

Agenda

Special Meeting (Board Workshop) of the Board of Directors of Yuima Municipal Water District

Monday, June 20, 2016 2:00 P.M.
34928 Valley Center Road, Pauma Valley, California

REVISED DATE

Bill Knutson, President
Ron W. Watkins, Vice President
Terry Yasutake, Secretary/Treasurer

Roland Simpson, Director
Laney Villalobos, Director

BOARD WORKSHOP AGENDA TOPICS

2:00 - 2:05 P.M.

1. **Roll Call** – Determination of Quorum.
2. **Pledge of Allegiance**
3. **Approval of Agenda** – At its option, the Board may approve the agenda, delete an item, reorder items and add/or an item to the agenda per the provisions of Government Code §54954.2.
4. **Public Comment** – Opportunity for members of the public to address the Board on matters within the Board’s jurisdiction, but not specifically listed on the agenda. Comments and inquiries pertaining to an item on the agenda will be received during deliberation on that agenda item. (Government Code §54954.3)

2:05 - 3:45 P.M.

I. ACTION/DISCUSSION

1. **Review the Performance of the District’s CalPERS California Employers’ Retiree Benefit Trust (CERBT) and consider changing the District’s Investment Strategy to more of a conservative approach**

Background: The District joined CERBT trust in 2010 as a way to reduce future liability by funding the trust and applying the earnings in the trust to the account. The Board suspended the Management Employee Health Benefits Plan effective July 1, 2016. There are currently 3 retirees and 1 eligible participant in the plan. The plan is fully funded. Now that the OPEB liabilities are capped and NOT expected to grow the District’s investment objectives have changed from growth to preservation. The earnings in the trust averaged 6.22% annualized from 10/22/2010 to 3/31/2016, or \$261,152. The CERBT program expenses total \$5,326 for that same period. An overview of the OPEB Valuation and the District’s CERBT Account will be presented by John Swedensky from the CERBT via teleconference.

Recommendation: That the Board consider changing from CERBT Strategy 1 (growth) to Strategy 2 or 3 to move to a preservation of funds investment approach.

2. **Proposed Capital Improvement Projects for FY 2016-17**

The 2016-17 Proposed Capital Projects will be reviewed as well as the 5 year projections.

3. **Discussion regarding a Professional Services Contract & Request for Qualifications (SOQs) RFP for Engineering Services**

Background: In December the District's Director of Engineering and Operations staff position was changed to an Operations Manager position reducing the District's cost for having a Professional Engineer on staff. It was understood that the General Manager would hire out Engineering Services on an as needed basis.

Recommendation: That the Board give direction as to their desire to fill the need for engineering services. Options: 1) allow the General Manager to outsource engineering services at the most cost effective way for the needs as they arise; or 2) Request proposals to solicit Statement of Qualifications from engineering firms for the Board to review and ultimately hire a firm or multiple firms to perform the District's engineering services as needed. If options 2 is desired it is projected that a draft Request for Proposal for engineering services and be presented to the board in July, the firms responding can be presented to the Board for review in August or September for a selection of one or more depending on specialty and need.

4. **State Water Resources Control Board (SWRCB) and Metropolitan Water District (MWD) Relaxed Water Use Restrictions**

The recent actions by the SWRCB and MWD will be discussed.

3:45 - 3:50 P.M. **II. OTHER BUSINESS**

3:50 - 3:55 P.M. **III. ADJOURNMENT**

NOTE: This meeting is called as a Board Workshop. Because a quorum of the Board will be present, the meeting is also noticed as a Special Board meeting. All items on the agenda, including information items, may be deliberated and become subject to action.

In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board meeting, please contact the General Manager at (760) 742-3704 at least 48 hours before the meeting to enable the District to make reasonable accommodations.

Any writings or documents provided to a majority of the members of the Yuima Municipal Water District Board of Directors regarding any item on this agenda will be made available for public inspection during normal business hours in the office of the District located at 34928 Valley Center Road, Pauma Valley.

California Employers' Retiree Benefit Trust

Yuima Municipal Water District
Annual Update
May 24, 2016

Discussion overview

- Employer summaries
 - OPEB valuation
 - CERBT account
- Investment management
 - Asset allocation
 - Investment performance
- Looking ahead
 - ASOP & GASB
- Looking back
 - CERBT 2014-15

Employer summaries

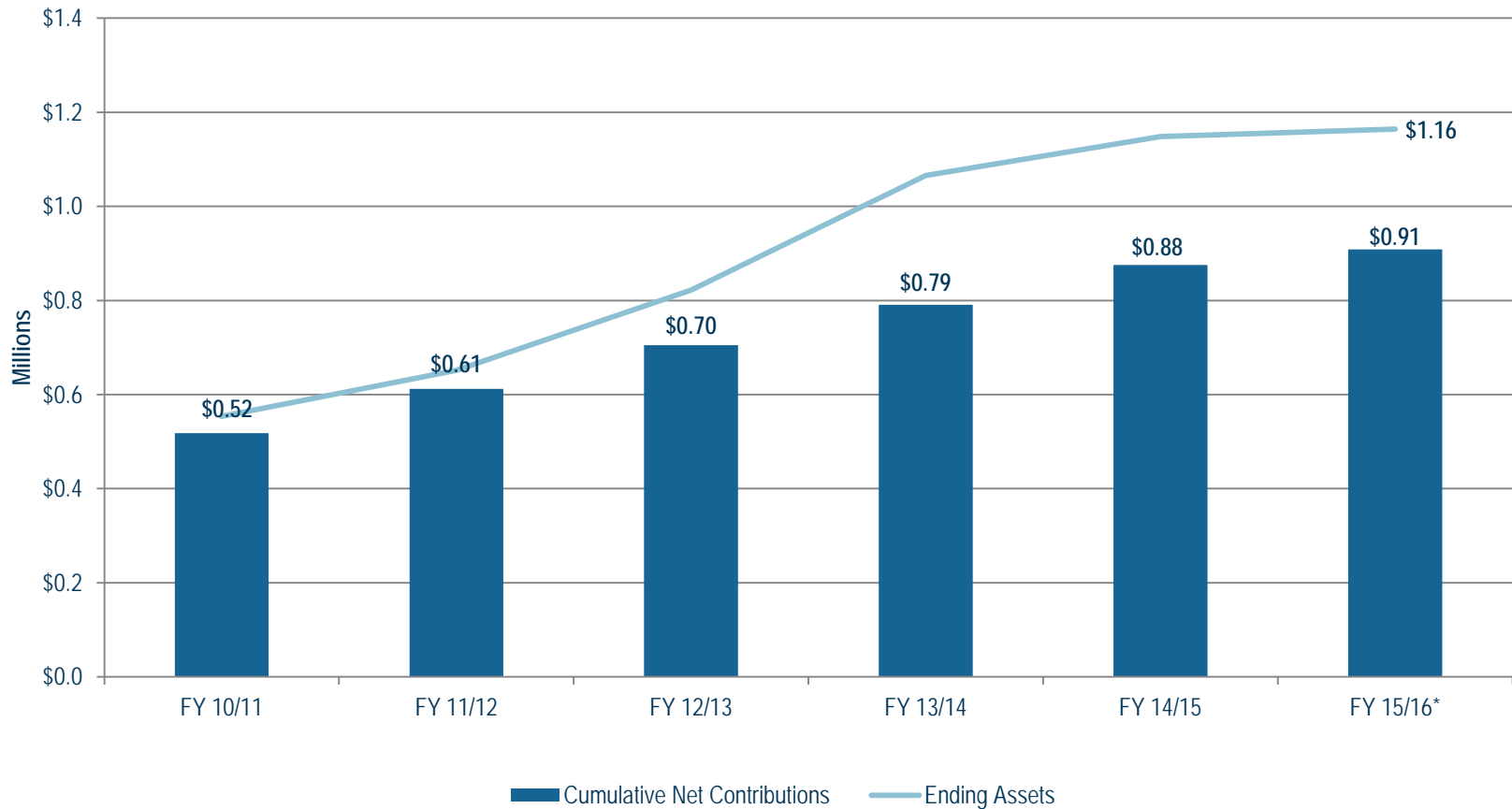
Alternative Measurement Method summary

AMM dated June 30, 2015

Actuarial Accrued Liability (AAL)*	\$1,241,218
Present Value of Benefits (PVB)*	\$1,335,656
Annual Required Contribution (ARC)**	\$72,892
Normal Cost**	\$67,717
Amortization of Unfunded Actuarial Accrued Liability**	\$5,175
Pay-as-you-go**	\$59,652
Implicit Rate Subsidy**	Not Reported
Total Covered Lives (Active & Retiree)*	5
Asset Allocation Strategy Selection	Strategy 1
Discount Rate	7.50%

*Amounts as of AMM date, ** Amounts for FY 2015-16

Contribution summary by fiscal year



*FY 15-16 is through March 31, 2016

Account summary

Account summary as of March 31, 2016

Initial contribution (10/22/2010)	\$127,788
Additional contributions	\$780,646
Disbursements	(\$0)
CERBT expenses	(\$5,326)
Investment earnings	\$261,152
Total assets	\$1,164,260
Average annualized internal rate of return (10/22/2010-3/31/2016)	6.22%

As of the District's most recent Annual Update through March 31, 2015, the Average Annualized Internal ROR was 8.89%

Agreement effective date: 9/14/2010

Funded status comparison

Fiscal Year Ending	AAL	Market Value of Assets	Funded Ratio
6/30/2013	\$1,355,558	\$822,227	60.66%
6/30/2015	\$1,241,218	\$1,148,134	92.50%

Investment management

CERBT asset allocation strategies

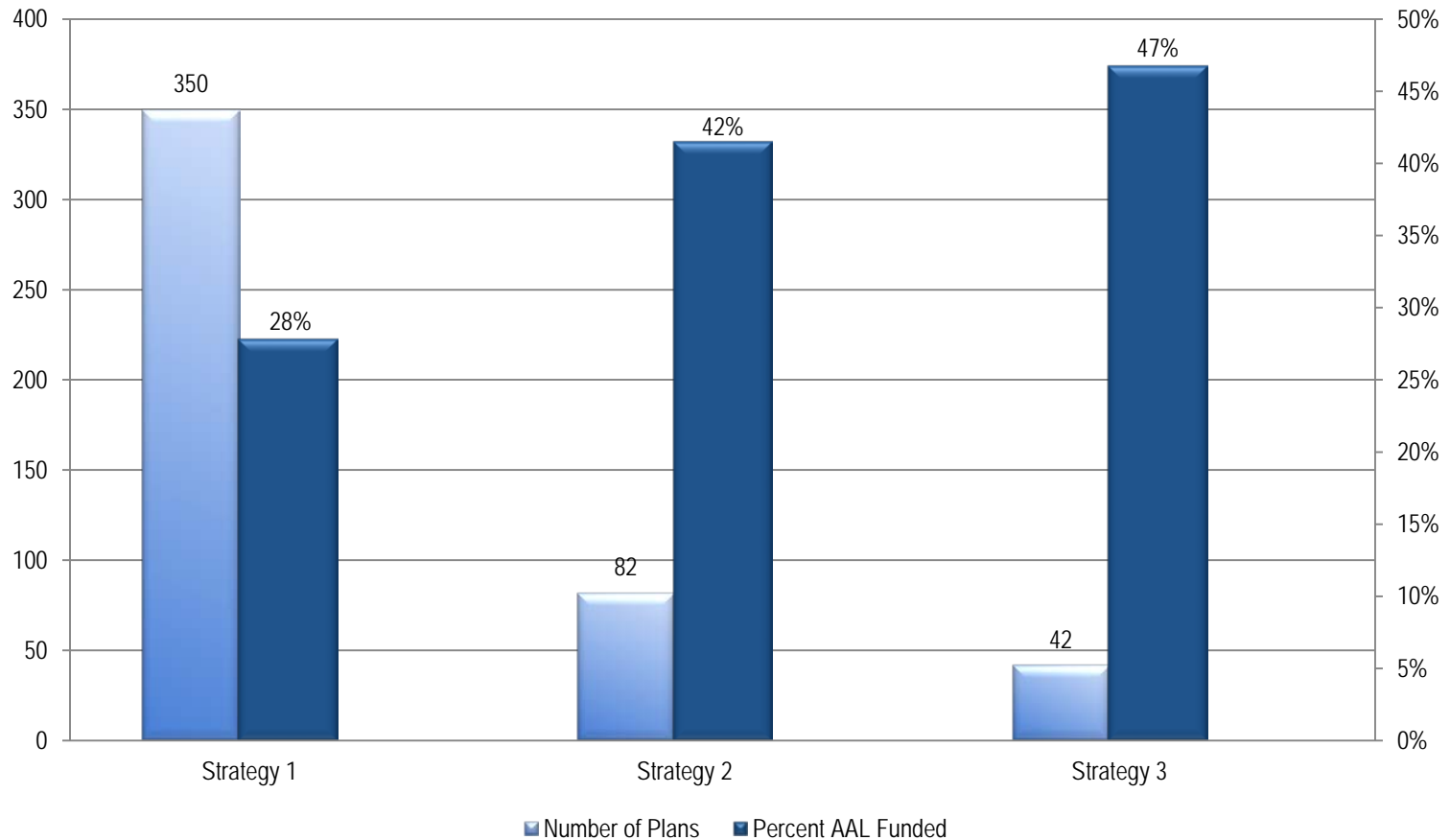
	Strategy 1	Strategy 2	Strategy 3
Expected Long Term Rate of Return <small>(General Inflation Rate Assumption of 2.75%)</small>	7.28%	6.73%	6.12%
Standard Deviation of Expected Returns	11.74%	9.32%	7.14%

- All CERBT asset allocation strategies share the same public market asset classes
 - Allocation strategies differ only to the extent to which they participate in each of the asset classes

CERBT asset class target allocations

Asset Classification	Investment Management	Strategy 1	Strategy 2	Strategy 3
Global Equity	Passive MSCI All Country World Index	57%	40%	24%
Fixed Income	Active Barclays Capital Long Liability Index	27%	39%	39%
Global Real Estate (REITs)	Passive FTSE EPRA/NAREIT Developed Liquid Index	8%	8%	8%
Treasury Inflation Protected Securities (TIPS)	Passive Barclays Capital Global Real: US TIPS Index	5%	10%	26%
Commodities	Active S&P GSCI Total Return Index	3%	3%	3%

Funded Status by Asset Allocation Strategy



* Certain agencies excluded

As of March 31, 2016

CERBT investment results – time weighted

Periods Ended March 31, 2016

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>ITD</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$3,908,945,881	5.82%	2.24%	-1.45%	-2.36%	4.64%	5.75%	3.65%
Benchmark		5.74%	2.13%	-1.60%	-2.65%	4.28%	5.60%	3.22%
CERBT Strategy 2 (Inception October 1, 2011)	\$686,378,100	4.88%	3.06%	0.07%	-1.45%	3.92%	-	7.60%
Benchmark		4.73%	2.91%	0.04%	-1.62%	3.60%	-	7.40%
CERBT Strategy 3 (Inception January 1, 2012)	\$166,099,243	3.91%	3.67%	1.18%	-0.65%	3.34%	-	5.60%
Benchmark		3.81%	3.56%	1.22%	-0.72%	2.91%	-	5.32%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

CERBT Total Participation Cost

- Total cost of CERBT participation is 10 basis points of assets under management
 - Consists of administrative and investment management expenses borne by CalPERS and paid to State Street Global Advisors
 - CERBT is a self-funded trust
 - Employer account charged daily
 - CERBT does not profit
 - Rate can be changed without prior notice and may be higher or lower in the future

Looking ahead

Looking ahead

GASB 74 & 75 overview:

- Employers will report the Net OPEB Liability on their financials
 - For many, this will be the largest reported liability
- ARC no longer relevant for accounting purposes
- Annual expenses will be based on the change in Net Liability between Measurement Dates
- Amortization periods likely to be substantially shorter
 - More volatile in expenses

Looking ahead

GASB 74 & 75 overview:

- Measurement date is detached from actuarial valuation date
 - More employer flexibility to deal with actuary's workload
- Triennial valuations will not be allowed
- Late contribution accruals will not be allowed
- Significant increase in Note Disclosures and Required Supplementary Information
 - Ultimately 10 years of historical reporting

Looking ahead

GASB 74 & 75 overview:

- Effective dates for implementation

Employer Fiscal Year End	Effective Dates
December	12/31/2018
March	03/31/2019
June	06/30/2018
September	09/30/2018

Looking ahead

Actuarial Standards of Practice (ASOP) No. 6

- Implicit Subsidy may be recognized by employers due to recent changes in the Actuarial Standards of Practice
 - Effective for actuarial work after March 31, 2015
 - Provides additional guidance concerning OPEB programs participating in a pooled health plan (Community Rated Plans)
 - May result in an increase in OPEB Liability; significant increase for some employers

Cost-sharing of OPEB

Conditions that may allow for employee sharing of employer OPEB costs in an IRC Section 115 trust fund

- Employee shared contributions must be mandatory and uniform
 - May vary by bargaining unit only
- No voluntary or elective contributions
- No one-time irrevocable elections
- Assets contributed to the CERBT belong to the employer
 - Employees, former employees, retirees and dependents have no reversion rights

Looking back

CERBT FY 2014-15 highlights

In FY 2014-15 the CERBT experienced a number of significant milestones

- 462 – Total CERBT contracts
- \$594 million – Net contributions during the FY
- \$4.5 billion – FY-end assets under management
- 15.1% – Growth of trust assets during the FY
- CERBT fee rate decreased by three basis points

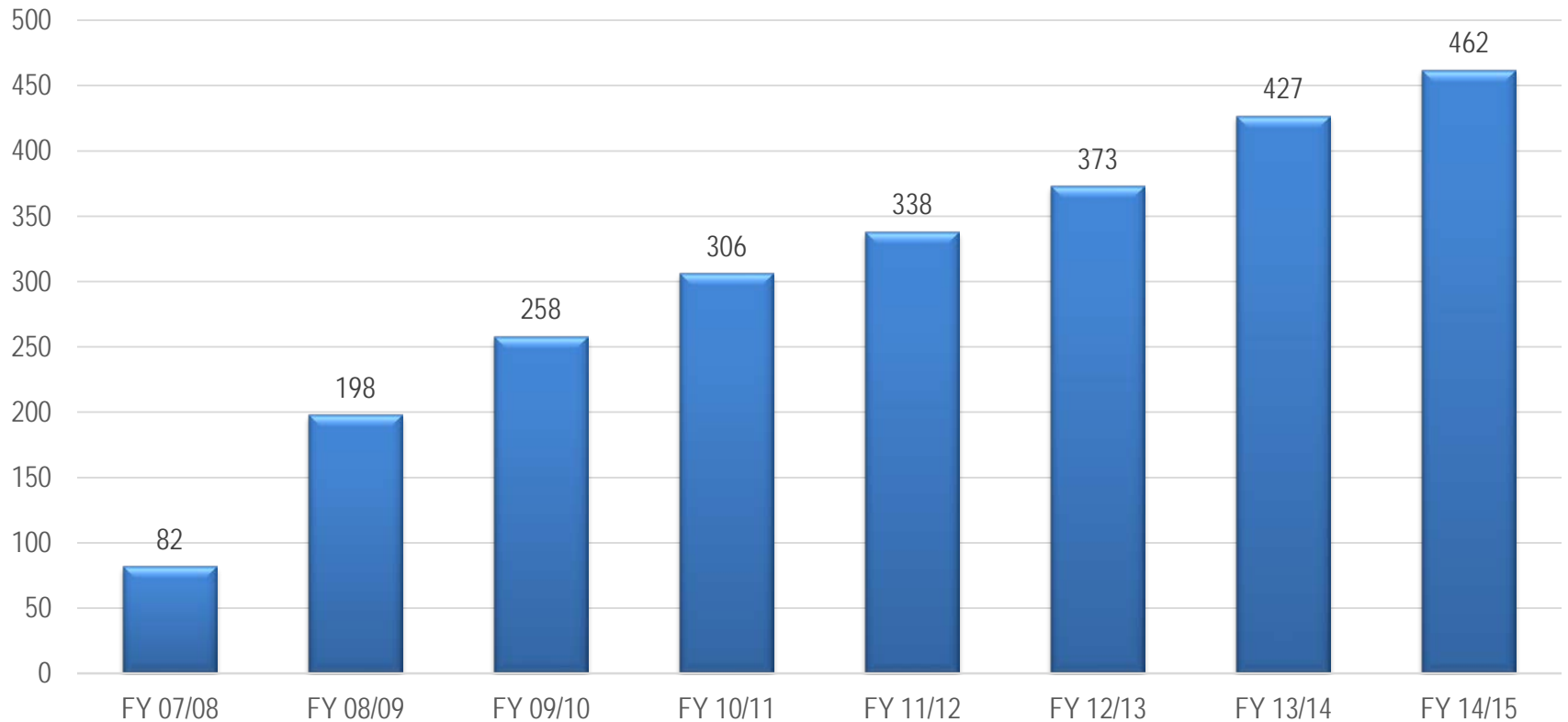
CERBT employers under contract

484 Total

- State of California
- 124 Cities or Towns
- 14 Counties
- 48 Schools
- 21 Courts
- 275 Special Districts and other Public Agencies
 - (81 Water, 33 Sanitation, 29 Fire, 21 Transportation)

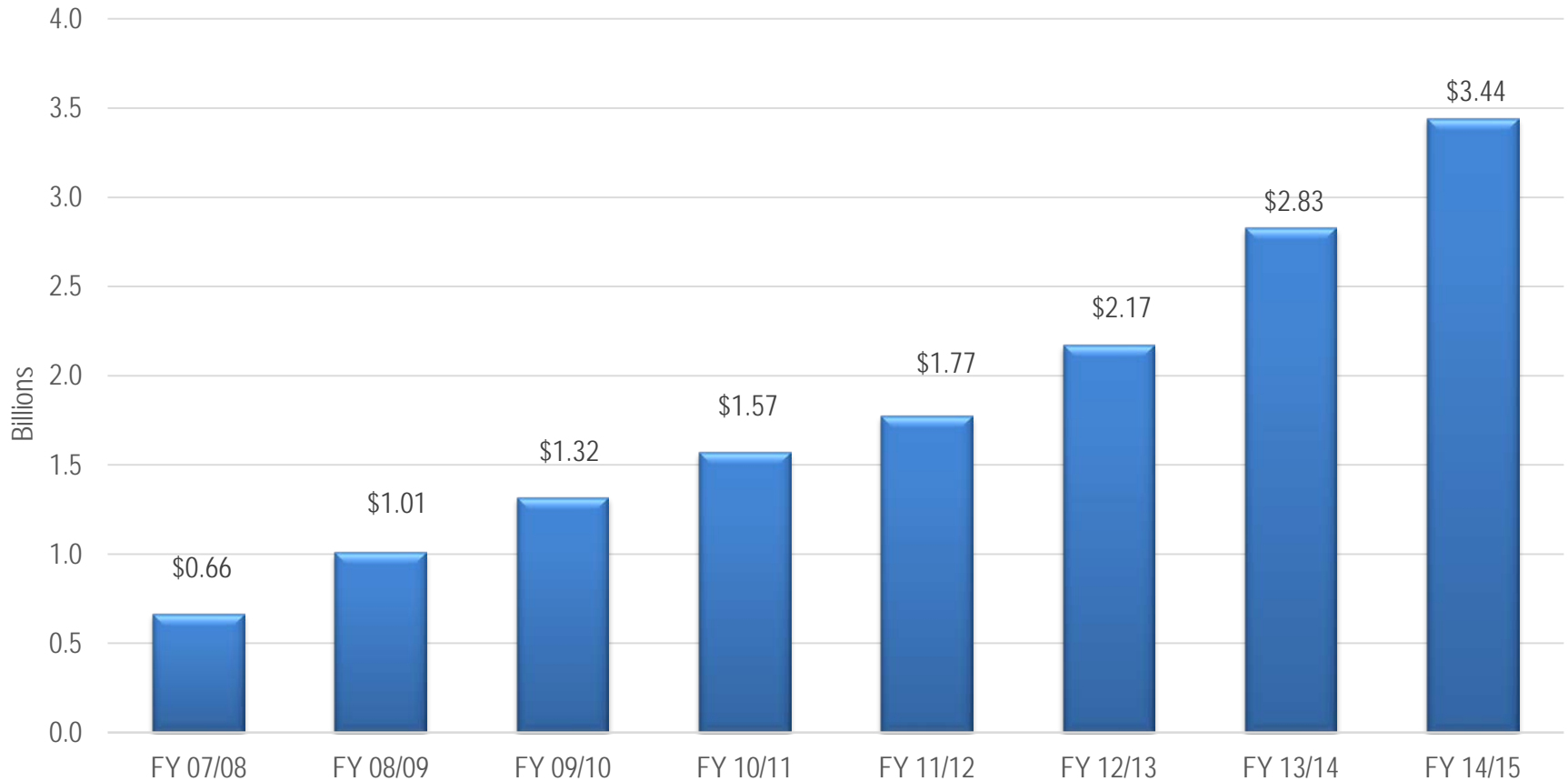
As of May 16, 2016

CERBT employers cumulative growth



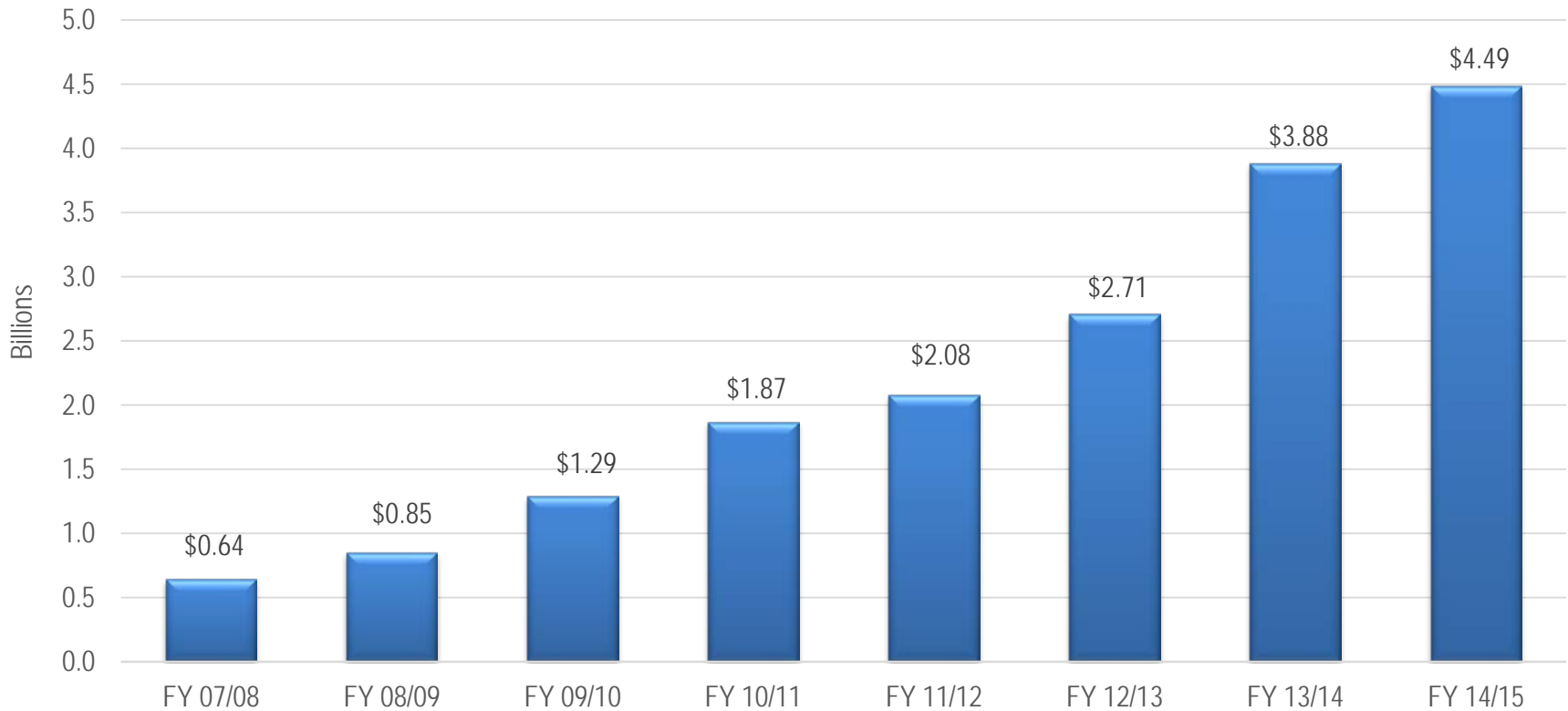
As of June 30, 2015

CERBT employer cumulative net contributions



As of June 30, 2015

CERBT cumulative assets under management



As of June 30, 2015

Questions? Where to get information?

Name	Title	E-mail	Desk	Mobile
John Swedensky	Assistant Division Chief	John.Swedensky@calpers.ca.gov	(916) 795-0835	(916) 715-7960
Andy Nguyen	Program Manager	Andy.Nguyen@calpers.ca.gov	(916) 795-7702	(916) 524-9095
Matt Goss	Outreach & Support Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Daniel Rodriguez	Administration & Reporting	Daniel.Rodriguez@calpers.ca.gov	(916) 795-9424	N/A
Alisa Perry	Outreach & Support Analyst	Alisa.Perry@calpers.ca.gov	(916) 795-3360	(916) 705-9447

Program e-mail addresses	CERBT Website
CERBT4U@calpers.ca.gov	www.calpers.ca.gov/cerbt
CERBTACCOUNT@calpers.ca.gov	

YUIMA MUNICIPAL WATER DISTRICT PROPOSED CAPITAL PROJECTS FISCAL YEAR 2016/17

A proposed capital improvement project schedule that identifies proposed capital projects for the 2016/17 fiscal year is attached.

Recap sheets reflect:

	Fiscal Year Ending			June 30, 2018
	June 30, 2015	June 30, 2016	June 30, 2017	
Projected Capital Reserve Balance @ 6/30	318,827	199,521	47,877	103,003
Additions to Capital Fund (includes IDA 2015 connection fees)	309,509	187,170	174,530	181,120
New Debt (Forebay Renovations/Pipeline/Tank/Pump Station)	-	-	0	1,400,000
Depreciation Transfer - Funded in operating budget	555,743	584,000	590,000	592,000
Transfer to/from operating budget		-225,000	420,000	
Debt Service	-343,826	-366,451	-289,404	-312,044
Capital Improvement Expenditures	-590,835	-331,363	-840,000	-1,852,000
Construction in Progress	-49,897			
Projected Capital Reserve Fund Balance @ 6/30	199,521	47,877	103,003	112,079

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The debt service figures listed on the attached 2016/17 proposed capital recap sheet reflect the final payment in the amount of \$77,050 for the General District Eastside Tank debt. The table above reflects financing the needed improvements at Forebay in fiscal year 2017/18 totaling \$1.4 million dollars with tax-exempt low interest financing over a 20-year period at an estimated interest rate of 3.7% with annual debt service payments of \$100,000.

The 5 year capital improvement schedule reflects the Forebay Pump Station renovations to begin in July of 2017. In the 2016/17 fiscal year an engineering study should be completed to determine how much of the 20" pipeline from the County Water Authority imported water connection to the District's 54 year old Forebay Station will need to be upsized or paralleled. Once this is determined plans and specifications can be prepared and CEQA review can be completed.

**YUIMA MUNICIPAL WATER DISTRICT
2016-17 PROPOSED CAPITAL PROJECTS**

**PROPOSED
2016-17
Budget**

Job Number

GENERAL DISTRICT

1. Shop/Office & Field Equipment	10-62225.1 10-62225.5	\$15,000
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Misc. shop/office/field equipment & replacements.

2. Finance & Utility Billing Upgrade	10-xxxxx	\$95,000
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The District will lose Datastream software support in early 2017. Datastream is currently transitioning their clients to Springbrook/Accela window based software. As soon as Datastream completes the Valley Center MWD conversion they can start on Yuima's conversion at the end of 2016.

Total cost includes premise license, professional services for data conversion, annual license fee, hardware, SQL server with 5 licenses & installation.

3. Backhoe Replacement	10-62230	\$95,000
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Replace 580 Case Backhoe - Purchased in 1990 at a cost of \$43,281.
Critical equipment - needs replacement.

4. Local Groundwater Production Projects	10-xxxxx	\$ 175,000
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Possible new well or well agreement in the General District
Consider a deep fractured well in shop yard above 1,000 elevation to replace the loss of local production due to the transfer of Well #22 to IDA.

5. Pipeline & Facilities Replacements - Yuima	10-62330	\$75,000
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Various capital replacements that may come up during the fiscal year.
Mainline valve replacements.

Total General District Capital Projects - Proposed 2016-17		\$455,000
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IMPROVEMENT DISTRICT A

1. Local Groundwater Production Projects	20-xxxxx	\$ 220,000
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New or replacement well in IDA
Possible IDA well in Sycamore or Harrison Canyon

2. Station 6 Improvements	20-xxxxx	\$ 15,000
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Complete sound structure & pump enclosure

3. Pipeline & Facilities Replacements - IDA	20-xxxxx	\$ 150,000
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Various capital replacements that may come up during the fiscal year including pumps & motors.
Rincon Ranch Road 8" Pipeline Replacement Project - Upsize the 8" line to a 12" in Rincon Ranch Road prior to the Rincon Ranch Community Services District's paving project at the end of 2017.
Rincado Road 8" Pipeline Replacement - Replace section from old booster 5 to Rincon Ranch Road.

Total IDA Capital Projects - Proposed for 2016-17		\$ 385,000
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Total Proposed General District & IDA Capital Projects 2016-17		\$ 840,000
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\$840,000

**YUIMA MUNICIPAL WATER DISTRICT
CAPITAL RESERVE FUND BALANCE
Projected to 06/30/17**

	COMBINED		GENERAL DISTRICT		IMPROVEMENT DIST. "A"	
	PROPOSED 2016/17	Projected @ 6/30/2016	PROPOSED 2016/17	Projected @ 6/30/2016	PROPOSED 2016/17	Projected @ 6/30/2016
Capital Reserve Balance @ 07/01/2016	\$ 47,877	199,520	\$ 286,283	\$ 382,210	\$ (238,406)	\$ (182,690)
<u>ADDITIONS & TRANSFERS</u>						
(1) Met Standby Charge	94,630	94,576	62,510	61,474	32,120	33,102
(2) Readiness-to-serve charge	-	(35,597)	-	(27,873)	-	(7,725)
Water Availability - District wide @ \$10/acre	78,300	80,544	49,900	49,900	28,400	30,644
50% of Investment Earnings	1,600	6,225	500	12	1,100	6,213
(3) Special Connection Fees & Meter Conn. Fees	-	41,424	-	2,674	-	38,750
Depreciation collected in operating budget	590,000	584,000	235,000	233,000	355,000	351,000
Transfer Capital to Operations Budget	-	(225,000)	-	(225,000)	-	-
Transfer Operations to Capital Budget	420,000	-	-	-	420,000	-
<u>EXPENDITURES</u>						
(4) Debt Service 2015/16 2016/17	(289,404)	(366,451)	(77,050)	(154,097)	(212,354)	(212,354)
2015/16 Capital Project Expenditures	-	(331,363)	-	(36,017)	-	(295,346)
2016/17 PROPOSED CAPITAL PROJECTS	(840,000)		(455,000)		(385,000)	
CAPITAL RESERVE FUND BALANCE Projected @ 6/30/2017	\$ 103,003	\$ 47,877	\$ 102,143	\$ 286,283	\$ 860	\$ (238,406)

The 2016/17 capital budget includes the following principles:

- (1) The Standby charge collected by Metropolitan on all parcels in our district, is credited to Yuima and added into capital to benefit all parcels in the District for system infrastructure.
- (2) Readiness-to-serve charge collected in operating budget based on a ten-year rolling average of firm deliveries. In 2016/17 to be collected as a fixed charge direct pass-through.
- (3) Special Connection Fees & Meter Connection Fees are added to capital when collected.
- (4) General District Annual debt service reflects **final payment of \$77,050** for the \$1.5 million for the Eastside Tank 2004 financing program with City National Bank for 12 years @ 3.73% refinanced the remaining 3 years in 2013 @ 2.35% and \$139,350 IDA debt service for the \$1.5 million. IDA SDG&E On-Bill Financing Booster 4 \$78,753 and Station 1 \$120,393.46, zero interest, \$19,915/yr. IDA Debt service \$192,443 includes financing for the 2007 Station 8 project for 15 years @ 4.58% refinanced the remaining 9.5 years @ 2.65%, and 2013 financing for the IDA Zone 4 Tank \$900,000 @ 3.55% for 20 years.

SEE PAGES ATTACHED FOR BREAKDOWN OF PROPOSED CAPITAL JOBS

YUIMA MUNICIPAL WATER DISTRICT
Capital Improvement Project Budget & Schedule
Fiscal Years 2015/16 - 2020/21

Project	District	Approved	Projected	Proposed	2016/17 - 2020/21				Project Totals (\$)
		Budget 2015/16	Actual 2015/16	Budget 2016/17	PROJECTED				
					2017/18	2018/19	2019/20	2020/21	
GENERAL DISTRICT									
Shop/Office & Field Equipment	Y	15,000	4,281	15,000	15,000	15,000	15,000	15,000	75,000
Billing & Accounting Software Upgrade	Y			95,000					95,000
Pick-Up Truck & Vehicle Replacements	Y	25,000	0		25,000	25,000	25,000		75,000
Backhoe Replacement (replaces 1990 Case Backhoe)				95,000					95,000
Chloramine Facility at Eastside Tank	Y	35,000	31,736						0
Forebay Station - Pump Station & Tank Rehab.	Y				950,000				950,000
Forebay Emergency Power - Gas Turbine or solar	Y					230,000	250,000		480,000
Forebay - Partial Parallel of Pipeline from CWA to Forebay	Y				450,000				450,000
Local Groundwater Production Projects	Y			175,000		220,000		250,000	645,000
Pipeline & Facilities Replacements - General District	Y	45,000	0	75,000	25,000	75,000	275,000	300,000	750,000
Total General District		120,000	36,017	455,000	1,465,000	565,000	565,000	565,000	3,615,000

IMPROVEMENT DISTRICT A

Local Groundwater Production Projects (Horizontal Wells)	I								0
Horizontal Well Pipelines (East Fork & West Fork)	I								0
Station 4 Pump & Motor Enclosure	I				32,000				32,000
Station 6 Pump & Motor Enclosure	I				32,000				32,000
Station 4 - Add pump & motor #3	I	40,000	47,138						0
Eastside Pump Station Solor	I						150,000	175,000	325,000
Task 1 Rehabilitaiton	I							225,000	225,000
Station 6 Tank - Zone 2 storage tank eliminates closed system	I			15,000		300,000	300,000		615,000
Local Groundwater Production Projects new or replacement well	I			220,000		220,000	220,000		660,000
Replace IDA River Well #20A	I	220,000	195,491						0
Chloramine Facility at Station #1 & tank 8 possibly	I	25,000	23,732		23,000				23,000
New IDA Fan Well #14A (replaces #14)	I				220,000				220,000
Station 7 Upgrades	I					110,000	150,000		260,000
Pipeline & Facilities Replacements - IDA	I	50,000	28,985	150,000	80,000	80,000	80,000	175,000	565,000
Total Improvement District A	I	335,000	295,346	385,000	387,000	710,000	900,000	575,000	2,957,000
Total Yuima & IDA Combined		455,000	331,363	840,000	1,852,000	1,275,000	1,465,000	1,140,000	6,572,000

* Vehicle replacements extended out as long as possible.

Capital Fund Projections to June 30, 2016

**YUIMA MUNICIPAL WATER DISTRICT
CAPITAL RESERVE FUND BALANCE
Projected to 06/30/16**

	COMBINED		GENERAL DISTRICT		IMPROVEMENT DIST. "A"	
	APPROVED 2015-16	Projected @ 6/30/2016	APPROVED 2015-16	Projected @ 6/30/2016	APPROVED 2015-16	Projected @ 6/30/2016
Capital Reserve Balance @ 07/01/2015	\$ 199,521	\$ 199,521	\$ 382,210	\$ 382,210	\$ (182,690)	\$ (182,690)
ADDITIONS & TRANSFERS						
(1) Met Standby Charge	94,703	94,575	61,557	61,474	33,146	33,101
(2) Readiness-to-serve charge - Metropolitan	(10,180)	(35,597)	(2,961)	(27,873)	(786)	(7,725)
Water Availability - District wide @ \$10/acre	78,300	80,544	49,900	49,900	28,400	30,644
50% of Investment Earnings	3,500	6,225	1,100	12	2,400	6,213
(3) Special Connection Fees & Meter Conn. Fees	-	41,424	-	2,674	-	38,750
Depreciation collected in operating budget	584,000	584,000	233,000	233,000	351,000	351,000
Transfer Capital to Operations Budget	(225,000)	(225,000)	(225,000)	(225,000)	-	-
EXPENDITURES						
(4) Debt Service 2015/16	(345,597)	(366,451)	(154,097)	(154,097)	(191,500)	(212,354)
2015/16 APPROVED CAPITAL PROJECTS	(455,000)	(331,363)	(120,000)	(36,017)	(335,000)	(295,346)
Approved Capital projects not completed & carried forward	-	-	-	-	-	-
CAPITAL RESERVE FUND BALANCE @ Projected @ 6/30/16	\$ (69,321)	\$ 47,877	\$ 225,709	\$ 286,284	\$ (295,030)	\$ (238,406)

The 2015/16 capital budget includes the following principles:

- (1) The Standby charge collected by Metropolitan on all parcels in our district, is credited to Yuima and added into capital to off-set the readiness-to-serve charge.
- (2) Readiness-to-serve charge for 2015-16 levied by SDCWA is based on a ten-year rolling average of firm deliveries. Budget should have been \$35,597 for 15/16 Fiscal Year
- (3) Special Connection Fees & Meter Connection Fees are added to capital when collected.
- (4) General District Annual debt service of \$154,097 for the \$1.5 million for the Eastside Tank 2004 financing program with City National Bank for 12 years @ 3.73% refinanced the remaining 3 years in 2013 @ 2.35% and \$139,350 IDA debt service for the \$1.5 million. IDA SDG&E On-Bill Financing Booster 4 \$78,753 and Station 1 \$120,393.46, zero interest. IDA Debt service \$191,900 includes financing for the 2007 Station 8 project for 15 years @ 4.58% refinanced the remaining 9.5 years @ 2.65%.and new financing for the IDA Zone 4 Tank \$900,000 @ 3.55% for 20 years.

SEE PAGES ATTACHED FOR BREAKDOWN OF PROPOSED CAPITAL JOBS

Note: Projected beginning balance @ 7/1/2015 was \$566,285 for 2015/16. This amount was adjusted by the 2014/15 year-end entry for GASB 68.

**YUIMA MUNICIPAL WATER DISTRICT
2015-16 APPROVED CAPITAL PROJECTS
Projected to 06/30/16**

	Job Number	APPROVED 2015-16 Budget	Approved Budget Carry Forward	Current Year Expenditures 6/30/2015	Percent Expended to Budget
GENERAL DISTRICT					
1. Shop/Office & Field Equipment	10-62225.1 10-62225.5	\$15,000	\$ -	\$ 4,281	29%

Misc shop/office/field equipment & replacements.

Project 100% Complete

Computers GM Office and new Accountant workstations \$1511.98; upgrades to unleaded fuel tank dispenser \$2,768.98

2. Fleet Truck Replacement	10-62226	\$25,000	\$ -	\$ -	0%
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Possible replacement of Truck #3

Chevy 2002 pick up has 107,800 miles and may be ready for replacement this fiscal year if high repair costs continue.

The state of California Fleet handbook suggests replacement for this class at 120,000 miles

Not under consideration at this time.

3. Chloramine facility at Eastside tank	10-62230	\$35,000	\$ -	\$ 31,736	91%
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New facilities to modify existing chlorine treatment facility to produce chloramines.
Refer to March 2015 Chloramine Implementation Plan.

Project 100% Complete

Study complete. Health Department approval granted.

Waiting on Hazardous Business Plan for County approval

Chlorine Analyzer, parts & labor - \$27,298.50, Cement pad \$1,437.50

Project in progress

4. Pipeline & Facilities Replacements - Yuima	10-62330	\$45,000	\$ -	\$ -	0%
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Various capital replacements that may come up during the fiscal year.

Total General District Capital Projects - Approved for 2015-16		\$120,000	\$ -	\$ 36,017	30%
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IMPROVEMENT DISTRICT A

1. Replace IDA River Well #20A	20-62317	\$ 220,000	\$ -	\$ 195,491	89%
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IDA riverwell replacement

Fain completed drilling the well to 225 feet.

Labor \$5,143.95; Permit Fee \$50.00; Parts \$87.42; Well 20 A \$190,208.76; - Drilling Complete pump installed. - 100% Complete

Project 100% Complete

2. Chloramine facility at Station #1	20-62324	\$ 25,000	\$ -	\$ 23,732	95%
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New facilities to modify existing chlorine treatment facility to produce chloramines.

Refer to march 2015 Chloramine Implementation Plan attached.

Project 100% Complete

Study complete. Health Department approval granted.

Preparing Hazardous Business Plan for County approval. District field staff to complete final connections and perform testing - In Progress

Chlorine Analyzer, parts & labor - HACH \$3,626.44; Parts \$4,486.46 Labor \$6,632.53; Cement pad \$1,837.50; Fencing \$668.00; Consultant Services (R Fowler) \$3,481.18

3. Station 4 Pump #3	20-62319.7	\$ 40,000	\$ -	\$ 39,432	99%
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Pump & Motor with bypass for station #4. Includes using the pump from Booster #5 Station that was removed from the system.

Project 100% Complete

Rebuilt pump set. Motor and seal to be set in January. Final wiring and testing postponed due to Zone 4 Tank. Engineering has completed general layout of piping;

all piping and valves complete. Parts - Fain Drilling \$24,429.52; Western Water Works \$406.85; Labor \$14,595.41- Pump installed - working on VFD. Project in progress -

waiting for Perricone Tank project to be completed

6. Pipeline & Facilities Replacements - IDA	20-62325	\$ 50,000	\$ -	\$ 28,985	58%
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Various capital replacements that may come up during the fiscal year.

Project 100% Complete

Well 19 Pump & Motor replacement - \$9,538.20; Well 25 Pump & Motor Replacement \$8,584.56; Well 18 Pump & Motor Replacement \$9,211.00; Well 12 Destruction \$1,651.63

Total IDA Capital Projects - Approved for 2015-16		\$ 335,000	\$ -	\$ 287,640	86%
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Total Approved General District & IDA Capital Projects 2015/16		\$ 455,000	\$ -	\$ 323,657	71%
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\$455,000

\$323,657

Water Board Basics: Keys for Success

Selecting an Engineer

Why does your board need an engineer?

You will need a licensed professional engineer to determine the condition of your system's water and/or wastewater infrastructure, estimate costs and design project alternatives. The engineer may also include information on how to pay for improvements, including the community's eligibility for loans and grants to finance them.

Utilities may also need to retain an engineer to provide advice and assistance on a monthly or as-needed basis for ongoing utility operations.

Selecting an engineer or an engineering firm that is a good match for your project and community is key to a successful infrastructure improvement project.

When do you need an engineer?

Most funding agencies require a Preliminary Engineering Report (PER), developed for the community by a registered professional engineer. The PER describes the system, proposes several alternatives or options to solve the problems, and includes cost estimates, projected user rates and possible funding sources. The PER is the first step in solving infrastructure problems.



Once the project is identified and funded, an engineer must design the project in consultation with the community and the regulatory agencies. The engineer develops the bid document, handles pre-bid and pre-construction conferences with contractors, and often serves as, or provides the inspector for, the construction project and post-construction services during the first year of operation.

The PER evaluates the whole water or wastewater system. The engineer should evaluate the entire system; identify all system components in need of repair or replacement; identify and prioritize solutions; and present phased solutions (if they are possible).

How does the board select an engineering firm?

Although not required, it is often useful for the board to appoint a selection committee to guide the engineer selection process. If created from the start, the committee defines and describes the problem to be solved, drafts the Request for Proposals (RFP), prepares evaluation questions for the interview process, evaluates the proposals, checks references, and narrows the field in a systematic and consistent fashion for the governing board. The selection committee may, in some cases, complete the final interview.



- 🔑 Selecting an Engineer
- 🔑 Successful Fundraising
- 🔑 Board Meetings
- 🔑 Board Responsibilities
- 🔑 Budgets
- 🔑 Capital Improvements
- 🔑 Meter Replacement Program
- 🔑 Operational Record Keeping

Nevada Bureau of Health Protection Services

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Support for this project was provided by the Nevada Drinking Water State Revolving Fund — A federal program administered by the Nevada Bureau of Health Protection Services to provide technical assistance and to loan funds to Nevada private and public water systems to ensure federal Safe Drinking Water Act regulation compliance.

If a selection committee is used, the committee must provide the governing board with all of its findings, rankings and evaluations. Remember, the governing board makes the final decision (by voting as a board), not the selection committee. Only a governing board can bind an engineering contract.

To select an engineer who is a good fit for the job, and to comply with federal and state procurement, the following steps are recommended.

1. Understand your water and wastewater system.

For example, your water board knows that the system is out of compliance: the tank is too small; the distribution system leaks; some pipe is undersized; and pressure is uneven. The problem may also include a lack of understanding or support from the public. The challenge of obtaining affordable funding to make the improvements may be an additional task. Do not limit yourselves. A water system may seem to need a new storage tank, but the distribution system may have excessive leakage. When the distribution system is rehabilitated, the perceived need for more storage may no longer be an issue.



Draft a description of what you think should be replaced and upgraded. This provides an engineering firm with a general idea of your system's condition. Involve the board, manager, operator, regulatory agency and community members to ensure that it is inclusive and accurate.

2. Do your homework.

Use the resources of the regulatory and funding agencies, and technical assistance providers to learn about possible solutions to your problem.



They can direct you to information on technology innovations that may be useful. This can be very helpful in the evaluation process. For example, if your system is out of compliance with a primary drinking water standard, it is helpful if you understand, in general terms, which technologies can help you return to compliance. If you compre-

hend the basic technology and terminology, you can ask better questions and understand what the engineers are telling you.

hend the basic technology and terminology, you can ask better questions and understand what the engineers are telling you.

3. Request proposals

If you will be obtaining financing through a federal or state agency, contact the agency to obtain its requirements for engineer selection, PERs and environmental reports. The USDA Rural Development PER Bulletins have been adopted by all funding sources in Nevada including Community Development Block Grant, AB 198 and the Drinking Water State Revolving Fund.

Draft exactly what you want the engineer to do. This will be the body of the RFP.

Typically, the RFP should include the following:

- i A brief description of the community, including populations, relevant demographics and location;
- i An evaluation of the entire system, and identification of the project phases and deliverables that would be produced as a result of the contract with the engineer (for example, the PER). In the case of a PER, be clear that your community will need several alternatives, cost estimates and a recommended alternative;
- i Deadline for proposal submittal;
- i Criteria to be used to evaluate proposals (ex.: familiarity with rural Nevada, experience in obtaining grants and loans for similar projects);
- i A statement of expectations and needs (engineer should expect to attend monthly board meetings; community will need engineer to seek outside funding on behalf of the community);
- i Request resumes for the principals of the firm, project manager and staff who will be directly involved in the project;
- i A list and description of relevant successfully completed projects;
- i Request for references; and

i Note whether a formal presentation or interview will be required.

4. Make a list of possible engineering firms

Funding agencies usually have mailing lists of engineering firms. Also check with communities of similar size to obtain their lists.

5. Advertise in newspapers and mail to engineers.

If you are a public body or want to obtain federal funding, follow NRS 332.115 and USDA RUS 1780.39(b)(1) guidelines for advertising your RFP.



Allow enough time so that interested firms can respond to your advertisement by requesting the RFP. Be sure to list a contact person and telephone number in case there are questions.

If CDBG funds are likely to be used, an open and competitive selection process must be used and documentation must be retained. If you want to use your contract engineer of record, check with likely funding agencies to make sure that the selection process you used is acceptable.

Be clear about when and where proposals are due, and what the cut off time is. (Note: it is especially important to specify if your area is not served by one-day overnight delivery service.)

6. Narrow the search

The board or committee appointed by the board reviews, rates and ranks the firms based on the criteria in the RFP notice. If the committee has additional priorities, they should be defined, and preferably, should have been stated in the RFP.

For example, if previous experience working with systems of a similar size is important, this could help to narrow the field. Sometimes knowledge of the region is helpful; other times new approaches might be more desirable.

In narrowing the list, each reviewer should be consistent. Keep a record of the review process so that it can be explained to the board. Also, if an engineering firm wants feedback on why it did not make the cut, the board will have the information. A checklist for each reviewer that contains the same elements and room for notes and comments is one way to provide this consistency. Typi-

cally the board will invite the finalists to make oral presentations at a board meeting.

7. Reference check

Be sure to check references. The check can be done of the finalists to be interviewed by the board/committee, or if time allows, the board/committee can check references after the interviews and before the next meeting when a decision is made. It is a good idea to check the references provided, and also to call contacts for “relevant projects” to check on performance.

Ask the references whether the project was completed on time, were there change orders, did it cost more than the negotiated price, satisfaction with the work, ability to communicate with board and public, and questions directly related to the kind of expertise that your board is seeking.

8. The oral interview

The board/committee should request that the project manager who will be working on the project make the presentation. You want to meet who you will be working with face to face.



The oral interviews are conducted in an open meeting. The board/committee should prepare a series of interview

questions that reflect its priorities and are asked consistently of each firm. It is also permissible to ask questions related to the firm’s proposal. But it is important that each firm be treated the same way during the interview process.

The board/committee may take action at that meeting (if shown as an action item on the agenda) by approving a resolution to enter into negotiations with a firm. The board/committee may choose to check references, and take action at the next meeting based on the results of the reference check.

Nevada law (NRS 332.115) requires that engineers be hired based on qualification, not cost. Only after the engineer is selected based on merit is it permissible to negotiate the cost of services. These negotiations occur during open session per Nevada’s open meeting law, NRS Chapter 241.

9. Hiring the engineer

Once the engineer is selected, and an agreed upon price is negotiated, the board must execute a contract with the engineer. If cost of services cannot be settled, then the board negotiates with the second choice firm.

Be sure to send a letter promptly to notify all firms of the board's decision.

10. Retaining the engineer

At each stage of the process, (PER, design and construction) the board has the option to hire a different engineer.

Be sure to structure your engineering needs in phases. If an engineer does not perform in the PER phase, you have no obligation to hire that firm to design the project. However, if you are pleased with the PER, you may negotiate for future engineering phases with the same firm. Be sure to check individual funding agency requirements for special rules on this.



Summary

As a board member, your role is to make sure that the engineer is serving the board, meeting the terms of the contract, and developing work products that are useful for the utility. A thorough and fair engineer selection process will help get your project off to a good start.

The board's expectations

- ✓ Be able to communicate to the public
- ✓ Provide regular progress reports
- ✓ Initiate and sustain communication with the manager and board
- ✓ Help seek funding
- ✓ Be aware of the impact of costs on rates and ratepayers
- ✓ Attend board meetings as needed
- ✓ Meet deadlines
- ✓ Communicate with funding agencies and the designated local contact
- ✓ Provide a range of possible alternative problem solutions
- ✓ Be clear about costs, billing and change orders ó no surprises
- ✓ Be able to explain project alternatives and costs in layman's terms

The engineer's expectations

- ✓ Know the problem
- ✓ Provide clear communication
- ✓ Designate the manager and/or one board member as the engineer's primary contact
- ✓ Ask questions
- ✓ Put items on the meeting agenda and take action promptly
- ✓ Pay bills in a timely manner
- ✓ Use the engineer's time wisely during community visits

This Water Board Basic was authored by Abby Johnson, Rural Community Assistance Corporation.



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*Dedicated to improving the quality of life for
rural communities and disadvantaged
people through partnerships, technical assistance
and access to resources.*