligation under this License, and DISTRICT shall have failed to remedy such nonperformance within thirty (30) days following written notice from CONTRACTOR to DISTRICT, CONTRACTOR may terminate this License by giving DISTRICT thirty (30) days prior written notice.

(b) Permitting. If any agency, board, court or other governmental authority shall refuse to issue, or shall suspend or cancel, any permit or license necessary for CONTRACTOR to locate and/or operate its Equipment at the Site, CONTRACTOR may terminate this License by giving DISTRICT thirty (30) days prior written notice.

(d) Damage or destruction. If the Site has been destroyed or damaged at no fault of CONTRACTOR, its sublicensees or agents, in such a way as to make it physically or financially infeasible for the Site to be used substantially in the manner that the Site had been used by CONTRACTOR prior to such damage or destruction, CONTRACTOR may terminate this License by giving DISTRICT thirty (30) days prior written notice. DISTRICT is in no way required by this License to repair or restore the Site if destroyed or damaged.

12. CONTRACTOR OBLIGATIONS UPON TERMINATION OR EXPIRATION.

12.1 Return to original condition. At the expiration of or earlier termination of this License for any reason, the CONTRACTOR, at its sole cost and expense, covenants to remove its Equipment from the Site and restore the Site to a condition as least as good as existed before the CONTRACTOR's use of the property, reasonable use and the effects of time excepted. This shall include any removal of all Equipment and any concrete, asphalt, CMB or other materials not owed by DISTRICT, clean-up, removal and disposal of any refuse, leveling of the Site to its condition prior to CONTRACTOR'S use of the SITE and any remediation of contamination caused by CONTRACTOR, its sublicensees, subcontractors or agents.

12.2 Storage. Any Equipment that CONTRACTOR does not remove within thirty (30) days after the termination of this License may be removed by DISTRICT and placed in storage at CONTRACTOR's expense. CONTRACTOR shall continue to pay the then-applicable license fee until such time as CONTRACTOR removes its Equipment from the Site and/or any storage facilities utilized by DISTRICT.

13. TAXES.

13.1 Increased taxes. CONTRACTOR shall be responsible for any imposition or increase of property taxes, regulatory or other fees, or any penalties resulting from the nonpayment or delinquent payment of such taxes or fees assessed or imposed on either CONTRACTOR or DISTRICT resulting from CONTRACTOR's use of the Site or its Equipment. DISTRICT shall forward to the CONTRACTOR by the address listed in Section 17 of this License, a copy of any notice of taxes, assessments or other charges received by DISTRICT from a regulatory agency or local assessor, which CONTRACTOR shall pay if such taxes, assessments or other charges result from CONTRACTOR's use of the Site or its Equipment.

13.2 Proof of payment. CONTRACTOR shall forward to DISTRICT copies of all proofs of payment of taxes relating to the Site or Equipment within thirty (30) days of payment, if such payment was made pursuant to Section 13.1 above.

14. WAIVER.

No waiver of any breach of any one or more of the conditions or covenants of this License by DISTRICT or by CONTRACTOR shall be deemed to imply or constitute a waiver of any succeeding or other breach under this License.

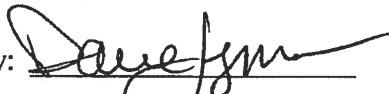
15. AMENDMENT OR MODIFICATION.

The License may not be amended or modified orally or in any manner other than by an agreement in writing signed by both parties. This License does not reduce, waive or eliminate any rights and obligations pursuant to the Pala Mesa Tank Agreement.

THE PARTIES TO THIS AMENDMENT by their signatures acknowledge they have read and understand this License and intend to be bound by its terms.


DISTRICT:

RAINBOW MUNICIPAL WATER
DISTRICT

By: 
Title: general manager
Date: 3/1/12

CONTRACTOR:

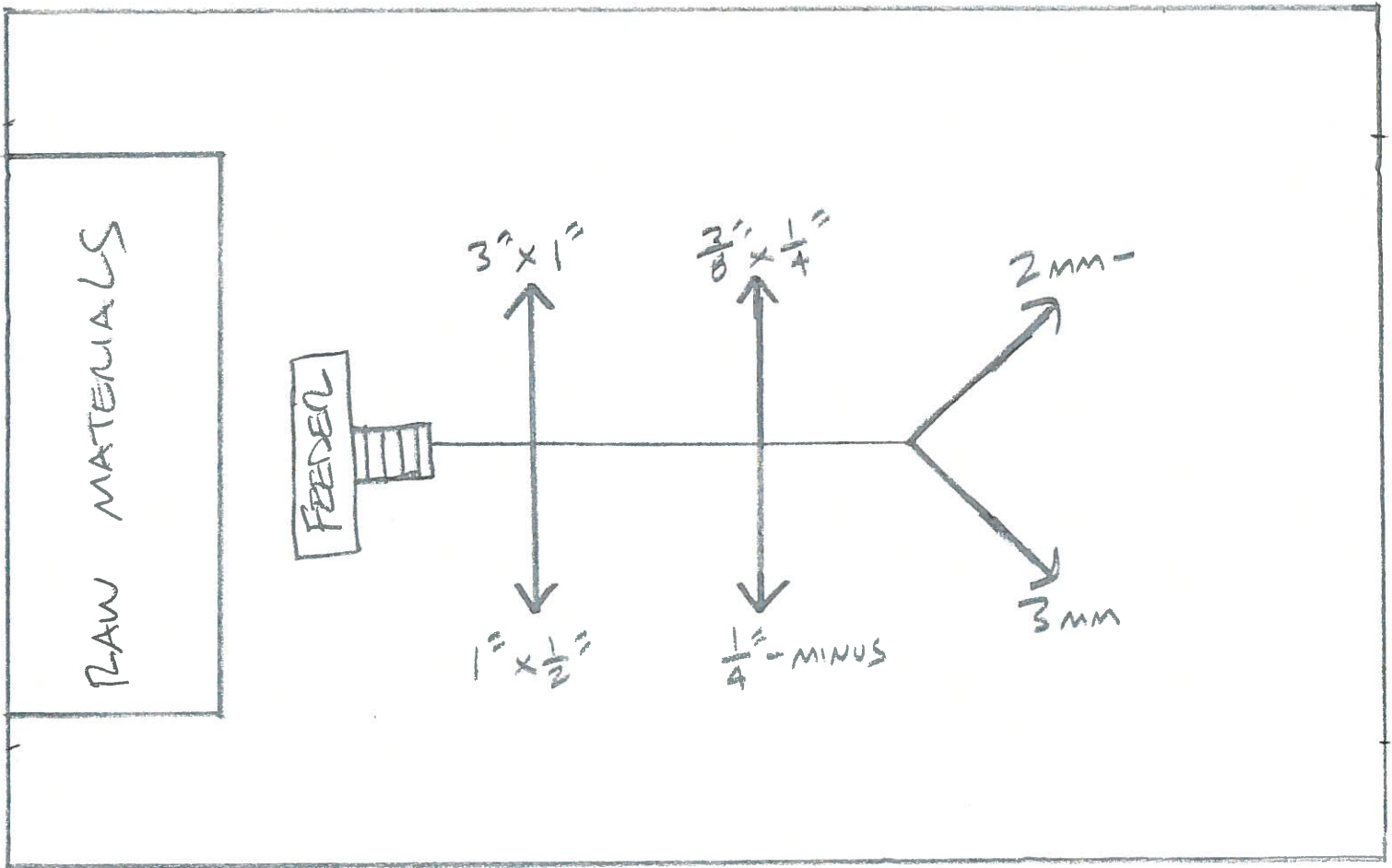
WEST-TECH CONTRACTING INC.

By: 
Title: PRESIDENT
Date: 2/3/12

ATTACHMENT D – Tenant’s Proposed Site Plan

This Attachment should clearly describe and depict Tenant’s Equipment and operations as proposed, through diagrams, pictures, and text, and should state that it is a “proposed” draft, subject to Landlord’s approval. Additionally, this Attachment should include the make and model information and specifications, including fuel storage capacity, for any proposed back-up power generators. Include any schedule requirements. This Attachment should be prepared by the Tenant.

The equipment is a power screen, crusher, excavator, bulldozer, and generator. Operations include screening, crushing, and loading trucks. No fuel is stored onsite.



LANDLORD: 

TENANT: 

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-11 TO ACCEPT THE GRANT DEED FOR THE PROPOSED SCHOOLHOUSE LIFT STATION PROPERTY

BACKGROUND

The District has been working with Kennedy Jenks and Associates (KJ) to design improvements for the replacement of Lift Station 1 (LS1) and surrounding pipelines. These facilities require replacement because they are undersized for current and predicted future flows. In addition, certain sections of these pipelines and LS1 are showing signs of deterioration. This current project concept includes a replacement of Lift Station 1 with the proposed Schoolhouse Lift Station, located at Old River Road and Calle De Las Estrellas in the new Golf Green Estates development.

At the meeting on December 5, 2017, the Board approved the Agreement Consenting to Sewer Connection Fee Charges and to the Exchange of Lot 25 for Capacity Credit By and Between Rainbow Municipal Water District and Development Solutions Bon, LLC (Agreement). The Agreement arranged the exchange of Lot 25 of the Golf Green Estates development, the site proposed for the Schoolhouse Lift Station, for \$247,035.00 in sewer capacity credit.

DESCRIPTION

Resolution No. 18-11, attached, simply accepts the Grant Deed, attached, for the following described real property located in the County of San Diego, State of California:

LOT 25 OF COUNTY OF SAN DIEGO TRACT NO. 5498-1, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 16139, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 19, 2016.

Resolution No. 18-11 and the Certificate of Acceptance, attached, are required to be recorded with the Grant Deed. The Grant Deed may require some minor adjustments upon legal review.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management. This procurement is part of our planning to meet present demands on our wastewater services to the region.

BOARD OPTIONS/FISCAL IMPACTS

The Board has agreed to exchange \$247,035.00 in sewer capacity credit for Lot 25 as stated in the Agreement Consenting to Sewer Connection Fee Charges and to the Exchange of Lot 25 for Capacity Credit By and Between Rainbow Municipal Water District and Development Solutions Bon, LLC.

1. Adopt Resolution 18-11 to accept the Grant Deed for the proposed Schoolhouse Lift Station property.
2. Provide other direction to Staff.

STAFF RECOMMENDATION

Staff recommends Option 1.



Michael Powers
Associate Engineer

06/26/2018

RESOLUTION No. 18-11

**RESOLUTION OF THE GOVERNING BODY OF
THE RAINBOW MUNICIPAL WATER DISTRICT,
ACCEPTING THE GRANT DEED FOR EXCHANGE OF LAND**

WHEREAS, the Rainbow Municipal Water District has approved the exchange of \$247,035.00 in sewer capacity credit for APN #126-072-25-00, a parcel located at Old River Road and Calle De Las Estrellas; and

WHEREAS, Development Solutions BON, LLC, a Delaware Limited Liability Company, has executed a Grant Deed dated July 1, 2018, for the exchange of the above referenced parcel, more particularly described on the Grant Deed, attached hereto, to Rainbow Municipal Water District, a local public agency; and

WHEREAS, the exchange terms are set forth in Agreement Consenting to Sewer Connection Fee Charges and to the Exchange of Lot 25 for Capacity Credit By and Between Rainbow Municipal Water District and Development Solutions BON, LLC

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

Section 1. The Grant Deed set forth above is accepted hereby.

PASSED, APPROVED AND ADOPTED this June 26, 2018 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President
Rainbow Municipal Water District

ATTEST:

Dawn Washburn, Board Secretary
Rainbow Municipal Water District

APPROVED AS TO FORM:

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

Alfred Smith, II, General Counsel
Nossaman LLP
777 South Figueroa Street, 34th Flr.
Los Angeles, California 90017

DOCUMENTARY TRANSFER TAX \$ _____

(Space Above For Recorder's Use)

_____ Computed on the consideration or value of property
conveyed; OR

_____ Computed on the consideration or value less liens
or encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax-Firm Name

APN: _____

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, DEVELOPMENT SOLUTIONS BON, LLC, a Delaware limited liability company, GRANTS to RAINBOW MUNICIPAL WATER DISTRICT, a municipal water district organized under the Municipal Water District Law of 1911, the following described real property located in the County of San Diego, State of California:

LOT 25 OF COUNTY OF SAN DIEGO TRACT NO. 5498-1, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 16139, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 19, 2016.

DATED: _____ 2018

DEVELOPMENT SOLUTIONS BON, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

MAIL TAX STATEMENTS TO:

Rainbow Municipal Water District
Attn: General Manager
3707 Old Highway 395
P.O. Box 2500
Fallbrook, California 92088

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 2018, before me, _____
_____, Notary Public, 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.

Notary Public

**RAINBOW MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS**

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property located in/at/vicinity conveyed by the grant deed attached hereto dated July 1, 2018 from Development Solutions BON, LLC, a Delaware Limited Liability Company, (Grantor) to the Rainbow Municipal Water District (Grantee), a local public agency, is hereby accepted by the undersigned officer, or agent, on behalf of the Rainbow Municipal Water District Board of Directors pursuant to Authority conferred by Resolution 18-11 adopted on the 26th day of June, 2018, and the grantee consents to recordation thereof by its duly authorized officer.

Dated this 26th day of June 2018, at Fallbrook, California.

Helene Brazier, Board President
Rainbow Municipal Water District

ATTEST:

Dawn Washburn, Board Secretary
Rainbow Municipal Water District

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT THE RECOMMENDATIONS IN THE STAFFING ANALYSIS FOR FISCAL YEAR 2018-2019

BACKGROUND

The Human Resources Manager has updated five-year staffing analysis that forecasts the organizational and personnel changes required to develop and maintain a successful workforce plan for the next five fiscal years.

The information contained in the report was presented to the Board in two presentations in April and May 2018, followed by a written draft delivered to the Board in hard copy at the May 2018 Board meeting. The report describes the recommended staffing levels for the coming fiscal year to increase operational efficiencies, provide better service to our customers, and prepare staff for future leadership opportunities. This report also serves as a key reference tool for succession planning purposes.

DESCRIPTION

The Five-Year Staffing Analysis makes several staff recommendations related to new job classifications for fiscal year 2018-2019 that would aid in succession planning and employee retention. Specifically, staff recommendations include:

- Adding a part-time position in Human Resources
- Upgrading the Inspector position to an Inspector II position.
- Adding a Project Manager in the Engineering department
- Creating an internal Customer Service Lead position

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area: Workforce Development – The recommendations are an integral part of ensuring the District's workforce is prepared to meet future staffing needs. The additional part-time Human Resources position will provide a resource to help coordinate training programs and free the Human Resources Manager to focus on more strategic work.

Strategic Focus Area: Customer Service and Fiscal Responsibility - The addition of the Customer Service Lead position will decrease the span of control of the Finance Manager, which will reduce the amount of time the Finance Manager spends on Customer Service Department issues by nearly 300 hours per year. By classifying it as an internal promotional opportunity, the District will not need to add to headcount in order to create this position.

Strategic Focus Area: Asset Management - The Project Manager in the Engineering Department will allow the District to meet future project demands to manage developments, pipeline rehab and replacement projects, and support capital improvement projects called for in the master plan. In addition, an upgraded Inspector II position will provide more advanced oversight to contract inspectors and

BOARD OPTIONS/FISCAL IMPACTS

- 1) Adopt the recommendations in the Five-Year Staffing Analysis for fiscal year 2018-2019.

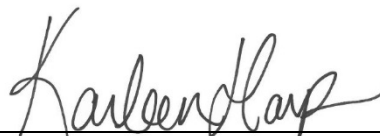
The estimated fiscal impact of the recommendations would be as follows:

Department	Position	Salary	Benefits/ Overhead	Net Operating Budget Impact
Engineering	Project Manager (85% to be charged to capital reserves)	\$130,000	\$88,000	\$33,000
Engineering	Inspector II (no new headcount – fiscal impact is for higher pay grade costs)	\$86,000	\$56,000	\$13,000
Finance	Customer Service Lead (no new headcount – fiscal impact is for higher pay grade costs)	\$72,000	\$49,105	\$16,000
Human Resources	Human Resources Assistant (part-time, net positive budget impact compared to temporary labor costs)	\$25,000	\$5,000	(\$20,000)
TOTAL NET OPERATING BUDGET IMPACT:				\$42,000

- 2) Adopt the recommendations in the Five-Year Staffing Analysis for fiscal year 2018-2019 with modifications.
- 3) Provide staff with further direction.
- 4) Do not adopt the recommendations in the Five-Year Staffing Analysis for fiscal year 2018-2019.

STAFF RECOMMENDATION

Staff supports option #1 to Adopt the Recommendations in the Five-Year Staffing Analysis for the fiscal year 2018-2019.



Karleen Harp
Human Resources Manager

June 26, 2018

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

CONSIDER ADOPTION OF STRATEGIC PLAN OBJECTIVES FOR FISCAL YEAR 2018-2019

BACKGROUND

In January 2016, the RMWD Board of Directors adopted the first ever Strategic Plan for the district. This plan was the culmination of nearly a year of work by the board, employees, and our customers. The plan identified six Key Focus Areas and five Core Values:

Key Focus Areas:

Water Resources
Asset Management
Workforce Development
Fiscal Responsibility
Customer Service
Communications

Core Values:

Professionalism
Responsibility
Teamwork
Innovation
Integrity

At the time of adoption, the Board approved specific measurable goals and objectives for each of the Key Focus Areas. This list contained dozens of specific objectives for the district to work on in order to meet the needs of the Key Focus Areas. At the time it was determined that this list of objectives will serve the period from the inception of the plan through the end of June 2017. From this point, objectives would be developed each year as part of the budget process so that goals and objectives are closely aligned with available resources.

To date, the vast majority of these objectives have been completed and it is now time to approve the objectives for Fiscal Year 2018-2019.

DESCRIPTION

The RMWD Strategic Plan is the foundation upon which the activities of the staff at RMWD are built upon. Over the last few months, staff has worked with the Board and our committees to develop updated objectives for inclusion in the Strategic Plan Objectives for the upcoming fiscal year. The list provided here (under separate cover) has been created based on that input and will be incorporated into the budget document once both are approved.

Once these are created, staff will report back to the Board on a regular basis to keep the Board up to date on the progress toward completion of the objectives.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

This item is part of all Strategic Plan Key Focus Areas.

BOARD OPTIONS/FISCAL IMPACTS

Fiscal impacts associated with these objectives are included in the FY2019 budget to be approved in a separate Board Action. Staff recommends the following options:

1. Approve the Strategic Plan objectives for FY2019 as provided.
2. Approve the Strategic Plan objectives for FY2019 with modifications.
3. Do not approve the Strategic Plan objectives for FY2019.

STAFF RECOMMENDATION

Staff recommends either option 1 or option 2



Tom Kennedy
General Manager

June 26, 2018

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

VARIABLE					
DATE	2018	MEETING	LOCATION	ATTENDEES	POST
July	12	SDCWA Special Board Meeting	SDCWA	GM	N/A
July	*	CSDA – San Diego Chapter	(Location to be Announced) 6:00 p.m.	Mack	N/A
July	*	LAFCO Special Meeting	County Admin Center, Room 302 – 9:30am	(As Advised by GM)	N/A
July	*	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
July	*	LAFCO	County Admin. Center Room 302 9:00 am	As Advised by GM	N/A
July	10	Budget & Finance Committee Mtg.	RMWD Board Room 1:00 p.m.	Appointed Director, General Manager	6/28
July	11	Engineering & Operations Committee Meeting	RMWD Board Room 3:00 p.m.	Appointed Director, General Manager	6/28
July	12	Communications & Customer Service Committee Mtg.	RMWD Board Room 3:30 p.m.	Appointed Director, General Manager	6/28
July	15	NC Managers	Golden Egg 7:45 a.m.	General Manager	N/A
July	17	SDCWA GM's Meeting	SDCWA, San Diego 9:30 a.m.	General Manager	N/A
July	17	Council of Water Utilities	Hotel Karlan 14455 Penasquitos Drive San Diego 7:15 a.m. Poway	All Directors, General Manager	N/A
July	24	RMWD General Board	RMWD Board Room (Start Time to Be Determined)	All Directors	6/19
July	25	North County Water Group	Rincon Del Diablo, Escondido 7:30 a.m.	All Directors on a Rotating Schedule, General Manager	N/A
July	25	San Luis Rey Watershed Council	Pala Administration Building 1:00 p.m.	Stewart	N/A
July	26	SDCWA Full Board Meeting	SDCWA Board Room, 3-5 p.m.	General Manager	N/A

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

- **CHANGES – ADDITIONS - DELETIONS:**

1. The Communications and Customer Service Committee voted to change their July meeting from July 5, 2018 to July 12, 2018 at 3:30 p.m.



STAFF TRAINING REPORT

ATTENDEES NAME(S):	Ahmed Khattab
TITLE OF TRAINING/CONFERENCE/WORKSHOP/CLASS:	Infor TechEd
DATE(S) ATTENDED:	June 5th, 6th and 7th of 2018
AGENCY HOSTING TRAINING/CONFERENCE/WORKSHOP/CLASS:	Infor
LOCATION:	Magnolia Hotel, Denver, CO
BRIEF DESCRIPTION:	
<p>The Infor TechEd conference was focused on the integration, latest technologies and tips & tricks with EAM (Enterprise Asset Management).</p> <p>The most important part of the conference, was the sessions, in which we were able to learn from product experts about the product and integrations. With the integration of Infor EAM with Infor CSF (Cloud Suite Financials), a lot of questions arose, in which we had the chance to sit with product experts and have one on one sessions to discuss the questions.</p> <p>We also learned about some of the new features in EAM, and what we should expect in upcoming releases.</p> <p>Some of the technologies which we got to experience were Birst (Report, Business Intelligence), ION (Integration Tool), Infor OS (Operating Services).</p>	

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

Operations Report for May 2018

DESCRIPTION

Activities for Operations & Maintenance Division

CONSTRUCTION & MAINTENANCE DEPARTMENT:

The Construction Department Crews repaired seven (7) leaks, one (1) mainline repair, two (2) water service laterals, and four (4) appurtenances. The crews performed one (1) planned/emergency shutdown. They also continued installation of the new pressure station at Ascot Park, which is at 80% completed with a completion date scheduled for the end of the fiscal year in June. The new 24" Flowmeter at Morro Reservoir was installed by the Construction Department, which is currently online and has shown improved inflow/outflow read accuracy. Crews also maintained District easements, backfilled/supported other departments as-needed, as well as completing facility maintenance and/or repair work at the District Yard.

WATER OPERATIONS & VALVE MAINTENANCE DEPARTMENT:

Monthly Totals	Valves (Distribution)	Appurtenance Valves	Appurtenances
Exercised	16	31	N/A
Inoperable	0	0	0
Repaired	0	0	0
Replaced	0	0	5
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 and/or performed five (5) water quality complaints
- Completed maintenance/cleaning and/or repairs to seven (7) pressure stations
- Canonita Tank was removed from service for re-coating inside
- Assisted with five (5) water quality calls
- Weed abatement completed at Rainbow Hills and North Reservoir buildings and at Rainbow Heights Pump Station

Valve Maintenance completed and/or oversaw the following:

- 42 utility locates completed
- Assisted with one (1) shutdown
- Located easements and cleaned one (1)
- Replaced one (1) fire hydrants
- Replaced three (3) air vac / one (1) wharfhead

WASTEWATER DEPARTMENT:

Monthly, Semi Annual and Annual Reports:

California Integrated Water Quality System (CIWQS): Confirmation #2517741 Reported "No Spill Report" for the month of May 2018.

Lift Stations Pumps / Preventative Maintenance:

May 3 – May 9, 2018: Lift Station #5 - Replace suction air release valves and pump gauges.

May 9, 2018: Remove and replace 150' of 3/8" sampling hose in place since 2003.

May 22, 2018: Monthly sample @ Stallion flow meter.

May 22, 2018: Performed (2) re-sample locations for Total Suspended Solids (TSS) at San Luis Rey Track and Training Center, River Village Shopping Center.

Flow Meter Demo - Hach Company:

Continuing demo trial per Engineering – May 2018 (Monitor sewer flow) / Capturing upstream flow from Pala Mesa / Set up confined space entry and set-up of flow meter.

Sewer Line Cleaning:

May 3 – May 9, 2018: 3,362' SLR Downs

May 10 – May 16, 2018: 2,397' SLR Downs and Villas; Camino Del Cielo

Total footage cleaned for May = **5,760'**

High Frequency:

May 24 – May 30, 2018 = 1,410' Siphon

Total High Frequency footage cleaned: **1,410'**

Manhole Inspections:

May 3 – May 9, 2018 = 41 manholes inspected

May 10 – May 16, 2018 = 9 manholes inspected

May 17 – May 23 ,2018 = 3 manholes inspected

May 24 – May 30, 2018 = 6 manholes inspected

Total manholes inspected for the month: **59**

CCTV/CONTRACTOR:

May 3 - May 30, 2018 = 1,598' (Fog – River Village)

May 17: 2,514' New Development at San Luis Rey Golf Green Estates

Total sewer lines CCTV: **4,112'**

Smart/Cover Alarm Units:

May 17, 2018: Low Battery @ Los Padres (scheduled replacement)

TECHNICAL SERVICES DEPARTMENT:

Fleet/Garage:

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

- Vehicle Maintenance (11)
- Vehicles with Emergency Repairs (3)
- Small Equipment Repairs (4)
- New Vehicle or Equipment Preparation (2)
- Off-Road Equipment / Trailer Repairs & Maintenance (2)
- Off-Road Equipment / Trailer Emergency Repairs (1)
- Large Vehicle Maintenance / Repairs (1)
- Diesel Particulate Filter Troubleshoot & Repairs (1)
- Safety Recalls (0)
- BIT Inspections (0)
- Decommission of Vehicles or Equipment and Preparation for GovDeals Auction (0)
- Gasboy Fuel Cube Installation, Maintenance and/or Troubleshooting (1)
- Crane Inspections (0)
- Emergency Equipment Monthly Inspections (7)
- Target Safety Training (1)
- CPR/First Aid/AED Training (1)

Water Quality:

- 22 - Distribution system coliform samples (Routines)
- 5 - Water quality calls
- 24 - Nitrification samples
- 7 - Special bacteriological samples (Contractors)
- 108 - Backflows tested
- Completed the Electronic Annual Report (EAR)
- Consumer Confidence Report (CCR) or Annual Water Quality Report Approved by State

Electrical/SCADA:

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

- Motor control maintenance on Lift Station #3 (B-Plant): Completed. Scheduled the installation of the replacement of worn motor starters in June 2018.
- Motor control maintenance on Rainbow Heights Pump Station: Project ongoing.
- Security light installation at Gomez Pump Station: Completed. Scheduled the installation of a second game camera in June 2018.
- Rainbow Hills Pump Station security lighting: Completed. Upgraded existing compact florescent lamps to LED and replaced existing quartz fixture with energy efficient LEDs.
- Horse Creek Ranch Lift Station SCADA radio installation and set up: Completed.
- Replace radios for SCADA communication between the Sumac and Beck radio repeater sites: Completed.
- New 120-volt receptacle in Mechanic Shop office: Completed.
- Morro flow meter installation and SCADA communication: Completed.
- Met with Engineering on plans for the Robert A. Weese Water Treatment Plant Pump Station: Project ongoing.
- Met with SDG&E planner to plan for West Lilac Pump Station: Project ongoing.
- CPR/First Aid/AED training: Completed.
- Communication with SDG&E: Completed. Met with contractors to explore installing a new electric service at Gomez Tank.

EMPLOYEE RECOGNITION – OPERATIONS & MAINTENANCE DIVISION

New Certifications

- Ruben Lopez received his Water Distribution Grade 2 Certification.



Darren S. Milner
Operations Manager

6/26/18



BOARD INFORMATION

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

Engineering Report for May 2018

DESCRIPTION

CAPITAL PROJECTS:

Bonsall Basin Imported Return Flow: Consultant is working on updating the Imported Return Flow calculations and confirming legal water rights.

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

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

Horse Creek Lift Station: The Lift Station is scheduled to be completed by the end of June 2018.

Lift Station 1 Replacement: New design underway with equalization basin at Thoroughbred Lift Station site and Schoolhouse Lift Station.

Rainbow Height's Pump Station Rehabilitation: Metropolitan Water District has approved the redesign for the smaller station outside of their easement. Consultant is finishing the 90% submittal for redesign. Advertise for bids in Summer 2018.

Wastewater Outfall Replacement: Project on hold until further evaluation from local water alternatives. Project may take the form of rehabilitation with equalization basin.

Weese Filtration Plant Interconnect: IEC submitted the 90% design. Staff comments submitted. Final design due in June 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 23 water meters purchased to date.

Horse Creek Ridge (D.R. Horton): 751 WMs / 754 EDUs - Off of Highway 76 and Horse Ranch Creek Road. Models completed and 253 water meters purchased to date.

Malabar Ranch (Davidson Communities): 31 SFR / 29 EDUs - Off of Via Monserate/La Canada. There are 17 out of 31 homes built. Contractor completing waterline relocation and punch list items.

Nessy Burger: Nessy Burger is constructing a permanent building. Staff is working with owners on options concerning the wastewater disposal. Possible options would be to upgrade the existing private lift station or construct a lateral to the sewer main being constructed in Old Highway 395 to serve Pala Mesa Highlands.

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 4 irrigations meters purchased to date.

Palomar College: 1 WM / 100 EDUs - Sewerline construction completed to connection point. Connection to existing sewer is scheduled after the Horse Creek Lift Station is completed and operational. Waterline construction completed.

Topa Topa Place (Frulla Inc.): Waterline relocation. Contractor is installing 12" CMLC water main.

OTHER:

ITEMS	NO#	ITEMS	NO#
Water Availability Letters	0	Water Meters Purchased	12
Sewer Availability Letters	0	Sewer EDUs Purchased	0
Water Commitment Letters	0	Developer Shutdowns	0
Sewer Commitment Letters	0	Jobs Closed: Moosa Crest WL	1



Michael Powers, P.E.
Associate Engineer

6/26/18

BOARD OF DIRECTORS

June 12, 2018

SUBJECT

May: Customer Service & Meter Services

DESCRIPTION

METER SERVICES:

Meter Services completed 998 service orders. Here is a summary of the most pertinent service orders shown by category.

SERVICE ORDERS	COMPLETED
Check Reads	670
Transfers	87
Locked	25
Unlocked	24
Pressure Calls	12
Leaks	23
Drought	0

CUSTOMER SERVICE:

BILLING STATS	TOTALS
Cycle 01 Billing Service Orders	164
Cycle 01 Accounts Billed	3180
Cycle 01 Billing Revenue	\$ 993,500.76
Cycle 02 Billing Service Orders	240
Cycle 02 Accounts Billed	2714
Cycle 02 Billing Revenue	\$ 1,231,245.62
Cycle 03 Billing Service Orders	251
Cycle 03 Accounts Billed	2285
Cycle 03 Billing Revenue	1,249,409.55

PAYMENTS	TOTALS
Lockbox Payments (mailed-in)	4082
Online Payments	1169
Recurring Online Payments	1174
IVR Payments	179
Counter Cash	895
Union Bank Fax	(Included in Counter Cash)
Billing Concentration	(Included in Counter Cash)

COLLECTIONS	TOTALS
Accounts Locked for Non-Payment	19
Courtesy Calls Cycle 01	80
Courtesy Calls Cycle 02	66
Courtesy Calls Cycle 03	154 (incl 30 day balances)
Shut Off Notices Cycle 01	35
Shut Off Notices Cycle 02	32
Shut Off Notices Cycle 03	36



Vanessa Martinez
Finance Manager

6/12/18



Kenny Diaz
Meter Services Crew Leader

6/12/18



BOARD INFORMATION

BOARD OF DIRECTORS

June 26, 2018

SUBJECT

HUMAN RESOURCES REPORT FOR MAY/JUNE 2018

DESCRIPTION

Personnel changes, human resources activities, and safety report for May/June 2018

STAFFING AND PERSONNEL CHANGES:

- One Construction Utility Worker II is continuing on a leave of absence that is expected to last until July.
- One Customer Service Representative II retired as of June 13, 2018 with ten years of service to the District.
- One Customer Service Representative I resigned full-time employment and will convert to part-time to fill in on occasional Fridays.

District Engineer

Steven Strapac started on June 12, 2018. Mr. Strapac is a licensed Professional Engineer (PE) and Land Surveyor, who is also a rate-payer of the District, and served on the Engineering Committee from 2008-2015. Most recently he was City Engineer for the City of Oceanside, and has served the cities of Poway, Rancho Santa Margarita, Moreno Valley, and El Cerrito in various contract and full-time public works administration and civil engineering roles.

Lead Operator

Steve Coffey was selected and promoted to the Lead Systems Operator position on May 14, 2018.

Construction Utility Worker

The position was posted for recruitment on

EMPLOYEE RECOGNITION:

Excellence Coin Awards

The following coin was issued in May:

Teamwork

Kimberly Brown, Darren Milner, Chris Heincy, Jesus Hernandez, and Ahmed Khattab – In preparation for the Take Your Kids to Work Day Event, these employees from multiple departments stayed late to clean up the

District yard to make it as presentable as possible for our family members and vendor guests.

Professionalism

Employees from all areas of the District contributed to making the You're your Kids to Work Day event highly successful. The following employees helped plan the day, presented what we do to families and demonstrated professionalism throughout the day.

Cynthia Gray - Planned logistics of event schedule, directed and led rehearsals of department presentations, designed the tour format, ensured the District grounds and buildings were clean and presentable, and presented an over view of the District to kick off the event.

Karleen Harp - Planned Health Fair portion of event and lunch for employees and families, co-planned the event schedule and tour logistics, and presented the District's values and coin program to families.

Dawn Washburn, Jerry Kraft, Chris Waite, and Laura Martinez – Acted as tour guides for the family members who participated in the event to ensure each group stayed on schedule and in authorized areas to keep everyone safe.

Ramon Zuniga, Ruben Lopez, Chris Hand and Victor Veenstar– Presented to families and demonstrated how the sewer lines get cleaned, what the vac truck does, and what happens if you flush a toy or other debris.

Bryan Rose and Scott Simpson - Demonstrated how we use valves to control the flow of water.

Kenny Diaz and Justin Chandler– Demonstrated what meters do, how we freeze a line. and all the meter sizes we have at the District.

Kyle Schilling and Wayne Nault – Demonstrated our welding shop, what welders do, and the importance of personal protective equipment to stay safe.

Justin Demary and Carlos Ramos – Showed families the dump truck and backhoe, and allowed kids to take photos sitting in the trucks.

Rene Del Rio – Discussed fleet vehicle maintenance.

Marc Walker and Ed Bradley – Demonstrated how the SCADA system works and how they use it to monitor and control the flow of water.

Michael Powers – Showed families what engineering plans look like, and how to identify water lines, sewer lines, and manholes on the plans.

NEOGOV:

Insight Module

We currently have 2,241 active email subscriptions for notifications of job openings.

Perform Module

The DREAM team had two meetings and are currently testing the self-evaluation and reviewing core competencies for each position to integrate into the performance review.

LILAC FIRE UPDATE:

The District has applied for and been approved for two FEMA grants. The District is having ongoing correspondence with California Office of Emergency Services to document associated project costs.

SAFETY:

Incidents

It has been 53 days since the last reported injury, which was not a lost time or modified duty incident.

Safety Training

Target Solutions online training: 44 completions for May 2018

CPR/First Aid/AED: 37 trained for May 2018

Forklift Training – Instructor: 1 scheduled for June 14, 2018

OSHA 510 - Construction Industry: 1 scheduled June 25, 2018 - June 28, 2018

Tailgate Trainings

Heat Awareness – 32 employees

Emergency Evacuation - 29 employees



Karleen Harp, COSM
Human Resources Manager

06/26/2018

Interim Financials
Period: April 2018



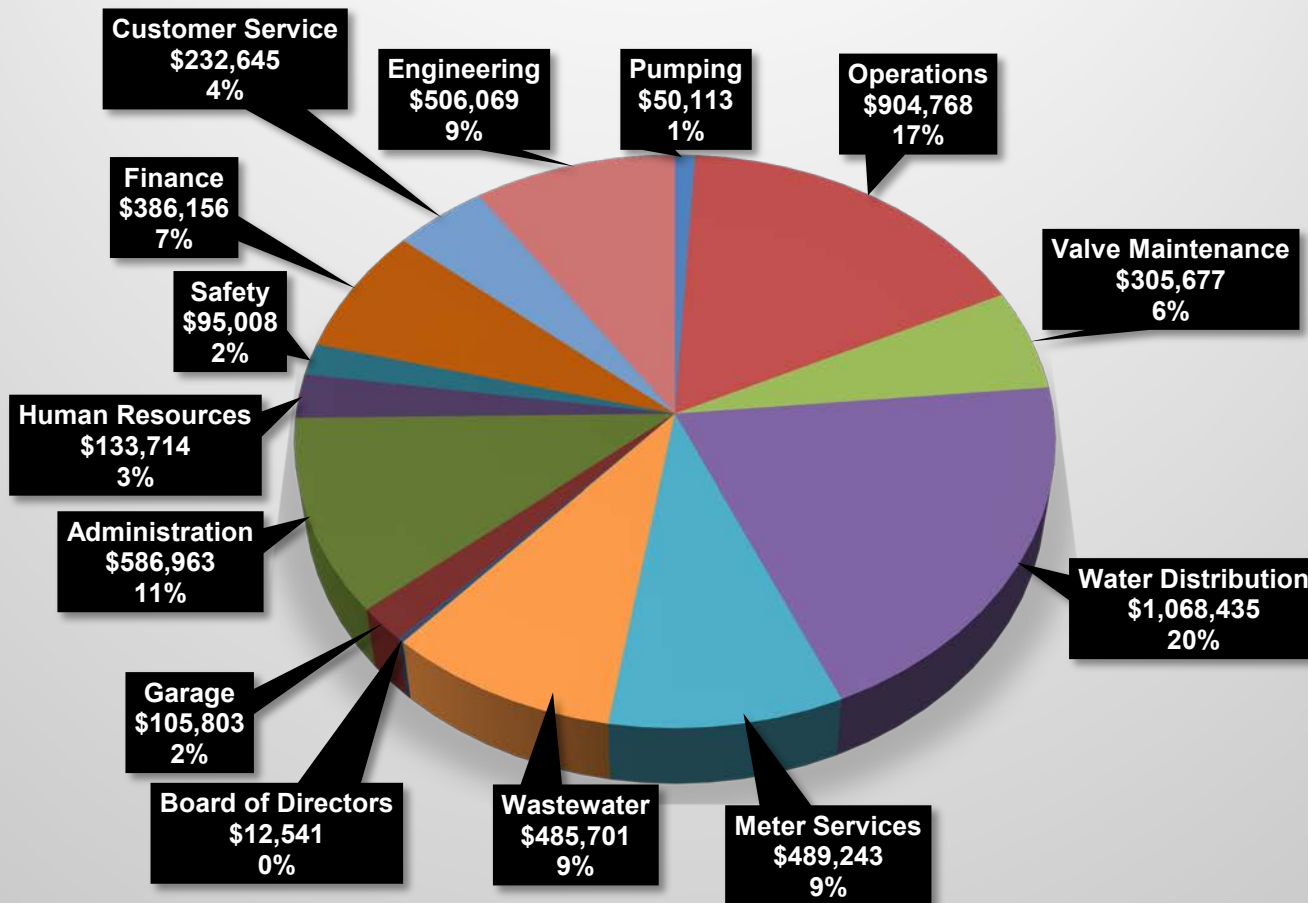
		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 01: Water						
Operating Revenues:						
	Water Revenues	\$38,224,699	\$2,179,702	\$33,930,882	\$4,293,817	11%
	Other Revenues	\$536,500	\$82,761	\$392,749	\$143,751	27%
Total Revenues:		\$38,761,199	\$2,262,464	\$34,323,631	\$4,437,568	11%
Operating Expenses:						
	Cost of Water Sold	\$26,397,085	\$2,296,750	\$24,013,862	\$2,383,223	9%
	Labor	\$0	\$4,330	\$48,796	(\$48,796)	0%
	Overhead Transfer to General	\$3,843,297	\$0	\$0	\$3,843,297	100%
	Debt Service	\$1,120,142	\$0	\$0	\$1,120,142	100%
Department Expenses						
	Pumping					
	31 Labor	\$99,434	\$4,462	\$50,113	\$49,321	50%
	Expenses	\$590,500	\$32,337	\$396,703	\$193,797	33%
	Operations					
	32 Labor	\$1,180,319	\$75,352	\$904,768	\$275,551	23%
	Expenses	\$983,343	\$41,095	\$694,548	\$288,795	29%
	Valve Maintenance					
	33 Labor	\$479,381	\$32,658	\$305,677	\$173,704	36%
	Expenses	\$52,500	\$5,118	\$72,293	(\$19,793)	-38%
	Capital	\$50,000	\$6,181	\$8,672	\$41,328	83%
	Water Distribution					
	34 Labor	\$1,480,763	\$102,695	\$1,068,435	\$412,328	28%
	Expenses	\$536,300	\$26,782	\$432,976	\$103,324	19%
	Meter Services					
	35 Labor	\$687,123	\$49,180	\$489,243	\$197,880	29%
	Expenses	\$409,000	\$51,412	\$345,959	\$63,041	15%
	Capital	\$145,000	\$42,929	\$362,731	(\$217,731)	0%
Total Operating Expenses:		\$38,054,187	\$2,771,281	\$29,194,775	\$8,859,412	23%
Water Fund Totals:		\$707,012	(\$508,818)	\$5,128,856	\$4,421,844	
Fund 02: Wastewater						
Operating Revenues:						
	Wastewater Revenues	\$2,395,500	\$217,322	\$2,196,800	\$198,700	8%
	Other Revenues	\$40,000	\$11,694	\$46,230	(\$6,230)	-16%
Total Revenues:		\$2,435,500	\$229,016	\$2,243,030	\$192,470	8%
Operating Expenses:						
	Overhead Transfer to General	\$901,514	\$0	\$0	\$901,514	100%
Department Expenses						
	Wastewater					
	61 Labor	\$707,197	\$41,060	\$485,701	\$221,496	31%
	Expenses	\$1,418,000	\$679,509	\$845,762	\$572,238	40%
	Capital	\$25,000	\$0	\$10,340	\$14,660	59%
Total Operating Expenses:		\$3,051,711	\$720,569	\$1,341,803	\$1,709,908	56%
Wastewater Fund Totals:		(\$616,211)	(\$491,554)	\$901,227	\$1,517,438	

Interim Financials
Period: April 2018



		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 03: General						
Operating Revenues:						
Overhead Transfers		\$4,744,811	\$0	\$0	\$4,744,811	100%
Other Revenues		\$433,470	\$43,845	\$462,758	(\$29,288)	-7%
Total Revenues:		\$5,178,281	\$43,845	\$462,758	\$4,715,523	91%
Operating Expenses:						
Other Expenses		\$0	\$28,508	\$285,115	(\$285,115)	0%
Department Expenses						
Board of Directors	20 Labor	\$19,613	\$807	\$12,541	\$7,072	36%
	Expenses	\$20,300	\$1,617	\$12,187	\$8,113	40%
Garage	36 Labor	\$147,989	\$8,346	\$105,803	\$42,186	29%
	Expenses	\$244,500	\$17,286	\$162,658	\$81,842	33%
	Capital	\$309,500	\$5,513	\$308,631	\$869	0%
Administration	41 Labor	\$698,344	\$49,113	\$586,963	\$111,381	16%
	Expenses	\$1,271,978	\$73,714	\$1,267,472	\$4,507	0%
	Capital	\$100,000	\$2,418	\$97,602	\$2,398	2%
Human Resources	42 Labor	\$171,149	\$23,987	\$133,714	\$37,435	22%
	Expenses	\$169,150	\$16,066	\$94,300	\$74,850	44%
Safety	43 Labor	\$144,288	\$1,226	\$95,008	\$49,280	34%
	Expenses	\$76,350	\$6,288	\$49,025	\$27,325	36%
Finance	51 Labor	\$522,628	\$32,864	\$386,156	\$136,472	26%
	Expenses	\$131,500	\$15,526	\$117,373	\$14,127	11%
Customer Service	52 Labor	\$288,513	\$27,450	\$232,645	\$55,868	19%
	Expenses	\$239,500	\$15,711	\$199,677	\$39,823	17%
Engineering	91 Labor	\$756,216	\$55,505	\$506,069	\$250,147	33%
	Expenses	\$325,529	\$19,507	\$325,067	\$462	0%
Total Operating Expenses:		\$5,637,047	\$401,452	\$4,978,005	\$659,042	12%
General Fund Totals:		(\$458,766)	(\$357,607)	(\$4,515,247)	(\$4,056,481)	
Net Income		(\$367,965)	(\$1,357,979)	\$1,514,836	\$1,882,801	

YTD Labor Costs (April 2018)



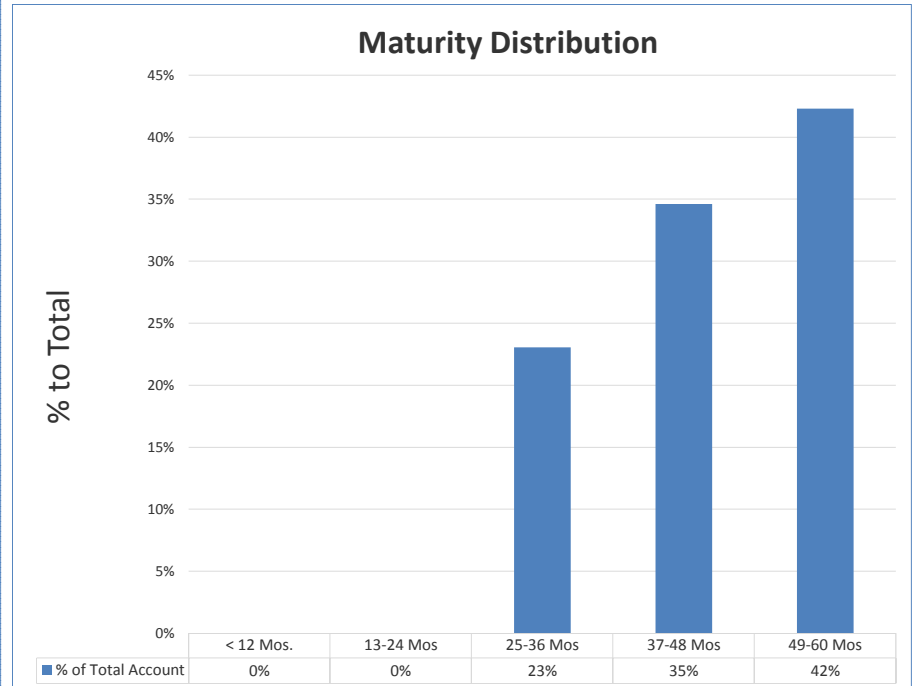
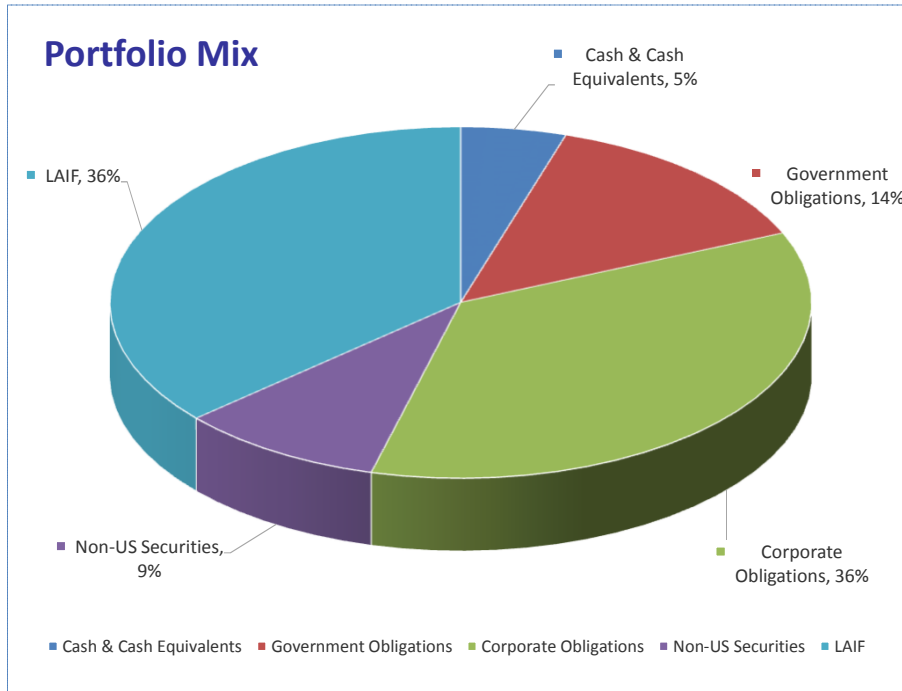
YTD Expense Allocation (April 2018)



RAINBOW MUNICIPAL WATER DISTRICT
TREASURER'S MONTHLY REPORT OF INVESTMENTS
PORTFOLIO SUMMARY
4/30/2018



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		\$ (370,676)	\$ (370,676)						
Total Cash & Cash Equivalents					\$ (370,676)	\$ (370,676)						
Callable Note	FEDERAL HOME LN MTG CORP	3134G3QR4	Aaa	03/05/20	\$ 498,168	\$ 494,890	2.000%	2.200%	09/05/18	\$ 4,982	675	13 13108
Callable Note	FEDERAL HOME LN MTG CORP	3134G3P96	Aaa	08/28/20	\$ 1,032,851	\$ 992,315	1.660%	1.320%	02/28/18	\$ 8,573	851	53 13108
Callable Note	FEDERAL HOME LOAN BANK BONDS	3130AD4X7	Aaa	12/11/20	\$ 494,905	\$ 492,935	2.000%	2.400%	06/11/18	\$ 4,949	956	60 13108
Callable Note	FEDERAL NATL MTG ASSN	3135GOT45	Aaa	04/05/22	\$ 1,002,910	\$ 966,420	1.875%	1.810%	04/05/18	\$ 9,402	1436	60 13108
Callable Note	FEDERAL FARM CR BKS	3133EHRU9	Aaa	07/19/22	\$ 200,938	\$ 192,392	1.900%	1.800%	01/19/18	\$ 1,909	1541	53 13108
Callable Note	FEDERAL HOME LN MTG CORP	3134GBS94	Aaa	10/26/22	\$ 651,918	\$ 629,902	2.100%	1.800%	04/26/18	\$ 6,845	1640	53 13108
Callable Note	FEDERAL NATL MTG ASSN	3135GOT94	Aaa	01/19/23	\$ 515,226	\$ 508,962	2.375%	2.410%	07/19/18	\$ 6,118	1725	13 13108
Callable Note	FEDERAL NATL MTG ASSN	3135G0T94	Aaa	01/19/23	\$ 480,034	\$ 474,197	2.375%	2.600%	07/19/18	\$ 5,700	1725	53 13108
Callable Note	FEDERAL NATL MTG ASSN	3135G0T94	Aaa	01/19/23	\$ 465,211	\$ 459,554	2.375%	2.600%	07/19/18	\$ 5,524	1725	13 13108
Callable Note	FEDERAL HOME LOAN BANKS	3130ADRG9	Aaa	03/10/23	\$ 501,990	\$ 496,990	2.750%	2.660%	09/10/18	\$ 6,902	1775	53 13108
Total Government Obligations					\$ 5,844,148	\$ 5,708,556						
Callable Note	CATERPILLAR FINL CORP	14912HSR2	A2	09/15/21	\$ 1,000,000	\$ 936,700	1.600%	1.600%	03/15/18	\$ 8,000	1234	13 13108
Callable Note	ORACLE CORP	68389XBKO	A1	09/15/21	\$ 1,011,470	\$ 965,140	1.910%	1.900%	03/15/18	\$ 9,660	1234	13 13108
Callable Note	WELLS FARGO	95000U2B8	A2	07/22/22	\$ 989,232	\$ 943,093	2.625%	2.410%	01/22/18	\$ 12,984	1544	13 13108
FDIC Ins. CD	AMERICAN EXPRESS FED SVGS BK	02587CED8	Aaa	07/29/20	\$ 248,000	\$ 245,007	2.360%	2.340%	01/29/18	\$ 2,926	821	60 13108
Callable Note	BARCLAYS BK DEL	06740KJK4	Aaa	09/16/20	\$ 245,000	\$ 242,530	2.210%	2.200%	03/16/18	\$ 2,707	870	60 13108
FDIC Ins. CD	AMERICAN EXPRESS CENTRN	02587DB64	Aaa	09/23/20	\$ 250,000	\$ 246,635	2.310%	2.300%	03/23/18	\$ 2,888	877	53 13108
FDIC Ins. CD	DISCOVER BANK	254672F29	N/A	08/10/21	\$ 248,000	\$ 237,710	1.500%	1.500%	02/10/18	\$ 1,860	1198	53 13108
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 98,000	\$ 93,825	1.550%	1.550%	02/17/18	\$ 760	1205	53 13108
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 150,000	\$ 143,610	1.550%	1.550%	02/17/18	\$ 1,163	1205	13 13108
FDIC Ins. CD	STATE BK INDIA NEW YORK NY	8562846U3	Aaa	03/14/22	\$ 250,000	\$ 244,693	2.250%	2.250%	03/14/18	\$ 2,813	1414	13 13108
FDIC Ins. CD	SYNCHRONY BK RETAIL	87165EMKO	N/A	05/26/22	\$ 240,000	\$ 235,918	2.400%	2.400%	05/26/18	\$ 2,880	1487	53 13108
FDIC Ins. CD	GOLDMAN SACHS BK USA NY	38148PKT3	N/A	06/14/22	\$ 245,000	\$ 240,210	2.350%	2.350%	12/14/18	\$ 2,879	1506	53 13108
FDIC Ins. CD	CAPITAL ONE NATL ASSN VA	14042RKL4	N/A	11/22/22	\$ 250,000	\$ 244,253	2.400%	2.400%	05/22/18	\$ 3,000	1667	53 13108
FDIC Ins. CD	MORGAN STANLEY	61747MF634	N/A	01/11/23	\$ 246,000	\$ 242,573	2.650%	2.650%	07/11/18	\$ 3,260	1717	53 13108
FDIC Ins. CD	BMW BANK NORTH AMER	05580AMB7	N/A	03/29/23	\$ 240,000	\$ 238,788	2.900%	2.900%	09/29/18	\$ 3,480	1794	53 13108
FDIC Ins. CD	SALLIE MAE BK SLT LAKE CITY	795450M44	Aaa	04/11/23	\$ 240,000	\$ 239,254	2.950%	2.950%	10/11/18	\$ 3,540	1807	60 13108
Total Corporate Obligations					\$ 5,950,702	\$ 5,739,939						
Callable Note	AUSTRALIA & NEW ZEALA BKG	05253JAM3	Aa2	06/01/21	\$ 517,228	\$ 485,785	2.300%	1.550%	12/01/17	\$ 5,948	1128	53 13108
Callable Note	NATIONAL AUSTRALIA BK NY	63254AAR9	Aa2	07/12/21	\$ 508,870	\$ 478,885	1.875%	1.880%	01/12/18	\$ 4,771	1169	53 13108
Callable Note	BANK OF MONTREAL	06367TJX90	Aa3	08/27/21	\$ 1,011,840	\$ 957,090	1.900%	1.900%	02/27/18	\$ 9,612	1215	60 13108
Total Non-US Securities					\$ 2,037,938	\$ 1,921,760						
Subtotal Long Term Pooled Investment	Local Agency Investment Fund (LAIF)				\$ 13,462,111	\$ 12,999,579						
					\$ 7,584,576	\$ 7,584,576	1.172%					
Portfolio Totals					\$ 21,046,687	\$ 20,584,155						



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 in compliance with the current Investment Policy.

Vanessa Martinez, Treasurer

6/12/2018

RAINBOW MUNICIPAL WATER DISTRICT
TREASURER'S QUARTERLY REPORT OF INVESTMENTS
PORTFOLIO SUMMARY AS OF
3/31/2018



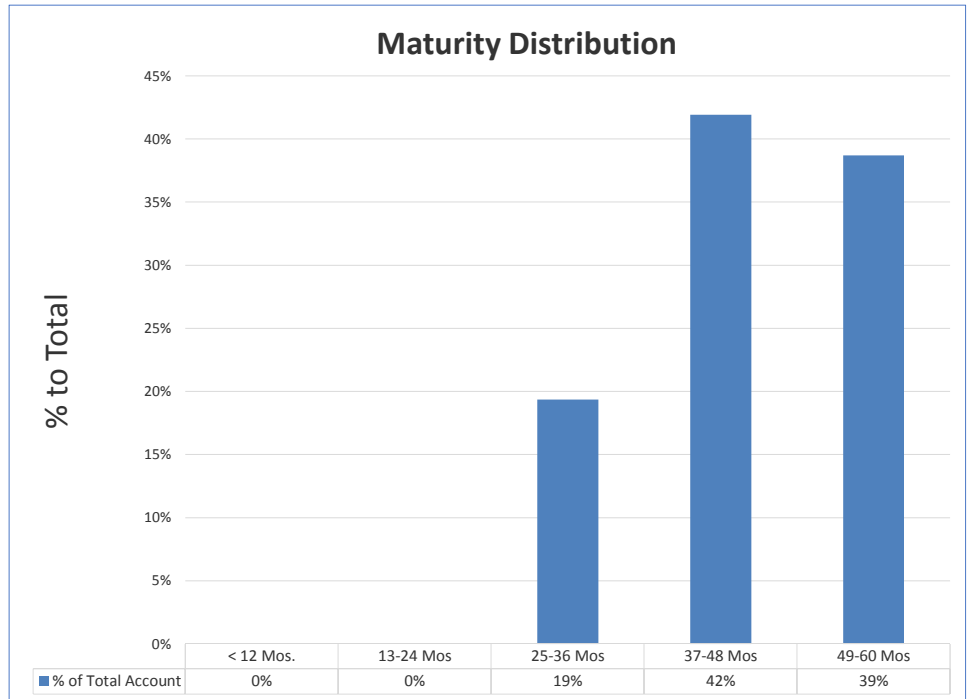
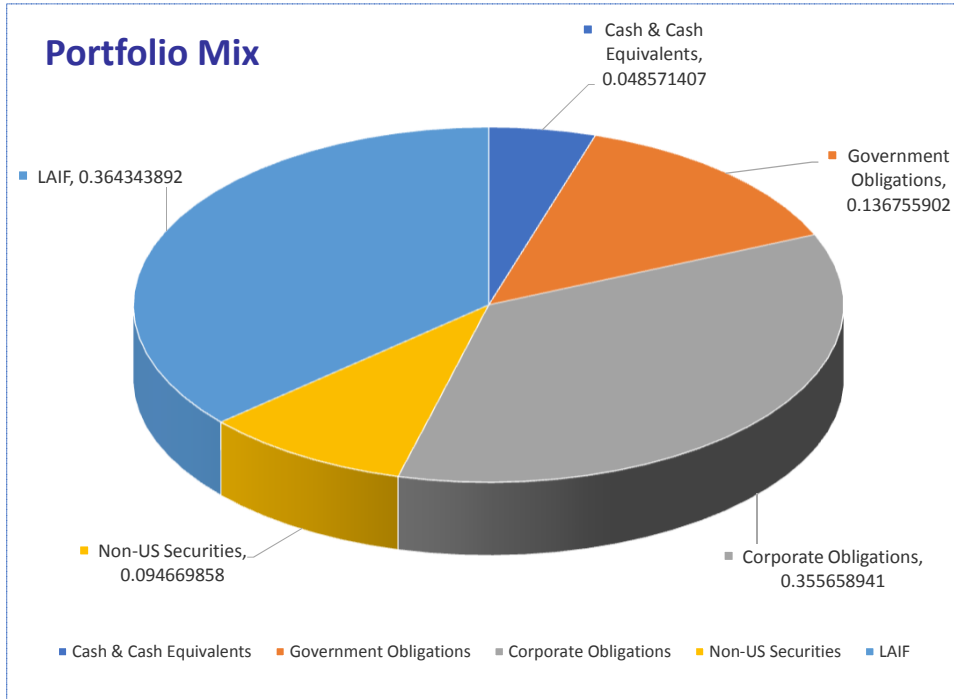
TYPE	ISSUER	CUSIP	Bond Rating	Date of Maturity	Cost Basis As of 12/31/17	Market Value As of 12/31/17	Market Value As of 3/31/18	Market Value Difference	Interest Rate	Yield to Maturity	Next Interest Payment Date	Semi-Annual Interest	Days to Maturity
Money Market Funds	JP MORGAN MONEY MARKET	48125C068S	N/A		\$ 1,018,063	\$ 1,018,063	\$ 1,109,204	\$ 91,141					
Total Cash & Cash Equivalents					\$ 1,018,063	\$ 1,018,063	\$ 1,109,204	\$ 91,141					
Callable Note	FEDERAL NATL MTG ASSN	3135GOT45	Aaa	04/05/22	\$ 1,002,910	\$ 987,540	\$ 973,780	\$ (13,760)	1.875%	1.810%	04/05/18	\$ 9,402	1466
Callable Note	FEDERAL HOME LN MTG CORP	3134G3F96	Aaa	08/28/20	\$ 1,032,851	\$ 1,004,972	\$ 996,172	\$ (8,800)	1.660%	1.320%	02/28/18	\$ 8,573	881
Callable Note	FEDERAL FARM CR BKS	3133EHRU9	Aaa	07/19/22	\$ 200,938	\$ 196,788	\$ 194,058	\$ (2,730)	1.900%	1.800%	01/19/18	\$ 1,909	1571
Callable Note	FEDERAL HOME LN MTG CORP	3134GBS94	Aaa	10/26/22	\$ 651,918	\$ 644,800	\$ 635,609	\$ (9,191)	2.100%	1.800%	04/26/18	\$ 6,845	1670
Callable Note	FEDERAL NATL MTG ASSN	3135GOT94	Aaa	01/19/23	\$ 515,226	\$ -	\$ 513,811	\$ 513,811	2.375%	2.410%	07/19/18	\$ 6,102	1755
Callable Note	FEDERAL NATL MTG ASSN	3135GOT94	Aaa	01/19/23	\$ 480,034	\$ -	\$ 478,716	\$ 478,716	2.375%	2.600%	07/19/18	\$ 5,685	1755
Callable Note	FEDERAL NATL MTG ASSN	3135GOT94	Aaa	01/19/23	\$ 465,211	\$ -	\$ 463,932	\$ 463,932	2.375%	2.600%	07/19/18	\$ 5,509	1755
Total Government Obligations					\$ 4,349,087	\$ 2,834,100	\$ 4,256,078	\$ 1,421,978					
Callable Note	MASSMUTUAL GLOBAL FDG	57629XBHO	A2	11/23/20	\$ 545,990	\$ 525,746	\$ -	\$ (525,746)	1.530%	1.500%	05/23/18	\$ 4,177	968
Callable Note	BB&T CORP	05531FAV5	A2	05/10/21	\$ 491,789	\$ 473,146	\$ -	\$ (473,146)	2.050%	2.050%	05/10/18	\$ 5,041	1136
Callable Note	CATERPILLAR FINL CORP	14912HSR2	A2	09/15/21	\$ 1,000,000	\$ 962,870	\$ 942,160	\$ (20,710)	1.600%	1.600%	03/15/18	\$ 8,000	1264
Callable Note	ORACLE CORP	68389XBKO	A1	09/15/21	\$ 1,011,470	\$ 984,220	\$ 965,460	\$ (18,760)	1.910%	1.900%	03/15/18	\$ 9,660	1264
Callable Note	TOYOTA MOTOR CREDIT CORP	89236TDP7	Aa3	01/11/22	\$ 499,271	\$ 492,631	\$ -	\$ (492,631)	2.600%	2.600%	01/09/18	\$ 6,491	1382
Callable Note	WELLS FARGO	95000U2B8	A2	07/22/22	\$ 989,232	\$ 974,728	\$ 947,944	\$ (26,783)	2.625%	2.410%	01/22/18	\$ 12,984	1574
FDIC Ins. CD	COMENITY CAP BK UTAH	20033ALQ7	Aaa	07/15/20	\$ 245,000	\$ 245,571	\$ -	\$ (245,571)	2.360%	2.370%	01/15/18	\$ 2,891	837
FDIC Ins. CD	AMERICAN EXPRESS CENTRN	02587DB64	Aaa	09/23/20	\$ 250,000	\$ 249,803	\$ 247,093	\$ (2,710)	2.310%	2.300%	03/23/18	\$ 2,888	907
Callable Note	BARCLAYS BK DEL	06740KJK4	Aaa	09/16/20	\$ 245,000	\$ 245,730	\$ 242,993	\$ (2,737)	2.210%	2.200%	03/16/18	\$ 2,707	900
FDIC Ins. CD	GOLDMAN SACHS BK USA NY	38148PKT3	N/A	06/14/22	\$ 245,000	\$ 244,677	\$ 241,048	\$ (3,628)	2.350%	2.350%	12/14/18	\$ 2,879	1536
FDIC Ins. CD	CAPITAL ONE BK USA NATL	140420Y95	Aaa	03/08/22	\$ 250,000	\$ 249,838	\$ -	\$ (249,838)	2.300%	2.300%	03/08/18	\$ 2,875	1438
FDIC Ins. CD	CAPITAL ONE NATL ASSN VA	14042RKL4	N/A	11/22/22	\$ 250,000	\$ 248,985	\$ 245,498	\$ (3,488)	2.400%	2.400%	05/22/18	\$ 3,000	1697
FDIC Ins. CD	SALLIE MAE BK SLT LAKE CITY	79540ZW8	Aaa	03/22/22	\$ 250,000	\$ 250,243	\$ 246,443	\$ (3,800)	2.340%	2.340%	03/22/18	\$ 2,925	1452
FDIC Ins. CD	SYNCHRONY BK RETAIL	79165EMKO	N/A	05/26/22	\$ 240,000	\$ 240,312	\$ 236,707	\$ (3,605)	2.400%	2.400%	05/26/18	\$ 2,880	1517
FDIC Ins. CD	STATE BK INDIA NEW YORK NY	8562846U3	Aaa	03/14/22	\$ 250,000	\$ 249,300	\$ 245,543	\$ (3,758)	2.250%	2.250%	03/14/18	\$ 2,813	1444
FDIC Ins. CD	DISCOVER BANK	254672F29	N/A	08/10/21	\$ 248,000	\$ 241,676	\$ 238,618	\$ (3,058)	1.500%	1.500%	02/10/18	\$ 1,860	1228
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 98,000	\$ 95,112	\$ 94,113	\$ (999)	1.550%	1.550%	02/17/18	\$ 760	1235
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 150,000	\$ 145,580	\$ 144,051	\$ (1,529)	1.550%	1.550%	02/17/18	\$ 1,163	1235
FDIC Ins. CD	AMERICAN EXPRESS FED SVGS BK	02587CED8	Aaa	07/29/20	\$ 248,000	\$ 247,916	\$ 245,327	\$ (2,589)	2.360%	2.340%	01/29/18	\$ 2,926	851
FDIC Ins. CD	MORGAN STANLEY	61747MF634	N/A	01/11/23	\$ 246,000	\$ -	\$ 243,988	\$ 243,988	2.650%	2.650%	07/11/18	\$ 3,233	1747
FDIC Ins. CD	BMW BANK NORTH AMER	05580AMB7	N/A	03/29/23	\$ 240,000	\$ -	\$ 240,434	\$ 240,434	2.900%	2.900%	09/29/18	\$ 3,486	1824
Total Corporate Obligations					\$ 7,992,751	\$ 7,368,080	\$ 5,767,419	\$ (1,600,661)					
Callable Note	AUSTRALIA & NEW ZEALA BKG	05253JAM3	Aa2	06/01/21	\$ 517,228	\$ 495,720	\$ 487,555	\$ (8,165)	2.300%	1.550%	12/01/17	\$ 5,948	1158
Callable Note	NATIONAL AUSTRALIA BK NY	63254AAR9	Aa2	07/12/21	\$ 508,870	\$ 489,340	\$ 480,265	\$ (9,075)	1.875%	1.880%	01/12/18	\$ 4,771	1199
Callable Note	BANK OF MONTREAL	06367TJX90	Aa3	08/27/21	\$ 1,011,840	\$ 978,930	\$ 960,470	\$ (18,460)	1.900%	1.900%	02/27/18	\$ 9,612	1245
Total Non-US Securities					\$ 2,037,938	\$ 1,963,990	\$ 1,928,290	\$ (35,700)					
Subtotal Long Term		Beginning Balance as of 12/31/2017			\$ 13,451,367	\$ 13,184,233	\$ 13,060,991	\$ (123,242)					
Pooled Investment	Local Agency Investment Fund (LAIF)				\$ 7,561,619	\$ 7,561,619	\$ 7,584,576	\$ 22,957	1.172%				
Portfolio Totals					\$ 21,012,987	\$ 20,745,852	\$ 20,645,567	\$ (100,285)					

Quarterly Portfolio Reconciliation of Investments Summary

Beginning Balance as of 12/31/2017	\$ 13,451,367
Purchased - 1st Quarter	\$ 1,946,471
Sold - 1st Quarter	\$ (2,032,049)
Interest Earned	\$ 92,655
Interest Used	\$ (1,514)
Ending Balance as of 3/31/2018	\$ 13,456,930

LAIF Beginning Balance as of 12/31/2017	\$ 7,561,619
Interest Earned	\$ 22,957
LAIF Ending Balance as of 3/31/2018	\$ 7,584,576

Combined Investment Ending Balance as of 3/31/2018 **\$ 21,041,506**



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.

6/12/2018

Vanessa Martinez, Treasurer

Accounts Payable

April American Express



Check Number	Check Date		Amount
603328 - 4IMPRINT Line Item Account			
5101801	05/10/2018		
Inv	15575703		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/02/2018	CORK COASTER	03-41-72000	1,800.18
Inv 15575703 Total			1,800.18
Inv	15588788		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	POCKET SPRAY SANITIZER	03-41-72000	204.52
Inv 15588788 Total			204.52
Inv	15600228		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	METALLIC FIDGET SPINNER	03-41-72000	655.90
Inv 15600228 Total			655.90
5101801 Total:			2,660.60
603328 - 4IMPRINT Total:			2,660.60
245 - ABCANA INDUSTRIES Line Item Account			
5101802	05/10/2018		
Inv	1022703		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	HYPOCHLORITE SOLUTION 12.5% 8 PG III	01-32-72000	747.49
Inv 1022703 Total			747.49
5101802 Total:			747.49
245 - ABCANA INDUSTRIES Total:			747.49
280 - AMAZON.COM Line Item Account			
5101803	05/10/2018		
Inv	0262157-0061017		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	

Check Number	Check Date		Amount
04/23/2018	DUAL LCD MONITOR DESK MOUNT	03-41-60100	53.33
Inv 0262157-0061017 Total			53.33
Inv 3912409-2730647			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/18/2018	Inateck 2x 2.5 Inch SSD to 3.5 Inch Internal Hard Disk Drive Mou	03-41-60100	20.72
04/18/2018	SanDisk 32GB Ultra Class 10 SDHC UHS-I Memory Card Up to 80	03-41-60100	13.87
04/18/2018	WD Blue 3D NAND 500GB PC SSD - SATA III 6 Gb/s 2.5"/7mm S	03-41-60100	128.08
Inv 3912409-2730647 Total			162.67
Inv 4002331-8071410			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/18/2018	IDEC SR3B-02F1 RELAY SOCKET HOLD-DOWN CLIP (50 piec	02-61-72000	26.51
Inv 4002331-8071410 Total			26.51
Inv 5060729-7225055			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/18/2018	Logitech BLOK Protective Keyboard Case for iPad Air 2, Teal/Blue	03-41-60100	36.99
04/18/2018	Dooter Lightning to SD Card Reader USB,Memory TF Card Viewer	03-41-60100	16.86
04/26/2018	Logitech BLOK Protective Keyboard Case for iPad Air 2, Teal/Blue	03-41-60100	-36.99
04/18/2018	Adoric Life 46 in 1 Precision Screwdriver Tool Kit- Compact Disa	03-41-60100	12.99
Inv 5060729-7225055 Total			29.85
Inv 6446894-1964227			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/10/2018	008R13061 XEROX WASTE TONER CARTRIDGE	03-41-72900	121.96
Inv 6446894-1964227 Total			121.96
Inv 6918741-2065056			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/12/2018	Belkin BE112230-08 12-Outlet Power Strip Surge Protector	03-41-60100	20.46
04/12/2018	AmazonBasics DisplayPort to HDMI Cable - 6 Feet	03-41-60100	11.84
Inv 6918741-2065056 Total			32.30
Inv 9502947-7157004			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/15/2018	RETURNED ITEM: NVIDIA GRAPHICS CARD	03-41-60100	-253.34
Inv 9502947-7157004 Total			-253.34
Inv 9921894-7327411			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/18/2018	LYSOL DISINFECTING WIPES	03-41-63400	14.00
04/18/2018	MEDIUM COMMAND HOOKS	03-41-63400	10.76
Inv 9921894-7327411 Total			24.76

5101803 Total:	198.04
----------------	--------

280 - AMAZON.COM Total:	198.04
--------------------------------	--------

4970 - BRADY SAND & MATERIAL, INC. Line Item Account

5101804	05/10/2018		
Inv	201803-20		

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/14/2018	CLASS II FT BILL 73015	01-34-72000	1,191.64

Inv 201803-20 Total	1,191.64
---------------------	----------

Inv	201803-21		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/15/2018	"3/4"" FT BILL 73016"	01-34-72000	687.74

Inv 201803-21 Total	687.74
---------------------	--------

Inv	201803-29		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/21/2018	CLASS II FT BILL 73022	01-34-72000	1,184.37

Inv 201803-29 Total	1,184.37
---------------------	----------

Inv	201803-9		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/09/2018	CLASS II FT BILL 73020 & 73012	01-34-72000	1,208.74

Inv 201803-9 Total	1,208.74
--------------------	----------

5101804 Total:	4,272.49
----------------	----------

4970 - BRADY SAND & MATERIAL, INC. Total:	4,272.49
------------------------------------------------------	----------

1965 - CALIFORNIA SPECIAL DISTRICTS ASSOCIATION Line Item Account

5101805	05/10/2018		
Inv	42753		

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	DISTRICT OF DISTINCTION APPLICATION FEE	03-41-72400	250.00
04/10/2018	REFUND	03-41-72400	<275.00>

5101805 Total:	<25.00>
----------------	---------

1965 - CALIFORNIA SPECIAL DISTRICTS ASSOCIATION Total:	<25.00>
---------------------------------------------------------------	---------

Check Number	Check Date		Amount
2885 - CORELOGIC INFORMATION Line Item Account			
5101806	05/10/2018		
Inv	81879883		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/31/2018	REALQUEST.COM GEOGRAPHIC PACKAGE	03-91-63102	192.50
Inv	81879883 Total		192.50
Inv	81880037		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/31/2018	REALQUEST.COM SALE DOC	03-91-63102	80.00
Inv	81880037 Total		80.00
5101806 Total:			272.50
2885 - CORELOGIC INFORMATION Total:			272.50
2045 - COUNTY OF SAN DIEGO, AIR, POLLUTION CONTROL DISTRICT Line Item Account			
5101807	05/10/2018		
Inv	079341990RI2017		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
11/21/2017	PERMIT FEE, 5600 EIGHTH ST	01-31-72150	3,825.96
Inv	079341990RI2017 Total		3,825.96
5101807 Total:			3,825.96
2045 - COUNTY OF SAN DIEGO, AIR, POLLUTION CONTROL DISTRICT Total:			3,825.96
2027 - CULLIGAN OF ESCONDIDO Line Item Account			
5101808	05/10/2018		
Inv	033118		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/31/2018	WATER SOFTNER SERVICE PERIOD 04/01-04/30	03-41-63401	72.78
Inv	033118 Total		72.78
5101808 Total:			72.78
2027 - CULLIGAN OF ESCONDIDO Total:			72.78
603473 - FACEBOOK Line Item Account			
5101809	05/10/2018		
Inv	3404977		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/19/2018	JOB POSTING HEALTH & SAFETY OFFICER	03-42-75500	26.53

Check Number	Check Date		Amount
Inv 3404977	Total		26.53
5101809	Total:		26.53
603473 - FACEBOOK	Total:		26.53
3325 - GRAINGER, W.W. INC. Line Item Account			
5101810	05/10/2018		
Inv 9736323099			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/22/2018	423H85 Water hose, 50ft, rubber	01-32-73000	58.32
Inv 9736323099	Total		58.32
Inv 9737072638			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/23/2018	YELLOW SPRAY PAINT	01-00-14610	86.89
Inv 9737072638	Total		86.89
Inv 9739808518			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/27/2018	Combination sewer truck valve	02-61-72000	62.29
Inv 9739808518	Total		62.29
Inv 9740536843			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/27/2018	GASKET SHEET, SYNTHETIC FIBERS	02-61-72000	52.97
Inv 9740536843	Total		52.97
Inv 9747702794			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	1XDY9 Pipe Wrench	01-32-73000	20.36
04/04/2018	3A587 Hex Key Tip	01-32-73000	5.73
04/04/2018	53PZ27 Hook and Pick Set	01-32-73000	20.85
04/04/2018	54DF96 Comb Wrench Set	01-32-73000	106.31
04/04/2018	10N540 Plier and Wrench Set	01-32-73000	166.46
04/04/2018	53PN75 Socket Set	01-32-73000	142.23
04/04/2018	2CYC4 Hex Key Set	01-32-73000	14.80
04/04/2018	4A497 Pipe Wrench	01-32-73000	24.32
04/04/2018	4CR43 Tongue and Groove Plier	01-32-73000	35.80
04/04/2018	49NW10 Tape Measure, 26ft	01-32-73000	32.57
Inv 9747702794	Total		569.43
Inv 9748173672			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	Material # 53PN75 Socket set	01-32-73000	142.23
04/04/2018	Material # 10J319 Demo screw driver	01-32-73000	74.35

Check Number	Check Date		Amount
04/04/2018		Material # 54DF96 Combination wrench set 18 piece	106.30
		01-32-73000	
Inv 9748173672		Total	322.88
Inv 9748341923			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	Material #1LCC9 Ratcheting wrench set 8 piece	01-32-73000	73.95
Inv 9748341923		Total	73.95
Inv 9749656998			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/05/2018	Part # 5W020 mULTIPURPOSE AIR HOSE 3/8"	02-61-72000	317.63
04/05/2018	6GCP6 - Fish tape 3/16 x 200'	02-61-73000	397.20
Inv 9749656998		Total	714.83
5101810	Total:		1,941.56
3325 - GRAINGER, W.W. INC. Total:			1,941.56
3695 - HOME DEPOT Line Item Account			
5101811	05/10/2018		
Inv 876958			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/25/2018	MULCH AND GARDEN 7.5IN CERAMIC	03-41-72000	103.21
Inv 876958		Total	103.21
5101811	Total:		103.21
3695 - HOME DEPOT Total:			103.21
603431 - LINKEDIN CORPORATION Line Item Account			
5101812	05/10/2018		
Inv 661396276			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/01/2018	JOB POSTING DISTRICT ENGINEER	03-42-75500	328.20
Inv 661396276		Total	328.20
Inv 874422933			
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	JOB POSTING DISTRICT ENGINEER	03-42-75500	6.60
Inv 874422933		Total	6.60
5101812	Total:		334.80

Check Number	Check Date		Amount
603431 - LINKEDIN CORPORATION Total:			334.80
603421 - MICROSOFT CORPORATION Line Item Account			
5101813	05/10/2018		
Inv	E0100E5HFM		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	ONLINE SERVICES 10/10/17-4/2/18	03-41-60100	81.66
Inv	E0100E5HFM Total		81.66
5101813 Total:			81.66
603421 - MICROSOFT CORPORATION Total:			81.66
603404 - NATUREBOX Line Item Account			
5101814	05/10/2018		
Inv	00153267		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/17/2018	EMPLOYEE SNACKS NATUREBOX UNLIMITED	03-41-56513	750.00
Inv	00153267 Total		750.00
5101814 Total:			750.00
603404 - NATUREBOX Total:			750.00
5286 - NOSSAMAN, LLP Line Item Account			
5101815	05/10/2018		
Inv	479478		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/11/2018	GENERAL COUNSEL SERVICES THROUGH 3/31/18	03-91-70000	603.50
04/11/2018	GENERAL COUNSEL SERVICES THROUGH 3/31/18	03-91-70000	958.50
04/11/2018	GENERAL COUNSEL SERVICES THROUGH 3/31/18	03-41-70300	9,443.00
04/11/2018	GENERAL COUNSEL SERVICES THROUGH 3/31/18	26-00-11122	1,420.00
Inv	479478 Total		12,425.00
Inv	479479		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/11/2018	GENERAL COUNSEL SERVICES THROUGH 3/31/18	03-41-70300	6,592.12
Inv	479479 Total		6,592.12
5101815 Total:			19,017.12
5286 - NOSSAMAN, LLP Total:			19,017.12

5425 - OFFICE DEPOT Line Item Account

5101816 05/10/2018

Inv 117441178001

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/21/2018	HP 410A Yellow Original LaserJet Toner Cartridge, CF412A	03-41-60100	99.12

Inv 117441178001 Total 99.12

Inv 118270199001

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/23/2018	STAPLE REMOVER - 427111	03-41-72900	1.20
03/23/2018	FINGERTIP MOISTENER - 458554	03-41-72900	2.61
03/23/2018	SCISSORS - 378410	03-41-72900	8.52
03/23/2018	BANKERS BOXES - 198802	03-41-72900	29.36

Inv 118270199001 Total 41.69

Inv 120832777001

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	HP 410 BLACK TONER CARTRIDGE	03-41-72900	151.69
04/04/2018	SHARPIE PERMANENT MARKERS	03-41-72900	26.19
04/04/2018	AVERY SHIPPING LABELS 8126	03-41-72900	67.17

Inv 120832777001 Total 245.05

Inv 121036757001

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	Brother TN-310C Cyan Toner Cartridge	03-41-72900	187.26
04/04/2018	Brother TN-310BK Black Toner Cartridge	03-41-72900	185.35
04/04/2018	Brother TN-310M Magenta Toner Cartridge	03-41-72900	124.84
04/04/2018	Brother TN-310Y Yellow Toner Cartridge	03-41-72900	124.84

Inv 121036757001 Total 622.29

Inv 122253760001

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	Office Depot® Brand Perforated Writing Pads	03-41-72900	6.24
04/04/2018	Lee® Sortkwik™ Hygienic Fingertip Moistener	03-41-72900	5.22
04/04/2018	Pentel® EnerGel™ X Retractable Liquid Gel Pens, 0.7 mm Medium	03-41-72900	48.47

Inv 122253760001 Total 59.93

Inv 128958783001

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/19/2018	SHARPIE (3) BOXES	03-41-72900	41.34

Inv 128958783001 Total 41.34

Inv 130852970001

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/23/2018	LAMINATING POUCHES	03-41-72900	42.80

Check Number	Check Date		Amount
Inv 130852970001	Total		42.80
5101816 Total:			1,152.22
5425 - OFFICE DEPOT Total:			1,152.22
603487 - PARTY CITY Line Item Account			
5101817	05/10/2018		
Inv	801688		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/25/2018	BRING YOUR KIDS TO WORK DAY SUPPLIES	03-42-56513	17.36
Inv 801688 Total			17.36
Inv	815983		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/25/2018	BRING YOUR KIDS TO WORK DAY SUPPLIES	03-42-56513	15.71
Inv 815983 Total			15.71
5101817 Total:			33.07
603487 - PARTY CITY Total:			33.07
603118 - POWELL'S OFFICE FURNITURE Line Item Account			
5101818	05/10/2018		
Inv	9676		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/09/2018	HUTCH USED CHERRYMAN AMBER HUTCH - ESPRESSO (~)	03-91-70000	108.75
04/09/2018	A540 CHERRYMAN AMBER SERIES 2 DOOR STORAGE	03-41-63401	554.63
04/09/2018	A827 CHERRYMAN AMBER SERIES 2 DRAWER LATERAL FI	03-41-63401	772.12
04/09/2018	A828 CHERRYMAN AMBER SERIES STORAGE BOOKCASE 2	03-41-63401	172.91
04/09/2018	A328 CHERRYMAN AMBER SERIES STORAGE HUTCH OPE	03-41-63401	237.08
Inv 9676 Total			1,845.49
5101818 Total:			1,845.49
603118 - POWELL'S OFFICE FURNITURE Total:			1,845.49
603143 - PROFLOWERS Line Item Account			
5101819	05/10/2018		
Inv	110360273442		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/18/2018	SYMPATHY ARRANGEMENT -SSIMPSON	03-41-56513	69.36
Inv 110360273442 Total			69.36

Check Number	Check Date		Amount
Inv	111959448289		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/18/2018	SYMPATHY ARRANGEMENT - JDEMARY	03-41-56513	66.97
Inv 111959448289 Total			66.97
Inv	112054353870		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/18/2018	SYMPATHY ARRANGEMENT - GDECHERT	03-41-56513	65.37
Inv 112054353870 Total			65.37
5101819 Total:			201.70
603143 - PROFLOWERS Total:			201.70
5976 - PRUDENTIAL OVERALL SUPPLY Line Item Account			
5101820	05/10/2018		
Inv	130816072		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/27/2018	EMPLOYEE UNIFORMS	03-41-56511	136.92
03/27/2018	MATS & MISC	03-41-63401	160.86
Inv 130816072 Total			297.78
Inv	130816073		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/27/2018	EMPLOYEE UNIFORMS	03-41-56511	100.91
Inv 130816073 Total			100.91
Inv	130817585		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	EMPLOYEE UNIFORMS	03-41-56511	130.07
04/03/2018	MATS & MISC	03-41-63401	7.30
Inv 130817585 Total			137.37
Inv	130817586		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	EMPLOYEE UNIFORMS	03-41-56511	100.91
Inv 130817586 Total			100.91
Inv	130819468		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/10/2018	MATS & MISC	03-41-63401	160.86
04/10/2018	EMPLOYEE UNIFORMS	03-41-56511	136.92
Inv 130819468 Total			297.78

Check Number	Check Date		Amount
Inv	130819469		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/10/2018	EMPLOYEE UNIFORMS	03-41-56511	100.91
Inv 130819469 Total			100.91
5101820 Total:			1,035.66
5976 - PRUDENTIAL OVERALL SUPPLY Total:			1,035.66
603486 - REALLYCOLOR.COM Line Item Account			
5101821	05/10/2018		
Inv	OPSNT_CKPE9		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/25/2018	BRING YOUR KIDS TO WORK DAY SUPPLIES	03-42-56513	3.99
Inv OPSNT_CKPE9 Total			3.99
5101821 Total:			3.99
603486 - REALLYCOLOR.COM Total:			3.99
603175 - RODRIGUEZ, MANDY Line Item Account			
5101822	05/10/2018		
Inv	022213		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/25/2018	BRING YOUR KIDS TO WORK SUPPLIES	03-42-56513	178.45
Inv 022213 Total			178.45
5101822 Total:			178.45
603175 - RODRIGUEZ, MANDY Total:			178.45
603485 - ROTARY CLUB OF SAN DIEGO Line Item Account			
5101823	05/10/2018		
Inv	7049		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/23/2018	(1) TICKET TO DISTRICT FOUR WAY TEST SPEECH CONTEST	03-41-75300	33.00
Inv 7049 Total			33.00
5101823 Total:			33.00
603485 - ROTARY CLUB OF SAN DIEGO Total:			33.00

603309 - SOUTHWEST AIRLINES Line Item Account

5101824 05/10/2018

Inv 5261430829149

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/02/2018	2018 CSDA LEGISLATIVE DAYS AIRFARE-BSTEWART	03-20-75300	15.00
04/02/2018	2018 CSDA LEGISLATIVE DAYS AIRFARE-BSTEWART	03-20-75300	15.00
04/02/2018	2018 CSDA LEGISLATIVE DAYS AIRFARE-BSTEWART	03-20-75300	236.96

Inv 5261430829149 Total 266.96

Inv 5261430829150

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/02/2018	2018 CSDA LEGISLATIVE DAYS AIRFARE-MGASCA	03-20-75300	15.00
04/02/2018	2018 CSDA LEGISLATIVE DAYS AIRFARE-MGASCA	03-20-75300	15.00
04/02/2018	2018 CSDA LEGISLATIVE DAYS AIRFARE-MGASCA	03-20-75300	236.96

Inv 5261430829150 Total 266.96

5101824 Total: 533.92

603309 - SOUTHWEST AIRLINES Total: 533.92

603465 - TALON EXECUTIVE SERVICES, INC. Line Item Account

5101825 05/10/2018

Inv R041218

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/12/2018	RETAINER FEE	03-43-72000	500.00

Inv R041218 Total 500.00

5101825 Total: 500.00

603465 - TALON EXECUTIVE SERVICES, INC. Total: 500.00

603406 - THE FRUIT GUYS Line Item Account

5101826 05/10/2018

Inv 5222217

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	EMPLOYEE SNACKS-HARVEST SMALL	03-41-56513	38.25

Inv 5222217 Total 38.25

Inv 5225217

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/10/2018	EMPLOYEE SNACKS-HARVEST SMALL	03-41-56513	76.50

Inv 5225217 Total 76.50

Check Number	Check Date		Amount
Inv	5227870		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/17/2018	EMPLOYEE SNACKS-HARVEST SMALL	03-41-56513	38.25
Inv 5227870 Total			38.25
Inv	5230570		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/24/2018	EMPLOYEE SNACKS-HARVEST SMALL	03-41-56513	76.50
Inv 5230570 Total			76.50
5101826 Total:			229.50
603406 - THE FRUIT GUYS Total:			229.50
7770 - U.S. POSTAL SERVICE Line Item Account			
5101827	05/10/2018		
Inv	1907712228		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/04/2018	48-HOUR NOTICE PREPAY BALANCE RECHARGE	03-51-69000	300.00
Inv 1907712228 Total			300.00
Inv	1922315679		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/16/2018	48-HOUR NOTICE PREPAY BALANCE RECHARGE	03-51-69000	300.00
Inv 1922315679 Total			300.00
Inv	1933188467		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/25/2018	48-HOUR NOTICE PREPAY BALANCE RECHARGE	03-51-69000	300.00
Inv 1933188467 Total			300.00
5101827 Total:			900.00
7770 - U.S. POSTAL SERVICE Total:			900.00
8155 - WESTERN WATER WORKS SUPPLY Line Item Account			
5101828	05/10/2018		
Inv	486382-00		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/03/2018	2-3" T316 SS MTR BLT KIT 150# DOUBLE WASHER	01-00-14610	154.08
04/03/2018	12X20 CARSON BLK SOLID T-COVER MARKED WATER MET	01-00-14610	1,090.97
04/03/2018	12X20 CARSON BLK PLASTIC MTR BOX	01-00-14610	2,499.80
Inv 486382-00 Total			3,744.85

Inv 486463-00

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
03/28/2018	4" BLACK STEEL PIPE SCH 40	01-00-14610	767.52

Inv 486463-00 Total	767.52
---------------------	--------

5101828 Total:	4,512.37
----------------	----------

8155 - WESTERN WATER WORKS SUPPLY Total:	4,512.37
-------------------------------------------------	----------

603451 - ZOHO CORP Line Item Account

5101829 05/10/2018

Inv 63603859

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
04/08/2018	MONTHLY SUBSCRIPTION	01-35-72000	25.00

Inv 63603859 Total	25.00
--------------------	-------

5101829 Total:	25.00
----------------	-------

603451 - ZOHO CORP Total:	25.00
----------------------------------	-------

Total:	45,464.11
--------	-----------

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
07/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING	\$ 600.00			\$ 600.00	\$ 600.00	
	COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS	\$ 150.00	\$ 300.00	\$ 300.00	\$ 700.00	\$ 300.00	
	TRAVEL EXPENSES	\$ 1,119.19			\$ 940.78	\$ 754.99	
	MILEAGE EXPENSE			\$ 23.54		\$ 577.82	
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 1,869.19</u>	<u>\$ 300.00</u>	<u>\$ 323.54</u>	<u>\$ 2,240.78</u>	<u>\$ 2,232.81</u>	<u>\$ -</u>
08/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING		\$ 30.00		\$ 30.00		
	COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS	\$ 25.00					
	TRAVEL EXPENSES	\$ 150.00	\$ 150.00	\$ 150.00	\$ 300.00	\$ 300.00	
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 175.00</u>	<u>\$ 180.00</u>	<u>\$ 150.00</u>	<u>\$ 330.00</u>	<u>\$ 300.00</u>	<u>\$ -</u>

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
09/30/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)				\$ 580.00		
	TRAINING	\$ 45.00					
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 300.00	\$ 300.00	\$ 300.00	\$ 450.00	\$ 450.00	
	TRAVEL EXPENSES				\$ 1,303.92		
	MILEAGE AND EXPENSES	\$ 21.40					
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	\$ 366.40	\$ 300.00	\$ 300.00	\$ 2,333.92	\$ 450.00	\$ -
10/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 450.00	\$ 450.00	
	TRAVEL EXPENSES						
	MILEAGE AND EXPENSES						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	\$ 150.00	\$ 150.00	\$ 150.00	\$ 450.00	\$ 450.00	\$ -

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
11/30/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00		
	CONFERENCES (CSDA, ACWA, etc.)	\$ 699.00			\$ 699.00	\$ 699.00	
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 300.00			\$ 300.00	\$ 600.00	
	TRAVEL EXPENSES	\$ 374.90			\$ 394.90	\$ 406.35	
	MILEAGE EXPENSE	\$ 79.18			\$ 137.39	\$ 80.36	
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 1,483.08</u>	<u>\$ 30.00</u>	<u>\$ 30.00</u>	<u>\$ 1,561.29</u>	<u>\$ 1,785.71</u>	<u>\$ -</u>
12/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 300.00	
	TRAVEL EXPENSES						
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 300.00</u>	<u>\$ -</u>
	REPORT TOTAL (2017):	\$ 4,193.67	\$ 1,110.00	\$ 1,103.54	\$ 7,065.99	\$ 5,518.52	\$ -

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
01/31/18	CAL PERS - HEALTH INS. WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS TRAVEL EXPENSES MILEAGE EXPENSE REIMBURSEMENT FROM DIRECTORS						\$ 347.11
		\$ 40.00			\$ 40.00		
		\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	
		\$ 32.70		\$ 23.98	\$ 39.24		
	Monthly Totals	\$ 372.70	\$ 300.00	\$ 323.98	\$ 379.24	\$ 300.00	\$ (347.11)
02/28/18	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 TRAVEL EXPENSES MILEAGE EXPENSE REIMBURSEMENT FROM DIRECTORS						\$ 347.11
		\$ 30.00	\$ 30.00	\$ 650.00	\$ 30.00	\$ 30.00	
			\$ (25.00)				
		\$ 40.00					
		\$ 150.00	\$ 150.00	\$ 450.00	\$ 300.00	\$ 300.00	
				\$ 631.74			
		\$ 32.70		\$ 106.82	\$ 52.32		
	Monthly Totals	\$ 252.70	\$ 155.00	\$ 2,138.56	\$ 382.32	\$ 330.00	\$ (347.11)

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
03/31/18	CAL PERS - HEALTH INS.						\$ 347.47
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES	\$ 40.00					
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	
	TRAVEL EXPENSES	\$ 57.77					
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (347.47)
	Monthly Totals	\$ 247.77	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ -
04/30/18	CAL PERS - HEALTH INS.						\$ 347.11
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES	\$ 45.00					
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00		
	TRAVEL EXPENSES	\$ 32.70					
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (347.11)
	Monthly Totals	\$ 227.70	\$ 150.00	\$ 150.00	\$ 150.00	\$ -	\$ -

Bank Reconciliation
Board Audit



Check No Vendor/Employee

Transaction Description

Date

Amount

Fund: 01 WATER FUND

Department: 00

ACH	ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - MAY 2018	04/19/2018	78,248.63
ACH	EMPLOYMENT DEV DEPARTMENT	1ST QRT 2018 - UI	04/23/2018	11,624.03
ACH	HEALTH EQUITY	HSA Anthem/Kaiser - 2018 ER Contribution (AK)	04/05/2018	3,000.00
ACH	INTERNAL REVENUE SERVICE	941 QUARTERLY FILING BALANCE DUE - 1ST QRT	04/23/2018	981.42
ACH	PRINCIPAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - APR 2018	04/03/2018	13,099.32
ACH	RENE BUSH	REIMBURSE RETIRED EMPLOYEE HEALTH INS - APR 2018	04/03/2018	726.00
ACH	SAN DIEGO COUNTY WATER AUTH	WIRE TRANSFER FOR WATER PURCHASE - FEBRUARY 2018	04/09/2018	1,768,796.84
ACH	SAN DIEGO COUNTY WATER AUTH.	CAPACITY FEES FOR JAN-MAR 2018	04/09/2018	464,264.00
ACH	ANDREW ECHOLS	REIMBURSE RETIRED EMPLOYEE HEALTHS INS - MAR 2018	04/03/2018	363.00
ACH	ANDREW ECHOLS	REIMBURSE RETIRED EMPLOYEE HEALTH INS - APR 2018	04/19/2018	363.00
ACH	CHARLES C. SNEED	REIMBURSE RETIRED EMPLOYEE HEALTH INS - APR 2018	04/19/2018	363.00
ACH	KEVIN MILLER	REIMBURSE RETIRED EMPLOYEE HEALTH INS - APR 2018	04/03/2018	726.00
54569	FERGUSON WATERWORKS #1083	2-3" 150# T316 SS FLG BOLT KIT	04/03/2018	1,430.92
54585	CHRIS & JENNIFER WITTPENN	Refund Check	04/05/2018	202.23
54593	CORE & MAIN LP	4" OCTAVE ULTRASONIC	04/10/2018	6,775.32
54598	FERGUSON WATERWORKS #1083	3/8" X CLOSE BRASS NIPPLE	04/10/2018	55,848.47
54601	HOME DEPOT	MILWAUKEE 12" HACK SAW	04/10/2018	107.59
54611	PRINCIPAL LIFE INSURANCE COMPANY	STD EMPLOYER FICA-SSI - MAR 2018	04/10/2018	313.30
54616	WHITE CAP CONSTRUCTION SUPPLY	109SCB - BLUE STAKE CHASERS 25/PACK	04/10/2018	140.08
54619	JOHN ALMENDAREZ	INSPECTION DEPOSIT BALANCE REIMBURSEMENT FOR NEW WATER METER INS	04/19/2018	444.23
54629	D.R. HORTON LOS ANGELES HOLDING COMPANY	Refund Check	04/19/2018	6,642.85
54634	FERGUSON WATERWORKS #1083	6-8" 150# T-316 SS FLANG BOLT KIT	04/19/2018	47.41
54639	HERCULES INDUSTRIES, INC	LRG MASTERLOCK #2975 1"	04/19/2018	536.66
54645	LINCOLN NATIONAL LIFE INSURANCE COMPANY		04/19/2018	4,019.31
54649	PACIFIC RESTORATION GROUP, INC	Refund Check	04/19/2018	783.24
54653	GABRIEL RAYES	Refund Check	04/19/2018	262.05
54658	RAYMOND SMITH	INSPECTION DEPOSIT BALANCE REIMBURSEMENT FOR METER RELOCATION	04/19/2018	481.87
54666	RAMON ZUNIGA	COMPUTER LOAN	04/19/2018	1,944.42

Total for Department: 00 2,422,535.19

Department: 31 PUMPING

54601	HOME DEPOT	CONDUIT, RDC BUSHING, 1IN T CON, TANWGNT250	04/10/2018	56.60
54655	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS AND ELECTRIC SERVICE	04/19/2018	32,280.69
Total for Department: 31 PUMPING				32,337.29

Department: 32 OPERATIONS

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: NITROGEN	04/19/2018	22.32
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	04/19/2018	2,325.00
ACH	MISSION VALLEY SANITATION-SD	PORTA POTTY RENTAL FOR WEED ABATEMENT	04/05/2018	141.07
54571	HACH	Item # 9532001 Replacement sensor for ph tester	04/03/2018	2,233.16
54577	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #7382 505 701 4	04/03/2018	111.22
54580	THE CENTRE FOR ORGANIZATION EFFECTIVENESS	S.T.A.R.T. ACADEMY COURSE - E. BRADLEY & M. CLINE	04/03/2018	798.00
54601	HOME DEPOT	INTERLOCK STARTER KIT, RYOBI 2300W INVERTER GENERATOR	04/10/2018	919.38
54602	INTEGRA CHEMICAL	Dechlor tablets Item # V325.50.140T	04/10/2018	1,187.50
54604	JOE'S HARDWARE	Item # 6783625 Extractor set 5 pc.	04/10/2018	27.21
54622	ED BRADLEY	REIMBURSEMENT FOR SWRCB GRADE D4 CERT RENEWAL FEE	04/19/2018	105.00
54637	GLOBAL POWER GROUP INC.	Diagnostic/Technology fee	04/19/2018	610.68
54640	HOME DEPOT	CONTRACTOR FARM HOSE, RUBBER HOSE, LOCKING PLIERS	04/19/2018	271.76
54655	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS AND ELECTRIC SERVICE	04/19/2018	804.32
54673	QUALITY FENCE COMPANY	To install 54 LF of 6' Galvanized Chain Link Fence. All Corner a	04/26/2018	2,675.00
54674	STATE OF CA DEPT OF WATER RESOURCES	BECK DAM FEES	04/26/2018	22,226.00
Total for Department: 32 OPERATIONS				34,457.62

Department: 33 VALVE MAINTENANCE

ACH	UNION BANK (VISA)	HARBOR FREIGHT-CASTER SWIVEL RUBBER, 3IN SOLID POLYURETHANE	04/12/2018	21.52
54568	BRYAN ROSE	REIMB FOR PLANT MAINTENANCE TECHNOLOGIST GRADE I, RENEWAL FEE	04/03/2018	85.00
54583	GERARDO CANCINO	REIMBURSEMENT FOR SWRCB GRADE T2 CERTIFICTION FEE	04/05/2018	60.00
54601	HOME DEPOT	CAMINO DEL REY PRV-STAKES, PARTS KIT, CHAIN	04/10/2018	115.01
54610	POLLARDWATER	4X5 MRKR FLAG 15 WIRE BLUE SCREEN #16333	04/10/2018	274.42
54632	FALLBROOK AUTO PARTS	HYD/OIL, FLUSH	04/19/2018	32.04
Total for Department: 33 VALVE MAINTENANCE				587.99

Department: 34 WATER DISTRIBUTION

ACH	AIRGAS USA, LLC	REPLACE/REFILL 4 OXYGENS	04/10/2018	301.70
ACH	AIRGAS USA, LLC	CYLINDER RENTAL: ARGON & CARBON DIOXIDE	04/19/2018	41.85
ACH	ART'S TRENCH PLATE & KRAIL SERVICE CO, INC.	(4) 6X12 TRENCH PLATE RENTAL	04/10/2018	1,302.00
ACH	ART'S TRENCH PLATE & KRAIL SERVICE CO, INC.	(4) 6x10 TRENCH PLATE RENTALS	04/19/2018	815.20
ACH	HAWTHORNE MACHINERY COMPANY	EQUIPMENT RENTAL 3/1/18-3/7/18, EXC BUCKET	04/19/2018	2,695.85

ACH	JOE'S PAVING CO, INC	Asphalt Repair	04/19/2018	10,627.65
ACH	TRAFFIC SAFETY SOLUTIONS, LLC	TRAFFIC CONTROL W. LILAC RD & CURVY RANCH-4/4/18 & 4/5/18	04/10/2018	3,168.75
ACH	UNDERGROUND SERVICE ALERT	RAI88 NEW TICKET CHARGES	04/10/2018	316.90
54587	BECHTEL TOOLS, INC.	Traffic Control	04/10/2018	10,492.00
54609	PERRAULT CORPORATION	CLASS II BASE, 3/4" GRAVEL	04/10/2018	1,744.65
54628	COUNTY OF SAN DIEGO DEPT OF PUBLIC WORKS	ROAD PERMITS	04/19/2018	143.00
54640	HOME DEPOT	LEVEL SET, STEELSTIK	04/19/2018	15.59
54650	PERRAULT CORPORATION	CLASS II BASE + ENVIRONMENTAL FEE PER LOAD	04/19/2018	420.15
54652	QUALITY FENCE COMPANY	Replace damaged fencing at Grammer RD/Gopher Canyon RD, Vista. I	04/19/2018	3,721.00
54667	BOARD OF EQUALIZATION	1ST QUARTER 2018 ROAD USE TAX	04/26/2018	326.69

Total for Department: 34 WATER DISTRIBUTION 36,132.98

Department: 35 METER SERVICES

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: OXYGEN & ACETYLENE	04/19/2018	39.99
ACH	TEMECULA VALLEY BACKFLOW, INC.	WK975XL2	04/10/2018	400.00
ACH	TEMECULA VALLEY BACKFLOW, INC.	ANNUAL BACKFLOW PREVENTION DEVICE TESTING/REPAIR SERVICES	04/19/2018	42,039.00
54608	NORTHERN TOOL & EQUIPMENT	Parallel Cables for Honda Generators	04/10/2018	38.09
54643	JOE'S HARDWARE	CUTTER PVC 2IN RATCHETNG IHAND	04/19/2018	23.20

Total for Department: 35 METER SERVICES 42,540.28

Department: 41 ADMINISTRATION/HR

Total for Department: 41 ADMINISTRATION/HR 0.00

Total for Fund:01 WATER FUND 2,568,591.35

Fund: 02 SEWER FUND

Department: 00

ACH	CITY OF OCEANSIDE	SEWER TREATMENT - APRIL 2018	04/12/2018	67,336.59
54585	CHRIS & JENNIFER WITTPENN	Refund Check	04/05/2018	58.42

Total for Department: 00 67,395.01

Department: 61 WASTEWATER

ACH	ATLAS PUMPING SERVICE	MONTHLY BIN RENTAL	04/10/2018	210.00
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	04/19/2018	155.00
ACH	BP BATTERY INC.	TRASH PUMP & SPRAYER	04/10/2018	268.25
ACH	HAAKER EQUIPMENT CO.	Kanaflex 8" Vaccum hose	04/19/2018	1,099.45
ACH	UNION BANK (VISA)	CWEA REGISTRATION FEE-RZUNIGA	04/12/2018	90.00

ACH	UNION BANK (VISA)	ESONDIDO ASPHALT - JOB #130168	04/12/2018	121.54
54577	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #9380 440 512 5	04/03/2018	8.00
54584	RHO MONSERATE C.C.H.A.	ELECTRIC CHARGE	04/05/2018	369.55
54600	GLOBAL POWER GROUP INC.	Lift Station spark plugs and wire replacement	04/10/2018	846.71
54618	XYLEM INC	Cable,subcab AWG 1/3 - 2-1 gc + 41.7 MM	04/10/2018	3,944.01
54628	COUNTY OF SAN DIEGO DEPT OF PUBLIC WORKS	ROAD PERMITS, WORK ON GOPHER CYN RD 11/22/17	04/19/2018	196.50
54636	GELCO SUPPLY INC	40 lb box Root x	04/19/2018	498.92
54640	HOME DEPOT	15PC SCREWDRIVER, ALUMINUM PIPE WRENCH, PISTOL GRIP, WRENCH SET	04/19/2018	225.33
54655	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS AND ELECTRIC SERVICE	04/19/2018	1,843.68
54669	CWEA	ANNUAL MEMBERSHIP RENEWAL FOR JOHN MACCARRONE-ID #0000449140I	04/26/2018	180.00

Total for Department: 61 WASTEWATER 10,056.94

Total for Fund:02 SEWER FUND 77,451.95

Fund: 03 GENERAL FUND

Department: 00

ACH	ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - MAY 2018	04/19/2018	885.76
ACH	PRINCIPAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - MAR 2018	04/03/2018	51.10
ACH	PUBLIC EMPLOYEES RETIREMENT	EMPLOYER CONTRIBUTION, UNFUNDED ACCRUED LIABILITY, CLASSIC 1770	04/26/2018	28,507.82

Total for Department: 00 29,444.68

Department: 20 BOARD

54570	MIGUEL GASCA	MILEAGE REIMBURSEMENT TO ACWA ON 3/16/18 & TO CWU ON 3/20/18	04/03/2018	57.77
54627	COUNCIL OF WATER UTILITIES	COWU MEETING 4/17/18-MGASCA	04/19/2018	45.00

Total for Department: 20 BOARD 102.77

Department: 36 GARAGE

ACH	ALL STAR GLASS	All Star Glass Labor to remove and replace windshield on Unit #	04/26/2018	316.06
ACH	BP BATTERY INC.	#142, #143, #133-AUTO BATTERY WITH CORE EXCHANGE AND COMMERCIAL	04/19/2018	526.43
ACH	CONTROLLED MOTION SOLUTIONS	PLASTIC AIR BRAKE TUBING	04/10/2018	12.62
ACH	FLYERS ENERGY LLC	ORDER #1430637-18, CARB REG 10% ETH 340 UNITS/DSL 249 UNITS	04/05/2018	1,909.33
ACH	FLYERS ENERGY LLC	ORDER #1425532-18, CARB REG 10% ETH 280 UNITS/DSL 130 UNITS	04/10/2018	2,681.31
ACH	FLYERS ENERGY LLC	ORDER 1442931-18, CARB REG 10% ETH 475 UNITS/DSL 220 UNITS	04/19/2018	2,301.92
ACH	O'REILLY AUTO PARTS	8OZ FUEL TREAT	04/05/2018	231.67
ACH	O'REILLY AUTO PARTS	TRANS FILTER	04/19/2018	64.04
ACH	PARKHOUSE TIRE, INC.	LT265/70R17 E FST T/F AT2 OWL, #28	04/10/2018	934.22
ACH	UNITED WEST INC.	Water Operations High Line Trailer Replacement See Attached	04/19/2018	4,837.43
ACH	SEAN OLSON	4.43" x 14.48" Cast vinyl decals (RED) "24 Hour Emergency Respon	04/10/2018	759.64
54582	FALLBROOK AUTO PARTS	HI PWR II IND LV-BELT	04/05/2018	67.24

54592	COMMUNICATIONS SERVICES	RADIO INSTALL ON UNIT #73, DUMP TRUCK	04/10/2018	675.68
54595	CROP PRODUCTION SVC INC,	HON16100-ZM7-D28 Carburetor Assembly (See Attachment)	04/10/2018	93.60
54596	DION INTERNATIONAL	TENSIONR, PULLEY IDLER BELT TEN	04/10/2018	271.13
54599	FLEET TRUCK & AUTO SHOP INC.	Cooling System Pressure Test, #36	04/10/2018	95.00
54601	HOME DEPOT	VP Small Engine Fuel 50:1 Pre Mixed 94 Octane Ethanol Free (8 PA	04/10/2018	512.89
54617	WINZER	M12 THRU HARD F/W DIN125ZP	04/10/2018	1,491.21
54631	DION INTERNATIONAL	Labor to Remove and Replace Power Steering Gear Assembly	04/19/2018	2,392.16
54632	FALLBROOK AUTO PARTS	B/AW ASY	04/19/2018	25.62
54638	HEAVY VEHICLE ELECTRONIC LICENSE PLATE	MONTHLY SERVICE - MAR	04/19/2018	27.65
54646	NETWORK FLEET, INC.	MONTHLY AIRTIME CHARGES FOR GPS TRACKING - MAR 2018	04/19/2018	1,560.00
54662	TOUGH SEATS INC	Freight Charge to California	04/19/2018	861.00

Total for Department: 36 GARAGE 22,647.85

Department: 41 ADMINISTRATION/HR

ACH	ACCELA, INC. #774375	WEB PAYMENTS WITH ONLINE-BILLS.COM	04/10/2018	2,630.00
ACH	HEALTH EQUITY	MONTHLY ADMINISTRATION FEES - APR 2018	04/12/2018	120.95
ACH	PUBLIC EMPLOYEES RETIREMENT	CALPERS REPLACEMENT FUND: ANNA CHRISTENSEN	04/09/2018	347.11
ACH	RAFTELIS FINANCIAL CONSULTANTS	PROFESSIONAL SERVICES FROM 3/1/18-3/31/18, WASTEWATER RATE STUDY	04/26/2018	1,382.50
ACH	REM MECHANICAL, INC	CHECK THERMOSTAT AND GAS SMELL	04/10/2018	120.00
ACH	SOUTHWEST ANSWERING SERVICE, INC.	MONTHLY ANSWERING SERVICE	04/10/2018	653.99
ACH	SPECIAL DISTRICT RISK	PROPERLTY/LIABILITY-LEASED MODULAR, ADD/REMOVE VEHICLES	04/26/2018	348.75
ACH	STREAMLINE	MONTHLY WEB MANAGEMENT FEE	04/19/2018	300.00
ACH	T.R.Y. ENTERPRISES, INC.	PATROL SERVICES 3/1/18-3/31/18, DISTRICT YARD & HUNTLEY PUMP	04/19/2018	985.00
ACH	UNION BANK (VISA)	GM BREAKFAST	04/12/2018	263.26
ACH	UNION BANK (VISA)	RECORD MANAGEMENT SEMINAR LUNCH - CGRAY & DWASHBURN	04/12/2018	40.00
ACH	UNION BANK (VISA)	RESTOCK KITCHEN SUPPLIES	04/12/2018	649.21
ACH	WESTERN LANDSCAPE MAINTENANCE PLUS, INC.	LANDSCAPE MAINTENANCE SERVICE	04/10/2018	507.15
ACH	WESTERN LANDSCAPE MAINTENANCE PLUS, INC.	LANDSCAPE MAINTENANCE SERVICE	04/19/2018	507.15
ACH	XEROX CORP.	MONTHLY LEASE	04/10/2018	1,347.36
ACH	SEAN OLSON	INSTALL WITH BOLTS AND LARGE METAL WASHERS ON FENCE	04/03/2018	672.59
54566	ACWA	NO DRINKING WATER TAX EDUCATION & OUTREACH CAMPAIGN CONTRIBUTION	04/03/2018	10,000.00
54567	ALERT LOCKSMITH	Keys	04/03/2018	87.59
54573	JAUREGUI & CULVER, INC.	Technician Drive Time @ \$ 65.00 (Please See Attached Invoice #	04/03/2018	801.23
54577	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #4065 592 756 6	04/03/2018	3,057.28
54581	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	04/03/2018	3,727.36
54586	AMERIGAS - TEMECULA	PROPANE GAS	04/10/2018	1,158.15
54588	BONSALL PEST CONTROL	MONTHLY PEST CONTROL	04/10/2018	90.00
54590	BREAKERS ELECTRICAL SERVICE	Contractor to run communications cable and install jacks for phon	04/10/2018	2,360.25
54594	COVERALL NORTH AMERICA, INC.	COMMERCIAL CLEANING SERVICES	04/10/2018	995.00
54597	FALLBROOK WASTE AND RECYCLING	MONTHLY REFUSE AND RECYCLE	04/10/2018	372.00
54603	JAUREGUI & CULVER, INC.	Mifare Tags Box Of 10 (SEE ATTACHMENT)	04/10/2018	1,616.53
54605	MITEL LEASING	LEASE AGREEMENT	04/10/2018	764.30
54606	MODULAR BUILDING CONCEPTS, INC	RENTAL AGREEMENT	04/10/2018	1,127.05
54612	QUALITY GATE COMPANY	QUARTERLY MAINTENANCE SERVICE - LIFT STATION	04/10/2018	333.00

54614	ULINE	Rubbermaid® Brute® Trash Can - 55 Gallon, Gray	04/10/2018	391.07
54615	VILLAGE NEWS	REQUIRED PUBLICATION OF ORDINANCE NO. 18-04 FIXING THE TIME & PL	04/10/2018	200.00
54620	AT&T	MONTHLY PHONE SERVICE	04/19/2018	166.73
54623	CDW GOVERNMENT, INC.	Adobe Acrobat Pro - Team Licensing Subscription Renewal	04/19/2018	5,140.43
54626	COPY 2 COPY	BUSINESS CARDS FOR KIMBERLY	04/19/2018	473.52
54630	DELL BUSINESS CREDIT	WIRELESS KEYBOARD	04/19/2018	853.35
54640	HOME DEPOT	STANDARD HDMI CABLE	04/19/2018	16.13
54641	HOWROYD-WRIGHT EMPLOYMENT AGENCY, INC.	STAFFING: M. HIEBERT (CS CLERK)	04/19/2018	1,095.31
54642	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	04/19/2018	685.19
54648	OSTARI INC.	Dell E2417H Black 23.8" 8ms (GTG) W1descreen LED Backlight LCD M	04/19/2018	3,984.63
54657	SHRED-IT USA LLC	MONTHLY SERVICE AGREEMENT	04/19/2018	220.11
54660	THE CARLSON COMPANY	JANITORIAL SUPPLIES RESTOCK-TOWELS, FOOD BAG	04/19/2018	122.74
54661	TIME WARNER CABLE	MONTHLY INTERNET CONNECTION - APR	04/19/2018	1,250.00
54663	ULINE	S-3832 Magnetic Vinyl Envelopes - 3 x 5" 50/carton	04/19/2018	295.73
54665	XEROX FINANICAL SERVICES	MONTHLY LEASE	04/19/2018	565.83
54668	COPY 2 COPY	250 BUSINESS CARDS FOR KARLEEN	04/26/2018	64.11
54670	INFOR (US), INC.	UB REQUIREMENTS AND AD HOC SERVICES	04/26/2018	1,115.00
54671	AHMED KHATTAB	REIMB FOR PURCHASE OF VIDEO CONFERENCE CAMERA FOR TK	04/26/2018	54.94
54675	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE-KBROWN MONTHLY & EQUIPMENT CHARGES	04/26/2018	3,063.60

Total for Department: 41 ADMINISTRATION/HR 57,123.18

Department: 42 HUMAN RESOURCES

ACH	TEG STAFFING, INC.	STAFFING: JWHITE (HR ASST)	04/10/2018	1,572.57
ACH	UNION BANK (VISA)	INTERVIEW PANEL - LUNCH	04/12/2018	10.99
ACH	UNION BANK (VISA)	INTERVIEW PANEL - LUNCH	04/12/2018	73.73
ACH	TOM KENNEDY	REIMB FOR LUNCH WITH GM - EXCELLENCE COIN (15 RECIPIENTS)	04/05/2018	330.72
54574	NATIONAL BENEFIT SERVICES, LLC	COBRA ADMINISTRATION FEE - FEBRUARY 2018	04/03/2018	50.00
54575	OCCUPATIONAL HEALTH CENTERS OF CA, A MEDICAL CORP	SERVICES PERFORMED AT CMC	04/03/2018	273.00
54591	CIVILITY PARTNERS	COACHING	04/10/2018	5,500.00
54607	NATIONAL BENEFIT SERVICES, LLC	COBRA ADMINISTRATION FEE - MARCH 2018	04/10/2018	50.00
54613	THE ASSESSMENT SPECIALISTS, INC.	PROFILEXT METER	04/10/2018	2,000.00
54659	THE ASSESSMENT SPECIALISTS, INC.	PROFILEXT METER	04/19/2018	2,200.00

Total for Department: 42 HUMAN RESOURCES 12,061.01

Department: 43 SAFETY

ACH	AIRGAS USA, LLC	GLOVE DISPOSABLE LARGE 4 MIL INDUSTRIAL NITRILE PF 9.5" TEXTURED	04/10/2018	2,727.92
ACH	AIRGAS USA, LLC	VEST TWO-TONE MESH X-LARGE POLYESTER HI-VIZ YELLOW 2" REFLECTIVE	04/19/2018	66.23
ACH	BOOT WORLD, INC	SAFETY BOOTS - WNAULT	04/10/2018	200.00
ACH	KNIGHT SECURITY & FIRE SYSTEMS	REPLACED CONTACT AND MAGNET OFFICE WINDOW, CONFIRMED OPERATIONS	04/19/2018	519.00
ACH	T.R.Y. ENTERPRISES, INC.	PATROL SERVICE FOR 2/1/18 TO 2/28/18	04/03/2018	985.00
54576	MICHAEL POWERS	REIMBURSEMENT FOR PURCHASE OF SAFETY BOOTS - MPOWERS	04/03/2018	149.39
54579	THOMAS SJUNESON	REIMBURSE FOR PRESCRIPTION SAFEATY GLASSES - ANSI FRAMES	04/03/2018	260.00

54589	BOOT BARN INC	SAFETY BOOTS-KSCHILLING	04/10/2018	200.00
54621	BOOT BARN INC	SAFETY BOOTS - DAVID HILL	04/19/2018	192.32
54644	JERRY KRAFT	REIMBURSE PURCHASE OF SAFETY BOOTS	04/19/2018	177.78
54647	OCCUPATIONAL HEALTH CENTERS OF CA, A MEDICAL CORP	SERVICES PERFORMED AT CMC	04/19/2018	40.50
54672	OCCUPATIONAL HEALTH CENTERS OF CA, A MEDICAL CORP	SERVICES PERFORMED AT CMC	04/26/2018	206.50

Total for Department: 43 SAFETY 5,724.64

Department: 51 FINANCE

54633	FEDEX	DELIVERY SERVICE	04/19/2018	20.81
54642	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	04/19/2018	2,869.07
54654	RENEE RUBIO	TUITION REIMB-QUANTITAVE MEHODS	04/19/2018	165.00
54664	WHITE NELSON DIEHL EVANS LLP	FINAL BILLING ON AUDIT-FINANCIAL STATEMENTS FOR YE 6/30/17	04/19/2018	1,000.00
4121835	U.S. POSTAL SERVICE	48-HOUR NOTICE PREPAY BALANCE RECHARGE	04/12/2018	600.00

Total for Department: 51 FINANCE 4,654.88

Department: 52 CUSTOMER SERVICE

ACH	MISSION RESOURCE CONSERVATION DISTRICT	HOME WATER USE EVALUATIONS - FEB 2018	04/05/2018	187.50
ACH	TCN, INC	MONTHLY 48 HOUR NOTICE CALLS	04/05/2018	72.49
54642	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	04/19/2018	1,232.46

Total for Department: 52 CUSTOMER SERVICE 1,492.45

Department: 91 ENGINEERING

54633	FEDEX	DELIVERY SERVICE	04/19/2018	86.17
54648	OSTARI INC.	ONSITE/OFFSITE COMPUTER AND DATABASE SERVICES FOR MARCH 2018	04/19/2018	6,523.80
54651	MICHAEL POWERS	TUITION REIMB-ENVIRONMENTAL ISSUES, POLICIES & REGULATIONS	04/19/2018	1,105.94

Total for Department: 91 ENGINEERING 7,715.91

Total for Fund:03 GENERAL FUND 180,613.37

Fund: 26 NEW WATER SOURCES FUND

Department: 00

ACH	DUDEK	BONSALL BASIN DESALTER STUDIES	04/03/2018	8,883.75
-----	-------	--------------------------------	------------	----------

Total for Department: 00 8,883.75

Total for Fund:26 NEW WATER SOURCES FUND 8,883.75

Fund: 52 SEWER CAPITAL REPLACEMENT

Department: 00

ACH	KENNEDY/JENKS CONSULTANTS INC	LIFT STATION 1 REPLACEMENT DESIGN	04/10/2018	18,131.07
54656	JODI SCHNOEBELEN	CUSTOMER REQUESTED REFUND OF SEWER FEE CREDIT PAID, DUE TO CANCE	04/19/2018	19,968.00
				38,099.07
				38,099.07

Fund: 60 WTR CAP EXPANSION/REPLACEMENT

Department: 00

ACH	CONCORD ENVIRONMENTAL ENERGY, INC.	1" METER AND ENDPOINT RADIO	04/10/2018	2,964.00
ACH	PSOMAS	GIRD/MONSERATE HILL WATERLINE DESIGN	04/03/2018	902.00
54572	INFRASTRUCTURE ENGINEERING	AS-NEEDED GENERAL ENGINEERING SERVICES	04/03/2018	9,318.16
54578	SCST, INC.	SPECIAL INSPECTION & MATERIAL TESTING SERVICES FOR MOOSA CREST	04/03/2018	1,507.50
54624	CLARK LAND RESOURCES, INC.	AS-NEEDED GENERAL REAL PROPERTY SERVICES	04/19/2018	162.50
54635	FREEDOM AUTOMATION, INC.	SCADA RTU system upgrade - Hutton Tank integration	04/19/2018	13,170.00
				28,024.16
				28,024.16
				2,892,779.90

Comparative Water Sales YTD from Prior Years

FISCAL YEAR 2017-2018

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	33,310	29,712	36,164	31,255	32,514	30,935	27,243	19,989	17,733	14,039			626
403	AG	144,066	131,474	145,280	120,785	126,036	102,884	92,501	61,270	63,137	48,588			2,378
5	C	-	-	-	-	-	-	-	-	-	-			-
231	CM	33,715	42,488	33,812	26,189	24,168	16,762	18,502	48,862	19,156	19,093			649
30	CN	2,447	3,983	8,073	10,623	18,605	5,773	3,526	2,577	2,103	2,229			138
24	IS	2,320	2,440	2,793	2,488	2,335	1,700	1,339	1,038	695	1,087			42
88	MF	11,472	10,002	13,072	10,304	11,489	11,350	9,566	8,403	8,262	8,210			234
326	SC	179,822	156,120	202,103	148,336	176,307	145,994	119,086	84,941	75,753	58,716			3,093
1034	SD	244,799	223,157	271,457	222,398	243,725	210,020	185,162	112,432	111,709	72,554			4,356
5122	SF	174,946	165,760	194,809	155,004	162,664	146,096	120,654	96,800	89,344	80,190			3,182
7854	Total	826,897	765,136	907,563	727,382	797,843	671,514	577,579	436,312	387,892	304,706	-	-	14,699

FISCAL YEAR 2016-2017

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	36,216	34,134	39,119	28,217	22,903	24,494	7,934	5,036	5,338	17,861			508
403	AG	156,957	152,359	172,040	132,882	104,544	96,050	31,370	16,829	20,790	87,717			2,230
5	C	-	-	-	-	-	-	-	-	-	-			-
231	CM	47,830	45,043	43,040	26,707	20,970	21,140	5,876	4,333	4,912	14,068			537
30	CN	4,900	4,950	7,309	11,456	7,427	904		63	924	815			89
24	IS	3,806	3,701	3,980	3,061	2,446	1,653	1,408	594	700	1,942			53
88	MF	11,307	11,657	13,746	10,597	8,876	11,213	7,139	7,047	5,954	8,981			222
326	SC	183,744	166,212	206,354	150,910	121,456	115,009	18,861	6,544	81,497	102,350			2,647
1034	SD	279,246	253,718	298,226	222,243	181,674	171,322	39,597	18,148	21,918	127,268			3,704
5122	SF	187,516	175,736	202,555	154,361	120,520	133,125	57,385	42,596	40,254	103,952			2,796
7854	Total	911,522	847,510	986,369	740,434	590,816	574,910	169,570	101,190	182,287	464,954	-	-	12,786

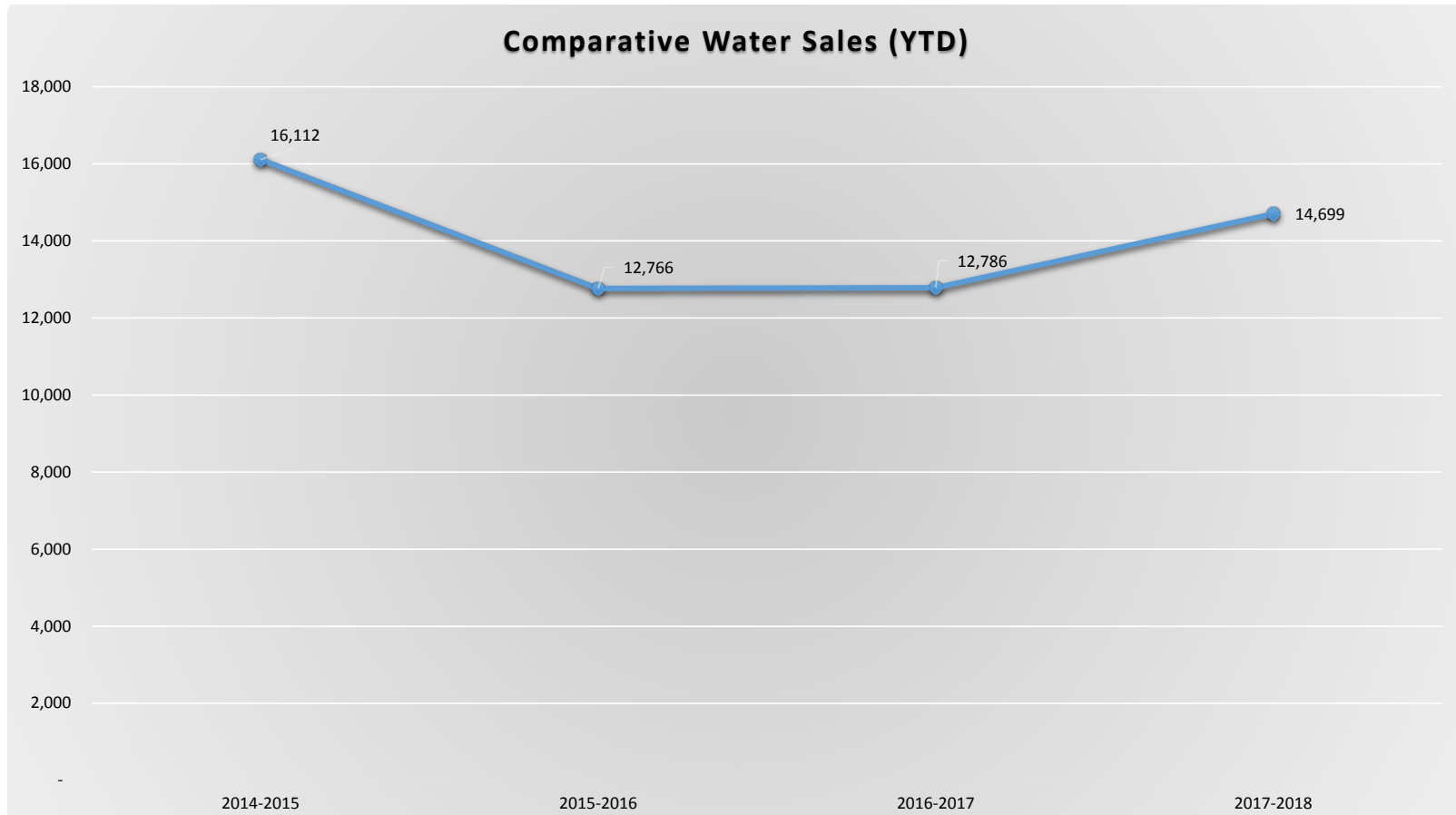
FISCAL YEAR 2015-2016

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
601	AD	29,891	26,212	33,050	25,166	24,907	20,638	12,532	10,056	19,640	18699			507
404	AG	143,174	124,130	153,414	124,219	109,795	85,664	48,608	35,648	94,227	87294			2,310
6	C	4,342	3,764	4,773	2,948	1,761	665	428	-	-	0			43
221	CM	28,620	33,259	34,668	28,374	14,569	11,399	8,431	8,591	11,738	13519			443
37	CN	6,680	7,040	5,931	3,994	5,788	3,061	1,002	1,129	781	2559			87
24	IS	2,773	2,779	2,486	3,073	3,299	2,641	828	796	2,141	1784			52
88	MF	11,351	10,279	10,887	9,952	9,664	8,600	8,072	6,667	7,745	8832			211
326	SC	162,756	144,892	188,145	132,002	133,998	109,284	46,707	38,985	108,085	92783			2,658
1038	SD	245,736	213,120	257,965	197,426	188,412	162,042	82,599	57,837	154,618	131816			3,883
5092	SF	148,573	143,404	162,621	135,030	120,706	96,899	69,380	52,522	95,133	95996			2,572
7837	Total	783,896	708,879	853,940	662,184	612,899	500,893	278,587	212,231	494,108	453,282	-	-	12,766

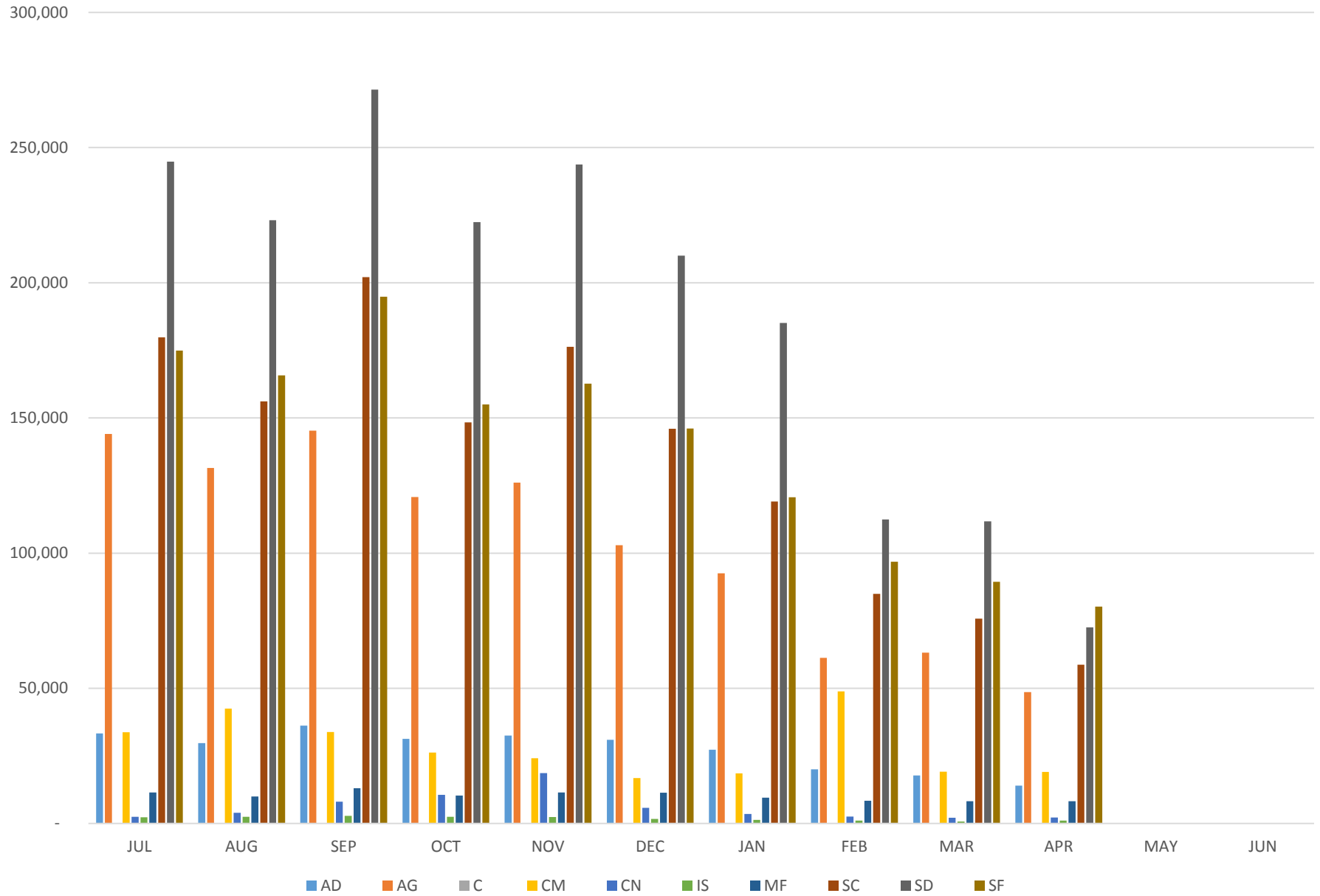
FISCAL YEAR 2014-2015

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
426	A	118,146	136,346	116,938	122,567	99,702	62,354	19,943	44,790	50,073	88589			1,973
341	C	102,461	111,946	90,197	95,608	76,060	51,612	29,802	38,013	48,038	79301			1,660
36	CN	3,175	3,510	3,579	2,898	1,119	372	1	-	22	1943			38
5558	D	220,019	244,786	204,723	208,649	178,916	121,527	67,259	80,149	98,723	153107			3,622
96	MF	15,917	16,081	14,016	14,241	13,689	10,249	8,659	8,017	8,763	13075			282
323	SC	207,708	245,358	221,301	241,409	186,106	108,701	25,015	79,139	84,982	166849			3,596
1040	SD	284,083	332,533	282,418	297,792	260,513	165,578	46,135	109,682	137,028	236291			4,940
7820	Total	951,509	1,090,560	933,172	983,164	816,105	520,393	196,814	359,790	427,629	739,155	-	-	16,112

Comparative Water Sales YTD from Prior Years



USAGE BY CUSTOMER CLASS FY 17-18





**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT
APRIL 2018 (REVISED)**

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	4,441.02 *Revised
EDUs Unconnected/Committed	656.40
Total EDUs Available for Purchase:	2,759.25 Revised

DEVELOPMENTS WITH UNCONNECTED/COMMITTED EDUs	EDUs	CAPACITY FEES PAID
Golf Green Estates (Dev. Solutions) - 102.46	76.66	\$ 1,413,252
Horse Creek Ridge - 754	254.50	\$ -
Passarelle (HRC Commercial) - 96.57	96.57	\$ -
Palomar College - 100	100.00	\$ -
Polo Club (Vista Valley Dev.) - 165 Lots	59.85	\$ 1,022,775 **
Pala Mesa Highlands (Beazer Homes) - 159.3	55.62	\$ 965,007 **
Others (5 or less)	13.20	\$ 204,156
TOTAL UNCONNECTED:	656.40	\$ 3,605,190

*Revised EDU count due to duplication error. There is a delay between connections and new account activations.

**Deferred Total Payment until Building Permits are Issued.



**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT
MAY 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	4,451.12 *
EDUs Unconnected/Committed	622.80
Total EDUs Available for Purchase:	2,782.75

DEVELOPMENTS WITH UNCONNECTED/COMMITTED EDUs	EDUs	CAPACITY FEES PAID
Golf Green Estates (Dev. Solutions) - 102.46	76.66	\$ 1,413,252
Horse Creek Ridge - 754	220.90	\$ -
Passarelle (HRC Commercial) - 96.57	96.57	\$ -
Palomar College - 100	100.00	\$ -
Polo Club (Vista Valley Dev.) - 165 Lots	59.85	\$ 1,022,775 **
Pala Mesa Highlands (Beazer Homes) - 159.3	55.62	\$ 1,125,127 ***
Others (5 or less)	13.20	\$ 204,156
TOTAL UNCONNECTED:	622.80	\$ 3,765,310

*There is a delay between connections and new account activations.

**Deferred total payment until building permits are issued.

