

AGENDA

**REGULAR MEETING OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VWRA)
Victorville City Hall – Conference Room “D”, 14343 Civic Drive, Victorville, CA
92392
Phone: (760) 246-8638**

**MEETING DATE: Thursday, September 21, 2017 TIME: 8:00 AM (Closed Session)
8:30 AM (Regular Session)**

CALL TO ORDER

PUBLIC COMMENTS – CLOSED SESSION AGENDA

CLOSED SESSION

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted. Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; or (c) employment actions, or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

CONFERENCE WITH LEGAL COUNSEL-LABOR NEGOTIATION (Gov. Code Sec. 54957.6/54954.5 (f)):

1. Vacancies

CONFERENCE WITH LEGAL COUNSEL-POTENTIAL LITIGATION (Gov. Code Sec. 54956.9(d) (2)):

2. Threatened or Pending Litigation – Flow Diversion

3. Threatened or Pending Litigation- Upper Narrows Project

4. Threatened or Pending Litigation- State Water Resource Control Board

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION- (Gov. Code Sec. 54956.9 (1)(D)):

5. Valles v. VWRA et al, Case No. 5:15-CV-02297

CONFERENCE WITH LEGAL COUNSEL-REAL PROPERTY NEGOTIATOR (Govt. Code Sec. 54956.8)

6. **Agency Negotiators: Logan Olds, General Manager; Piero Dallarda, Best Best Krieger**
Negotiating Party/Parties: City of Adelanto and G. Michael Milhiser
Under Negotiation: Real Property
7. **Agency Negotiators: Logan Olds, General Manager; Piero Dallarda, Best Best Krieger**
Negotiating Party/Parties: Bill Phillipps, Alpha Omega
Under Negotiation: Real Property

REGULAR SESSION

CALL TO ORDER & PLEDGE OF ALLEGIANCE

REPORT FROM CLOSED SESSION

PUBLIC COMMENTS – REGULAR SESSION AGENDA

ANNOUNCEMENTS AND CORRESPONDENCE:

8. **Possible conflict of interest issues**
9. **Article: How A Wastewater Plant Hits Net Zero Energy**
10. **Article: Turning Urine Into Electricity**
11. **Article: County Supervisor to Settle Decade-long Sludge Lawsuit**
12. **Article: Banned Pesticides From Illegal Pot Farms Seep Into California Water**
13. **General Managers Report**

CONSENT CALENDAR:

14. **Approve August 2017 Disbursement Registers**
15. **Approve Minutes from the August 17, 2017 Regular Meeting**
16. **Recommendation to Approve Professional Service Contract for Whitson Contracting and Management**
17. **Recommendation to Ratify Low Voltage Power Emergency Purchases**

- 18. Recommendation to Request Authorization to Issue an RFP For Grounds Keeping Services for the Hesperia and Apple Valley Water Reclamation Plants**
- 19. Request Authorization to Increase Professional Service Contract With Justice King and JAMS to Mediate Issues Associated With the VVWRA Joint Powers and Service Agreements**

REPORTS & PRESENTATIONS:

- 20. Presentation: In-house Leadership Training (Coromina)**

ACTION & DISCUSSION ITEMS:

- 21. Recommendation to Approve Change Order No. 2 For the Nanticoke Pump Station Bypass Sewer Project - AECOM**
- 22. Recommendation to Approve Change Order No. 3 For the Nanticoke Pump Station Bypass Sewer Project – Christenson Brothers**
- 23. Recommendation to Engage Raftelis Consulting to Prepare A Rate Study and Financial Plan**
- 24. Recommendation to Issue a Request for Proposal for Recommending Finance Software**
- 25. Resolution 2017-05: Reconciliation of Fund Balances**
- 26. Resolution 2017-06: Interfund Loan**
- 27. Resolution 2017-07: Funding of Repair and Replacement, Fund 07**
- 28. Resolution 2017-08 Revisions to Reserve Policy**
- 29. Recommendation to Reschedule the October Board Meeting to October 19th**
- 30. Discussion on the Status of the Claim Filed Against the City of Victorville**
- 31. Discussion on the Withholding of Funds By the City of Hesperia**
- 32. Recommendation to Request Authorization to Develop a Mutual Aid Agreement with the VVWRA Member Entities**

STAFF/PROFESSIONAL SERVICES REPORTS:

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- 33. Financial and Investment Report –August 2017**
- 34. Operations & Maintenance Report – August 2017**
- 35. Environmental Compliance Department Reports – August 2017**
- 36. Septage Receiving Facility Reports – August 2017**
- 37. Safety & Communications Report – August 2017**
- 38. Construction Report – August 2017**

NEXT VVWRA BOARD MEETING:

Thursday, October 19, 2017– Regular Meeting of the Board of Commissioners

FUTURE AGENDA ITEMS

Leave Policy

COMMISSIONER COMMENTS

ADJOURNMENT

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Agenda Posting: In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Authority's Administrative offices not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Board Secretary.

Items Not Posted: In the event any matter not listed on this agenda is proposed to be submitted to the Board for discussion and/or action, it will be done in compliance with Section 54954.2(b) as an emergency item or because there is a need to take immediate action, which came to the attention of the Board subsequent to the posting of the agenda, or as set forth on a supplemental agenda posted in the manner as above, not less than 72 hours prior to the meeting date.

Public Comments: Any member of the public may address the Board of Commissioners on specific agenda items or matters of general interest. As determined by the Chair, speakers may be deferred until the specific item is taken for discussion and remarks may be limited to five minutes. Persons desiring to submit paperwork to the Board of Commissioners shall provide a copy of any paperwork to the Board Secretary for the official record.

Matters of Interest addressed by a member of the public and not listed on this agenda cannot have action taken by the Board of Commissioners except as authorized by Section 54954.2(b). If you wish to speak, please complete a Speaker's Form (located at the table in the lobby outside of the Board Room) and give it to the Board Secretary prior to the start of the meeting.

If any individual wishes to challenge an action of the Commission in court, he or she may be limited to raising those issues that were raised at the public hearing pertaining to the Commission's actions, or in any written correspondence delivered to the Commission on or prior to the public hearing.

Consent Calendar: All matters placed on the Consent Calendar are considered as not requiring discussion or further explanation and unless any particular item is requested to be removed from the Consent Calendar by a Commissioner, staff member or member of the public in attendance, there will be no separate discussion of these items. All items on the Consent Calendar will be enacted by one action approving all motions, and casting a unanimous ballot for resolutions included on the consent calendar. All items removed from the Consent Calendar shall be considered in the regular order of business.

The Chair will determine if any items are to be deleted from the Consent Calendar.

Items Continued: Items may be continued from this meeting without further notice to a Committee or Board meeting held within five (5) days of this meeting per Government Code Section 54954.2(b)(3).

Meeting Adjournment: This meeting may be adjourned to a later time and items of business from this agenda may be considered at the later meeting by Order of Adjournment and Notice in accordance with Government Code Section 54955 (posted within 24 hours).

Accommodations for the Disabled: In compliance with the Americans with Disabilities Act (ADA), the Board of Commissioners Meeting Room is wheelchair accessible. If you require any special disability related accommodations, please contact the Victor Valley Wastewater Reclamation Authority Board Secretary's office at 760-246-2892 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

How a Wastewater Plant Hits Net Zero Energy

August 7, 2017
by Rachel Engel



A wastewater treatment facility in Gresham, Ore., went beyond net zero energy consumption within 10 years after beginning the journey.

While other cities across the country are working to mitigate the exorbitant amount of energy their wastewater treatment plants consume, the city of Gresham, Ore., has found a way to achieve net zero energy consumption.

Through a 2005 partnership with a private contractor, Gresham's wastewater treatment plant began the process of green energy creation as well as reducing their overall energy consumption. A mere 10 years later, in March 2015, the plant hit net zero for the month, proving they could create as much energy on site as they needed to consume for operations. It was a milestone victory for the city.

Reaching Net Zero Energy Means Reusing Resources

The first to minimizing energy costs was [investing in the right tools](#) that would help the plant harness what it already had: methane gas, and plenty of it. In 2005, the city installed its first biogas generator, which would allow the plant to convert methane gas that naturally exudes from wastewater into energy. Five years later, the facility installed solar panels to add to the green energy they were producing.

In 2012, the wastewater plant began accepting restaurant waste, which includes fats, oil and grease, and harnessed the energy by turning the sludge into biogas. This move helped [double the facility's production of biogas](#), and eventually helped push the plant towards its goal of net zero energy.

Partnership is Crucial to Meeting Net Zero Goals

When the idea of moving the wastewater facility towards energy independence first took shape, city officials knew they would need a partner in the process. After much consideration, they landed on Veolia North America, based on their past success and panel of experts.

We like to solve environmental problems at Veolia, like helping to reduce energy usage. In Gresham, we can combine Veolia's technical expertise with the city's vision and its local knowledge. And we've helped the city turn its largest energy user into a plant that not only produces its own energy, it exports energy."

With the help of Veolia, the Gresham water treatment facility went from a monthly energy bill of \$50,000 to \$0.

Net Zero Energy is a Replicable Achievement

Gresham was the second city in the country to reach net zero energy for its wastewater treatment plant, an idea city officials don't think is impossible for others to reach.

Here's the awesome thing. What we did here is not a secret formula. It is replicable at thousands of treatment plants all over the United States.



Turning Urine Into Electricity Can Also Kill Pathogens in Wastewater

Two birds with one pee.

SIGNE DEAN

20 JUN 2017

Fuel cells with microorganisms that feed on pee and generate electricity [already sound like a pretty clever trick](#). It's one of the emerging biotechnology solutions in a world that's moving away from fossil fuels.

But now scientists have taken it a significant step further, showing that not only can you power mobile phones and light globes with urine, but you can also kill pathogens in the wastewater as you do so. This development makes the technology even more attractive for use in the developing world.

A research team from the University of the West of England (UWE) in the UK has already demonstrated that it's possible to rig a urinal with cheap pee-powered fuel cells to generate enough electricity for the cubicle lighting.

The trial, [created in partnership with Oxfam in 2015](#), showed the potential of this technology for places like disaster zones and refugee camps, where power supply is often lacking and lack of outdoor lighting at night makes people more vulnerable to potential assault.

But if this biotech can also kill pathogens in wastewater, that opens up a host of other potential uses, including routine installation in off-grid areas of the world where municipal resources for cleaning waste are in short supply.



The urinal project from 2015 / Credit: UWE Bristol News

The technology runs on microbial fuel cells (MFC) in which microbes feed on organic material such as urine, fuelling their growth and generating a small amount of energy in the process.

"The MFC is in effect a system which taps a portion of that biochemical energy used for microbial growth, and converts that directly into electricity - what we are calling urine-tricity or pee power," lead researcher Ioannis Ieropoulos explained back in 2015.

Studies have shown that MFCs seem to have some disinfecting properties, likely due to the generation of hydrogen peroxide during the energy generation process. This disinfection happens at a later stage in the fuel cell system, so it doesn't kill the microbes powering the MFC.

This disinfection potential gave the UWE team an idea to systematically test how MFCs could be used to purify wastewater. For this, they picked one of

the most important gastrointestinal pathogens, a strain of the *Salmonella* bacterium which causes typical food poisoning symptoms.

"This species was introduced into an MFC cascade system treating human urine, to determine the anodic killing efficacy when operating in continuous flow conditions," [the researchers write in the study](#).

When they checked the outflow at the end of the purification process to measure the remaining pathogen levels, they found just what they had hoped for - greatly reduced *Salmonella* counts.

"We were really excited with the results – it shows we have a stable biological system in which we can treat waste, generate electricity and stop harmful organisms making it through to the sewerage network," [says Ieropoulos](#).

In fact, the batteries destroyed these pathogens so effectively, they brought their levels down to what's considered acceptable in conventional sanitation practices.

"We have reduced the number of pathogenic organisms significantly but we haven't shown we can bring them down to zero – we will continue the work to test if we can completely eliminate them," [says one of the team](#), microbiologist John Greenman.

To raise awareness of this project, which is funded by the Bill & Melinda Gates Foundation, the team has also incorporated their tech into a portable toilet that will get some limelight [at this year's Glastonbury music festival](#) in the UK.

Energy generated by the 'Pee Power' toilet will be used to power information displays at the festival. The plan is to process over 1,000 litres (264 gallons) of pee a day, using the electricity for a set of ten info panels.

"The festival updates are one way of showing that Pee Power and the MFC technology can be developed for a whole range of uses," [says Ieropoulos](#).

The research has been published in [PLOS ONE](#).

http://www.bakersfield.com/news/we-fought-this-as-best-we-could-county-supervisors-to/article_c953e076-7c76-11e7-bd23-932fba132466.html

'We fought this as best we could.' County supervisors to settle decade-long sludge lawsuit

BY JAMES BURGER jburger@bakersfield.com Aug 8, 2017



A truckload of biosolids is unloaded at Green Acres Farm in this Californian file photo.

By Casey/Christie



Kern County has decided to end its decade-long legal battle to defend a voter-approved ban on the land application of treated sewage sludge, settling with the City of Los Angeles.

That means the death of Measure E.

Members of the Kern County Board of Supervisors voted unanimously in closed session Tuesday to sign a deal worked out with Los Angeles that will end the long, bitter and expensive fight that started nearly 11 years ago.

Los Angeles will be allowed to continue spreading its human and industrial waste — treated to “exceptional quality” in compliance with federal environmental standards — at Green Acres Farm southwest of Bakersfield.

But the city will give up any chance it had to make Kern County pay for millions of dollars in Los Angeles legal costs, taking only \$54,000 in fees from Kern County.

Most of the supervisors declined to talk about the decision Tuesday. But Supervisor Mick Gleason said there simply wasn't a win at the end of the fight for Kern County.

"We fought this as best we could for as long as we could," he said. "We are at the end."

Lawyers for the City of Los Angeles issued a statement cheering Kern County's vote and the settlement:

"The City of Los Angeles appreciates the County's approval of the settlement. The settlement reflects that after a full trial, the court concluded that farming with biosolids is safe and beneficial.

"Both Kern County and the City will benefit from the fair and agreed resolution of this dispute, which will allow recycling of biosolids at Green Acres Farm to continue. The City Council is expected to review the settlement soon."

BATTLE LINES



Measure E was passed by 83 percent of Kern County voters in June 2006.

It banned the application of treated human and industrial sewage waste — called biosolids — on open farmland.

Los Angeles, and a host of other Southern California sewer treatment agencies, sued to

block the law in October of that year.

While Kern County successfully fended off a challenge in federal court — in part because a federal appeals court ruled the suit belonged in California’s legal jurisdiction — a duplicate case in Tulare County Superior Court hasn’t gone Kern County’s way.

Behind in the fight, and with only a couple appeals left to it, Kern County decided Tuesday to cut its losses and make a deal.

Now county leaders will wait to see if Los Angeles and the other parties to the lawsuit will approve the deal their lawyers have crafted.

“We’ve been assured that they will,” said Kern County Council Mark Nations.

UPHILL FIGHT

Two facts have stymied Kern County’s attempt to defend the wishes of its voters and keep Southern California sludge off unincorporated county fields.

The U.S. Environmental Protection Agency has approved the use of biosolids on farmland.

And the California Integrated Waste Management Act encourages the practice as a way to recycle the black, jelly-like material that is the end product of everything flushed down a toilet or run into an urban drain.

Those two facts were enough, Tulare County Superior Court Judge Lloyd Hicks ruled in November, to invalidate Measure E.

Kern County lawyers argued passionately that even the most highly treated sewage sludge has trace amounts of chemicals and substances that are not regulated by the EPA but could have harmful effects on humans and animals.

But Hicks noted that Kern County was unable to show, despite the decades sewage sludge has been spread on farmland in Kern County, that any human or animal has been harmed by biosolids.

The current scientific tools available to study the chemical — to detect it in the ground or water — are not enough to prove there is a danger, Nations said Tuesday.

“The science isn’t really there,” he said.

Gleason echoed Nations' statements.

"The current science was not supporting our position," he said.

Kern County could have appealed its loss before Hicks’ bench to the 5th District Court of Appeal and ultimately the California Supreme Court.

But, Nations said, it would have been a financial risk.

“It’s futile at this point because the issues we lost on in the trial court we already lost on in the appeals court” during an earlier appeal of the case, he said.

There was no reason to think the appeals court would change its mind.

Kern County has spent roughly \$9 million fighting Los Angeles in first federal and then state courts, Nations said.

Under the settlement, it won’t have to pay Los Angeles’ legal bills as well.

“In my opinion it’s a waste of taxpayer money” to continue the fight, Nations said.

Gleason said supervisors chose not to risk more money pursuing a win that wasn't there.

NEXT STEP



As a result of the settlement, Kern County’s biosolids regulations will return to where they were in 2005 — requiring all sewage sludge spread here to be treated to exceptional quality.

That triggers the need for a full environmental examination of the practice of applying

biosolids on land in the county, Nations said.

He said the County of Kern, under the terms of the settlement, will do an environmental report that could guide the future permitting of similar land application projects.

Los Angeles' Green Acres Farm would be protected from those additional regulations – grandfathered in under the old rules.

But the environmental impact report could recommend new regulations for any new project proposed in unincorporated Kern County, Nations said.

The regulations can't become a ban.

But Kern County isn't done talking about treated sewage sludge yet.

CAN'T BLAME THE BOARD

Former state Sen. Dean Florez, D-Shafter, helped champion Measure E in 2006.

"I don't necessarily blame the supervisors for looking out for Kern taxpayers. We fought valiantly," Florez wrote in a message to The Californian Tuesday.

But, he said, Kern County and its leaders cannot stop pursuing environmental protections for citizens just because this lawsuit is over.

"It does concern me to think that perhaps the people of Kern County will let their guard down and stop thinking of ways of pressuring LA to stop sludge dumping in Kern. We shouldn't stay helpless," he wrote. "I'm afraid that Kern leaders will give up the fight in general and when that happens, they might as well put a big sign at the county line inviting sludge and other dumpers to 'dump on us.'"

As for Los Angeles, Florez said all the city leaders and legislators there who pride themselves on their environmental credentials have tarnished their reputations and will pay for it when they run for higher office.

"You can't dump your human waste on other, smaller communities and expect to call yourselves an environmentalist."

James Burger can be reached at 661-395-7415. Follow him on Twitter: @KernQuirks.



Measure E Settlement
Courtesy of the County of Kern Aug 8, 2017

Measure E - A Timeline

- 1987:** The U.S. Environmental Protection Agency outlaws ocean dumping of sewage.
- 1993:** The U.S. EPA publishes sludge disposal standards for cropland.
- 1994:** Locals start to complain as contractors and growers begin spreading sludge on roughly 24,000 acres across Kern.
- 1996:** Kern officials begin writing their own law governing sludge spreading.
- 1996-97:** More than 1 million wet tons of sludge come to Kern annually; city of Oxnard buys a sludge farm outside Wasco.
- 1998:** A farming coalition, Kern Food Growers Against Sewage Sludge, opposes sludge use.
- 1998:** The Kern County Board of Supervisors passes a temporary sludge ordinance.
- Tulare and Stanislaus counties ban all but the most highly treated sludge.
- 1999:** Kern bans all but the most highly treated sludge starting in January 2003; Southern California sewage districts sue and the litigation is ongoing.

Kern is down to five sludge farms spreading fewer than 300,000 wet tons of sludge annually.

2000: Los Angeles buys Green Acres, a 4,688-acre sludge farm 16 miles southwest of Bakersfield.

2001: Kings County bans all but the most highly treated sludge.

Local field studies show sewage sludge boosts wheat crops and increases protein content when managed properly.

2002: Sludge generators and handlers file several new suits against Kern, claiming its ordinance is discriminatory, causes economic hardship, etc.; the cases were thrown out or decided in favor of the county.

Three sludge spreaders are left in Kern, handling some 300,000 wet tons per year on 7,000 acres.

The City of Los Angeles spends \$40 million to produce "exceptional quality" sludge that will meet Kern's standards.

2004: Kern County Water Agency suggests moving all sludge farms and dairies to lands in western Kern out of the way of water resources.

2005: State Sen. Dean Florez, D-Shafter, and other leaders launch a campaign to ban sludge by referendum.

2006: City of Oxnard sludge farm loses permit for stockpiling vast piles of hazardous waste.

June 2006: Kern County voters, with 83 percent of the vote, ban sewage sludge from being spread on land in unincorporated areas of Kern.

August 2006: Several Southern California sewage agencies and private interests, led by the City of Los Angeles, sue Kern County in a Los Angeles federal court to overturn Measure E.

October 2006: U.S. District Court Judge Gary Feess refuses to dismiss four of the six causes listed in L.A.'s lawsuit or grant Kern's request to move the case to the U.S. District Court in Fresno.

November 2006: Feess issues an injunction to stop Measure E from taking effect until the case is completed.

⋮

August 2007: Feess overturns Measure E, saying it failed scrutiny under the "commerce clause" of the U.S. Constitution because it did not apply to the whole county and therefore discriminated against Los Angeles. (Kern's incorporated cities, which are not subject to county rules, are not bound by Measure E.)

The ruling also agrees with sewage generators' assertions that sludge spreading falls under state solid waste policies meant to promote recycling.

September 2009: A three-judge panel of the 9th Circuit Court of Appeals rules Measure E does not violate the interstate commerce clause of the U.S. Constitution. It vacates Feess' ruling against Measure E.

June 2010: The U.S. Supreme Court refuses to hear claims the ban violates the interstate commerce clause of the U.S. Constitution. That leaves only two state-level legal challenges: that Measure E violates state recycling rules and that Kern County overstepped its police powers.

November 2010: Feess dismisses what was left of the 2006 federal case.

January 2011: The Board of Supervisors allows Kern County Environmental Health Services regulators to begin the six-month process of enforcing Measure E.

February 2011: The sewage agencies file a new lawsuit in Kern County Superior Court to overturn Measure E, saying the ban violates the California Integrated Waste Management Act and the California Constitution by restricting trade inside the state. It also argues Kern County overstepped its governmental police powers.

It also revives a federal law issue thrown out by the 9th Circuit Court of Appeals.

The case is later moved to Tulare County Superior Court.

June 2011: A Tulare County Superior Court judge agrees to put Measure E on hold.

February 2013: The 5th District Court of Appeal in Fresno upholds the Tulare County Superior Court injunction against enforcing Measure E. It calls the land application of biosolids a "widely used, widely accepted, comprehensively regulated method by which municipalities fulfill their obligation to reduce the flow of waste to landfills."

It says Kern County is mandated by state recycling law to allow the land application of biosolids and that Kern overstepped its powers to police its own territory.

March 2013: Kern County supervisors vote to petition the California Supreme Court to review the 5th District ruling.

July 7, 2014: The California Supreme Court rules the sewage agencies failed to file two of the five state claims it made against Measure E within a 30-day period following the dismissal of a similar federal lawsuit. Los Angeles vows to continue fighting over the outstanding claims.

Feb. 5, 2015: Tulare County Superior Court Judge Lloyd Hicks rules that the Measure E lawsuit must go to trial on the merits of the case.

April 26, 2016: Kern County and Los Angeles meet in Tulare County Superior Court to argue their case before Judge Lloyd Hicks in a two-week trial.

Kern County attorneys argue that while Green Acres Farm checks for chemicals regulated by the Environmental Protection Agency, that agency does not have standards for many chemicals that are of “emerging concern” and Kern County residents shouldn’t have to risk harm from those constituents in even highly treated sewage sludge.

Nov. 28, 2016: Judge Lloyd Hicks issued a tentative ruling, later upheld, that invalidated Measure E.

He ruled the Kern County law overstepped the county’s police powers and was trumped by the California Integrated Waste Management Act, a law designed to increase recycling in the state.

Fortunately for Kern, Hicks ruled against Los Angeles on another point — that Measure E violated the commerce clause of the U.S. Constitution.

That was the only claim Los Angeles could have used to force Kern County to pay it multi-million dollar legal bills on the case.

Aug. 8, 2017: Kern County supervisors vote to support a settlement of Los Angeles’ lawsuit against Measure E. Measure E would be eliminated. Greenacres Farm would continue to operate. Kern County would do an environmental impact report on the land application of sewage sludge. And both sides would bear their own legal fees. Kern County has spent roughly \$9 million on the defense of Measure E over the past decade.

MORE INFORMATION



SEPTEMBER 8, 2017

Banned pesticides from illegal pot farms seep into California water

Sharon Bernstein



Ecologist Mourad Gabriel of Integral Ecology Research Center stands amid an illegal marijuana grow site in Northern California, U.S. in this September 25, 2014 photo. Courtesy Mark Higley/Hoopa Valley Tribal Forestry/University of California Davis Faculty/Handout via REUTERS

SACRAMENTO, California (Reuters) - Toxic chemicals from illegal marijuana farms hidden deep in California's forests are showing up in rivers and streams that feed the state's water supply, prompting fears that humans and animals may be at risk, data reviewed by Reuters show.

The presence of potentially deadly pollutants in eight Northern and Central California watersheds is the latest sign of damage to the environment from thousands of illegal cannabis plantations, many of them run by drug cartels serving customers in other states, according to law enforcement.

"I don't drink out of the creeks - and I used to," said Sergeant Nathaniel Trujillo, a narcotics expert with the sheriff's department of Trinity County, about 200 miles north of San Francisco. "I grew up drinking out of them."

California accounts for more than 90 percent of illegal U.S. marijuana farming. There are as many as 50,000 marijuana farms in California according to state estimates, and even though voters legalized the drug last November, only about 16,000 growers are expected to seek licenses when commercial cultivation becomes legal next year.

Many of the illegal growers use fertilizers and pesticides long restricted or banned in the United States, including carbofuran and zinc phosphide.

The chemicals have turned thousands of acres of forest into waste dumps so toxic that law enforcement officers have been hospitalized after inadvertently touching plants and equipment, and scores of animals have died.

The streams in which they have been detected are crucial sources of water for fish, vulnerable animals including the Pacific fisher and the Northern Spotted Owl and are used for drinking by people and cattle. Ultimately, the contaminated rivers and creeks flow into the massive water supply system relied on by the most populous U.S. state.

“Carbofuran is in the water, and it’s not supposed to be,” said Mourad Gabriel, an ecologist who works with law enforcement on marijuana contamination issues. “How are we going to mitigate something like that?”

Carbofuran poisoning can cause headaches, nausea, dizziness, vomiting, uncontrollable muscle twitching, convulsions and even death, according to the National Institutes of Health.

Poisoning by diazinon, another chemical Gabriel has found in streams, can cause difficulty breathing, weakness, blue lips and fingernails, convulsion and coma, the agency says.

Gabriel, who has visited more than 100 sites in California and is widely considered the leading authority on toxins at marijuana farms, said about half the streams he studied in eight watersheds in the state’s prime pot-growing regions tested positive for contaminants.

In unpublished data seen by Reuters, Gabriel’s testing showed carbofuran, diazinon and other chemicals were present downstream from pot farms in Kern County in Central California, Humboldt County on the state’s northwestern coast, Mendocino County north of Santa Rosa and others. In some cases, the chemicals were present only in trace amounts.

Some streams tested positive more than a year after law enforcement cleared illegal grows from nearby land.

At Brush Mountain in Kern County, law enforcement shut down a growing operation in June 2014, Gabriel said. But testing the following November and December showed the presence of diazinon in a local stream.



Blue-tinted water with fertilizer at an illegal marijuana growing site in Mendocino County, California, U.S. is pictured in this undated handout photo obtained by Reuters on July 25, 2017. Courtesy California Department of Fish and Wildlife/Handout via REUTERS

CHEMICAL 'LAYER CAKE'

In further testing in February 2015, the stream appeared to be chemical-free. But chemicals showed up again the following year, Gabriel's unpublished data show, prompting him to speculate that it can take months or years for chemicals to migrate through the soil.

"It's like a layer cake," Gabriel said. "They put chemical on chemical on chemical. We'll find different chemicals in the water on different years."

In another instance, a stream in Trinity County tested negative for pesticides in 2014 but positive in December 2016.

The state does not have a comprehensive testing program for marijuana contaminants, and little such work has been done at the local level, officials said.

But many people and animals rely on water from local streams. And some are growing concerned.

Patricia Young, whose family grazes cattle in Shasta County, said eight cows have died suddenly over the past three years near an irrigation channel they use for drinking.

Young said the family was worried the cows died from poisoning from marijuana farms in nearby woods, and they were testing the stream.

The chemicals have been found in game animals, including a quail Gabriel shot and ate with his family, and numerous deer and elk whose livers were tested in a study for the Mule Deer and Rocky Mountain Elk Foundations, he said.

Trujillo, the Trinity County sheriff's department narcotics sergeant, said his law enforcement dog, a Belgian Malinois named Johnny, almost died from pesticide poisoning after jumping into a reservoir at an illegal marijuana grow.

California is developing regulations for marijuana farms including rules about water quality and pesticide use, but widespread water testing is not included.

The federal government, which owns much of the land on which illegal marijuana grows are planted, has also not conducted extensive testing of streams near the toxic sites, officials said.

Matt St. John, executive officer of the North Coast Regional Water Quality Control Board in the heart of marijuana country, said his agency is planning to regulate pesticide use by marijuana farmers. But testing streams on a regular basis would be too expensive, he said.

Trinity County supervisors will decide on Sept. 19 whether to authorize a testing program along part of the Trinity River and its tributaries.

"Maybe six months down the road we'll say water quality wasn't affected all that much," said Trinity County Planning Director Leslie Hubbard. "But maybe we'll say we have a disaster on our hands."

Reporting by Sharon Bernstein; Editing by Ben Klayman and Cynthia Osterman




Victor Valley Wastewater Reclamation Authority
A Joint Powers Authority and Public Agency of the State of California

20111 Shay Rd. Victorville, CA 92394
 Telephone: (760) 246-8638
 Fax: (760) 948-9897

DATE: September 12, 2017

TO: Logan Olds
 General Manager

FROM: Angela Valles 
 Director of Finance

SUBJECT: Cash Disbursements Register

RECOMMENDED ACTION

It is recommended that the Board of Commissioners approve the cash disbursements and payroll register for the Victor Valley Wastewater Reclamation Authority.

BACKGROUND

The Cash Disbursements Register totals represented below are for the month of AUGUST 2017, check numbers 121019- 121087 and ACH's.

<i>Accounts Payable</i>			
<i>Checks</i>	<i>EFT's</i>	<i>Payroll</i>	<i>Total</i>
<i>\$178,331.87</i>	<i>\$2,820,174.86</i>	<i>\$364,869.59</i>	<i>\$3,363,376.32</i>

**Victor Valley Reclamation Authority
Cash Disbursement Register
From 8/1/17 Through 8/31/17**

Check Number	Check Date	Effective Date	Fund Code	Vendor Name	Transaction Description	Check Amount
121019	8/2/2017	8/2/2017	01	2G Energy Inc.	Credit 425-081700039	(24,892.56)
121019	8/2/2017	8/2/2017	07	2G Energy Inc.	2G Turbo Service	10,257.62
121019	8/2/2017	8/2/2017	07	2G Energy Inc.	2G Turbo Service	16,054.15
121020	8/2/2017	8/2/2017	01	Apple Valley Transfer & Storage Db	Shredding Service	45.00
121057	8/30/2017	8/30/2017	01	Apple Valley Transfer & Storage Db	Shredding Service	45.00
121032	8/10/2017	8/10/2017	01	Applied Industrial Technologies	UV Blower Motors	1,444.76
121087	8/31/2017	8/31/2017	01	Arb/Perp	Applications 25018 & 30507	1,650.00
121058	8/30/2017	8/30/2017	01	Atmospheric Analysis And Consulting, Inc	Analysis and Reporting	1,890.00
121059	8/30/2017	8/30/2017	01	Big Bear Electric, Inc.	Otoe Pump Station Door Switch Failure	760.00
121034	8/10/2017	8/10/2017	01	Bnsf/Railway Company	UNR Lease Pipeline Carrying Raw Sewage	26,602.00
121022	8/2/2017	8/2/2017	01	C.S. Amsco	Swing Check Valve	900.22
121061	8/30/2017	8/30/2017	01	Calrol, Inc.	Primary Effluent Operator Installation	460.00
121086	8/30/2017	8/30/2017	01	Cintas Corporation	First Aid Supplies	185.10
121062	8/30/2017	8/30/2017	01	City Employees Associates	VVWRA Supervisors Association Dues	50.00
121035	8/10/2017	8/10/2017	01	Cmta	Angela Valles Membership Reneal	155.00
121021	8/2/2017	8/2/2017	01	Concorde Communications	Answering Service and Telephone Line	94.90
121064	8/30/2017	8/30/2017	01	Crump & Co., Inc	Val-Matic Valves	4,460.85
121064	8/30/2017	8/30/2017	01	Crump & Co., Inc	12 Inch Val-Matic BFV	1,578.78
121036	8/10/2017	8/10/2017	01	Daily Press	Operator Position Publication	798.00
121055	8/28/2017	8/28/2017	01	Dan Sentman	Retiree Health Benefit Allowance	225.63
121037	8/10/2017	8/10/2017	01	Davis Electric, Inc	DAF #3 Level Transmitter Conduit Repair	2,801.68
121065	8/30/2017	8/30/2017	01	Davis Electric, Inc	GBT Light Replacement	976.76
121038	8/10/2017	8/10/2017	01	Done-Right Concrete Construction Service	Concrete Work	1,700.00
121054	8/28/2017	8/28/2017	01	Donna Anthony	Retiree Health Benefit Allowance	443.00
121023	8/2/2017	8/2/2017	01	Edenbros, Llc	Gas Analyzer Repair	900.42
121023	8/2/2017	8/2/2017	01	Edenbros, Llc	MultiTec Calibration	256.42
121024	8/2/2017	8/2/2017	01	Environmental Water Solutions, Inc.	Flare Control Panel Replacement	4,142.99
121039	8/10/2017	8/10/2017	01	F B Roofing Company	Admin and Chlorine Roof Repairs	9,300.00
121025	8/2/2017	8/2/2017	01	Flyers Energy, Llc	Gasoline	936.16
121066	8/30/2017	8/30/2017	01	Flyers Energy, Llc	Gasoline	734.56
121067	8/30/2017	8/30/2017	01	G.A. Osborne Pipe & Supply	G.A. Osborne Piping	431.14
121040	8/10/2017	8/10/2017	01	Gfoa	Certificate of Achievement Review 2016	435.00
121068	8/30/2017	8/30/2017	01	Hesperia Unified School District	HUSD Purple Pipe	126.07
121042	8/10/2017	8/10/2017	01	Hi Desert Fire Protection Inc	High Desert Fire	42.00
121041	8/10/2017	8/10/2017	01	Hi-Desert Communications	Site Rent	100.00
121069	8/30/2017	8/30/2017	01	Hi-Desert Window Washing	Window Washing	307.00
121070	8/30/2017	8/30/2017	01	High Desert Lock & Safe	Padlocks	875.31
121063	8/30/2017	8/30/2017	01	James Cox	Commissioner Stipend	100.00
121072	8/30/2017	8/30/2017	01	James N. Kennedy	Commissioner Stipend	100.00
121071	8/30/2017	8/30/2017	01	Johnson Rental	Dump Truck Rental	1,183.41
121073	8/30/2017	8/30/2017	01	Konica Minolta Business Solutions	Printer Charges	469.12
121056	8/30/2017	8/30/2017	01	Liberty Utilities- Apple Valley Ranchos W	Water Usage	1,033.13
121074	8/30/2017	8/30/2017	01	Luhdorff And Scalmanini Consulting Engi	Subregional Semi-Annual Reports	7,491.25
121074	8/30/2017	8/30/2017	01	Luhdorff And Scalmanini Consulting Engi	Subregional Semi-Annual Reports	9,162.50
121074	8/30/2017	8/30/2017	01	Luhdorff And Scalmanini Consulting Engi	Subregional Semi-Annual Reports	6,502.50
121075	8/30/2017	8/30/2017	01	Meece	MEEC Sponsorship- Platinum	2,500.00
121043	8/10/2017	8/10/2017	01	Multi W Sytems, Inc	2G Parts	1,799.43
121076	8/30/2017	8/30/2017	01	Napa Victorville	Waukesah Battery and Brown Bear Filter	297.84
121076	8/30/2017	8/30/2017	01	Napa Victorville	NAPA Filters	535.82
121044	8/10/2017	8/10/2017	01	Orkin	Pest Control	381.53
121044	8/10/2017	8/10/2017	01	Orkin	Pest Control	381.53
121044	8/10/2017	8/10/2017	01	Orkin	Main MCC Rodent Proofing Service	1,500.00
121078	8/30/2017	8/30/2017	01	Pacific Parts And Controls Inc.	3 VFS for Emergency Generator	13,320.06
121079	8/30/2017	8/30/2017	01	Ponton Industries, Inc.	Siemens Hydro-ranger 200 Transducer	5,318.76
121026	8/2/2017	8/2/2017	01	Prudential Overall Supply	Uniform Service	492.95
121045	8/10/2017	8/10/2017	01	Prudential Overall Supply	Uniform Service	426.07
121080	8/30/2017	8/30/2017	01	Prudential Overall Supply	Uniform Service	424.50
121080	8/30/2017	8/30/2017	01	Prudential Overall Supply	Uniform Service	424.50
121080	8/30/2017	8/30/2017	01	Prudential Overall Supply	Uniform Service	424.50
121046	8/10/2017	8/10/2017	07	Quinn Company	Generator Rental	12,592.45
121047	8/10/2017	8/10/2017	01	Robertson'S Ready Mix, Ltd	3 Sack Slurry	2,165.78
121081	8/30/2017	8/30/2017	01	Robertson'S Ready Mix, Ltd	Slurry Delivery	2,090.35
121081	8/30/2017	8/30/2017	01	Robertson'S Ready Mix, Ltd	Slurry Delivery	1,045.18
121081	8/30/2017	8/30/2017	01	Robertson'S Ready Mix, Ltd	Concrete Delivery	2,359.73
121048	8/10/2017	8/10/2017	01	Royal Wholesale Electric	Piller #6 Push Buttons	972.91
121048	8/10/2017	8/10/2017	01	Royal Wholesale Electric	Piller #6 Push Buttons	188.14

**Victor Valley Reclamation Authority
Cash Disbursement Register
From 8/1/17 Through 8/31/17**

Check Number	Check Date	Effective Date	Fund Code	Vendor Name	Transaction Description	Check Amount
121060	8/30/2017	8/30/2017	01	Russell Blewett	Commissioner Stipend	100.00
121049	8/10/2017	8/10/2017	01	Safety-Kleen Systems Inc.	Parts Wash	1,275.24
121050	8/10/2017	8/10/2017	01	San Bernardino County- Flood Control	Permit P-42015025	6,830.00
121077	8/30/2017	8/30/2017	01	Scott Nassif	Commissioner Stipend	100.00
121077	8/30/2017	8/30/2017	01	Scott Nassif	Commissioner Stipend	100.00
121082	8/30/2017	8/30/2017	01	Sparkletts Drinking Water	Bottled Water	1,404.84
121051	8/10/2017	8/10/2017	01	Thurlow'S Heating & A/C Inc.	Thurlow's Service	333.49
121051	8/10/2017	8/10/2017	01	Thurlow'S Heating & A/C Inc.	Water Leaking in MCC	308.71
121051	8/10/2017	8/10/2017	01	Thurlow'S Heating & A/C Inc.	Control Board Trip	190.00
121083	8/30/2017	8/30/2017	01	Thurlow'S Heating & A/C Inc.	Chart Recorder Room AC	5,077.34
121083	8/30/2017	8/30/2017	01	Thurlow'S Heating & A/C Inc.	MSB AC Unit	6,948.75
121084	8/30/2017	8/30/2017	01	Time Access Systems Inc	Key Box Replacement	395.50
121052	8/10/2017	8/10/2017	01	Town & Country Tire	Silverado 3500 Tires	508.67
121027	8/2/2017	8/2/2017	01	Trimax Systems	Instrument Calibrations	1,996.60
121027	8/2/2017	8/2/2017	01	Trimax Systems	Instrument Calibration	4,380.00
121028	8/2/2017	8/2/2017	01	Underground Service Alert Of Southern C	Dig Alert Charges	133.75
121029	8/2/2017	8/2/2017	01	United Rentals Northwest, Inc	Scissor Lift Recertification	375.00
121029	8/2/2017	8/2/2017	01	United Rentals Northwest, Inc	Boom Lift Rental	1,523.57
121053	8/10/2017	8/10/2017	01	United Rentals Northwest, Inc	Larger Rotary Hammer	113.15
121085	8/30/2017	8/30/2017	01	United Rentals Northwest, Inc	Saw Rental	236.86
121085	8/30/2017	8/30/2017	01	United Rentals Northwest, Inc	Vib Plate Rental	98.24
121085	8/30/2017	8/30/2017	01	United Rentals Northwest, Inc	United Rentals Flange Mount	202.01
121030	8/2/2017	8/2/2017	01	Victor Valley Personnel Services Inc.	MIS Temp Labor	2,536.50
121031	8/2/2017	8/2/2017	01	Wageworks, Inc	FSA Admin Fee	86.75
121033	8/10/2017	8/10/2017	01	World Oil Environmental Services	Used Oil Service Charge	120.00
Total Checks						178,331.87
2730784-1	8/2/2017	8/2/2017	01	A.D.S. Corp.	Flow Monitoring	8,333.28
2796234-1	8/10/2017	8/10/2017	01	Adjusters International, Inc.	DHS/OIG Audit Report	69,847.18
2796234-1	8/10/2017	8/10/2017	01	Adjusters International, Inc.	DHS/OIG Audit Report	81,295.38
2893840-1	8/30/2017	8/30/2017	01	Adjusters International, Inc.	DHS/OIG Audit Report	58,605.85
2893840-1	8/30/2017	8/30/2017	01	Adjusters International, Inc.	DHS/OIG Audit	7,175.00
2893840-1	8/30/2017	8/30/2017	01	Adjusters International, Inc.	DHS/OIG Audit	2,865.00
2730784-5	8/2/2017	8/2/2017	09	Aecom	Nanticoke Pump Station By-Pass Sewer	13,796.42
2893840-2	8/30/2017	8/30/2017	01	American Express	American Express Charges July 2017	2,340.66
2871019-6	8/30/2017	8/30/2017	01	Andrew Gyurcsik	Retiree Health Benefit Allowance	443.00
2730784-2	8/2/2017	8/2/2017	01	Applied Maintenance Supplies & Solution	Maintenance Consumables	42.22
2730784-2	8/2/2017	8/2/2017	01	Applied Maintenance Supplies & Solution	Maintenance Consumables	604.74
2796234-2	8/10/2017	8/10/2017	01	Applied Maintenance Supplies & Solution	PVC	42.22
2796234-3	8/10/2017	8/10/2017	01	Bargain Byte	Troubleshoot and Repair	625.00
2796234-3	8/10/2017	8/10/2017	01	Bargain Byte	Troubleshoot and Repair	625.00
2893840-4	8/30/2017	8/30/2017	01	Best, Best & Krieger, L.L.P.	General Retainer	11,280.96
2893840-4	8/30/2017	8/30/2017	01	Best, Best & Krieger, L.L.P.	Labor Matters	3,496.50
2893840-4	8/30/2017	8/30/2017	01	Best, Best & Krieger, L.L.P.	Projects	33.90
2893840-4	8/30/2017	8/30/2017	01	Best, Best & Krieger, L.L.P.	Evaluation of Victorville Project	4,504.50
2893840-4	8/30/2017	8/30/2017	01	Best, Best & Krieger, L.L.P.	Lahontan Regional Water Quality Control Board	441.00
2893840-4	8/30/2017	8/30/2017	01	Best, Best & Krieger, L.L.P.	J.W. Fowler	252.00
2893840-4	8/30/2017	8/30/2017	01	Best, Best & Krieger, L.L.P.	FEMA Audit	8,337.00
2871019-1	8/30/2017	8/30/2017	01	Billings, Richard	Retiree Health Benefit Allowance	398.73
2796234-5	8/10/2017	8/10/2017	01	Biogas Engineering	C131 CEC Microgrid Battery Storage Project	16,375.77
2796234-5	8/10/2017	8/10/2017	01	Biogas Engineering	C131 CEC Microgrid Battery Storage Project	2,592.00
2893840-5	8/30/2017	8/30/2017	01	Biogas Engineering	C131 CEC Microgrid Battery Storage	5,443.20
2796234-4	8/10/2017	8/10/2017	01	Biogas Power Systems- Mojave, Llc	C124 Biogas Power Generation Project	64,546.00
2796234-6	8/10/2017	8/10/2017	01	Brenntag Pacific, Inc	Ferrie Chloride Delivery	5,026.52
2796234-7	8/10/2017	8/10/2017	01	Cdw Government, Inc	Black Box Edge Switch	510.07
2796234-7	8/10/2017	8/10/2017	01	Cdw Government, Inc	Power Strips	324.87
2893840-6	8/30/2017	8/30/2017	01	Cdw Government, Inc	Black Box Switch	136.20
2893840-6	8/30/2017	8/30/2017	01	Cdw Government, Inc	APC Backups	173.33
080217CHAR2525	8/7/2017	8/7/2017	01	Charter Communications	Telephone Charges	99.58
080217CHAR5603	8/7/2017	8/7/2017	01	Charter Communications	Telephone Charges	2,953.52
082217CHAR001	8/31/2017	8/31/2017	01	Charter Communications	Hesperia Subregional Fiber Line Install	23,424.96
08222017CHAR01	8/31/2017	8/31/2017	01	Charter Communications	Fiber Line Install Rancherias- AV Subregional	22,363.76
08222017CHAR02	8/31/2017	8/31/2017	01	Charter Communications	AV Subregional Telephone Charges	438.63
08222017CHAR03	8/31/2017	8/31/2017	01	Charter Communications	AV Subregional Telephone Charges	438.63
082817 CHAR001	8/31/2017	8/31/2017	01	Charter Communications	Hesperia Subregional Telephone Charges	581.42
2893840-7	8/30/2017	8/30/2017	01	Crane Pro Services	Quarterly Crane Inspection	1,480.00
2796234-9	8/10/2017	8/10/2017	01	Culligan Water Conditioning	Water Softener	470.00

Victor Valley Reclamation Authority
Cash Disbursement Register
From 8/1/17 Through 8/31/17

Check Number	Check Date	Effective Date	Fund Code	Vendor Name	Transaction Description	Check Amount
2893840-8	8/30/2017	8/30/2017	01	Culligan Water Conditioning	Culligan Filter Leak Repair	819.75
2796234-10	8/10/2017	8/10/2017	01	D.K.F. Solutions Inc.	MISO Monthly	350.00
2796234-11	8/10/2017	8/10/2017	01	E.S. Babcock & Sons, Inc.	Lab Testing July 2017	25,910.00
2796234-8	8/10/2017	8/10/2017	01	Fedak & Brown Llp	Audit Services 16/17	1,200.00
2796234-12	8/10/2017	8/10/2017	01	Fiberglass Grating Professionals	Grating Ramps	2,875.00
2796234-12	8/10/2017	8/10/2017	01	Fiberglass Grating Professionals	Grating Ramps	1,130.00
081017FRON000	8/31/2017	8/31/2017	01	Frontier	ACCT #760-247-4698-121382-5	220.72
59238452	8/7/2017	8/7/2017	01	Frontier	Acct# 760-246-7864-030481-5	53.55
59238828	8/7/2017	8/7/2017	01	Frontier	Acct# 760-246-7344-030481-5	53.58
59239006	8/7/2017	8/7/2017	01	Frontier	Acct# 760-246-8178-122106-5	231.81
2796234-13	8/10/2017	8/10/2017	01	General Electric International, Inc	Main Switchboard Modifications	75,490.90
2871019-5	8/30/2017	8/30/2017	01	Gillette, Randy	Retiree Health Benefit Allowance	443.00
2893840-9	8/30/2017	8/30/2017	07	Graham Equipment	Pond 8 Potential Erosion Repair	5,525.00
2893840-9	8/30/2017	8/30/2017	07	Graham Equipment	Pond 13 Potential Erosion Repair	6,475.00
2730784-3	8/2/2017	8/2/2017	01	Grainger	Air Regulator	91.70
2796234-14	8/10/2017	8/10/2017	01	Grainger	Grainger Davit Arm	1,707.84
2796234-14	8/10/2017	8/10/2017	01	Grainger	Air Compressor Fuses	1,367.36
2796234-14	8/10/2017	8/10/2017	01	Grainger	Air Compressor Fuses	130.16
2796234-14	8/10/2017	8/10/2017	01	Grainger	Digs 4/5 Valve On/Off Switches	627.04
2796234-14	8/10/2017	8/10/2017	01	Grainger	Digs 4/5 On/Off Switches	660.01
2796234-14	8/10/2017	8/10/2017	01	Grainger	Digs 4/5 Valve On/Off Switches	207.72
2796234-14	8/10/2017	8/10/2017	01	Grainger	Grainger Winch	1,274.16
2796234-14	8/10/2017	8/10/2017	01	Grainger	Grainger Open PO	53.04
2796234-14	8/10/2017	8/10/2017	07	Grainger	Submersible Sewage Pump	1,623.36
2893840-10	8/30/2017	8/30/2017	01	Grainger	Mobile Grease	248.69
2893840-11	8/30/2017	8/30/2017	01	Hach Company	ANISE Air Blast	2,076.34
2893840-11	8/30/2017	8/30/2017	01	Hach Company	NTU Unit	2,929.49
2796234-15	8/10/2017	8/10/2017	01	Honest Johns Septic Service, Inc.	Honest Johns Pump Out Service	1,870.00
2796234-16	8/10/2017	8/10/2017	01	Innerline Engineering	EQ Clean Out	4,312.00
2893840-12	8/30/2017	8/30/2017	01	Innerline Engineering	Cleaning Sewer Pipes	9,071.73
2893840-12	8/30/2017	8/30/2017	01	Innerline Engineering	Pipe Cleaning	1,640.79
2893840-12	8/30/2017	8/30/2017	01	Innerline Engineering	Pipe Cleaning I Ave	2,427.38
2893840-12	8/30/2017	8/30/2017	01	Innerline Engineering	Pipe Cleaning I Ave	3,549.62
KONI000QDSQSAC	8/31/2017	8/31/2017	01	Konica Minolta Business Solutions	Big Printers Lease	351.02
KONI000QDSQSAC	8/31/2017	8/31/2017	01	Konica Minolta Business Solutions	Individual Printer Lease	662.95
2871019-13	8/30/2017	8/30/2017	01	L. Christina Nalian	Retiree Health Benefit Allowance	443.00
2871019-12	8/30/2017	8/30/2017	01	Lillie Montgomery	Retiree Health Benefit Allowance	443.00
2871019-11	8/30/2017	8/30/2017	01	Mark Mcgee	Retiree Health Benefit Allowance	443.00
2893840-14	8/30/2017	8/30/2017	01	Mc Master-Carr Supply Co.	Electrical Hardware	2,155.85
2893840-13	8/30/2017	8/30/2017	01	Mcgrath Rentcorp	Admin Office Lease	3,658.12
2796234-17	8/10/2017	8/10/2017	09	Mwh Constructors	Subregional Construction Management	135,253.04
2871019-14	8/30/2017	8/30/2017	01	Nave, Patrick	Retiree Health Benefit Allowance	443.00
2871019-9	8/30/2017	8/30/2017	01	Olin Keniston	Retiree Health Benefit Allowance	261.76
2871019-8	8/30/2017	8/30/2017	01	Patricia J Johnson	Retiree Health Benefit Allowance	172.48
2893840-15	8/30/2017	8/30/2017	01	Polydyne Inc.	GBT Polymer	11,022.83
2730784-4	8/2/2017	8/2/2017	01	Principal Life Ins. Co.	Vision and Dental Insurance	3,222.02
2893840-16	8/30/2017	8/30/2017	01	Principal Life Ins. Co.	Dental and Vision Insurance September	3,026.63
2796234-18	8/10/2017	8/10/2017	01	Protection One	Protection One Monitoring	530.95
2871019-10	8/30/2017	8/30/2017	01	Randy Main	Retiree Health Benefit Allowance	443.00
2871019-2	8/30/2017	8/30/2017	01	Roy Dagnino	Retiree Health Benefit Allowance	443.00
2893840-3	8/30/2017	8/30/2017	01	Solenis Llc	Polymer Delivery	6,908.93
82380696862419	8/31/2017	8/31/2017	01	Southern California Edison	Electricity	117,963.10
82380696862419	8/31/2017	8/31/2017	01	Southern California Edison	Electricity	(117,963.10)
83204268102409	8/31/2017	8/31/2017	01	Southern California Edison	Electricity	1,340.38
83950026112409	8/31/2017	8/31/2017	01	Southern California Edison	Hesperia Subregional Electricity- Appaloosa	1,288.94
83950027692407	8/31/2017	8/31/2017	01	Southern California Edison	Hesperia Subregional Electricity- Fresno	419.68
83977752892409	8/31/2017	8/31/2017	01	Southern California Edison	AV Subregional Electricity- Otoe	904.10
080217SWG	8/7/2017	8/7/2017	01	Southwest Gas Company	Natural Gas	1,050.80
082817SOUT006	8/31/2017	8/31/2017	01	Southwest Gas Company	Natural Gas	28.95
08282017SOUT	8/31/2017	8/31/2017	01	Southwest Gas Company	Hesperia Subregional Natural Gas	25.00
2871019-4	8/30/2017	8/30/2017	01	Terrie Gossard Flint	Retiree Health Benefit Allowance	261.76
2871019-7	8/30/2017	8/30/2017	01	Thomas Hinojosa	Retiree Health Benefit Allowance	443.00
2871019-3	8/30/2017	8/30/2017	01	Tim Davis	Retiree Health Benefit Allowance	443.00
2796234-19	8/10/2017	8/10/2017	01	Trimax Systems	Service Call P-2535	2,157.84
2796234-19	8/10/2017	8/10/2017	01	Trimax Systems	Totalizer Project	30,344.23
2730784-6	8/2/2017	8/2/2017	01	U.S. Bank	Cal Card Charges June 2017	5,078.82
2796234-20	8/10/2017	8/10/2017	01	U.S.A. Bluebook	Life Ring	1,328.14
2893840-17	8/30/2017	8/30/2017	01	U.S.A. Bluebook	Polymer Pump	1,247.83
2893840-17	8/30/2017	8/30/2017	01	U.S.A. Bluebook	Polymer Pump	1,430.47
082817UPS000	8/31/2017	8/31/2017	01	Ups	Express Shipping	35.14
082817UPS000	8/31/2017	8/31/2017	01	Ups	Express Shipping	230.56
082817UPS000	8/31/2017	8/31/2017	01	Ups	Express Shipping	123.26
2730784-7	8/2/2017	8/2/2017	07	Valley Power Systems, Inc.	Troubleshoot Generator not Producing Volage	7,776.55
2893840-18	8/30/2017	8/30/2017	01	Victor Valley Personnel Services Inc.	Temporary MIS Labor	2,522.25
2893840-19	8/30/2017	8/30/2017	01	Victor Valley Wastewater Employees Assc	Empolyee Association Dues	575.00
2796234-21	8/10/2017	8/10/2017	01	Vision Internet Providers	Web Hosting	243.10
2796234-21	8/10/2017	8/10/2017	01	Vision Internet Providers	Web Hosting	243.10

Victor Valley Reclamation Authority
Cash Disbursement Register
From 8/1/17 Through 8/31/17

Check Number	Check Date	Effective Date	Fund Code	Vendor Name	Transaction Description	Check Amount
2813093	8/14/2017	8/14/2017	09	W.M. Lyles	Subregional Construction	2,010,462.07
2796234-22	8/10/2017	8/10/2017	01	Waxie Sanitary Supply	Janitorial Supplies	875.57
Total ACH and EFT						2,820,174.86
Total ACH and Checks						2,998,506.73
Payroll-August 2017						364,869.59
Total Disbursement - August 2017						3,363,376.32

APPROVED
Chito Keagy 09/13/17

**MINUTES OF A REGULAR MEETING
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VWVRA)
August 17, 2017**

CALL TO ORDER: Chair Russ Blewett called the meeting to order at 8:00 am; in Conference Room D at Victorville City Hall, located at 14343 Civic Drive, Victorville California, with the following members present:

**CITY OF HESPERIA
ORO GRANDE (CSA 42) AND
SPRING VALLEY LAKE (CSA 64)
TOWN OF APPLE VALLEY
CITY OF VICTORVILLE**

**Russell Blewett, Chair
Jeff Rigney, Vice Chair

Scott Nassif, Secretary
Jim Cox, Alternate- Treasurer**

VWVRA Staff and Legal Counsel:

**Logan Olds, General Manager
Piero Dallarda, Legal Counsel (BB&K)
Angela Valles, Director of Finance
David Wylie, Communications & Safety Officer
Robert Coromina, Director of Administration
Eugene Davis, Acting Director of Operations**

**Kristi Casteel, Secretary to GM/Board
Alton Anderson, Construction Manager
Chieko Keagy, Accounting Supervisor
Xiewi Wang, Accountant
Ryan Love, Lead Operator
Marcos Avila, Lead Mechanic**

Others Present:

**Nils Bentsen, City of Hesperia
Carl Coleman, MWA
Walter Linn, Rep for Congressman Cook
Brian Gengler, City of Victorville**

**John Morales, Lahontan
Greg Snyder, Town of Apple Valley
Keith Metzler, City of Victorville**

CLOSED SESSION

PUBLIC COMMENTS- CLOSED SESSION AGENDA

Chair Blewett asked if there were any comments from the public regarding any item on the Closed Session Agenda. Hearing none, he called for a motion to enter into Closed Session.

Commissioner Nassif made a motion to enter into Closed Session, which was seconded by Commissioner Cox

REGULAR SESSION

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Blewett called the meeting to order at 9:00 am.

REPORT FROM CLOSED SESSION

Nothing to report

PUBLIC COMMENTS- REGULAR SESSION AGENDA

NONE

ANNOUNCEMENTS AND CORRESPONDENCE:

5. Possible conflict of interest issues

Commissioner Nassif abstained from any disbursements to Napa Auto Parts.

6. OIG Report: New Orleans

7. Article: Want to Cut Your Carbon Footprint?

8. Article: The Most Indestructible Animal on Earth

9. Award: 2017 Better Project Award

CONSENT CALENDAR:

10. Approve July 2017 Disbursement Registers

Commissioner Nassif abstained from any disbursements to Napa Auto Parts.

11. Approve Minutes from the July 20, 2017 Regular Meeting

12. Recommendation to Approve Professional Services for Larry Walker & Associates for Assistance with NPDES Permit Renewal

13. Recommendation to Approve Amendment of Professional Services for Larry Walker & Associates for 2017 Regulatory Assistance

Commissioner Cox made a motion to approve the consent calendar, seconded by Commissioner Nassif and approved by roll call vote with Commissioner Nassif abstaining from any disbursements to Napa Auto Parts.

Chair Blewett: Yes

Commissioner Rigney: Yes

Commissioner Nassif: Yes

Commissioner Cox: Yes

ACTION & DISCUSSION ITEMS:

14. Recommendation to Award Professional Service Agreement to Biogas Engineering for Media Replacement

Manager Olds stated that this is a professional service agreement with Biogas Engineering to replace the media in VVWRA's gas scrubbing unit. This is done routinely; Biogas has a different media than what is currently being used. This media has the ability to extend the life cycle by two or three times in turn, reducing the cost by about fifty percent.

Commissioner Nassif made a motion to approve the Recommendation, seconded by Commissioner Rigney

Chair Blewett: Yes

Commissioner Rigney: Yes

Commissioner Nassif: Yes

Commissioner Cox: Yes

15. Recommendation to Award Engineering Services for Desert Knolls Wash

Manager Olds stated that the pipeline serving the Town of Apple Valley is above ground due to the displacement of sand that occurred in December of 2016. This is the recommended engineering firm for professional services to begin the design of that project. The Engineering Committee has reviewed the staff recommendation provided by Alton Anderson recommending Carollo Engineers and are in agreement with the recommendation.

Commissioner Nassif made a motion to approve the Recommendation, seconded by Commissioner Rigney

Chair Blewett: Yes

- Commissioner Rigney: Yes
- Commissioner Nassif: Yes
- Commissioner Cox: Yes

STAFF/PROFESSIONAL SERVICES REPORTS:

- 16. **Financial and Investment Report –July 2017**
- 17. **Operations & Maintenance Report – July 2017**
- 18. **Environmental Compliance Department Reports – July 2017**
- 19. **Septage Receiving Facility Reports – July 2017**
- 20. **Safety & Communications Report – July 2017**
- 21. **Construction Report – July 2017**

NEXT VVWRA BOARD MEETING:

Thursday, September 21, 2017– Regular Meeting of the Board of Commissioners

FUTURE AGENDA ITEMS

Leave Policy

COMMISSIONER COMMENTS

ADJOURNMENT

APPROVAL:

DATE: _____
Approved by VVWRA Board

BY: _____
Scott Nassif, Secretary
VVWRA Board of Commissioners



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

September 21, 2017

FROM: Ryan Love, Lead Operator *RL*
TO: Logan Olds, General Manager
SUBJECT: Whitson Contracting & Management to prepare exceedance response action level 2 action plan, and technical report proposal for VVWRA regional plant.

RECOMMENDATION

It is recommended that the Board of Commissioners approve the professional services of Whitson Contracting and Management to generate the 2017 ERA, (exceedance response action), level 2 action plan annual and ERA, (exceedance response action), level 2 technical report. The total cost for the services is \$3,500.

REVIEW BY OTHERS

This recommendation was reviewed by Operation Supervisor Eugene Davis

BACKGROUND INFORMATION

Samples collected during a storm event are required to be analyzed for pH, total suspended solids and Oils and Grease. The reporting limits are as follows: pH 6.0- 9.0 SU, Total Suspended Solids Maximum 100 mg/L, and Oils and Grease Maximum 15 mg/L. Due to elevated total suspended solids of 170 mg/L on 12/22/2016, VVWRA is required to generate an exceedance response action plan and modify the SWPPP to reflect any actions taken to prevent further exceedances in the future. The reports are required by State Water Resources Control Board, Waste Discharge Identification Number 6B36I005756 - 204746 . The due date for the ERA Level 2 report is January 1, 2018.

Both the action plan and exceedance response technical report will be created by a qualified industrial storm water practitioner. The Action plan will be based upon any numerical action level that was exceeded between July 1, 2016 and June 30, 2017. The ERA Level 2 report includes demonstrations of action items based on the action plan and report, revision of the SWPPP, (storm water pollution prevention plan).

FINANCIAL IMPACT

Fund 01 or 07	
Accounting Code (String) example: 01-xx-xxx-xxxx (project code if any)	01-02-520-7160-9999
Transfer Needed due to Insufficient Budget	Y[] N[X]
If Transfer, from Which Account String or Reserve	N/A
Budgeted Amount Where Money Comes from	90,000
Budget Remaining after the Recommendation	86,500
Outside Funding Source if applicable	\$N/A
Original Contract Amount	\$3,500
Change Order	Y[] N[X]
Contract after Change	\$N/A

Fund 09	
Accounting Code (String) example: 09-xx-xxx-xxxx (<u>mandatory</u> project code)	
Transfer Needed due to Insufficient Budget	Y[] N[]
If Transfer, from Which Account String or Reserve	
Budgeted Amount Where Money Comes from	
Budget Remaining after the Recommendation	
Outside Funding Source	\$
Original Contract Amount	\$
Change Order	Y[] N[]
Contract after Change	\$

RELATED IMPACTS

Maintain up to date SWPPP and compliance with the State Water Resource Control Board.

Whitson CM

CONTRACTING & MANAGEMENT, INC.

August 17th, 2017

Eugene Davis
 Victor Valley Waste Water Reclamation Authority
 20111 Shay Road, Victorville Ca 92394

SUBJECT: EXCEEDANCE RESPONSE ACTION LEVEL 2 ACTION PLAN AND TECHNICAL REPORT PROPOSAL

Dear Mr. Davis,

We are providing this proposal for evaluation and preparation of an Exceedance Response Action Level 2 Action Plan and Technical Report for your facility. The scope of work within this proposal is based on the requirements of the General Industrial Storm Water Permit Order No. 2014-0057 DWQ, Section XII.D. This proposal is for the facility located at 20111 Shay Road, Victorville CA 92394.

SCOPE OF WORK:

I. Exceedance Response Action Level 2 Action Plan:

A Qualified Industrial Stormwater Practitioner (QISP) will review the site sample results for the year to determine whether an NAL (Numeric Action Level) exceedance has occurred. If an exceedance has occurred, the QISP will complete an Action Plan by January 1st per the requirements of General Industrial Storm Water Permit Order No. 2014-0057 DWQ, Section XII.D.1.

II. Exceedance Response Action Level 2 Technical Report:

A Qualified Industrial Stormwater Practitioner (QISP) will prepare a Level 2 ERA Technical Report that includes one or more of the demonstrations as listed in Section XII.D.2. Based on the Action Plan and Report the QISP will revise the SWPPP as necessary and implement any additional BMPs identified in the Report.

COST:

Evaluate and Prepare ERA Level 2 Action Plan and Technical Report	\$3,000.00
SWPPP Amendment	\$500.00
Total	\$3,500.00

Whitson CM

CONTRACTING & MANAGEMENT, INC.

Exclusions:

- If needed, site surveys, volume and flow calculations and design specifications will be provided by others. Whitson CM will charge 15% markup.

Fees and expenses will be billed monthly and the net amount shall be due upon receipt of the invoice. If notice is delayed for any reason beyond thirty (30) days, it is understood by the parties that the terms and conditions contained herein are subject to revision.

If you would like Whitson CM to proceed with this work as outlined above, we ask that you sign and return this agreement as written authorization.

If you have any questions regarding this agreement, please contact Mitch Whitson at (858) 673-0966. Thank you for requesting Whitson Contracting & Management, Inc. to provide these services.

Sincerely,



Nida Saleem, CPESC, QSD
Industrial Manager
Whitson Contracting & Management, Inc.

APPROVED:

BY: _____ DATE: _____



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *Lo*
TO: Board of Commissioners
SUBJECT: Low Voltage Power and Failure of Standby Generators 1 & 2

RECOMMENDATION

Per Board direction in response to two low voltage power failure emergencies in May of 2017 which damaged standby generators 1 & 2 staff is bringing new expenses before the Board for ratification in the amount of \$96,619.90, ninety six thousand six hundred and nineteen dollars and ninety cents. To date the total cost of repairs is \$252,980.08.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

Please review the attached invoices for details regarding these initial expenditures. Also attached are the incurred expenses to date. Currently it is anticipated that work will continue through September of 2015. The final phase is scheduled for 25 September 2017 to incorporate the emergency generator switch gear with the plant standby generator switch gear. It is staff's belief that once this project has been completed that VVWRA will have finalized the emergency repairs to the standby and emergency generator systems.

SCE has indicated that they will be onsite in late October to inspect the equipment providing power to VVWRA. It is hoped that they will be able to determine a cause for the continued low voltage incidents at VVWRA. VVWRA owns the power poles, transformers and associated electrical gear within its fence line. A maintenance agreement exists with SCE such that they maintain the equipment that provides power to VVWRA. It is this equipment which will be inspected in October.

FINANCIAL IMPACT

Please refer to attached invoices; the sub-total amount of this request is \$96,619.90, for a total amount of \$252,980.08 expended to date on the emergency repairs.

RELATED IMPACTS

Continued progress towards resolving the damages caused by low voltage power to VVWRA equipment and ensuring that backup power is available in the future if both standby generators are damaged.

E005 Emergency Expenses

Previous Expenses			
Document Number	Document Description	Posted Amount	ID
05222017	Cal Card Charges May 2017	\$ 113.46	USBA000
JE054217	Reclass BIGB000 587	\$ 720.00	
05222017	Cal Card Charges May 2017	\$ 246.72	USBA000
17-0042	Emergency Labor for Backwash pumps/Gen hookup	\$ 617.52	DAVI003
17-0043	Emergency Labor for Backwash pumps/Gen hookup	\$ 1,075.33	DAVI003
05222017	Cal Card Charges May 2017	\$ 162.69	USBA000
108799	Emergency Service Call	\$ 5,655.69	TRIM000
JE053417	Reclass PACI004 I413398 and I413400	\$ 1,981.96	
58225	Lucky Chaney	\$ 1,129.44	MORR000
589	Emergency Labor	\$ 720.00	BIGB000
3005139-0001	Generator 1000KW	\$ 4,457.60	JOHN009
JE070217	Reclass JOHN009 3005139-0001	\$ 14,181.25	
JE063417	Reclass VALL002 B38543	\$ 48,378.54	
6441-538695	VFD Board for Sludge Lagoon Transfer Pump	\$ 3,384.60	ROYA000
B38493	Troubleshoot Generator Failure	\$ 2,163.44	VALL002
JE061817	Reclass ROYA000 6441-538695	\$ 257.91	
CI0011822	Emergency Parts	\$ 1,902.03	DRAK000
JE061917	Reclass PACI004 I413399	\$ 6,660.03	
S-7483	Unstable Unit	\$ 2,515.15	ABAC000
0039942-IN	Generator Docking Station	\$ 17,538.07	ESLP000
3005139-0002	Emergency Generator	\$ 11,181.25	JOHN009
501302763	Emergency Service Commission	\$ 20,950.00	GEIN001
JE064817	Reclass VALL002 B38493	\$ 10,367.50	
		\$ 156,360.18	

New Expenses			
Document Number	Document Description	Posted Amount	ID
501330500	Main Switchboard Modifications	\$ 75,490.90	GEIN002
E7002401	Generator Rental	\$ 12,592.45	QUIN002
M00963	Troubleshoot Generator not Producing Volage	\$ 7,776.55	VALL002
695	Otoe Pump Station Door Switch Failure	\$ 760.00	BIGB000
		\$ 96,619.90	

Total E005 Expnses YTD \$ 252,980.08



GE ZENITH CONTROLS, INC.

Invoice

Supplier's Office Address:
GE ZENITH CONTROLS, INC.
830 WEST 40TH STREET
CHICAGO, IL 60609
USA

Sold To: 4567Y02
VICTOR VALLEY WASTEWATER
20111 SHAY ROAD
RECLAMATION FACILITY
VICTORVILLE, CA 92394
USA

Invoice No: 501330500 Invoice Date: 07-25-2017
Currency: USD Invoice Net Due Date: 08-24-2017
Payment Terms: Net due in 30 days Delivery Terms: FCA, FCA Origin
Customer PO No: 14814 Customer PO Date: 05-22-2017
15148

Ship To: 5363548
SCHNEIDER ELECTRIC USA, INC
330 WEAKLEY LN
SMYRNA, TN 37167
USA

Bill To: 4567Y02
VICTOR VALLEY WASTEWATER
20111 SHAY ROAD
RECLAMATION FACILITY
VICTORVILLE CA 92394

Payment Instructions

Remit To:
General Electric Company
GE Zenith Controls Inc
P.O. BOX 402497
ATLANTA, GA 30384-2497
USA

Please reference invoice number when making payment.

Line No	Product / Service Provided	QTY/UOM	Unit Price	Extended Amount	Tax Amount	Total Amount
---------	----------------------------	---------	------------	-----------------	------------	--------------

GE Reference No: 150899439
BOL No: 880050035
Project Name: Victor Valley Water Project
Prop No: Y732-2

Ship Via: Road - LTL
ALLOW
Shipping Note: Mauricio Marin
(760)983-1999
mmarin@vwwra.com
MARK: TEMP GEN CONFIGURATION-MAIN SWGR

10	ENTCUS-MOD A Material & engineering; temp gen, #52-TG PO Item: 10 WBS: DSHP-150899439-0010, Y732-2 Material & Engineering	1 EA	70,470.00	70,470.00	5,020.90	75,490.90
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Total	70,470.00
Freight	0.00
Total Tax	5,020.90
Grand Total	<u>75,490.90</u>

For questions or concerns regarding this invoice, please
GE ZENITH CONTROLS, INC.
Tel Direct: 1-800-637-1738

Buyer: Logan Olds-VVWRA
(760)246-8638
lolds@vwwra.com

Temp Generator Reconfiguration Work
Main Generator Switchgear System

EOOS

APPROVED TO PAY						
F	LO	CC	ACCT	PROJ	DEBIT	CREDIT
01	02	80	6000	EOOS	75,490.90	
BY		DATE:		PO		



GE ZENITH CONTROLS, INC.

Invoice

Supplier's Office Address: GE ZENITH CONTROLS, INC. 830 WEST 40TH STREET CHICAGO, IL 60609 USA	Sold To: 4567Y02 VICTOR VALLEY WASTEWATER 20111 SHAY ROAD RECLAMATION FACILITY VICTORVILLE, CA 92394 USA	Invoice No: 501330500	Invoice Date: 07-25-2017
		Currency: USD	Invoice Net Due Date: 08-24-2017
		Payment Terms: Net due in 30 days	Delivery Terms: FCA, FCA Origin
		Customer PO No: 14814	Customer PO Date: 05-22-2017

Terms and Conditions:

The Terms and Conditions for Sale of Products and Services # Form ES104 (Rev4) ("Terms and Conditions#) form an essential part of this invoice and are incorporated herein. An updated copy of the Terms and Conditions is available at <http://www.geelitenet.com>. Any additional or different terms or conditions proposed by you (in your order or otherwise) have been expressly objected to by our order confirmation and your acceptance of delivery had confirmed your acceptance of the Terms and Conditions. As confirmed in the corresponding order confirmation, your order was carried out in accordance with the provisions of the Terms and Conditions.



10006 Rose Hills Road
City of Industry, CA 90601
(562) 463-4000
www.quinncompany.com

PLEASE MAKE REMITTANCE TO:
QUINN COMPANY
P O Box 849665, Los Angeles, CA 90084-9665

SALES/RENTAL INVOICE

Make : CATERPILLAR INC.
Model : 1000KW
Serial No : QSXC00893
Equipment No :
Machine ID No : PR2453 Meter Reading : 8344.0

Invoice No.	E7002401
Invoice Date	07/27/2017
Payment Due Date	08/26/2017
Amount Due	\$12,592.45
Payment Terms	Net 30 Days
Credit Memo Amount	
Customer Account No	712270L
Contract No	E70024
Customer PO Number	14729

BILL TO : VICTOR VALLEY WASTEWATER REC
20111 SHAY RD
VICTORVILLE, CA 92394

WVWRA
AUG 07 2017

SHIP TO : WASTE WATER TREATMENT PLANT
VICTORVILLE, CA

Please use Remittance Advice on last page of this invoice.

APPROVED BY: _____

F LOIC Customer Contact: LOGAN OLDS CREDIT Quinn Sales Representative: JASON WONDOLLECK

Quinn Store Location: RIVERSIDE, 656 E. LA CADENA DR. RIVERSIDE, CA 92507 Ph. 951-683-5960

07/27/2017 120600E005 12592.45

INVOICE DETAIL Contract Number: E70024 Contract Date: 07/02/2017 Invoice Date: 07/27/2017

QTY	DESCRIPTION	DAY	WEEK	4WEEK	PRICE
BY ALL RENTAL ITEMS ARE TAXABLE LINE ITEMS WITH (T) ARE TAXABLE					

QTY	DESCRIPTION	DAY	WEEK	4WEEK	PRICE
1.	ID NO: PR2453 SERIAL NO: QSXC00893 1000KW GENERATOR - 1000KW HRS OUT: 8344.0	\$1,120	\$3,360	\$10,080	10,080.00
32	ID NO: CABLE 50' SERIAL NO: CABLE 50' CABLE 4/0 50' -	\$0	\$0	\$0	

QUINN POWER SYSTEMS APPRECIATES YOUR BUSINESS

Rental Subtotal: 10,080.00

Miscellaneous Items

1	ENV REC FEE 2(T)				201.60
1	FIRE, THEFT & VANDALISM				1,411.20
	STATE 7.25% COUNTY 0.5% CITY 1% TOTAL TAX: 8.75%				899.65

AUG 08 2017

[Signature]

Invoice Total:

12,592.45



Go Paperless. To receive your invoices and statements electronically, please visit our website at quinncompany.com.

CARB REGULATIONS Any on-road heavy-duty diesel, alternative-diesel, or off-road diesel vehicle, operated in California, may be subject to the California Air Resources Board In-Use On-Road (Truck and Bus) or In-Use Off-Road Diesel Vehicle Regulations. It therefore could be subject to exhaust retrofit or accelerated turnover requirements to reduce emissions of air pollutants. For more information, please visit the California Air Resources Board websites at <http://www.arb.ca.gov/dieseltruck> for the Truck and Bus Regulation or <http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm> for the Off-Road Regulation. Portable engines operated in California may require State or local air district permitting. Customer is responsible for any required air quality permits necessary to operate this equipment.

TITLE It is understood and agreed that title to and right of possession of any rental item(s) above shall remain vested in the seller until any indebtedness and all sums due or to become due from the customer, whether evidenced by note, book account, judgment or otherwise, shall have been fully paid, at which time ownership shall pass to the customer.

A FINANCE CHARGE OF 1.5% PER MONTH (18% PER ANNUM) will be charged on the past due balance. The past due balance represents all charges remaining unpaid on the closing date of the month following the invoice date. In the event of default in the payment of any amount due, and if the account is placed in the hands of any agency or attorney for collection or legal action, the purchaser agrees to pay finance charges equal to the cost of collection (as permitted by laws governing these transactions). When necessary, Quinn will invoke its repairman's lien pursuant to Sections 3051 and 3051a of the California Civil Code. Acceptance by the customer of the parts, service or equipment listed above is the customer's agreement to be bound by the credit and collection terms set forth above.

Bakersfield • City of Industry • Corcoran • Firebaugh • Foothill Ranch • Fresno • Lancaster
Oxnard • Paso Robles • Pomona • Salinas • Santa Maria • Sylmar • Tulare • Yuma, AZ

17-5



REMIT TO: Dept. 34677, PO Box 39000, San Francisco, CA 94139 WORK SHEET M00963 261328
 1520 S. Bon View Ave., Ontario, CA 91761 (909) 969-9345

R.O. Open Date 5/18/17
 R.O. Inv Date 5/31/17 F Invoice #

REPAIR ORDER



Customer's Phone No:
 Purchase Order No.

VICTOR VALLEY WATER
 2011 SHAY ROAD
 VICTORVILLE CA 92394

Field Order No. **Po 14826**

Paris Requisition Number	Complaint	Wheel Time Metrics	Purchase Order	Extension
	TROUBLESHOOT GENERATOR NOT PRODUCING ENOUGH VOLTAGE.			
	Primary Cause COMPLETE HEAT SINK ASSEMBLY NEEDS TO BE REPLACED W/DIODES.			
	Corrections Made (see Addendum) DISPATCHED TECHNICIAN TO JOBSITE ON EMERGENCY CALL. WATER PLANT LOST TRANSFORMER GRID ON RECOVERY WATER TREATMENT LOC THAT CAUSED SHORT ONCE ISOLATION WAS DONE. INSPECTED GENERATOR & TESTED WITH NO LOAD RUNNING @ 475 VAC. ADJUSTED VOLTAGE @ 477VAC. GENERATOR RAN FOR APPROXIMATELY 1 HOUR WITH NO PROBLEMS. CUSTOMER REQUESTED TRANSFER TEST TO BE PERFORMED NEXT DAY. ARRIVED TO PERFORM TRANSFER POWER ON GENERATOR #2. TRANSFERRED LOAD TO GEN#2. CONNECTED LOAD TO MAKE SURE THE GENERATOR END WAS THE FAULTY. REMOVED GENERATOR COVERS TO CHECK RESISTANCE & PERFORMED MEGGER			
Unit Serial No: C-94245-900/1				
Transmission Serial No:				
Engine Serial No: C-94245-900/1				
Model No.: / VHP5900C				
Equip./Lic.#:				
Miles or Hours 366 M				
Make and Model WAUKESHA / L5790G				
V.I.N. #:				
Replacement S/N:				
VICTORVILLE, CA /				

Customer Shop Labor
 .0 ST Hrs.
 .0 OT Hrs.
 .0 DT Hrs.

Customer Field Labor
 35.0 ST Hrs.
 7.0 OT Hrs.
 .0 DT Hrs.

Ins. Surcharge \$.00
Hazmat Charge \$40.00

WARRANTY INFORMATION: WARRANTY ON NEW ENGINES, NEW TRANSMISSIONS, NEW AND REBUILT PARTS, RELIABLE ENGINES, RELIABLE ASSEMBLIES, RELIABLE PARTS AND UTILITY PARTS IS LIMITED TO THE MANUFACTURER'S WARRANTY. SHOP LIABILITY SHALL BE LIMITED TO THE CORRECTION OF REPAIRS PERFORMED WHEN VALLEY POWER SYSTEMS INC. OR ANY OF ITS SUBSIDIARIES (HEREIN REferred to as "VALLEY") EXAMINATIONS SHALL DISCLOSE FAULTY WORKMANSHIP UNDER NORMAL USE WITHIN 90 DAYS FROM DATE OF DELIVERY. VALLEY'S SOLE OBLIGATION UNDER THIS WARRANTY IS TO REPAIR, AT ITS PLACE OF BUSINESS OR, AT ITS OPTION, EXCHANGE ANY SUCH GOODS OR SERVICES WHICH ARE FOUND BY VALLEY TO BE DEFECTIVE IN WORKMANSHIP OR MATERIAL. FOR RELIABLE ASSEMBLIES THIS IS LIMITED TO REPAIRS OR REPLACEMENT OF THE FAILED RELIABLE COMPONENTS ONLY. THE FOREGOING SHALL BE THE SOLE AND EXCLUSIVE REMEDY FOR ANY SUCH DEFECT, WHETHER IN CONTRACT, TORT, WARRANTY OR OTHERWISE. IN NO EVENT SHALL VALLEY BE LIABLE FOR ANY INDIRECT SPECIAL INCIDENTAL OR CONSEQUENTIAL DAMAGE INCLUDING TOWING OR DOWNTIME IN CONNECTION WITH, OR ARISING OUT OF THE SALE OF GOODS OR FURNISHING SERVICES. THESE WARRANTIES ARE THE ONLY APPLICABLE WARRANTIES AND ARE EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE UNLESS OTHERWISE EXPRESSLY SPECIFIED HEREIN.

CUSTOMER RESPONSIBILITY FOR NON-WARRANTY REPAIRS - IN SOME INSTANCES CERTAIN OF THE REPAIRS REQUESTED BY YOU MAY HAVE THE POSSIBILITY OF BEING COVERED BY A MANUFACTURER'S WARRANTY. IN SUCH INSTANCES, VALLEY MAY, AS AN ACCOMMODATION TO YOU, FILE A WARRANTY CLAIM ON YOUR BEHALF AND DEFER BILLING YOU UNTIL THE MANUFACTURER HAS RESPONDED TO THE WARRANTY CLAIM. HOWEVER, ANY AMOUNTS NOT PAID BY SAID MANUFACTURER WILL BE BILLED TO YOU AND WILL BE DUE UPON RECEIPT OF INVOICE.

I HEREBY AUTHORIZE THE ABOVE REPAIR WORK TO BE DONE ALONG WITH INSTALLATION OF THE NECESSARY MATERIAL, AND HEREBY GRANT VALLEY AND/OR ITS EMPLOYEES PERMISSION TO OPERATE THE VEHICLE OR PRODUCT DESCRIBED ON STREET'S, HIGHWAYS OR OTHERWISE FOR THE PURPOSE OF TESTING AND/OR INSPECTION. AN EXPRESS LIEGE IS HEREBY ACKNOWLEDGED ON THE VEHICLE OR PRODUCT TO SECURE THE ALIGNMENT OF REPAIRS THEREON. I ALSO ACKNOWLEDGE THAT THE REPAIRER IS NOT RESPONSIBLE FOR LOSS OR DAMAGE TO ANTICIPATED LIFE OF THE VEHICLE OR PRODUCT IN CASE OF FIRE, THEFT OR ANY OTHER CAUSE BEYOND ITS CONTROL, AND IS NOT RESPONSIBLE FOR MATERIAL UNCLAIMED AFTER 30 DAYS. I ALSO ACKNOWLEDGE AND ACCEPT THE TERMS OF THE WARRANTY INFORMATION SHOWN ABOVE.

LABOR	5,915.00
MACHINE OPERATIONS	.00
MLG/TRVL	270.00
PARTS	1,479.95
P3 Deductable	.00
Per Quotation	.00
TAX	111.60
TOTAL	\$7,776.55

Deposit/Pd Amt: \$.00

ACCEPTED & APPROVED BY: _____ DATE: 215 5/31/17 03 M
 B.A.R AF147882

\$7,776.55

APPROVED TO PAY						
F	LO	CC	ACCT	PROJ	DEBIT	CREDIT
07	02	130	6000	2005	7,776.55	
B1						
	DATE:					

JUN 06 2017
 OK TO PAY PER
 Marcos.



Valley
Power Services, Inc.
A Valley Power Systems Company

REMIT TO: Dept. 34677, PO Box 39000, San Francisco, CA 94139
1520 S. Bon View Ave., Ontario, CA 91761 (909) 969-9345

WORK SHEET M00963 261328

R.O. Open Date 5/18/17
R.O. Inv Date 5/31/17 F

REPAIR ORDER



M00963

Customer's
Phone No:

TERMS: NET 10th PROX. 1 1/2% INTEREST PER MONTH
WILL BE CHARGED TO ALL PAST DUE ACCOUNTS.
VICTOR VALLEY WATER
2011 SHAY ROAD
VICTORVILLE CA 92394

Purchase
Order No.

Field
Order No.

Correction Continued

TESTING ON EXCITATION SYSTEM RESISTANCE ON FIELD 3.4.
EXCITER .5 MAIN OK THEN PROCEEDED TO MEGGER WITH 250VDC.
CHECKED DIODES ON EXCITATION AND FOUND SOME SHORTED & SOME
OPEN.NEED TO REPLACE COMPLETE DIODE ASSY.ARRIVED AT JOB SITE
MADE SURE THE DIODE ASSY WAS THE SAME. REMOVE AND REPLACED
DIODE ASSY. & RE-WIRED.RAN UNIT AND CHECKED VOLTAGE AND
ADJUSTED AVR THEN ADDED LOAD @ 900KW FULL LOAD & RAN FOR 1HR
STOPPED UNIT REMOVE AV R THAT BELONGS TO OTHER UNIT AND RE-
WIRED. RAN UNIT & ADJUSTED VOLTAGE.RAN UNIT AGAIN UNDER LOAD
& RAN FINE.RAN UNIT ONE MORE TIME W/OPEN UTILITY UNIT START
AND TRANSFERED ALL OK.



PO Box 3001
Big Bear City, CA 92314-3001
Ph: 909-547-6363

License #: 972582

Invoice

Date	Invoice #
8/10/2017	695

ELECTRIC

Bill To	
VVWRA 20111 Shay Rd Victorville, Ca 92394	
Customer Phone	760-246-8638
Customer E-mail	mmarin@vvwra.com

P.O. No.	Project	Terms
15204		Net 30

Quantity	Description	Rate	Amount												
4	<p><u>Emergency callout from Latiff for OTOE Pump station on Saturday 8/5/2017.</u></p> <p>Shawn found limit interlock switch for pump room was malfunctioning, bypassed and reported to Mauricio status for repairs by district.</p> <p style="text-align: center;">AUG 17 2017</p> <p style="text-align: center;"><i>[Signature]</i> OK TO PAY PER Mauricio</p> <div style="border: 2px solid red; padding: 5px; margin: 10px auto; width: fit-content;"> <p style="text-align: center; color: red;">APPROVED TO PAY</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 5%;">F</th> <th style="width: 5%;">C</th> <th style="width: 5%;">ACCT</th> <th style="width: 5%;">PROJ</th> <th style="width: 5%;">DEPT</th> <th style="width: 5%;">CREDIT</th> </tr> <tr> <td>01</td> <td>02</td> <td>54581915</td> <td>E005</td> <td></td> <td></td> </tr> </table> </div>	F	C	ACCT	PROJ	DEPT	CREDIT	01	02	54581915	E005			190.00	760.00
F	C	ACCT	PROJ	DEPT	CREDIT										
01	02	54581915	E005												
REMIT ALL PAYMENTS TO:		Total	\$760.00												
Big Bear Electric, Inc. P.O. Box 3001 Big Bear City, Ca. 92314		Payments/Credits	\$0.00												
		Balance Due	\$760.00												



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *LO*
TO: Board of Commissioners
SUBJECT: Request Authorization to Issue a Request for Proposal to Provide Landscaping Services for the Apple Valley and Hesperia Water Reclamation Plants.

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to release a Request for Proposal (RFP) for the purpose of maintaining the landscaping at the Hesperia and Apple Valley water reclamation plants, pump station and discharge sites.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

VWRA staff currently maintains the minimal landscaping at the wastewater treatment plant in Victorville. However the Authority does not have sufficient staff to maintain the grounds for the water reclamation plants located in Apple Valley and Hesperia. Staff has received several complaints regarding the presence of weeds at the Apple Valley golf course and is utilizing existing resources to address that issue. Staff is requesting authority to issue an RFP to determine the costs to maintain the grounds at the water reclamation plant sites and appurtenant facilities, over a three year period. Once staff has reviewed the proposals a final recommendation, including an annual cost will be brought before the Board for consideration.

FINANCIAL IMPACT

None at this time.

RELATED IMPACTS

Maintenance of the landscaping to ensure its vitality and its use by the communities the facilities serve.



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *LO*
TO: Board of Commissioners
SUBJECT: Request to Increase Professional Service Agreement with Justice King and JAMS

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to increase the professional service contract with Justice King and JAMS by an additional \$30,000.00, thirty thousand dollars. The total, not to exceed, value of the contract would be \$80,000.00, eighty thousand dollars.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

Justice King through JAMS is providing alternative dispute resolution professional services to VVWRA and its Member Entities. On 23 June 2016 the VVWRA Board authorized a not to exceed value of \$50,000.00 for the services of Justice King. On 5 September 2017 VVWRA received an invoice for the retention of Justice King to perform the mediation in an amount of \$18,064.00. This brings the total billing to date by JAMS to \$59,080.00. It is anticipated that as a result of the mediation, scheduled for October, that additional costs may occur. Therefore VVWRA staff recommends increasing the professional service contract to an amount of \$80,000.00.

FINANCIAL IMPACT

Finance Approval:

Fund 01 or 07	
Accounting Code (String) example: 01-xx-xxx-xxxx (project code if any)	01-02-300-8175, 9999
Transfer Needed due to Insufficient Budget	Y [] N [X]
If Transfer, from Which Account String or Reserve	
Budgeted Amount Where Money Comes from	
Budget Remaining after the Recommendation	\$231,654.00
Outside Funding Source if applicable	\$
Original Contract Amount	\$\$50,000.00
Change Order	Y [X] N []
Contract after Change	\$80,000.00

Fund 09	
Accounting Code (String) example: 09-xx-xxx-xxxx (<u>mandatory</u> project code)	
Transfer Needed due to Insufficient Budget	Y [] N []
If Transfer, from Which Account String or Reserve	
Budgeted Amount Where Money Comes from	
Budget Remaining after the Recommendation	
Outside Funding Source	\$
Original Contract Amount	\$
Change Order	Y [] N []
Contract after Change	\$

RELATED IMPACTS

Resolution of outstanding JPA issues amongst the Member Entities and VVWRA.

Document Number	Document Date	Due Date	Document Description	Original Amount	Outstanding Amount
0003780982-220	7/1/16	7/31/16	Legality of Flow Diversion	\$ 10,000.00	0
1220054043	11/8/16	12/8/16	Advisory Opinion - Legality of Flow Diversion	\$ 14,384.00	0
0003935136-220	1/12/17	2/11/17	Legality of Flow Diversion	\$ 7,812.00	0
0003981496-220	3/8/17	4/7/17	Advisory Opinion - Legality of Flow Diversion	\$ 5,040.00	0
0004026266-220	4/28/17	5/28/17	Advisory Opinion - Legality of Flow Diversion	\$ 2,016.00	0
0004051444-220	5/31/17	6/30/17	Legality of Flow Diversion	\$ 1,764.00	0
0004130676-220	9/5/2017		Advisory Opinion - Legality of Flow Diversion	\$ 18,064.00	18,064.00
				\$ 59,080.00	

**MINUTES OF A REGULAR MEETING
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VWVRA)
June 23, 2016**

CALL TO ORDER: Chair Scott Nassif called the meeting to order at 10:00 am; in Conference Room D at Victorville City Hall, located at 14343 Civic Drive, Victorville, California, with the following members present:

**TOWN OF APPLE VALLEY
CITY OF VICTORVILLE
HESPERIA WATER DISTRICT
ORO GRANDE (CSA 42) AND
SPRING VALLEY LAKE (CSA 64)**

**Scott Nassif, Chair
Jim Cox, Alternate Vice Chair
Russell Blewett, Secretary
Jeff Rigney, Treasurer**

VWVRA Staff and Legal Counsel:

**Logan Olds, General Manager
Piero Dallarda, Legal Counsel (BB&K)
Angela Valles, Director of Finance
Ruby Pulido, Administrative Aide
David Wylie, Public Information Officer
Robert Townsend, EC Inspector
Xiwei, Wang, Accountant**

**Robert Coromina, Director of Administration
Roger Crawford, Legal Counsel (BB&K)
Kristi Casteel, Secretary to the GM/Board
Chieko Keagy, Accounting Supervisor
Alton Anderson, Construction Manager
Brad Adams, Operator**

Others Present:

**Brian Gengler, City of Victorville
Art Bishop, Town of Apple Valley
Brian Johnson, City of Hesperia
Nils Bentsen, City of Hesperia
Greg Snyder, Town of Apple Valley**

**Bob Sache, URS
Frank Robinson, Town of Apple Valley
Doug Robertson, City of Victorville**

CLOSED SESSION

PUBLIC COMMENTS – CLOSED SESSION AGENDA

Chair Nassif asked if there were any comments from the public regarding the Closed Session agenda. Hearing none, he called for a motion to enter into Closed Session.

Commissioner Blewett made a motion to enter into Closed Session, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

REGULAR SESSION

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Nassif called the meeting to order at 10:43 am.

REPORT FROM CLOSED SESSION

Chair Nassif stated that there is an item recommended for discussion and vote on openly. It is to retain the services of Justice King to provide a legal advisory opinion regarding the issue of flow diversion as well as other issues that the member entities are currently discussing. Justice King's fee is \$450 an hour and the General Manager, Logan Olds is authorized to spend up to \$50,000 to cover Justice King's fees as well as other expenses associated with this process.

Commissioner Blewett asked that the word diversion and new connection fees be including as other issues

PUBLIC COMMENTS – REGULAR SESSION AGENDA

None

ACTION & DISCUSSION ITEMS:

2. Selection of Neutral Party for Advisory Opinion on Issues Related to Flow Diversion

Commissioner Blewett made a motion to approve retaining the services of Justice King to provide a legal advisory opinion regarding the issue of flow diversion, new connection fees as well as other issues that the member entities are currently discussing and to authorize the General Manager to spend up to \$50,000 to cover Justice King's fees as well as other expenses associated with this process, seconded by Chair Rigney and approved by roll call vote.

Chair Nassif: Yes

Commissioner Cox: Yes

Commissioner Blewett: Yes

Commissioner Rigney: Yes

NEXT VVWRA BOARD MEETING:

Thursday, July 21, 2016 – Regular Meeting of the Board of Commissioners

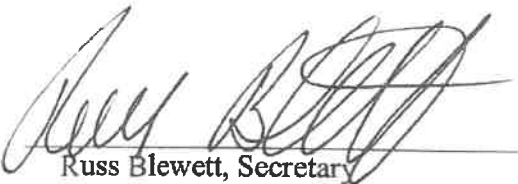
COMMISSIONER COMMENTS

ADJOURNMENT

Commissioner Cox made a motion to adjourn, seconded by Commissioner Blewett and approved by unanimous voice vote.

APPROVAL:

DATE: 21 July 2016
Approved by VVWRA Board

BY: 
Russ Blewett, Secretary
VVWRA Board of Commissioners



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

September 21, 2017

FROM: Alton Anderson, Construction Manager *AA*

TO: Logan Olds, General Manager

SUBJECT: Recommendation to Increase the existing Professional Services Agreement with AECOM by \$39,028.00 for additional CM Services for the Nanticoke Pump Station Bypass Sewer Project

RECOMMENDATION

It is recommended that the Board of Commissioners approve increasing the amount of the existing Professional Services Agreement (PSA) for Construction Management Services for the Nanticoke Pump Station Bypass Sewer Project with AECOM by \$39,028.00 for additional services. This would be in accordance to their Amendment No. 2 Proposal dated August 11, 2017. This brings the PSA to a total of \$486,401.00. The project is complete and this is the final adjustment.

REVIEW BY OTHERS

This recommendation has been prepared by Alton Anderson, Construction Manager and reviewed by Logan Olds, General Manager and the VVWRA Engineering Committee including Tim Millington, David Burkett, Greg Snyder, and Brian Gengler.

BACKGROUND INFORMATION

Upon review by the VVWRA Engineering Committee it was the consensus of the members to place this staff recommendation for Amendment No. 2 before the VVWRA Board for approval.

The Nanticoke Pump Station Bypass Sewer Project in the Town of Apple Valley now 100% complete. This contract increase request deals with the extended duration of the construction project. Due to the additional length of the project AECOM has also asked for a rate increase for the CM project manager.

The original agreement and amendments are tabulated below:

Description	Amount	Contract Total
Original Agreement	\$407,373.00	\$407,373.00

Amendment No. 1	\$ 34,000.00	\$441,373.00
Contingency	\$ 6,000.00	\$447,373.00
Amendment No. 2	\$39,028.00	\$486,401.00
Total Contract		\$486,401.00

The breakdown of the proposed Amendment No. 2 is described below.

Extended Services due to Construction Schedule

The construction contract in three change orders has extensions of 221 days. 140 days of this are from coordinating an agreement with the Town prior to completing the tie in and flow of sewage. The CM has been very efficient in their use of time on this project and even though the construction time has increased 165% they are requesting less than a total 20% increase.

Staff has reviewed and negotiated with AECOM on these items while trying to maintain the necessary level of services. The VVWRA Engineering Committee and VVWRA Staff met on August 23, 2017 to review the proposal. Staff presented a summary and responded to the committee questions. The Committee evaluated the material and agreed that this request be presented as Amendment No. 2 to the Board.

Attached is the proposal from AECOM dated August 11, 2017. Staff and the Engineering Committee are recommending that the Board approve this proposed increase to the Professional Services Agreement in the amount of \$39,028.00.

FINANCIAL IMPACT

Finance Approval:

Fund 01 or 07	
Accounting Code (String) example: 01-xx-xxx-xxxx (project code if any)	
Transfer Needed due to Insufficient Budget	Y[] N[]
If Transfer, from Which Account String or Reserve	
Budgeted Amount Where Money Comes from	
Budget Remaining after the Recommendation	
Outside Funding Source if applicable	\$
Original Contract Amount	\$
Change Order	Y[] N[]
Contract after Change	\$

Fund 09	
Accounting Code (String) example: 09-xx-xxx-xxxx (<u>mandatory</u> project code)	09-05-20-9000, C104
Transfer Needed due to Insufficient Budget	Y[x] N[]
If Transfer, from Which Account String or Reserve	Capital Reserve
Budgeted Amount Where Money Comes from	\$
Budget Remaining after the Recommendation	
Outside Funding Source	SRF Loan
Original Contract Amount	\$407,373.00
Change Order	Y[x] N[]
Contract after Change	\$486,401.00

The impact is a total increase of \$39,028.00 to the Professional Service Agreement. The impact to the VVWRA FY 17/18 Budget will be to Budget Account 09-05-20-9000, C104. This Change Order is beyond the contingency amount of our SRF loan. The amount of \$39,028.00 beyond the contingency will be taken from Capital Reserve.

RELATED IMPACTS

The project is complete.



AECOM 213 593 8100 tel
 300 S. Grand Avenue 213 593 8178 fax
 Los Angeles, California 90071
 www.aecom.com

August 11, 2017

Victor Valley Wastewater Reclamation Authority
 20111 Shay Road
 Victorville, Ca 92394

Attention: Alton Anderson
 Construction Manager

Subject: **Proposal Amendment No. 002 of the Nanticoke Pump Station Bypass Sewer Project**

Mr. Anderson:

On behalf of AECOM, attached is our proposal to extend our construction management services on the Nanticoke Pump Station Bypass Sewer Project to Victor Valley Wastewater Reclamation Authority (VWVRA) under the Professional Services Agreement between VWVRA and AECOM. Our request is primarily due to the following:

1. Continuing services for the extended time for the final contract execution between The Town of Apple Valley (TOAV) and Victor Valley Wastewater Reclamation Authority (VWVRA). Contract Amendment No. 001 between VWVRA & AECOM was based on completing all the field work before May 28, 2017. The field work and close out activities have been delayed into July 2017, which the attached proposal for Contract Amendment No. 002 accounts for the delay in schedule and the remaining project activities.

For the CM tasks needed to support the Nanticoke Project and its Closeout Activities, attached is the spreadsheet with all the corresponding hours and amount needed.

AECOM has reduced the staff involvement with only the billings for the Construction Manager as it is the only requirement for the remaining project activities. Amendment No.002 proposal requests a reasonable rate increase for the CM to the rate of \$166.62 for May to August 2017. This increase in the hourly rate for the CM will allow AECOM to streamline the completion of the remaining project activities with only the CM, which will overall reduce cost and mitigate schedule.

The proposed cost for Amendment No. 002 is an increased not-to-exceed amount of **\$39,028.09.00** with a revised CM services completion date of **August 25th, 2017**.

The detailed cost breakdown is attached:

	Not To Exceed
Original Agreement	\$ 407,373.00
Approved Amendment No. 001	\$ 40,000.00
Requested Amendment No. 002	\$ 39,028.00
Total Contract Amount:	\$ 486,401.00

AECOM is excited to continue the relationship with VVWRA and looks forward to working with you in achieving a successful project completion.

Sincerely,

AECOM



Millicent Drabble

Project Manager

D +1-213-996-2590

M +1-917-744-4244

millicent.drabble@aecom.com

Field Billing Rate:		\$166.62	Date:		7/6/2017
Item	Budget	Contingency	Expense	Hrs	Notes
1	\$ 34,000.00	\$ 6,000.00			
2			\$ 11,780.86	76.25	April
3			\$ 14,878.70	89.30	May
4			\$ 747.04		May - Expense
Subtotal:	\$ 6,593.40				
5			\$ 1,666.20	10.00	27-May-17
6			\$ 1,832.82	11.00	3-Jun-17
7			\$ 1,666.20	10.00	10-Jun-17
Subtotal:	\$ 1,428.18				
8			\$ 1,666.20	10.00	17-Jun-17
Subtotal:	\$ (238.02)	\$ 5,761.98			
9			\$ 1,666.20	10.00	24-Jun-17
10			\$ -	0.00	Lodging - June
Subtotal:		\$ 4,095.78			
11			\$ 1,100.85	0.00	Lodging-July
			\$ 5,000.00		CHJ Consultant
12			\$ 3,332.40	20.00	1-Jul-17
13			\$ 6,664.80	40.00	8-Jul-17
14			\$ 6,664.80	40.00	15-Jul-17
15			\$ 5,665.08	34.00	22-Jul-17
16			\$ 4,998.60	30.00	29-Jul-17
			\$ 200.00	0.00	Lodging - August
17			\$ 2,832.54	17.00	5-Aug-17
18			\$ 3,332.40	20.00	12-Aug-17
19			\$ 3,332.40	20.00	19-Aug-17



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners
 September 21, 2017

FROM: Alton Anderson, Construction Manager *AA*
TO: Logan Olds, General Manager
SUBJECT: Recommendation to Approve Change Order No. 3 for the Nanticoke Pump Station Bypass Sewer Project

RECOMMENDATION

It is recommended that the Board of Commissioners approve Change Order No. 3 for the Nanticoke Pump Station Bypass Sewer Project as dated August 4, 2017 in a net increase in the contract of \$119,187.98 for a contract total of \$3,988,035.03. The time of the contract is also increased by 74 days. The Change Order No. 3 signature pages and summary are attached. The construction is complete and this represents the final construction change order.

REVIEW BY OTHERS

This recommendation has been prepared by Alton Anderson, Construction Manager and reviewed by Logan Olds, General Manager and the VVWRA Engineering Committee including Tim Millington, David Burket, Greg Snyder, and Brian Gengler.

BACKGROUND INFORMATION

Because this project is directly tied to the Subregional Project the change order was taken to the VVWRA Engineering Committee for review, comments and consensus. This project is complete and this is the final change order. Upon review by the VVWRA Engineering Committee on August 23, 2017 it was the consensus of the members to place this staff recommendation for Change Order No. 3 before the VVWRA Board for approval.

This project has been constructed in coordination with the Apple Valley Subregional WRP. The new 30" pvc line conveys sewage to the Otoe Lift Station and then to the new WRP. A major benefit of this project is that the aging Nanticoke Pump Station has been abandoned minimizing VVWRA expenses for operating and maintaining.

The Bypass Sewer project includes approximately 15,400 feet of 30-inch PVC sewer and 48 manholes that run from the Nanticoke Pump Station, north on Nanticoke Road, west on Thunderbird, north on Navajo, and west on Otoe Road to the Otoe Lift Station. The project is 100% complete at this time.

The original agreement and change orders are tabulated below:

Description	Amount	Contract Total	Time	% Cost Increase
Original Agreement	\$3,207,896.00	\$3,207,896.00	January 8, 2017	
Change Order No. 1	\$ 454,252.60	\$3,662,148.60	46 Days	14.16%
Change Order No. 2	\$ 206,698.45	\$3,868,847.05	101 Days	6.44%
Change Order No. 3	\$ 119,187.98	\$3,988,035.03	74 Days	3.72%
Total Contract		\$3,988,035.03	August 3, 2017	24.32%

CHANGE ORDER ITEMS

Change Order No. 3 contains three (3) items. The following Table summarizes the costs and the delay days for each of the items in this Change Order. Following the Table each item is explained.

Item No.	Description	Negotiated Amount	Calendar Days
1	Additional Traffic Control on Navajo Rd	\$ 49,696.67	9
2	Removal and replace 2 storm drain headwalls on Otoe Road	\$ 25,594.65	0
3	Delay and re-mobilization for final connection at Nanticoke Rd and Standing Rock Rd.	\$ 43,896.66	65
Totals		\$ 119,187.98	74 days

ITEM NO. 1, ADDITIONAL TRAFFIC CONTROL ON NAVAJO ROAD.

Working with the Town of Apple Valley, the original alignment in Navajo Road was to run down the center of the left turn lane in an effort to not disturb the paving in the travel lanes. After the project was bid the Contractor was getting the necessary permits from the Town and was told that the road could not be closed. This started a series of discussions.

The original design had overlooked the constructability of the alignment. The trench depth is 12 to 14 feet and the width with shoring is 5 to 6 feet. The center turn land is 12 feet wide. The equipment required for this work extends 14 feet from center to the back of the equipment. In other words it would extend into the travel lane about 8 feet each time it rotated to work. This would mean that all lanes would need to be closed to travel.

The intent of the design was to allow traffic to flow, not close the road. Navajo is a major road and could not be closed. The specifications do not address road closure except to say all traffic control is to be according to the requirements of the Town. In discussion with the Town Engineer it was agreed to change the alignment to the center of the north bound lane and utilize flaggers to allow traffic with minimal delays. As a part of this agreement the Town did allow Thunderbird and Nanticoke roads to be closed to thru traffic in stages.

In reading the Town's traffic control policies the Contractor in his bid had determined that the road could be closed. While there is a description for closing the roads, it is at the discretion of the Town Engineer. The Contractor had failed to check with the Town prior to the bid. Staff's first position on this item was to deny any change. But in further review and with discussion with the Town's Engineer it was decided that in making the alignment change we had changed the condition of the bid.

The engineering committee sent this item back for negotiation twice. The first re-negotiation resulted in a 15% reduction. The engineering committee still felt this was too much and their final instructions were that we could not accept more than 50% of the reduced request. The Contractor also felt strongly on this issue in that it is a hard cost for labor to him. In negotiation both sides accepted this 50% split rather than go into arbitration and incur additional costs.

Staff believes that this is a fair settlement. The Contractor obviously has some ownership for misinterpreting the Town policy without seeking confirmation. VVWRA shares some ownership due to the inconstructibility of the original alignment. The engineering committee asked about responsibility of the designer but were reminded that this design was completed at no cost to VVWRA as a result of a negotiation with the engineering firm for deficiencies in a previous project.

The total of the labor for this item is **\$49,696.67**. The contract is also increased **9** days for the construction delay time.

ITEM NO. 2, REMOVE AND REPLACE 2 STORM DRAIN HEADWALLS

The design of this project was 99% complete several years prior to the actual bid period. Because of that time lag the east end of Otoe road had a solar collection project install an asphalt road with storm drains from north to south and additional utilities. This observed change was added immediately prior to bidding but it was hastily done and some items were not completely thought out. The design had shifted the sewer alignment out of the center of the road to avoid trenching through the new asphalt. During construction when the utilities were marked out it was found that electrical conduit was partially in the way. Also the new curb was where the excavator track would fall. To stay away from both of these we shifted the alignment 6 feet north.

This brought the headwalls of the 2 storm drains into the trench. We had planned to have a short tunnel under the pipe but now the headwalls were too wide to allow this. They were removed for pipe installation and replaced after backfilling the trench. In negotiation we determined that 75% of the requested change would be allowed as it was felt it fairly represented the actual costs offset by the work that would have been required for the original alignment.

The total of the labor and equipment for this item is **\$25,594.65**. There is no delay to the contract.

ITEM NO. 3, DELAY AND RE-MOBILIZATION FOR FINAL CONNECTION AT NANTICOKE RD AND STANDING ROCK RD

The final connections at Nanticoke Road and Stranding Rock Road to allow sewage to flow to Otoe Lift Station was put on hold while an agreement was negotiated and implemented on the ownership and operation of Otoe Lift Station. The Town of Apple Valley was hesitant to accept the liability that would result from the increased flow that was currently handled by the Nanticoke Lift Station. The Contractor was instructed to backfill the trench, pave the road, remove all equipment, and remove traffic control so the road would be unimpeded during the agreement implementation. The total delay time was 140 days, of which 76 days were included in a previous change order.

Once the agreement was in place we notified the Contractor of re-mobilize and complete the project. This was obviously not caused by the Contractor. All work that was in the contract is not included here, but the additional work of re-mobilizing, re-installing traffic control, re-excavating, and re-paving were tracked on time and materials and presented in the change order.

The total of the labor and equipment for this item is **\$43,896.66**. The delay caused **65** days added to the contract.

The total of these three items is a net increase of \$119,187.98 and an increase of 74 days to the project construction time. The Change Order No 3 is attached with summary documentation. Staff has reviewed and agree with the items within this Change Order. The VVWRA Engineering Committee and VVWRA Staff met on August 23, 2017 to review this request. Staff presented a summary and responded to the committee questions. The Committee evaluated the material and by consensus agreed that this Change Order 3 be presented to the Board for approval.

Staff recommends that the Board authorize the approval of Change Order No. 3 Nanticoke Pump Station By-pass Sewer Project as dated August 4, 2017.

FINANCIAL IMPACT

Finance Approval:

Fund 01 or 07	
Accounting Code (String) example: 01-xx-xxx-xxxx (project code if any)	
Transfer Needed due to Insufficient Budget	Y[] N[]
If Transfer, from Which Account String or Reserve	
Budgeted Amount Where Money Comes from	
Budget Remaining after the Recommendation	
Outside Funding Source if applicable	\$
Original Contract Amount	\$
Change Order	Y[] N[]
Contract after Change	\$

Fund 09	
Accounting Code (String) example: 09-xx-xxx-xxxx (<u>mandatory</u> project code)	09-05-20-9000, C104
Transfer Needed due to Insufficient Budget	Y[x] N[]
If Transfer, from Which Account String or Reserve	Capital Reserve
Budgeted Amount Where Money Comes from	\$3,618,960.95
Budget Remaining after the Recommendation	0
Outside Funding Source	SRF Loan
Original Contract Amount	\$3,207,896.00
Change Order	Y[x] N[]
Contract after Change	\$3,988,035.03

The impact of this Change Order 23 is a net increase of \$119,187.98 to the contract. The impact to the VVWRA FY 17/18 Budget will be to Budget Account 09-05-20-9000, C104. This Change Order is beyond the contingency amount of our SRF Loan. The amount of \$119,187.98 beyond the contingency will be taken from Capital Reserve.

RELATED IMPACTS

The delays have resulted in a net 74 day increase in the contract time

**Contract Change Order No. 3, Nanticoke Pump Station By-Pass Sewer Project
Victor Valley Wastewater Reclamation Authority**

Contractor :	Christensen Brothers General Engineering, Inc.		4-Aug-17
Engineer:	Michael Baker International	Amount, \$	Days
CM:	AECOM Corporation	Orig. Contract Amount	270
		Prev. Appvd. Changes	147
CO No:	3	Current Contract Amount	417
		This Change Increase	74
		Revised Contract Amount	491

CO Title: Cost for contract adjustments that resulted from the existing site conditions and changed conditions. Adjustments to the contract time resulting from these changed conditions.

This change order cover changes to the contract as described herein. The Contractor shall construct, furnish equipment and materials, and perform all work as necessary or required to complete the Change Order items for a lump sum price agreed upon between the Contractor and Victor Valley Wastewater Reclamation Authority, otherwise referred to as the Owner.

CO Item #	Description of Changes	Increase in Contract Amount \$	Decrease in Contract Amount \$	Increase in Contract Time (Days)
1 PCO 9R	<p>This change is a product of negotiation.</p> <p>This Item is for the cost of the change required by the Town of Apple Valley to maintain two-way traffic during the work day with the use of flag people at each end of the construction zone, and the loss of Contractor production due to the reduced work area.</p> <p>Justification: The Contract Bid Documents did not eliminate the road from being completely closed as the sewer work progressed. The original sewer installation design was for the new sewer to be in the center of the left turn lane. The installation in that lane would have required the road be completely closed. The Town of Apple Valley requested that the installation be moved to the Center of the North bound lane, and that traffic be maintained in both directions with the use of flag people to stop traffic. This required that the Contractor retain two (2) additional workers for the time of 45 days during which the sewer was to be installed on Navajo Road. The VVWRA Engineering Committee determined that no positive right to close Navajo Road was given in the contract documents so the Contractor should share in the cost of this extra traffic control at the rate of 50% of the Contractors stated cost.</p>	\$49,696.67	\$0.00	9
2 PCO 6R1	<p>This change adds the cost of the removal and replacement of the storm drain crossings (2) on Otoe Road near Navajo Road MH 9A area.</p> <p>Justification: The contract plans did show the location of the storm drains however they were not named and noted to save in place on the plans. Because of their location relative to the changed sewer alignment it was necessary to remove them in part where they conflicted with the new sewer construction. The Contractor requested payment in full for this removal and replacement. In our discussion on this item we noted that they were shown on the plans so they were not an unknown item. Other considerations were the change in the sewer alignment which was for improved installation conditions at the Navajo Road intersection, and with other utilities like electric which did provide increased conflict with the storm drains and the head walls. With those considerations we can allow 75% of the cost to remove and replace these items as an extra to this contract.</p>	\$25,594.65	\$0.00	0

3 PCO 19	<p>This change is for the cost and time to re-mobilize to the site, re-set traffic control, move equipment back to the site, re-excavate for the Man Holes and pipeline connections at Nanticoke and Standing Rock Rd.</p> <p>Justification: The project Contractor had completed 99.3% of the project when they were given the direction to stop work, backfill trenches and Manholes, and re-pave the intersection until an agreement between VVWRA and The Town of Apple Valley could be ratified and approved. The contractor has re-mobilized their equipment and materials, and again set up the traffic control as approved by The Town of Apple Valley. The Contractor had to Re-excavate for the 2 Man Holes and the piping that had not previously been completed. Only the excavation and backfill are considered extra work as this work had previously been done and needed to be completed again because of the work being stopped. All other work being done was contract work except for the De-mobilization of equipment and materials brought back for the completion of the work. The total delay time to this contract was 140 calendar days, and of that time 76 calendar days were included in CO #2, and an additional 65 calendar days are included in this change order. The project substantial completion date is now set at August 03, 2017</p>	\$43,896.66	\$0.00	65
Column Totals		\$119,187.98	\$0.00	74
Net change in Contract amount		\$119,187.98		

The Contractor agrees that this Change Order represents full and final settlement with prejudice of all Contractor claims and subcontractor claims resulting from these six items including but not limited to any and all requests for time extension, any and all direct and indirect costs, any future Government Code Claims resulting from this change order agreed to by the Contractor and Victor Valley Wastewater Reclamation Authority. The time extension granted in this change order do not include any compensation for time related cost impacts. Future change order negotiations may cover impacts for this same time period. This document revises specified provisions of the contract and all original unchanged provisions will continue to apply hereto. It is understood that the Change Order shall be effective when approved by the Owner.

Recommended:	<p>_____</p> <p>CM - AECOM Corporation</p> <p>(Signature)</p>	Date: _____
Accepted:	<p>_____</p> <p>Contractor-Christensen Brothers</p> <p>(Signature)</p>	Date: _____
Approved:	<p>_____</p> <p>Owner - VVWRA CM</p> <p>(Signature)</p>	Date: _____
Approved:	<p>_____</p> <p>Owner - Director Operations</p> <p>(Signature)</p>	Date: _____
Approved:	<p>_____</p> <p>Owner -General Manager</p> <p>(Signature)</p>	Date: _____



Victor Valley Wastewater Reclamation Authority
Contract Change Order No. 3, Nanticoke Pump Station bypass sewer project

August 08, 2017

Description of Change Order Items:

Item No. 1, PCO #9R1 Traffic control to maintain two-way traffic on Navajo Road. The contract Bid Document did not eliminate the roadways from being completely closed but they did require approval from the Town of Apple Valley before a roadway can be closed. In discussions with the Town of Apple Valley the Contractor did demonstrate the working room that was required to construct the sewer pipe in the contract plan locations and that it would be very difficult and dangerous to try to move traffic through the work area with equipment working overhead. The Town agreed that the Thunderbird Road and Nanticoke Road could be closed sections at a time and traffic could detour around the closed sections. There was no detour that was available for Navajo Road so that road could not be completely closed. In further discussion with the Town of Apple Valley, the Contractor, and VVWRA they agreed to move the installation of the new sewer to the center of the north bound lane away from the center of the turn lane. The Town still required that two-way traffic be maintained during work hours in the south bound lane with flag people controlling and stopping the traffic at each end to let one direction through at a time. During non-work hours the two-way traffic would travel in the south bound and the center lane. This agreement allowed for two-way traffic, but that required the Contractor to add two (2) additional people to the work staff for the 45 days that work progressed on Navajo Road. This also effected the contractors work production with the traffic control set-up and take down every day and the reduced work room for their equipment for a total additional work delay of 9 days to the sewer installation on Navajo Road. The VVWRA Engineering Committee determined that no positive right to close Navajo Road was given in the contract documents so the Contractor should share in the cost of this traffic control at the rate of 50% of the contractors stated cost and that is what is presented here.

Item No. 2, PCO #6R1 Removal and replacement of the storm drain crossings on Otoe Rd. west of Navajo Rd. The Contract Plans did show the location of the existing storm drain road crossing pipes and the head walls, however they did not have notes that would require them to be saved in place. The specifications do note that any existing improvement that is not shown for demolition should be saved in place. Because of the revised sewer location for the last 900 feet of the pipeline it was necessary to remove a section of each storm drain pipe and both head walls that were in conflict with the new construction. The Contractor had presented a PCO (potential change order) for the full cost of this removal and replacement. In our discussion on this item we noted that the storm drains were shown on the plans so they were not an unknown or un-identified utility crossing. In other discussions we noted also that the sewer alignment change had increased the amount of conflict with both storm drains and the new sewer construction. The new sewer alinement was changed to improve the installation conditions at Navajo Road including conflicts with other existing utilities. With those discussions VVWRA believes that the Contractor had some responsibility for maintaining these noted storm drains, but it was also noted that they should have been shown on the plans as a possible conflict. With these considerations the project should also be responsible for a larger portion of the cost and should consider 75% of the cost to remove and replace these facilities as an extra to the contract.

Item No. 3, PCO #19 The project Contractor had completed 99.3% of the work on this contract and was scheduled to complete all project construction work in March 2017. The only work that remained was the installation of two (2) temporary by-pass pipes, construct the two (2) remaining Man Holes in the excavations that had already been completed, and then make the final two (2) permanent connections to the new 30" sewer main which had been installed, tested, video inspected, with all of the other Man Holes complete and accepted. The remaining work would have been completed by March 10, 2017. On March 06, 2017 the Contractor started to make the temporary by-pass connection when The Town of Apple Valley notified VVWRA that no connections, temporary or permanent could be made until the Otoe Pump Station agreement has been approved by the VVWRA Board of Directors and the Town of Apple Valle Council. The Project Contractor was then given instructions to stop work until further notice. On March 09, 2017 instructions came from The Town of Apple Valley that all trenches in Nanticoke Road were to be backfilled, compacted, and the Nanticoke Road paved and re-opened to traffic. This Contractor was given directions to return all construction equipment until they are given a re-start date so that stand-by charges do not continue to accrue. This contractor was given permission to re-start construction the last week of June 2017, but the Town of Apple Valley would not allow the Nanticoke-Standing Rock Roads to be closed to traffic until after July 05, 2017. This Contractor did Re-start the work of mobilization on July 08, 2017. Most of the first few days work was considered re-work since it was work that had been completed before, and then had to be closed up. The CM kept the records as to what was extra work to the contract and what was part of the contract required work. This change represents only that work that was extra to this contract. At present this contract has been delayed 140 calendar days total to completion by this delay. Change order #2 added 76 calendar days to the project for this delay and this Change Order will add an additional 65 calendar days for its completion including close out.



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *LO*
TO: Board of Commissioners
SUBJECT: Professional Service Agreement with Raftelis Financial Consultants for the Purpose of Preparing a Rate Study and Capacity Fee Study

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to retain the professional services of Raftelis Financial Consultants (Raftelis) for the purpose of preparing a rate and capacity fee study in the amount of \$29,634.00, twenty nine thousand, six hundred and thirty four dollars.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

As the Board is aware VVWRA is under significant financial stress due to flow diversions by the City of Victorville. In addition the projected growth numbers used in the 2014 Financial Plan did not occur as predicted. Therefore VVWRA is faced with two issues which result in revenues that are significantly less than required to meet debt service or to operate the subregional water reclamation plants in Apple Valley and Hesperia. Staff requested authority to begin a new rate study in January of 2016 but was told to delay while the Member Entities attempted to resolve issues associated with the flow diversions. The issue at hand being a fair and even distribution of the operating and capital costs when the lost revenues associated with the flow diversions were in dispute. There can be no further delay.

The Member Entities and VVWRA are scheduled to begin mediation in October of 2017. Staff recommends a professional service contract with Raftelis to assist the Member Entities with the preparation of the rate and capacity fee study so that the Board Members may have draft numbers to consider during mediation. Staff believes that there will be additional consulting costs as the Member Entities determine how to allocate costs and will ultimately request the preparation of a financial plan which will conform with Proposition 218 requirements. The proposal before you now is intended to provide sufficient information to complete the mediation process and provide the foundation for the preparation of a new Financial Plan.

FINANCIAL IMPACT

The FY 17/18 budget includes \$50,000.00 for the preparation of a rate study and financial plan.

Finance Approval:

Fund 01 or 07	
Accounting Code (String) example: 01-xx-xxx-xxxx (project code if any)	01-02-510-9130
Transfer Needed due to Insufficient Budget	Y [] N [X]
If Transfer, from Which Account String or Reserve	
Budgeted Amount Where Money Comes from	\$50,000.00
Budget Remaining after the Recommendation	\$20,366
Outside Funding Source if applicable	\$
Original Contract Amount	\$
Change Order	Y [] N []
Contract after Change	\$

Fund 09	
Accounting Code (String) example: 09-xx-xxx-xxxx (mandatory project code)	
Transfer Needed due to Insufficient Budget	Y [] N []
If Transfer, from Which Account String or Reserve	
Budgeted Amount Where Money Comes from	
Budget Remaining after the Recommendation	
Outside Funding Source	\$
Original Contract Amount	\$
Change Order	Y [] N []
Contract after Change	\$

RELATED IMPACTS

The ability to meet debt service and operational commitments for the subregional water reclamation plants.



VVWRA Rate and Capacity Fee Study

Scope of Work
August 30, 2017





445 S Figueroa Street
Suite 2270
Los Angeles, CA 90071

Phone 213 262 9300
Fax 213 262 9303

www.raftelis.com

August 30, 2017

Logan Olds
General Manager
Victor Valley Wastewater Reclamation Authority
2011 Shay Road
Victorville, CA 92394

Subject: Wastewater Rate and Capacity Fee Study

Dear Mr. Olds,

Raftelis Financial Consultants, Inc. (RFC) is pleased to submit this Scope of Work for a wastewater rate and capacity fee study. We have worked with several agencies in your area including the Mojave Water Agency, Hi-Desert Water District, City of Redlands, East Valley Water District, and Antelope Valley- East Kern Water Agency. Enclosed is our proposed scope of work and fee.

We are available to discuss this proposal should you have any questions. Please contact either myself at (951) 595-9354 (HIsaac@raftelis.com) or the Project manager, Steve Gagnon at (714) 351- 2013 (sgagnon@raftelis.com).

Very truly yours,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink that reads 'Habib Isaac'.

Habib Isaac
Sr. Manager

A handwritten signature in blue ink that reads 'Steve Gagnon'.

Steve Gagnon, PE
Manager

Victor Valley Wastewater Reclamation Authority

Wastewater Rate and Capacity Fee Study

Scope of Work

TASK 1 – PROJECT MANAGEMENT, INITIATION, DATA COLLECTION AND QA/QC

Task 1 includes general administrative duties including client communication, billing, overall administration of the project and data collection. It also includes a kick-off meeting. RFC will submit a detailed data request before the kick-off conference call. If possible we will review preliminary data before the kick-off meeting so that we can address any data gaps.

This task also includes QA/QC. All of our models undergo review by someone who has not been intimate with the project and more specifically with the model, providing a fresh perspective and checking model functionality and calculations.

Meetings: One kick-off conference call

Deliverables: Data Request List and Kick-off meeting summary memorandum

TASK 2 - FINANCIAL PLAN DEVELOPMENT

This important task ascertains the additional revenue needed to ensure the financial integrity of the Authority. It will do so by projecting the Authority's existing rate revenue, other operating and non-operating revenues, debt service payments if applicable, and operating and capital expenses over a ten-year planning period.

To assess revenues, RFC will analyse and project, with input from Staff, wastewater flows from each member agency along with high strength surcharge revenue, septage revenue and FOG revenue, if applicable. The RFC model will also assess the effect of reduced flows on revenue.

The ten-year financial plan will also model the sources and uses of funds for each of the Authority's reserves. For a typical capital reserve, the sources of funds include cash reserves, debt proceeds, and grant funding. Modelling the yearly ending balance in the capital reserve allows stakeholders to determine the rate impacts of various capital improvement plan (CIP) scenarios and capital funding strategies to assess the proper use of any debt instruments and reserves to fund capital projects.

The financial plan will be presented in an easy-to-understand format on an interactive dashboard. The dashboard allows users to vary certain assumptions such as revenue adjustments, CIP funding, and wastewater use so that the model user can appreciate the effects of these assumptions on the financial health forecast. Several features of the model's dashboard include the ability to show or indicate:

1. Revenue adjustments for the next five to ten years to maintain financial health,
2. Reserve balances and reserve targets as well as debt service coverage ratios (days cash on hand, reserve funding levels)

3. Projected operating costs and revenue streams
4. Operating cost break down
5. Cost Allocations to each Member Agency
6. Different CIP scenarios

The dashboard, which displays key variables and results on-screen in real-time, will show the results of each scenario and facilitate discussion for quick consensus building. This has proven to be particularly useful when making presentations to stakeholders, allowing them to fully appreciate the impacts of their decisions instantly.

RFC plans to conduct up to two web meetings with Authority staff to identify key issues and review financial plan scenarios. During the meeting, RFC will discuss policy objectives, degree of CIP funding, develop financial plan scenarios, and the benefits and challenges associated with each financial plan scenario.

Meeting(s): Up two (2) web meetings with Authority staff

Deliverable(s): Financial Plan Model in Microsoft Excel

TASK 3 – COST OF SERVICE ANALYSIS

RFC will use methodologies set forth by the Water Environment Federation in their Manual of Practice No.27, Financing and Charges for Wastewater Systems (which was co-authored by our Executive Vice President, Sudhir Pardiwala).

For this study, we will maintain the same cost allocation basis of total flow to the Authority's member agencies. RFC will also review the establishment of a fixed charge to its member agencies and various funding levels of the fixed charge recovery.

We will consider the Authorities operations and circumstances as we perform the cost of service. The end goal of this task is to distribute the Authorities revenue requirement (costs) to the cost components and then distribute the cost components to each member agency based on the cost responsibility of each in compliance with the cost of service principles of Proposition 218. The result is the total cost to serve each customer class and is used as the basis to develop rates.

Meeting(s): Up to two (2) web meetings with Authority staff

Deliverable(s): Sewer Cost of Service Analysis in Microsoft Excel

TASK 4 – WASTEWATER RATE DESIGN

The Authority's current wastewater rates consist of a uniform rate (\$/MG) based on flow. Industrial customers are charged a strength surcharge based on their strength as measured by BOD, TSS and Ammonia. The Authority also charges a septage rate and FOG rate. RFC will calculate rates based on the current rate structure and discuss if other rate structures are warranted.

Meeting(s): Up to two (2) web meetings with Authority staff and one (1) in-person meeting to discuss results

Deliverable(s): Wastewater Rate Model in Microsoft Excel

TASK 5 – REPORT PREPARATION

The draft report will describe the rate setting methodology and allow the reader to follow the rate derivation. It will also document the major findings and decisions reached during previous meetings with Authority staff. The main body of the report will include a brief system physical description, service area description, an overview of operation and maintenance expenses, the Capital Improvement Plan, the financial plan, and the proposed rates. Raftelis will incorporate Authority comments into the Final Report.

Meeting(s): Up to two (2) web meetings with Authority staff

Deliverable(s): An electronic copy in Microsoft Word

TASK 6 – CAPACITY (CONNECTION) FEES

There are several methodologies to calculate capacity charges. The various approaches have largely evolved on the basis of changing public policy, legal requirements, and the unique and special circumstances of each agency. However, there are two general approaches that are widely accepted.

The “buy-in” method rests on the premise that new customers are entitled to service at the same “price” as existing customers. Existing customers have already developed and financed the facilities that will service new customers. Under this approach, new customers pay only the amount equal to the net investment already made by existing users which is based on replacement cost less depreciation divided by the current system demand (number of customer equivalents).

The incremental cost method is normally best for agencies which need new facilities to accommodate growth. It assumes that when new users connect to a system, they use either surplus capacity from the existing system, or they require new capacity that must be added to the system to accommodate their needs. Under this approach, new customers pay for additional capacity requirements, irrespective of past investments made by existing customers.

Often times a hybrid approach of these two methods is utilized. RFC will evaluate the utilities’ current methodology, charge format, and implementation policies and provide recommended adjustments, if necessary. Based on the chosen methodology, RFC will calculate the capacity charges.

Meeting(s): Up to two web meetings with Authority staff

Deliverable(s): Draft capacity charge model in Microsoft Excel 2013 or later

Fee

The fee below show the estimated hours and hourly for staff members. We propose a total fee of \$29,634 which includes expenses.

Task	Task Descriptions	No of In-Person Meetings	Hours Requirements					Total Fees & Expenses
			PD	PM	SC	Admin	Total	
	HOURLY RATES		\$255	\$230	\$175	\$75		
1	Project Management, QA/QC and Kick-off Meeting	1	4	12	8		24	\$5,686
2	Finanical Plan Development			8	20		28	\$5,620
3	Cost of Service Analysis			6	14		20	\$4,030
4	Wastewater Rate Design	1	1	4	12		17	\$3,598
5	Report Preparation		1	6	26		33	\$6,515
6	Capacity (Connection) Fees		1	4	16		21	\$4,185
TOTAL ESTIMATED MEETINGS / HOURS		2	7	40	96	0	143	
PROFESSIONAL FEES			\$1,785	\$9,200	\$16,800	\$0	\$27,785	
							Total Fees	\$27,785
							Total Expenses	\$1,849
							TOTAL FEES & EXPENSES	\$29,634

PD - Project Director, Habib Isaac
 PM - Project Manager, Steve Gagnon
 SC - Staff Consultant



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

September 21, 2017

FROM: Chieko Keagy, Accounting Supervisor *CK*

TO: Angela Valles, Director of Finance

SUBJECT: Recommendation to Issue a Request for Proposal for Recommending Finance Software

RECOMMENDATION

It is recommended that the Board of Commissioners authorize staff to issue a Request for Proposal (RFP) for recommending finance software.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel, External and Internal Finance Committee, and Robert Coromina, Director of Administration.

BACKGROUND INFORMATION

Schafer Consultant recently performed a study of the VVWRA financial environment and recommends upgrading accounting software. Based on the recommendation, staff recommends selecting and implementing accounting software programs that can meet accounting needs to separately record Operations and Capital fund activities as the External and Internal Finance Committee discussed on August 22, 2017. The Abila accounting and requisition systems that Finance currently uses lack (1) sufficient budgetary controls, (2) accurate purchase order tracking, and (3) programming issues with the bank reconciliation module. Further, the data maintained at the departments outside of Finance do not coordinate with the current accounting software, forcing the staff to manually update a customer list by re-entering information for Industrial Pre-treatment Program and also to duplicate flow quantity for billing purposes. The purpose for this study and resulting system conversion is tied to generating, tracking and monitoring departmental activities and providing a historical overview of cost, budget and inventory, resulting in coordinated activity flow among departments with time and cost saving benefits. Once this study is complete, an implementation plan will be developed with a recommended Financial Management System vendor shortlist based on the agency's identified needs. The staff asks for issuing RFP for the accounting software.

FINANCIAL IMPACT

No bid amounts are available at this time; the purpose of this request is to issue an RFP to learn the budgetary impact. When a bid is selected, the staff will apply the software recommendation services to an account code 01-02-530-8120.

RELATED IMPACTS None.



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *Lo*
TO: Board of Commissioners
SUBJECT: Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

RECOMMENDATION

It is recommended that the Board of Commissioners adopt Resolutions:
 Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

VWRA staff has worked with its auditor, legal counsel and the Member Entity Finance Committee to resolve several fiscal issues associated with its accounting practices. Each Resolution must be adopted in the order above to ensure the validity of the Resolution. This means that if Resolution 2017-07 were adopted without Resolution 2017-06 being adopted that the purpose of Resolution 2017-07 is negated. Therefore each Resolution will be discussed as it relates to the revisions to VWRA's financial protocols.

Resolution 2017-05 Reconciliation of Fund Balances

This Resolution is based on VWRA's auditor reviewing the fund balances from 2010 forward and establishing a cash value held in reserve for operating and capital income as of June 30, 2015. This Resolution will also allow VWRA to make a journal entry and address the significant imbalance in the existing repair and replacement fund by "zeroing out" fund 07. Interestingly this issue with fund 07 extends back to the late 1990's.

Resolution 2017-06 Interfund Loan

This Resolution recognizes that Resolution 2017-05 provides a true cash value for operating and connection fee income. Therefore the cash value in the operating and connection funds accurately allocates the cash balances between the funds.

Resolution 2017-07 Authority to Fund Repair and Replacement, Fund 07

This Resolution recognizes that Resolution 2017-05 establishes a cash balance for operating and connection fee funds and that Fund 07 was given a zero balance. Resolution 2017-06 eliminates the interfund loan between funds. Now Resolution 2017-07 can establish that the cash funds held in excess of the Operating Reserve amount in the Operating fund 01 can be transferred to the Repair and Replacement fund 07. Therefore the Repair and Replacement fund will first be given a zero balance to address prior accounting issues then it will be funded so that the correct due to, due from protocols are in place to account for the cash without any accounting issues associated with an interfund loan.

Resolution 2017-08 Revisions to the Reserve Policy

Once the preceding Resolutions are adopted, it is necessary to revise the Reserve Policy to ensure that it is consistent with the transfer of cash to the Repair and Replacement fund from the Operating fund. The Operating Reserve includes 5% of adopted prior year operating expenses and the operating portion of the SRF loan reserve. Essentially this Resolution ensures that the cash reserve is in the correct fund to meet debt service and fund replacement projects.

FINANCIAL IMPACT

None, the result of the passage of the aforementioned Resolutions is designed to address prior accounting issues and to allocate available cash according to fund.

RELATED IMPACTS

Improved efficiency in the accounting for the Repair and Replacement Fund 07.

RESOLUTION NO. 2017-05**RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE VICTOR VALLEY WASTEWATER RECLAMATION
AUTHORITY TO ADOPT FUND BALANCES**

WHEREAS, the Victor Valley Wastewater Reclamation Authority (“Authority”) retained auditors Fedak & Brown LLP, its current auditors (“Auditors”), to evaluate VVWRA accounts and account balances;

WHEREAS, it is the recommendation of the Auditors for accounting purposes that the accounts and balances therein be expressed in a different manner and according to the journal entries described in Appendix A;

WHEREAS, the Auditors have determined that the journal entries described in Appendix A comply with accounting and auditing requirements and meet VVWRA’s needs;

WHEREAS, it was also determined that Fund 07 for Repairs and Replacements shall be balanced to zero for fiscal year 2017-2018, but the amounts in that fund shall be distributed into other existing funds as set forth in Appendix A and according to applicable law,

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority that:

(1) the Board approves the Auditor’s findings for allocating revenues and expenses for each fund as set forth in Appendix A, including allocation of the Repairs and Replacement Fund into the Operations and Maintenance and Capital Outlay funds;

(2) that the allocation be performed in accordance with applicable law and generally accepted accounting and auditing procedures as recommended by the Auditors; and,

(3) that staff and legal counsel to take the appropriate steps to implement the findings and recommendations by the Auditors as set forth herein.

APPROVED AND ADOPTED this 21st day of September, 2017.

Russ Blewett, Chair
VVWRA Board of Commissioners

ATTEST:

APPROVED AS TO FORM:

Scott Nassif, Secretary
VWVRA Board of Commissioners

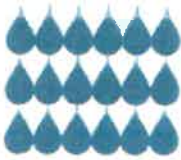
Piero Dallarda of
Best Best & Krieger LLP, Counsel VWVRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on September 21, 2017.

Kristi Casteel – Clerk of the Board

EXHIBIT “A”



Charles Z. Fedak, CPA, MBA
 Christopher J. Brown, CPA, CGMA
 Jonathan P. Abadoseo, CPA

Fedak & Brown LLP
 Certified Public Accountants

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 6081 Orange Avenue
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 4204 Riverwalk Pkwy. Ste. 390
 Riverside, California 92505
 (951) 977-9888

Memo

To:/Location: Logan Olds, Victor Valley Wastewater Reclamation Authority
 From:/Location: Christopher Brown, Fedak & Brown LLP
 Date: February 14, 2017
 Subject: Agreed Upon Procedures – Fund Cash Balance

Dear Mr. Logan Olds, General Manager:

Summary of Engagement:

We were engaged by the Victor Valley Wastewater Reclamation Authority (Authority) to perform agreed upon procedures to verify the Authority's fund cash balances at June 30, 2015. We performed the agreed procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Our procedures included the following:

- We reviewed the Authority's Revenue Ordinance(s), including related and applicable board resolutions and amendments as provided, for the fiscal years ended June 30, 2010 through 2015.
- We gained an understanding of the methodology for allocating revenues and expenses for each fund as follows: (1) Operations and Maintenance (O&M), (2) Repairs and Replacements (R&R), and (3) Capital Outlay (CO) according to the Authority's Revenue Ordinance(s) and applicable board resolutions.
- We reviewed reserve policies as documented in the Authority's State Revolving Funds (SRF) agreements as approved by the California State Water Resources Control Board as part of recalculating restricted cash balances.
- We reviewed and validated the balances noted in the Authority's Cash and Reserve Summary at June 30, 2015, as provided by the Authority.
- We conducted interviews of Authority personnel regarding the processes for determining the balances noted in the Authority's Cash and Reserve Summary at June 30, 2015, as provided by the Authority.

- When deemed appropriate by us, we incorporated prior year's substantive testing results for capital assets (e.g. construction in progress) and revenue (e.g. connection fees). When, upon review of prior audit working papers, it was determined that the scope of work previously performed is deemed inadequate for purposes of our agreed upon procedures, we requested additional items, as was considered necessary.
- We agreed the recalculated balances to the Authority's cash and cash equivalents balances per fund, and reserve summary as provided by the Authority for fiscal years 2010 through 2015.

Our Recommendations:

Based on the results of our procedures, it appears that the Authority's cash balance for each of the funds is reasonably computed in the aggregate for all funds for the fiscal years 2010 through 2015. However, during our procedures, we noted that fund level accounting transactions do not consistently utilize the due to/from, and transfers in/out accounts within the Authority's general ledger system. These accounts allow the accurate transfer of assets, liabilities, revenues, and expenses within the fund accounting framework. As a result, certain asset accounts maintain credit balances, and certain liability accounts maintain debit balances which is contrary to proper accounting procedures.

This finding appears to be the result of the process by which the Authority's current accounting system posts certain inter-fund transactions within the system and the accounting departments' adherence certain accounting policies and procedures that predate the current management team.

We recommend that the Authority consider the following:

- In a manner consistent with GAAP, transfer funds to the CO Fund from the O&M Fund in an amount sufficient to equal the minimum restricted balances required for capital projects, and debt servicing at June 30, 2015. In addition, the Authority should determine and transfer any unspent amounts related to connection fees that may be considered restricted (if any) at June 30, 2015. The effect of this transfer would be to properly report restricted cash within the CO Fund, and reduce the inter-fund loan balance between the O&M Fund and the CO Fund at June 30, 2015. Please see managements proposed journal entries in Appendix A.
- In a manner consistent with GAAP, transfer those funds equal to the negative cash balance within the R&R Fund from the O&M Fund at June 30, 2015. The effect of this transfer would be to properly report the actual cash balance within the R&R Fund to \$0, with the offsetting adjustment to the Due to Other Funds and Due from Other Funds accounts. Please see managements proposed journal entries in Appendix A.
- Adjust the Authority's Due to Other Funds and Due from Other Funds to properly reflect inter-fund balances at June 30, 2015. Please see managements proposed journal entries at Appendix A.
- Based on our review and discussions with management, we recommend that the Authority merge the R&R Fund into the O&M Fund. Currently the R&R Fund is charged with recording repair and replacement expenses, but has no funding source outside of inter-fund transfers from the O&M Fund. As a result, the Authority's staff is required to periodically reconcile fund balances and record additional adjusting entries. This process appears inefficient and appears to provide no observable benefit to the Authority.

(2)

- Based on procedures, discussions with management and staff, and review of the Authority's accounting system, we recommend that the Authority consider upgrading the current accounting software.

Issues for Consideration:

During our discussions with management, it was noted that there may be potential legal issues with regard to the recommendations as noted above. Below are the items for consideration by the Authority's counsel:

- In 2006, the Authority entered into an inter-fund loan agreement(s) between the O&M Fund and the CO Fund. At June 30, 2015, the outstanding loan balance was \$2,070,906.43 per the Authority's general ledger. The transfer of funds as noted in the recommendations above appears to satisfy the terms of the loan agreement (also see Appendix A) however, the Authority's management is concerned that repayment may be in violation, or contrary to the intent of the Board approved inter-fund loan agreement.
- Would the merger of the R&R Fund into the O&M Fund violate Authority Policy? What action would be required to merge the funds?

Thank you,

Christopher J. Brown, CPA CGMA
Fedak & Brown LLP

Victor Valley Wastewater and Reclamation Authority
Proposed Journal Entries
July 1, 2015

Appendix A

Fund:	FY 2015 Per Client Unadjusted TB	Balance after AJE #1 and #2 below	Balance per CAFR	Difference
Operations and Maintenance	17,022,450	4,971,837	TBD	-
Repairs and Replacement	(6,269,484)	-	TBD	-
Capital Outlay	(2,767,338)	3,013,791	TBD	-
	<u>7,985,628</u>	<u>7,985,628</u>	<u>7,985,172</u>	<u>456</u>

TBD To Be Determined

	Debit	Credit
Due from/to Analysis		
01-1300 Due from other funds	\$	(6,518,605.77)
01-2300 Due to other funds		(108,171,058.91)
07-1300 Due from other funds	3,355,830.87	
07-2300 Due to other funds		(187,723.46)
09-1300 Due from other funds	107,522,515.86	
Due to other funds		3,999,041.41
	<u>\$ 110,878,346.73</u>	<u>(110,878,346.73)</u>

Example AJE #1

01-1010 Citizens Business Bank	\$	5,781,129
01-2012 Payable to Capital Outlay	2,070,906	
01-2300 Due to other funds	3,710,223	
09-1010 Citizens Business Bank	5,781,129	
09-1247 Receivable from O&M Fund		2,070,906
09-1300 Due from other funds		3,710,223
	<u>\$ 11,562,258</u>	<u>11,562,258</u>

To adjust cash balances and interfund payable per fund at July 1, 2015

Example AJE #2

01-1010 Citizens Business Bank	\$	6,269,484
01-1300 Due from other funds	6,269,484	
07-1010 Citizens Business Bank	6,269,484	
07-2300 Due to other funds		6,269,484
	<u>\$ 12,538,968</u>	<u>12,538,968</u>

To adjust cash balances of R&R and O&M fund at July 1, 2015



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *LO*
TO: Board of Commissioners
SUBJECT: Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

RECOMMENDATION

It is recommended that the Board of Commissioners adopt Resolutions:
 Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

VWRA staff has worked with its auditor, legal counsel and the Member Entity Finance Committee to resolve several fiscal issues associated with its accounting practices. Each Resolution must be adopted in the order above to ensure the validity of the Resolution. This means that if Resolution 2017-07 were adopted without Resolution 2017-06 being adopted that the purpose of Resolution 2017-07 is negated. Therefore each Resolution will be discussed as it relates to the revisions to VWRA's financial protocols.

Resolution 2017-05 Reconciliation of Fund Balances

This Resolution is based on VWRA's auditor reviewing the fund balances from 2010 forward and establishing a cash value held in reserve for operating and capital income as of June 30, 2015. This Resolution will also allow VWRA to make a journal entry and address the significant imbalance in the existing repair and replacement fund by "zeroing out" fund 07. Interestingly this issue with fund 07 extends back to the late 1990's.

Resolution 2017-06 Interfund Loan

This Resolution recognizes that Resolution 2017-05 provides a true cash value for operating and connection fee income. Therefore the cash value in the operating and connection funds accurately allocates the cash balances between the funds.

Resolution 2017-07 Authority to Fund Repair and Replacement, Fund 07

This Resolution recognizes that Resolution 2017-05 establishes a cash balance for operating and connection fee funds and that Fund 07 was given a zero balance. Resolution 2017-06 eliminates the interfund loan between funds. Now Resolution 2017-07 can establish that the cash funds held in excess of the Operating Reserve amount in the Operating fund 01 can be transferred to the Repair and Replacement fund 07. Therefore the Repair and Replacement fund will first be given a zero balance to address prior accounting issues then it will be funded so that the correct due to, due from protocols are in place to account for the cash without any accounting issues associated with an interfund loan.

Resolution 2017-08 Revisions to the Reserve Policy

Once the preceding Resolutions are adopted, it is necessary to revise the Reserve Policy to ensure that it is consistent with the transfer of cash to the Repair and Replacement fund from the Operating fund. The Operating Reserve includes 5% of adopted prior year operating expenses and the operating portion of the SRF loan reserve. Essentially this Resolution ensures that the cash reserve is in the correct fund to meet debt service and fund replacement projects.

FINANCIAL IMPACT

None, the result of the passage of the aforementioned Resolutions is designed to address prior accounting issues and to allocate available cash according to fund.

RELATED IMPACTS

Improved efficiency in the accounting for the Repair and Replacement Fund 07.

RESOLUTION NO. 2017-06

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE VICTOR VALLEY WASTEWATER RECLAMATION
AUTHORITY INTERFUND LOAN**

WHEREAS, the Victor Valley Wastewater Reclamation Authority (“Authority”) retained auditors Fedak & Brown LLP (“Auditors”) to evaluate VVWRA account balances and existing interfund loans;

WHEREAS, as set forth in more detail in Resolution 2017-05, Auditors recommended that fund 07 for Repairs and Replacements shall be balanced to zero for fiscal year 2017-2018 pursuant to the recommended journal entries and according to applicable law and generally accepted accounting and auditing procedures;

WHEREAS, this Resolution resolves all issues regarding the interfund loan and, accordingly, overrides and substitutes all prior resolutions on the subject matter;

WHEREAS, according to Auditors and staff there is \$7,985,172 that will be allocated pursuant to the Auditors and staff recommendation between the Capital Outlay Fund in the amount of \$3,013,791 and the Operations and Maintenance Fund in the amount of \$4,971,837;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority that:

1. the Board approves the Auditors’ findings and recommendations for allocating revenues and expenses for each fund as follows:

(a) Operations and Maintenance: \$4,971,837

(b) Repairs and Replacements: \$0

(c) Capital Outlay Fund: \$3,013,791

2. the Board directs staff and legal counsel to take the appropriate steps to implement the findings and direction set forth herein;

APPROVED AND ADOPTED this 21st day of September, 2017.

Russ Blewett, Chair
VVWRA Board of Commissioner

ATTEST:

APPROVED AS TO FORM:

Scott Nassif, Secretary
VWRA Board of Commissioners

Piero Dallarda of
Best Best & Krieger LLP, Counsel VWRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on September 21, 2017.

Kristi Casteel – Clerk of the Board

EXHIBIT “A”



BEST BEST & KRIEGER
ATTORNEYS AT LAW

*****ATTORNEY-CLIENT PRIVILEGE*****

*****ATTORNEY WORK PRODUCT*****

Memorandum

To: Logan Olds, General Manager
VVWRA
File No.: 16773.00000

From: Piero C. Dallarda

Date: March 14, 2017

Re: Financial Audit

DRAFT

BACKGROUND

This memorandum memorializes conversations held on February 24, 2017, and February 27, 2017, between legal counsel and general manager Logan Olds. Based on our conversations, it appears that the Victor valley Wastewater reclamation Authority ("VVWRA") currently has three operating accounts. These accounts consist of: (1) a capital account; (2) an operations and maintenance account; and, (3) a repair and replacement account.

The capital account is used to fund capital projects, for instance, projects designated to increase hydraulic or regulatory capacity. Capacity fees collected by VVWRA go into the capital fund. The operation and maintenance fund is used to fund any operational expenses or expenses related to maintenance, such as repairing pumps, etc. User fees go into the operation and maintenance fund. The repair and replacement fund is used for projects that involve the repair and/or replacement of existing infrastructure. The repair and replacement fund is the subject of this memorandum.

The repair and replacement fund was created by the VVWRA's Commission ("Board") to make sure that projects were assigned the appropriate percentage of capital versus operations and maintenance. It is our understanding based on information provided by staff that no actual funds are deposited in the repair and replacement fund until a project is determined to be a repair and replacement project and then funds are transferred from either the capital fund or the operation maintenance fund or maybe both if the project is a hybrid project. When both funds (capital and operations and maintenance) are used to fund the repair and replacement plan for a project, the project is assigned a percentage that constitute the portion of the project that is repair and a percentage that is attributed to capital improvement (for instance if a larger pump station is built to replace an old one).

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BEST BEST & KRIEGER
ATTORNEYS AT LAW

We are advised that although no actual funds are deposited in the repair and replacement fund, there is a budgeted amount that is assigned to the repair and replacement fund. This situation has caused a glitch in the way VVWRA's accounting programs function. As a result, VVWRA's financial auditors are suggesting that VVWRA get rid of the repair and replacement fund. The auditors have requested that staff consult with legal counsel to determine whether (1) VVWRA is required to have a repair and replacement fund; and, (2) if it is not, what type of Board action could be used to eliminate that fund.

ANALYSIS

As we discussed on Friday, February 24, 2017, and then again on Monday, February 27, 2017, under the circumstances described by staff, VVWRA is not required to have a repair and replacement fund under state law. The requirement came as a result of Board action and, therefore, the Board can eliminate the fund through a resolution. It should be noted, however, the Board's initial concern was to make sure that projects were allocated the appropriate percentage of Capital versus Operations and Maintenance expenses. That is because VVWRA has to comply with the Mitigation Fee Act and the member entities are required to comply with Proposition 218. As long as VVWRA uses the funds for the purpose for which the fees that fund the account were collected, VVWRA should be in compliance with the Mitigation Fee Act.

Related to this question regarding the repair and replacement fund, there is an interfund loan between the capital account (connection fees) and the operations and maintenance account (user fees). As part of terminating the repair and replacement fund, VVWRA would like to accelerate payment from the Operations and Maintenance account to the Capital account under the interfund loan. The interfund Loan approved by the Board does not have a pre-payment penalty or prohibition. Therefore, as long as the interfund loan is repaid by the operations and maintenance to the capital account in the amount presently due and owing at the time of payment, there should not be a problem with that from a legal standpoint. We are advised that, as a result of paying off the interfund loan early, it would appear that the R&R account will be eliminated as well, but such development needs to be confirmed with the auditors and accounting staff."

CONCLUSION

Based on the information provided by staff as set forth above, we believe that, through Board action, VVWRA can shut down the repair and replacement account and repay the interfund loan without any penalties.

cc: Chieko Keagy, VVWRA



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *LO*

TO: Board of Commissioners

SUBJECT: Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

RECOMMENDATION

It is recommended that the Board of Commissioners adopt Resolutions:
 Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

VWRA staff has worked with its auditor, legal counsel and the Member Entity Finance Committee to resolve several fiscal issues associated with its accounting practices. Each Resolution must be adopted in the order above to ensure the validity of the Resolution. This means that if Resolution 2017-07 were adopted without Resolution 2017-06 being adopted that the purpose of Resolution 2017-07 is negated. Therefore each Resolution will be discussed as it relates to the revisions to VWRA's financial protocols.

Resolution 2017-05 Reconciliation of Fund Balances

This Resolution is based on VWRA's auditor reviewing the fund balances from 2010 forward and establishing a cash value held in reserve for operating and capital income as of June 30, 2015. This Resolution will also allow VWRA to make a journal entry and address the significant imbalance in the existing repair and replacement fund by "zeroing out" fund 07. Interestingly this issue with fund 07 extends back to the late 1990's.

Resolution 2017-06 Interfund Loan

This Resolution recognizes that Resolution 2017-05 provides a true cash value for operating and connection fee income. Therefore the cash value in the operating and connection funds accurately allocates the cash balances between the funds.

Resolution 2017-07 Authority to Fund Repair and Replacement, Fund 07

This Resolution recognizes that Resolution 2017-05 establishes a cash balance for operating and connection fee funds and that Fund 07 was given a zero balance. Resolution 2017-06 eliminates the interfund loan between funds. Now Resolution 2017-07 can establish that the cash funds held in excess of the Operating Reserve amount in the Operating fund 01 can be transferred to the Repair and Replacement fund 07. Therefore the Repair and Replacement fund will first be given a zero balance to address prior accounting issues then it will be funded so that the correct due to, due from protocols are in place to account for the cash without any accounting issues associated with an interfund loan.

Resolution 2017-08 Revisions to the Reserve Policy

Once the preceding Resolutions are adopted, it is necessary to revise the Reserve Policy to ensure that it is consistent with the transfer of cash to the Repair and Replacement fund from the Operating fund. The Operating Reserve includes 5% of adopted prior year operating expenses and the operating portion of the SRF loan reserve. Essentially this Resolution ensures that the cash reserve is in the correct fund to meet debt service and fund replacement projects.

FINANCIAL IMPACT

None, the result of the passage of the aforementioned Resolutions is designed to address prior accounting issues and to allocate available cash according to fund.

RELATED IMPACTS

Improved efficiency in the accounting for the Repair and Replacement Fund 07.

RESOLUTION NO. 2017-07**RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE VICTOR VALLEY WASTEWATER RECLAMATION
AUTHORITY TO FUND REPAIR AND REPLACEMENT
FUND 07**

WHEREAS, the Victor Valley Wastewater Reclamation Authority (“Authority”) has performed a financial variance analysis and has determined that the findings regarding Fund Cash Balance by the Authority’s auditors Fedak & Brown LLP are accurate;

WHEREAS, the funds from Operations and Maintenance Fund 01 will be allocated as described in Appendix A attached hereto and as recommended by the Auditors and VVWRA’s staff;

WHEREAS, As part of Resolution 2017-05, fund 07 has been balanced to zero and has been reintroduced for budgeting purposes for FY 2017-2018;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority that the funds shown in Resolution 2017-06 of \$4,971,837.00 will be transferred to fund 07 for funding;

APPROVED AND ADOPTED this 21st day of September, 2017.

Russ Blewett, Chair
VVWRA Board of Commissioners

ATTEST:

APPROVED AS TO FORM:

Scott Nassif, Secretary
VVWRA Board of Commissioners

Piero Dallarda of
Best Best & Krieger LLP, Counsel VVWRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on September 21, 2017.

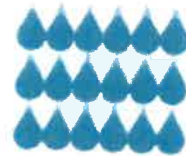
Kristi Casteel – Clerk of the Board

EXHIBIT “A”

Victor Valley Wastewater Reclamation Authority

**Independent Accountant's Report
on Applying Agreed Upon Procedures**

For the Fiscal Year Ended June 30, 2015

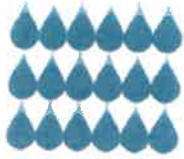


Fedak & Brown LLP
Certified Public Accountants

**Victor Valley Wastewater Reclamation Authority
Independent Accountant's Report on Applying Agreed Upon Procedures
For the Fiscal Year Ended June 30, 2015**

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Charles Z. Fedak, CPA, MBA
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Jonathan P. Abadesco, CPA

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Independent Accountant's Report on Applying Agreed Upon Procedures

Board of Directors
Victor Valley Wastewater Reclamation Authority
20111 Shay Road
Victorville, CA 92394

We have performed the procedures enumerated below, which were agreed to by the Victor Valley Wastewater Reclamation Authority (Authority) to assist the Authority in recalculating the balance of cash and cash equivalents, by fund, for the fiscal years ended June 30, 2010 through 2015.

We performed the agreed-upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures performed as described below either for the purpose for which this report has been requested or for any other purpose.

The specific procedures performed and findings noted are as follows:

- *Procedure:* We will review the Authority's Revenue Ordinance(s), including related and applicable board resolutions and amendments as provided, for the fiscal years ended June 30, 2010 through 2015.
Finding: The Authority's Revenue Ordinance applicable for the fiscal years ended June 30, 2010 through 2015 appears reasonable.
- *Procedure:* We will gain an understanding of the methodology for allocating revenues and expenses for each fund as follows: (1) Operations and Maintenance, (2) Repairs and Replacements, and (3) Capital Outlay according to the Authority's Revenue Ordinance(s) and applicable board resolutions.
Finding: The Authority has no formal written procedures in allocating revenues and expenses for each fund.
- *Procedure:* We will review reserve policies as documented in the Authority's State Revolving Funds (SRF) agreements as approved by the California State Water Resources Control Board as part of recalculating restricted cash balances.
Finding: The Authority is using its reserve policies according to Resolution 2002-9 (fiscal years ended 2009 through 2011) and 2011-35 (fiscal years ended 2012 through 2015) in calculating the required cash balances per fund.
- *Procedure:* We will review and validate the balances noted in the Authority's Cash and Reserve Summary at June 30, 2015, as provided by the Authority.
Finding: The Total Cash and Reserve Summary on page 3 of this report were agreed with the corresponding amounts in the Authority's 2009, 2010, 2011, 2012, 2013, 2014 and 2015 audited financial statements.

- *Procedure:* We will conduct interviews of Authority personnel regarding the processes for determining the balances noted in the Authority's Cash and Reserve Summary at June 30, 2015, as provided by the Authority.

Finding: Based on our discussion with Authority's personnel, the Authority discontinued monitoring its cash and reserve summary starting from June 30, 2010 to the current period.

- *Procedure:* As deemed appropriate by us, we will incorporate prior year's substantive testing results for capital assets (e.g. construction in progress) and revenue (e.g. connection fees). If, upon review of prior audit working papers, it is determined that the scope of work previously performed is deemed inadequate for purposes of our agreed upon procedures, we may request additional items, as necessary.

Finding: Based from our review of prior year's working papers', it was determined that the substantive testing done for capital assets and revenues were adequate and there is no need to request for additional documentation.

- *Procedure:* We will agree the recalculated balances to the Authority's cash and cash equivalents balances per fund, and reserve summary as provided by the Authority for fiscal years 2010 through 2015.

Finding: Based on our recalculation on page 3, it appears that the Authority's actual cash balance for each of the funds is reasonably computed for fiscal years 2010 through 2015. However, during our procedures, we noted that fund level accounting transactions do not consistently utilize the due to/from, and transfers in/out accounts within the Authority's general ledger system. These accounts allow the accurate transfer of assets, liabilities, revenues, and expenses within the fund accounting framework. As a result, certain asset accounts maintain credit balances, and certain liability accounts maintain debit balances which is contrary to proper accounting procedures.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's compliance with the aforementioned requirements. Accordingly, we did not conduct an examination, nor do we express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Authority and is not intended to be used by those who have not agreed to the procedures, those that have not taken the responsibility for the sufficiency of the procedures for their purposes and should not be used by anyone other than these specified parties.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
May 1, 2017

Victor Valley Wastewater Reclamation Authority
Cash Balance Recalculation per Fund
For the Fiscal Years Ended June 30, 2010 to 2015


Cash Allocation by Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Amount per Trial Balance FY 2015	Variance
Operations and Maintenance,								
cash balance, beginning	\$ (3,228,874)	431,169	668,001	10,621,084	15,986,245	16,696,293	17,022,450	(326,157)
Add: Cash inflows	10,631,384	11,173,223	668,001	3,860,868	10,621,084	15,986,245		
Less: Cash outflows	(6,971,341)	(10,936,391)	(11,033,855)	(11,075,313)	(11,000,939)	(12,632,291)		
Operations and Maintenance,								
cash balance, end	431,169	668,001	3,860,868	10,621,084	15,986,245	16,696,293	17,022,450	(326,157)
Repairs and Replacements,								
cash balance, beginning	(2,572,383)	(3,228,763)	(4,026,116)	(4,578,304)	(4,781,842)	(5,069,217)		
Less: Cash outflows	(656,380)	(797,353)	(552,188)	(203,538)	(287,375)	(804,590)		
Repairs and Replacements,								
cash balance end	(3,228,763)	(4,026,116)	(4,578,304)	(4,781,842)	(5,069,217)	(5,873,807)	(6,269,484)	395,677
Subtotal	(2,797,594)	(3,358,115)	(717,436)	5,839,242	10,917,028	10,822,486	10,752,966	69,520
Capital Outlay,								
cash balance, beginning	16,867,769	16,066,267	13,167,968	9,882,416	3,351,621	(2,530,986)	(2,767,338)	(440,095)
Add: Cash inflows	5,995,050	4,665,802	15,013,289	4,854,034	6,259,318	7,615,053	7,985,628	(370,575)
Less: Cash outflows	(6,796,552)	(7,564,101)	(18,298,841)	(11,384,829)	(12,141,925)	(32,686,944)	7,985,172	
Capital Outlay,								
cash balance, end	16,066,267	13,167,968	9,882,416	3,351,621	(2,530,986)	(3,207,433)	(2,767,338)	(440,095)
Total cash per accountant's recalculation	13,268,673	9,809,853	9,164,980	9,190,863	8,386,042	7,615,053	7,985,628	(370,575)
Total cash per CAFR	13,189,576	9,683,015	9,165,612	9,287,631	8,602,875	7,985,172	7,985,172	
Variance	\$ 79,097	126,838	(632)	(96,768)	(216,833)	(370,119)	456	

* The variances noted are due in part to timing differences related to the conversion of the accrual basis of accounting to the cash basis as presented above.



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager 

TO: Board of Commissioners

SUBJECT: Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

RECOMMENDATION

It is recommended that the Board of Commissioners adopt Resolutions:
 Resolution 2017-05, Reconciliation of Fund Balances
 Resolution 2017-06, Interfund Loan
 Resolution 2017-07, Funding of Replacement and Reserve Fund 07
 Resolution 2017-08, Revisions to Reserve Policy

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

VWRA staff has worked with its auditor, legal counsel and the Member Entity Finance Committee to resolve several fiscal issues associated with its accounting practices. Each Resolution must be adopted in the order above to ensure the validity of the Resolution. This means that if Resolution 2017-07 were adopted without Resolution 2017-06 being adopted that the purpose of Resolution 2017-07 is negated. Therefore each Resolution will be discussed as it relates to the revisions to VWRA's financial protocols.

Resolution 2017-05 Reconciliation of Fund Balances

This Resolution is based on VWRA's auditor reviewing the fund balances from 2010 forward and establishing a cash value held in reserve for operating and capital income as of June 30, 2015. This Resolution will also allow VWRA to make a journal entry and address the significant imbalance in the existing repair and replacement fund by "zeroing out" fund 07. Interestingly this issue with fund 07 extends back to the late 1990's.

Resolution 2017-06 Interfund Loan

This Resolution recognizes that Resolution 2017-05 provides a true cash value for operating and connection fee income. Therefore the cash value in the operating and connection funds accurately allocates the cash balances between the funds.

Resolution 2017-07 Authority to Fund Repair and Replacement, Fund 07

This Resolution recognizes that Resolution 2017-05 establishes a cash balance for operating and connection fee funds and that Fund 07 was given a zero balance. Resolution 2017-06 eliminates the interfund loan between funds. Now Resolution 2017-07 can establish that the cash funds held in excess of the Operating Reserve amount in the Operating fund 01 can be transferred to the Repair and Replacement fund 07. Therefore the Repair and Replacement fund will first be given a zero balance to address prior accounting issues then it will be funded so that the correct due to, due from protocols are in place to account for the cash without any accounting issues associated with an interfund loan.

Resolution 2017-08 Revisions to the Reserve Policy

Once the preceding Resolutions are adopted, it is necessary to revise the Reserve Policy to ensure that it is consistent with the transfer of cash to the Repair and Replacement fund from the Operating fund. The Operating Reserve includes 5% of adopted prior year operating expenses and the operating portion of the SRF loan reserve. Essentially this Resolution ensures that the cash reserve is in the correct fund to meet debt service and fund replacement projects.

FINANCIAL IMPACT

None, the result of the passage of the aforementioned Resolutions is designed to address prior accounting issues and to allocate available cash according to fund.

RELATED IMPACTS

Improved efficiency in the accounting for the Repair and Replacement Fund 07.

RESOLUTION 2017-08

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY TO AMEND THE RESERVE POLICY

WHEREAS, Ordinance No. 001, adopted October 8, 1980 by the Board of Commissioners (Commission) of the Victor Valley Wastewater Reclamation Authority (VWVRA), establishes and imposes a schedule of fees for the treatment of sewer flows to the VWVRA Regional Treatment Plant ("User Fees"); and

WHEREAS, the funds collected pursuant to the User Fee Schedule are used to pay for operations and maintenance of the VWVRA Regional Wastewater Treatment Plant to comply with applicable laws and regulations; and

WHEREAS, an annual Fiscal Year Budget is prepared and adopted to establish approved expenditures for Operations and Maintenance, Repairs and Replacements, and Capital Improvements, including the determination of appropriate rate schedules for sewer user fees, high strength waste surcharges, and sewer connection fees; and

WHEREAS, resolutions 2017-05, 2017-06 and 2017-07 redistribute cash funds between funds 01, fund 07 and fund 09 it is necessary to revise the Reserve Policy accordingly;

WHEREAS, the Commission adopted Resolution 2011-35, attached hereto as Exhibit "B", to establish a reserve policy to accurately reflect the needs of VWVRA and allow the Authority to more accurately plan its projects and the revenue sources to fund them; and

WHEREAS, it is the desire of staff to amend the Reserve Policy.

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Victor Valley Wastewater Reclamation Authority does hereby receive, approve and adopt the VWVRA Reserve Policy attached hereto as Exhibit "A".

Adopted and Approved this 21st day of September 2017.

Russ Blewett, Chair
VWVRA Board of Commissioner

ATTEST:

APPROVED AS TO FORM:

Scott Nassif, Secretary
VWVRA Board of Commissioners

Piero Dallarda of
Best Best & Krieger LLP, Counsel VWVRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on September 21, 2017.

Kristi Casteel – Clerk of the Board

EXHIBIT “A”

Reserve Policy

I. Operating Fund Reserve

- Revenue Source:** The Operating Reserve is funded by monies collected from Operating Revenue.
- The State Revolving Fund (SRF) Loan Reserve is a contractually restricted reserve that should be repaid by monies from both operating and non-operating (capital) Income. This is because the loans serve both operating and capital purposes. The operating portion of the SRF loan should be repaid from the operating income.
- Fund Transfers:** Transfers to the Operating Reserve shall be based on the prior fiscal year's adopted audit statement, such as Statement of Revenues, Expenses and Changes in Net Position, and shall be calculated by using Operating Revenues less Operating Expenses exclusive of depreciation to determine the net Operating Income.
- Fund Balance:** The Operating Reserve balance shall be revised annually with adoption of the budget.
1. The minimum Operating Reserve shall equal 5% of the budgeted total Operating Expenses including debt services for the adopted prior fiscal year.
 - a. For example, for Fiscal Year 2018 (for the year ending 06/30/18), this operating reserve would equal an amount of \$616,306 ($\$12,326,122 \times .05$).
 2. The Operating Reserve shall consist of remaining Operating Revenue to ensure operational reliability of the facilities in an emergency, the rate stability of VVWRA, and to sustain the total annual debt service coverage ratio as stated in each loan agreement.
 3. As required per the SRF loan agreement, the Operating Reserve shall maintain funds at least to meet one fiscal year's debt service for VVWRA's SRF loans.
 - a. For example, for Fiscal Year 2018 (for the year ended 06/30/2018), the SRF Loan Reserve would equal to an amount of \$1,218,613 for the Operating Fund.

II. Replacement Fund Reserve

- Revenue Source:** The Replacement Reserve is funded by monies collected from Operating Revenues and is used to fund replacement projects. Other than what is allocated to the Operation Fund reserve calculated at the item number one above, most of operation revenue is in the Replacement Fund Reserve.
- Fund Transfers:** Transfers to the Operating Reserve shall be based on the prior fiscal year's adopted audit statement, such as Statement of Revenues, Expenses and Changes in Net Position. The net Operating Income shall be determined by using Operating Revenues less Operating Expenses exclusive of depreciation to determine the net Operating Income. Any remaining fund beyond what was required for Operating Fund will be placed in the Replacement Reserve.
- Fund Balance:** The Replacement Reserve balance shall be revised annually with adoption of the budget.
1. Use of the Replacement Reserve shall follow Section XVI Emergency Conditions and Purchasing Authority in the Procurement Policy.
 2. The Replacement Reserve shall consist of remaining Operating Revenues to ensure the serviceability of VVWRA's infrastructure to serve the needs of the Member Agencies and to maintain the rate stability of VVWRA.

III. Capital Fund Reserve (Restricted and Non-Restricted Reserves)

- Revenue Source: The Capital Reserve is funded by monies from non-operating income, such as connection fees and interest earned.
- Fund Transfers: Transfers to the Capital Reserve shall be based on the prior fiscal year's adopted audited statement, such as Statement of Revenues, Expenses and Changes in Net Position. The net Capital Income shall be calculated by using Capital Revenues less Capital Expenses exclusive of depreciation.
- Fund Balance: The Capital Reserve balance shall be revised annually with adoption of the budget.
1. As required per the SRF loan agreement, the Capital Reserve shall maintain funds at least to meet one fiscal year's debt service for VVWRA's SRF loans.
 - a. For example, for Fiscal Year 2018 (for the year ended 06/30/2018), the SRF Loan Reserve at the Capital Fund would equal to an amount of \$1,408,165.
 2. The Capital Reserve shall follow Section XVI Emergency Conditions and Purchasing Authority in the Procurement Policy.



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *Lo*
TO: Board of Commissioners
SUBJECT: Request to Move the October Board Meeting to October 19th.

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Board Secretary to move the regularly scheduled October Board meeting from October 26th to October 19th.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

In the past VWRA has moved the October Board meeting to accommodate the Board of Commissioners attendance at High Desert Opportunity (HDO). Staff was informed that HDO has moved the event to November 2nd. In addition I have been asked to participate in an invitation only, all-expense paid, workshop by the National Science Foundation and industry trade groups on utilizing anaerobic digestion for resource recovery (see attached document). The goal of which is to draft a Framework of Practice document for the wastewater industry and its use of anaerobically digestible material (food waste). The workshop is scheduled for October 25th and 26th. Therefore staff requests that the October Board meeting be scheduled for the 19th.

FINANCIAL IMPACT

None

RELATED IMPACTS

The ability to further cement the use of anaerobic digestion for resource recovery for the wastewater industry.



OCTOBER 25-26, 2017 • ALEXANDRIA, VA

Advancing Anaerobic Digestion of Wastewater Solids and Food Waste for Energy and Resource Recovery: Science and Solutions- A Framework for the Practice of Co-Digestion

Wednesday, October 25 – Thursday, October 26

Sponsored by:

National Science Foundation
Water Environment & Reuse Foundation
Water Research Foundation
Water Environment Federation

Location:

Mary Gates Learning Center
United Way, 701 North Fairfax Drive,
Alexandria, VA 22314

For More Information:

Lauren Fillmore
lfillmore@werf.org

www.werf.org/ADWorkshop

Day 1

7:30 am Coffee, nametags, networking

8:00 – 8:30 am Main Room Plenary
Welcome and brief introductions
Meeting objectives and logistics

Lauren Fillmore
WE&RF
Rob Greenwood
Ross Strategic

Recent Advances in Understanding Anaerobic Digestion Processes

8:30 am WERF Research into the Operational Impacts of Co-Digestion
Results of a two-phase survey of operational data from utilities currently performing pilot/full-scale co-digestion will be presented. Researchers determined the operational effects of various types of wastes on the system and final product management as well as determined the overall benefit of various types of wastes.

Matt Van Horne
Hazen and Sawyer

8:50 am Impact of Co-digestion on Treatment Plant Operations – 5 Plant Experience
Mark Greene, Ph.D., OBG evaluated co-digestion facility

Mark Greene
OBG

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National Science Foundation • 4201 Wilson Boulevard • Arlington, VA 22230 • www.nsf.gov
Water Research Foundation • 6666 West Quincy Avenue • Denver, CO 80235 • www.waterrf.org
Water Environment Federation • 601 Wythe Street • Alexandria, VA 22314 • www.wef.org

design, performance data, and operation and maintenance issues at five WRRFs in New York, Texas, and California. Laboratory-scale biomethane potential tests on wastewater solids and organic waste were used to evaluate the impacts of co-digestion on methane production, sludge production, and nitrogen and phosphorus concentrations in recycle streams.

9:10 am	<p><u>Understanding Impacts of Co-Digestion: Digester Chemistry, Gas Production, Dewaterability, Solids Production, Cake Quality, and Economics</u></p> <p>Matt Higgins, Ph.D., Bucknell University developed an analytical approach to understand and predict the broad array of impacts of co-digestion, including effects on digester chemistry, digestate rheology and subsequent volume expansion, dewatering, and cake quality/odors. The effects on digester chemistry were predicted well with stoichiometry.</p>	<p>Matt Higgins Bucknell University</p>
9:35 am	<p><u>Anaerobic Digester Feeding Pattern Drives Long-chain Fatty Acid (LCFA) Bioconversion Kinetics and Syntrophic Community Structure</u></p> <p>Ryan Ziels, University of British Columbia, will present findings from experimental anaerobic codigesters fed with dairy cattle manure and oleate (C18:1) with either a pulse-fed or continuous-fed regime. Pulse-feeding LCFA during anaerobic codigestion selected for higher microbial bioconversion kinetics and functional stability, which were related to changes in the fine-scale syntrophic community structure.</p>	<p>Ryan Ziels University of British Columbia</p>
10:00 am	Break	
10:15 am	<p><u>Anaerobic Communities</u></p> <p>Dr. Kartik Chandran, Columbia University, will summarize his research providing a better mechanistic understanding of the microbial communities, carbon conversion pathways and kinetics of anaerobic carbon conversion processes using high-throughput, next generation sequencing and analysis techniques which include metagenomics (community structure and potential pathways).</p>	<p>Kartik Chandran Columbia University</p>
Interactive Participant Breakout Discussions		
10:45 am	<p>Breakout Session 1: Wastes Suitable for Co-digestion – Type, preprocessing, and availability</p> <p>Breakout Session 2: Waste Receiving Practices and Program Attributes</p>	

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 National Science Foundation ▪ 4201 Wilson Boulevard ▪ Arlington, VA 22230 ▪ www.nsf.gov
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 Water Environment Federation ▪ 601 Wythe Street ▪ Alexandria, VA 22314 ▪ www.wef.org

12:15 pm	Lunch	
1:15 pm	Breakout Session 3: Critical Feedstock Characterization	
	Breakout Session 4: Operational Strategies for Optimal Performance	
3:00 pm	Break	
3:15 pm	Breakout Session 5: Side Effects on Treatment and Residuals Operations	
	Breakout Session 6: Biogas-related Issues, Energy Recovery Options and Issues	
4:30 pm	Plenary Report Out: Recommendations	
5:00 pm	Wrap up Day 1	
Day 2		
7:30 am	Coffee, nametags, networking	
8:00 am	<u>Main Room Plenary</u> Meeting objectives and instructions	Rob Greenwood Ross Strategic
	Breakout Sessions	
8:15 am	Breakout Session 7: Return on Investment Considerations	
	Breakout Session 8: Co-digestion Facility Design and Other Requirements	
10:15 am	Break	
10:30 am	Continued Dialog and Recommendation Summary	
12:15 pm	Lunch	
1:15 pm	Plenary Report Out: Recommendations	
2:15 pm	Knowledge Gaps and Research Direction to Advance Practice of Co-Digestion	
3:00 pm	Wrap up Day 2	



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**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY****MEMORANDUM**

DATE: 21 September 2017

TO: Board of Commissioners

FROM: Logan Olds, General Manager *LO*

SUBJECT: Status of Claim filed by VVWRA against the City of Victorville

Commissioner Russ Blewett has requested that the VVWRA Board discuss the claim filed by VVWRA against the City of Victorville and its association with the mediation scheduled for October 2017. In particular, Commissioner Blewett wants to request that VVWRA file a complaint against the City of Victorville in State Superior Court one month prior to the expiration of the statute of limitations under the Government Claims Act.

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY****MEMORANDUM**

DATE: 21 September 2017
TO: Board of Commissioners
FROM: Logan Olds, General Manager *LO*
SUBJECT: City of Hesperia Withholding of Payment for Services Provided by VVWRA

Per the attached letter received by VVWRA on 8 August 2017 the City of Hesperia (City) has stated its reasons for non-payment to VVWRA for services rendered. As of 31 July 2017 the City has not paid for \$1,328,650.47 in user fees and as of 8 August 2017 \$191,200.00 in connection fees for a total of \$1,519,850.47. Commissioner Scott Nassif has requested that this issue and the attached letter be placed on the 21 September 2017 board agenda for discussion.

As the Board is aware VVWRA has filed a claim against the City of Victorville regarding the diversion of flow and associated revenues from VVWRA. Victorville continues to pay for the portion of flow and connection fees that are delivered to VVWRA. The City of Hesperia is withholding all monies owed to VVWRA for the treatment of its wastewater and for new connection fees.



City of Hesperia

Gateway to the High Desert

Logan Olds
 General Manager
 Victor Valley Wastewater Reclamation Authority
 20111 Shay Road
 Victorville, CA 92394

VVWRA
 AUG 08 2017

Re: Outstanding Treatment Fees and Connection Fees

Dear Mr. Olds,

This letter is to inform you that the Hesperia Water District (HWD) has withheld payment of the invoiced wastewater treatment fees totaling \$1,125,960.77, as well as \$191,200.00 of sewer connection fees for the period of January 2017 through June 2017. This equates to a total retention of \$1,317,160.77 for the first six-month period of calendar year 2017.

The HWD has retained the payments for the following reasons:

1. VVWRA must ensure that each joint powers authority (JPA) member is being assessed an equitable share of wastewater treatment fees in accordance with all JPA agreements. With one member diverting flow away from VVWRA, which is in conflict with JPA agreements, the remaining members are unfairly burdened with increased operating costs. VVWRA has increased rates 34% in the past 6 years and yet the JPA is still struggling with financial problems. HWD believes this is due to diversion and withholding connection fees on one member's part.
2. There is concern pertaining to the completion and operation of the Hesperia sub-regional water reclamation plant (WRP). At the end of FY 2018-19, HWD will have invested approximately \$13.5 million in the reclaimed water distribution system. The majority of these funds are from the 2016 State Revolving Fund. Without the WRP in full operation, the HWD will not have a revenue stream, due to the lack of reclaimed water sales to repay the State Revolving Loan. HWD does not believe the WRP will be in operation in the next year or foreseeable future. VVWRA has admitted this is the case as the staff for the sub-regional plants have been laid off months ago. There are neither workers nor funding.
3. For the past decade the Board of Commissioners has been impotent in working affirmatively to resolve the diversion and other JPA and service agreements violations. The Board has allowed one recalcitrant member to deprive the JPA of what HWD believes to be more than \$10 million. It is clear to us this untenable situation will continue for some time into the future. HWD must be responsive and accountable to our citizens.

Sincerely,

Nils Bentsen
 General Manager

Paul Russ, Mayor
 Russ Blewett, Mayor Pro Tem
 Bill Holland, Council Member
 Larry Bird, Council Member
 Rebekah Swanson, Council Member

Nils Bentsen, City Manager

9700 Seventh Avenue
 Hesperia, CA 92345
 760-947-1000
 TD 760-947-1119

www.cityofhesperia.us



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

21 September 2017

FROM: Logan Olds, General Manager *LO*
TO: Board of Commissioners
SUBJECT: City of Victorville Request for a Memorandum of Understanding: Emergency Response Assistance Agreement

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to initiate the process with the four Member Entities to develop a Memorandum of Understanding (MOU) for the purpose of adopting an Emergency Response Assistance Agreement.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

Sewer emergencies occur in both the collection systems of the Member Entities, VVWRA's interceptors, sewage lift stations and wastewater and water reclamation plants. The City of Victorville (City) has requested that VVWRA consider the adoption of an MOU to address these situations. Staff has met with the City and agrees with the concept. As a JPA staff believes that it is in the mutual benefit of all JPA members to be a party to an MOU for emergency response. It is important to continue to provide the highest level of sewer service to the citizens of the Victor Valley.

The attached document was developed well over twelve years ago and is intended to initiate the discussion with the Member Entities. VVWRA staff will initially work with the Member Entities through the Engineering Committee to develop a draft MOU that encompasses the concerns of all parties. Once that document is created it will then be distributed to the legal counsels for each Member Entity for comment. Upon completion and incorporation of all edits the document will be adopted by each of the Member Entities and VVWRA.

FINANCIAL IMPACT

None at this time.

RELATED IMPACTS

Mutual cooperation and mutual aid when an emergency occurs at a Member Entity or at VVWRA.

City of Victorville

APPENDIX I

MEMORANDUM OF UNDERSTANDING
EMERGENCY RESPONSE ASSISTANCE AGREEMENT

Public Works Department Sewer System Management Plan

DRAFT
MEMORANDUM OF UNDERSTANDING
EMERGENCY RESPONSE ASSISTANCE AGREEMENT

This agreement is made and entered into by those member agencies who have adopted and signed this agreement to provide mutual assistance in times of emergency in accordance with the Joint Powers Agreement 1978 and the amended Service Agreement in 2005; and to provide reimbursement for equipment, supplies and personnel made available on an emergency basis.

All said wastewater agencies being herein referred to collectively as "the parties."

In consideration of the mutual covenants and agreements hereinafter set forth, the parties agree to provide mutual assistance to one another in times of emergency as follows:

Article I – APPLICABILITY. This agreement is available to all member agencies.

Article II – ADMINISTRATION. The administration of the Memorandum of Understanding—Emergency Response Assistance Agreement (ERAA) will be through Victor Valley Wastewater Reclamation Authority and each of the member agencies.

The ERAA will be established by representatives from the signatory agencies in the agreement. A chair and co-chair will be elected and act as administrators for the committee. A semiannual meeting shall be held with all member agencies in attendance to address concerns and procedures for requesting mutual assistance.

Article III – DEFINITION OF EMERGENCY. "Emergency" means a condition of disaster or calamity arising within the area of operation of the parties, caused by fire, flood, storm, earthquake, civil disturbance, or other condition which is or is likely to be beyond the control of the services personnel, equipment, and facilities of a party hereto and requires mutual assistance.

Article IV – REQUESTS FOR ASSISTANCE. Requests for emergency assistance under this Agreement shall be directed to the appropriate designated official(s) from the list of participating member agencies.

When more than one member agency is impacted by a disaster, requests for mutual assistance under this agreement may be channeled through the member agencies to ensure maximum effectiveness in allocating resources to the highest priority needs.

The party rendering assistance under this Agreement is referred to as Lender; the party receiving assistance is referred to as Borrower.

Article V – GENERAL NATURE OF ASSISTANCE. Assistance will generally be in the form of resources, such as equipment, supplies, and personnel. Assistance shall be given only when Lender determines that its own needs can be met while rendering assistance. The execution of this Agreement shall not create any duty to respond on the part of any party hereto. A potential Lender shall not be held liable for failing to provide assistance. A potential Lender has the absolute discretion to decline to provide any requested assistance. Resources are to be made available on a loan basis with reimbursement terms varying with the type of resource.

Article VI – LOANS OF EQUIPMENT. Use of equipment, such as construction equipment, vehicles, tools, pumps and generators, shall be at Lender's current equipment rate and subject to the following conditions:

- (a) At the option of Lender, loaned equipment may be loaned with an operator.
- (b) Loaned equipment shall be returned to Lender within 24 hours after receipt of an oral or written request.
- (c) Borrower shall, at its own expense, supply all fuel, lubrication and maintenance for loaned equipment.
- (d) Lender's cost related to the transportation, handling and loading/unloading of equipment shall be chargeable to Borrower.
- (e) In the event loaned equipment is damaged while being dispatched to Borrower, or while in the custody and use of Borrower, Borrower shall reimburse Lender for the reasonable cost of repairing said damaged equipment. If the equipment cannot be repaired, then Borrower shall reimburse Lender for the cost of replacing such equipment with equipment that is of at least equal capability. If Lender must lease a piece of equipment while Lender's equipment is being repaired or replaced, Borrower shall reimburse Lender for such lease costs.

Article VII – EXCHANGE OF SUPPLIES. Borrower shall reimburse Lender in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. Other supplies and reusable items that are returned to Lender in a clean, damage-free condition shall not be charged to the Borrower and no rental fee will be charged; otherwise, they shall be treated as expendable supplies.

Article VIII – PERSONNEL. Lender will make such employees as are willing to participate available to Borrower at Borrower's expense equal to Lender's full cost, i.e., equal to the employee's applicable salary or hourly wage plus fringe benefits and overhead and consistent with Lender's personnel union contracts or other conditions of employment. Employees so loaned will be under the supervision and control of the Borrower. Borrower shall be responsible for all direct and indirect costs associated with workers compensation claims. Costs to feed and house loaned personnel, if necessary, shall be chargeable to and paid by Borrower. Lender will not be responsible for cessation or slowdown of work if Lender's employees decline or are reluctant to perform any assigned tasks.

Article IX – REIMBURSEMENT. The Borrower agrees to reimburse the Lender within 60 days from receipt of an invoice for assistance provided under this Agreement.

Article X – LIABILITY AND HOLD HARMLESS. Pursuant to Government Code Section 895.4, and subject to the conditions set forth in Article XI, Borrower shall assume the defense of, fully indemnify and hold harmless Lender, its Directors, Council Members or Supervisors, its officers and employees from all claims, loss, damage, injury and liability of every kind, nature and description, directly or indirectly arising from the Borrower's work hereunder, including, but not limited to, negligent or wrongful use of equipment, supplies or personnel on loan to Borrower, or faulty workmanship or other negligent acts, errors or omissions by Borrower or by personnel on loan to borrower from the time assistance is requested and rendered until the assistance is returned to Lender's control, portal to portal.

Each party hereto shall give to the others prompt and timely written notice of any claim made or any suit instituted coming to its knowledge, which in any way, directly or indirectly, contingently or otherwise affects or might affect them, and each shall have the right to participate in the defense of the same to the extent of its own interest.

Article XI – Signatory Indemnification. In the event of a liability, claim, demand, action or proceeding, or whatever kind or nature arising out of the rendering of assistance through this agreement, the parties involved in rendering or receiving assistance agree to indemnify and hold harmless each signatory to this mutual assistance occurrence which is the subject of such claim, action, demand or other proceeding. Such indemnification shall include indemnity for all claims, demands, liability, damages and costs,

including reasonable attorneys' fees and other costs of defense, for injury, property damage and workers compensation.

Article XII – Worker's Compensation and Employee Claims. Lender's employees, officers or agents, made available to Borrower shall except as otherwise provided under Labor Code sections 3600.6 be the special employees of Borrower and the general employees of Lender (as defined in Insurance Code 11663) while engaged in carrying out duties functions, or activities pursuant to this Agreement. Borrower will reimburse lender for all costs, benefits, and expenses associated with workers compensation and other claims. Lender is responsible for providing workers compensation benefits and administering workers compensation claims subject to the reimbursement terms of this agreement. Borrower will reimburse Lender for workers compensation costs, benefits and expenses on a quarterly basis or on other terms mutually agreed upon by Lender and Borrower.

Article XIII – Modifications. No provision of this Agreement may be modified, altered or rescinded by individual parties to the Agreement. Modifications to this Agreement require a simple majority vote of signatory agencies to the Agreement.

Article XIV – Termination. This Agreement is not transferable or assignable, in whole or in part, and any party may terminate their participation in this Agreement at any time upon 60 days' written notice delivered or mailed to the other parties.

Article XV – Prior Agreements. To the extent that prior agreements between signatories to this Agreement are inconsistent with this Agreement, all prior agreements for mutual assistance between the parties hereto are hereby superseded.

Article XVI – Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Article XVII – Tort claims. This Agreement in no way acts to abrogate or waive any immunity or defense available under California Law.

EMERGENCY RESPONSE ASSISTANCE AGREEMENT

Emergency Contact List

Agency Name: _____

Address: _____

City: _____ Zip Code: _____

24-Hr Phone No.: _____ Website: _____

Primary Emergency Contact:

Name: _____ Telephone: (____) _____

Cell Phone: (____) _____

E-Mail: _____

Secondary Emergency Contact:

Name: _____ Telephone: (____) _____

Cell Phone: (____) _____

E-Mail: _____

Emergency Operation Center:

Victor Valley Wastewater Reclamation Authority



Financial and Cash Report

August 2017

Victor Valley Wastewater Reclamation Authority
CASH AND RESERVE SUMMARY
 August 31, 2017

G/L Account	Description	Balance
1000	DCB Checking Account	\$ 1,113,000
1030	DCB Sweep Account	1,743,499
1075	Cal TRUST	3,073,046
1070	LAIF	1,526,262
	Total Cash	\$ 7,455,807

\$65 mil Max

Reserves:	Current Balance	Restricted	Assigned	Not Assigned
Targeted Capital Reserve	\$ -	\$ -	\$ -	\$ -
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	-	-	1,081,523	-
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	1,670,006	-	1,670,006	-
Reserve for SRF Payments (P& I) - Operating	2,819,883	2,819,883	-	-
Reserve for SRF Payments (P& I) - Capital	2,431,926	2,431,926	-	-
Available for O&M	533,992	-	-	-
Total Cash	\$ 7,455,807	\$ 5,251,809	\$ 2,751,529	\$ -

Note 1: ACCUMULATION FOR SRF LOAN PAYMENTS:

	9.5 MGD, 11.0 MGD, NAVI, Phase III-A	Upper Narrows Replacement	Nanticoke Bypass	Sub-Regional Apple Valley	Sub-Regional Hesperia	Total
Reserve for SRF Payments (P& I) - Operating	\$ 782,104	257,745	178,764	640,818	960,452	2,819,883
Reserve for SRF Payments (P& I) - Capital	1,348,576	-	59,588	409,703	614,059	2,431,926
	\$ 2,130,680	257,745	238,352	1,050,521	1,574,511	5,251,809

Note 2: PROJECTS AND FUNDING:

a. Construction and Change Orders for Sub-Regional Plants	Bureau of Reclamation - Title 16 Grant	Dept. of Water Resources - Proposition 84 Grant	SWRCB SRF Loan - Hesperia	SWRCB SRF Loan - Apple Valley	SWRCB - Proposition One Grant - A.V.	SWRCB - Water Recycling Prop 13 Grant - A.V.	Total
Completion (or Termination) Dates	05/31/16	12/31/17	06/30/17	06/30/17	06/30/17	03/31/17	
Agreement Amounts	\$ 3,242,523	\$ 3,000,000	\$ 35,442,795	\$ 22,537,632	\$ 8,135,648	\$ 4,000,000	\$ 76,358,598
Claimed	(3,242,523)	(3,000,000)	(31,380,280)	(18,425,018)	(7,064,377)	(3,660,955)	(66,773,153)
Grant and Loan Balance Remaining	\$ -	\$ -	\$ 4,062,515	\$ 4,112,614	\$ 1,071,271	\$ 339,045	\$ 9,585,445

b. Planning and Design for Sub-Regional Plants	Bureau of Reclamation - Title 16 Grant	Dept. of Water Resources - Proposition 84 Grant	SWRCB SRF Loan - Hesperia	SWRCB SRF Loan - Apple Valley	SWRCB - Proposition One Grant - A.V.	SWRCB - Water Recycling Prop 13 Grant - A.V.	Total
Completion (or Termination) Dates	05/31/16	not applicable	06/30/17	06/30/17	06/30/17	not applicable	
Agreement Amounts	\$ 1,607,477	\$ -	\$ 5,107,160	\$ 4,535,127	\$ 1,046,193	\$ -	\$ 12,295,957
Claimed	(1,607,477)	-	(3,134,436)	(4,428,464)	(1,175,406)	-	(10,345,782)
Grant and Loan Balance Remaining	\$ -	\$ -	\$ 1,972,724	\$ 132,272	\$ (129,213)	\$ -	\$ 1,950,175

c. Upper Narrows Emergency

*FEMA/Cal OES PW 1136 Revised Grant Limit - Completion 12/27/15	\$	7,954,740
Eligible Cost Incurred 12/26/10 - 11/06/16		(7,750,326)
Grant Balance Remaining	\$	204,414
Funding Received or To Be Received:		
FEMA (Claims x .90 x .7500)	\$ 5,231,470	
Cal OES (Claims x .90 x .1875)	1,307,868	6,539,338
VVWRA Share:		
VVWRA (Claims x .0625)	484,395	484,395
10% Retention to Be Received upon Completion:		
(Claim - VVWRA portion) x .10	726,593	726,593
	\$	7,750,326

d. Upper Narrows Replacement

*FEMA/Cal OES PW 828 Grant Limit - Completion 12/27/15	\$	33,124,002
Eligible Costs Incurred 04/01/11 - 08/31/16		(33,124,002)
Grant Balance Remaining	\$	-
Funding Received or Expected to Receive:		
FEMA (Claims x .90 x .7500)	\$ 22,358,701	
Cal OES (Claims x .90 x .1875)	5,589,675	27,948,377
VVWRA Share:		
VVWRA (Claims x .0625)	2,070,250	2,070,250
10% Retention to Be Received upon Completion:		
(Claim - VVWRA portion) x .10	3,105,375	3,105,375
	\$	33,124,002
	Incurred	Claimed
		Remaining

* SRF Loan	Construction	1,655,130	(1,655,130)	-
	Change Orders	1,825,000	(1,825,000)	-
	Soft Costs	806,250	(806,250)	-
		4,286,380	(4,286,380)	-

Victor Valley Wastewater Reclamation Authority
Flow Study
For the Month Ended July 31, 2017

Measured by ADS	Percentage of Total %	April Monthly MG
VSD 1 (less North Apple Valley)	5.7623%	20.3900
VSD 2	13.7239%	48.5620
VSD 3	26.2882%	93.0210
VSD 4	7.2384%	25.6130
VSD 5	0.6528%	2.3100
VSD 6	6.4329%	22.7630
VSD Total	60.0985%	212.6590
Apple Valley 01	10.3060%	36.4680
Apple Valley 02	5.4317%	19.2200
Apple Valley North	0.1128%	0.3990
Apple Total	15.8505%	56.0870
Hesperia	18.4874%	65.4180
CSA 64 SVL	4.8549%	17.1790
CSA 42 Oro Grande	0.7089%	2.5080
CSA Total	5.5638%	19.6870
Total Apportioned Flow	100.0001%	353.8510
Mojave Narrows Regional Park		0.1000
Total Study Flow		353.9510

VVWRA
Upper Narrows Interceptor and Emergency Projects
8/31/2017

Upper Narrows Interceptor and Emergency Projects
8/31/2017

Upper Narrows Interceptor (E004)

<u>Planning/Design/Construction Management</u>		Expended to Date	Contract Amount	Total Remaining
Planning		449,368	277,990	(171,378)
(Tetra Tech) Design		737,952	783,481	45,529
(URS/AECOM) Construction Management		1,642,759	993,673	(649,086)
(TetraTech) Engineering Services During Construction		531,269	348,290	(182,979)
Total		3,361,348	2,403,434	(957,914)
<u>Construction</u>				
Construction - J.W. Fowler		26,136,908	26,482,075	345,167
Construction - AV Construction		1,525,267	863,371	(661,896)
<u>Contingency</u>		Expended to Date	Contract Amount	
(Tetra Tech) Design		-	-	-
(URS/AECOM) Construction Management		271,346	325,612	54,266
(TetraTech) Engineering Services During Construction		-	-	-
Construction - J.W. Fowler		3,536,620	3,536,620	
Construction - AV Construction		214,287	214,287	-
Total		35,045,776	33,825,399	(1,220,377)

Claimed to Date

FEMA/CalOES	27,948,377	29,811,603	1,863,226
FEMA/CalOES 10% Retention	3,105,375	3,312,400	207,025
UNR SRF Loan	3,515,952		
Total	34,569,704	33,124,003	2,070,251

Upper Narrows Emergency (E003)

Spent to Date 8/31/2017

<u>Planning/Design/Construction Management</u>		Expended to Date
Materials		811,401
Rented Equipment		3,226,387
Contracts		3,899,051
Force Account OT		42,805
Force Equipment		274,341
Total		8,253,985

Received to Date

FEMA/CalOES	6,539,338
FEMA/CalOES 10% Retention	726,593
Total Grants to Date	7,265,931
VVWRA 6.25% Unreimbursable Cost	484,395
Total	7,750,326

Subregional Water Reclamation Plant Projects
8/31/2017
Hesperia

Costs Incurred Up to 8/31/2017

		Expended to Date	Contract Amount	Total Remaining
Planning/Design/Construction Management				
	Planning	895,080	624,264	(270,816)
	(Carollo/HDR) Design	3,106,096	3,580,792	474,696
	(MWH) Construction Management	2,362,078	1,479,914	(882,164)
	(Carollo/HDR) Engineering Services During Construction	1,388,340	1,687,052	298,712
	Sub-Total	7,751,594	7,372,022	(379,572)
Construction				
	Construction	32,744,227	33,220,000	475,773
		Expended to Date	Contract Amount	
			SRF Loan	Lyles
Change Order (Contingency)				
	Planning/Design/Construction Management	-	1,111,398	-
	Construction - Cascade Drilling	463,231	383,334	-
	Construction - Lyles	64,525	728,063	500,000
	Sub-Total	527,756	2,222,795	500,000
Total		41,023,577	43,314,817	2,291,240

Eligible for Reimbursements

		Claimed	Contract Amount	Total Remaining
	Title 16	2,445,244	2,460,369	15,125
	Proposition 84-HES Construction Cost	2,227,586	1,512,522	(715,064)
	Total Grants	4,672,830	3,972,891	(699,939)
	<i>% of Total Project</i>		9%	
	SRF-HES Planning/Design/Construction Management	3,134,436	7,329,955	4,195,519
	SRF-HES Construction Cost	33,216,311	33,220,000	3,689
Total		41,023,577	44,522,846	3,499,269

Claims Made as of 8/31/2017

		Requested	Contract Amount	Total Remaining
	Title 16	2,445,244	2,460,369	15,125
	Proposition 84-HES Construction Cost	2,227,586	1,512,522	(715,064)
	Total Grants	4,672,830	3,972,891	(699,939)
	SRF-HES Planning/Design/Construction Management	3,134,436	7,329,955	4,195,519
	SRF-HES Construction Cost	31,380,280	33,220,000	1,839,720
Total		39,187,546	44,522,846	5,335,300

Subregional Water Reclamation Plant Projects
8/31/2017
Apple Valley

Costs Incurred Up to 8/31/2017

		Expended to Date	Contract Amount	Total Remaining
Planning/Design/Construction Management				
	Planning	1,278,710	970,271	(308,439)
	(Carollo/HDR) Design	2,552,681	3,117,326	564,645
	(MWH) Construction Management	1,892,753	1,455,410	(437,343)
	(Carollo/HDR) Engineering Services During Construction	1,582,644	1,610,418	27,774
	Sub-Total	7,306,788	7,153,425	(153,363)
Construction				
	Construction	30,721,175	32,670,000	1,948,825
		Expended to Date	Contract Amount	
			SRF Loan	Lyles
Change Order (Contingency)				
	Planning/Design/Construction Management	-	1,001,640	-
	Construction - Cascade Drilling	252,951	376,986	-
	Construction - Lyles	274,291	624,654	500,000
	Sub-Total	527,242	2,003,280	500,000
Total		38,555,205	42,326,705	4,298,742

Eligible for Reimbursements

		Claimed	Contract Amount	Total Remaining
	Title 16	2,404,756	2,419,631	14,875
	Proposition 13 - Recycling Grant	3,456,708	4,000,000	543,292
	Proposition 84-AV Construction Cost	772,414	1,487,478	715,064
	Proposition 01-AV Planning/Design/Construction Management	1,175,407	1,046,193	(129,214)
	Proposition 01-AV Construction Cost	6,643,272	8,135,648	1,492,376
	Total Grants	14,452,557	17,088,950	2,636,393
	<i>% of Total Project</i>		39%	
	SRF-AV Planning/Design/Construction Management	4,428,465	4,535,127	106,662
	SRF-AV Construction Cost	19,674,183	22,537,632	2,863,449
Total		38,555,205	44,161,709	5,606,504

Claims Made as of 8/31/2017

		Requested	Contract Amount	Total Remaining
	Title 16	2,404,756	2,419,631	14,875
	Proposition 13 - Recycling Grant	3,660,955	4,000,000	339,045
	Proposition 84-AV Construction Cost	772,414	1,487,478	715,064
	Proposition 01-AV Planning/Design/Construction Management	1,175,407	1,046,193	(129,214)
	Proposition 01-AV Construction Cost	7,064,377	8,135,648	1,071,271
	Total Grants	15,077,909	17,088,950	2,011,041
	SRF-AV Planning/Design/Construction Management	4,428,465	4,535,127 *	106,662
	SRF-AV Construction Cost	18,425,018	22,537,632	4,112,614
Total		37,931,392	44,161,709	6,230,317

*Note: Proposition 01 grant of \$9.2M reduces AV SRF loan to \$4.5M.

Nanticoke Interceptor
8/31/2017

Costs Incurred Up to 8/31/2017		Expended to Date	Contract Amount	Total Remaining
Planning/Design/Construction Management				
	Planning		342,397	342,397
	Design		101,524	101,524
	Construction Management	432,951	407,373	(25,578)
	Engineering Services During Construction			-
	Sub-Total	432,951	851,294	418,343
Construction				
	Construction - Christensen Brothers GE Inc.	3,192,465	3,207,896	15,431
		Expended to Date	Contract Amount	
			SRF Loan	
Change Order (Contingency)				
	Planning/Design/Construction Management			-
	Construction	660,951	400,000	(260,951)
	Sub-Total	660,951	400,000	(260,951)
	Total	4,286,367	4,459,190	172,823

Eligible for Reimbursements		Claimed	Contract Amount	Total Remaining
	SRF-Planning/Design/Construction Management	432,951	851,294	418,343
	SRF-Construction Cost	3,410,129	3,607,896	197,767
	Total	3,843,080	4,459,190	616,110

Claims Made as of 8/31/2017		Requested	Contract Amount	Total Remaining
	SRF-Planning/Design/Construction Management	432,951	851,294	418,343
	SRF-Construction Cost	3,410,129	3,607,896	197,767
	Total	3,843,080	4,459,190	616,110

Victor Valley Wastewater Reclamation Authority
Statement of Net Position
August 31, 2017

<i>Assets and Deferred Outflows of Resources</i>	2017
Current assets:	
Cash and cash equivalents	\$ 13,473,573
Interest receivable	5,545
Accounts receivable	3,351,193
Receivable from FEMA Grants	5,233,801
Accounts receivable - Other	7,303
Allowance for Doubtful Accounts	(64,828)
Materials and supplies inventory	86,516
Prepaid expenses and other deposits	188,743
Total current assets	22,281,846
Fixed assets:	
Capital assets not being depreciated	83,733,589
Capital assets being depreciated	119,255,164
Total capital assets	202,988,753
Total assets	225,270,599
Deferred outflows of resources	
Deferred outflows of resources - pension	\$ 1,160,894
Total	226,431,493
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,970,019
Accrued interest on long-term debt	75,383
Long-term liabilities - due within one year:	
Compensated absences	48,647
Loans payables	1,849,149
Other payables	6,388,223
Total current liabilities	10,331,421
Non-current liabilities:	
Long-term liabilities - due in more than one year:	
Compensated absences	219,396
Other post employment benefits payable	1,419,041
Loans payable	79,700,508
Net Pension Liability	4,169,063
Other payables	21,092
Total non-current liabilities:	85,529,100
Total liabilities	95,860,521
Deferred inflows of resources	
Deferred inflows of resources - pension	441,731
Net position:	
Net position as of 6/30/17	128,111,592
Restricted for SRF loan covenant	2,863,641
Decrease in net position FY 18	(609,129)
Total net position	\$ 130,129,241
Total	226,431,493

Victor Valley Wastewater Reclamation Authority
Revenues and Expenses
Operations and Maintenance
For the Month Ended August 31, 2017

	Actual August 2017	YTD Actual FY 17-18	Approved Budget FY 17-18
REVENUES			
User Charges	\$ 1,143,120	\$ 2,265,050	\$ 13,661,700
Sludge Flow Charge	9,038	20,335	137,074
High Strength Waste Surcharges	-	4,000	25,000
ADM FOG Tipping Fee Revenue	25,981	51,914	205,000
Septage Receiving Facility Charges	58,568	127,718	609,000
Reclaimed Water Sales	2,099	5,212	44,000
Potable Well Water Sales	284	335	650
Leased Property Income	50	100	600
Interest	-	-	-
Pretreatment Fees	3,700	9,200	51,200
Finance Charge	-	-	-
Grant - FEMA/Cal-EMA	-	-	747,034
Grant - Proposition 1	-	-	458,297
Grant- Water Recycling	-	-	246,466
Grant- CEC Microgrid	-	3,013	-
Sale of Assets, Scrap, & Misc Income	299	299	-
Total REVENUES	\$ 1,243,139	\$ 2,487,176	\$ 16,186,021
EXPENSES			
Personnel	\$ 396,737	\$ 1,000,271	\$ 4,086,603
Maintenance	69,066	208,751	2,919,360
Operations	146,136	431,528	3,066,985
Administrative	44,431	146,449	2,270,884
Construction	-	-	2,389,065
Total EXPENSES	\$ 656,370	\$ 1,786,999	\$ 14,732,897
Revenues over Expenses before Depreciation, Debt Service and Transfers	\$ 586,769	\$ 700,177	\$ 1,453,124
Depreciation Expense	(823,297)	(1,350,308)	-
DEBT SERVICE			
SRF Interest	\$ -	\$ -	\$ 361,138
FUND TRANSFERS IN			
Salary/Benefits Charge from Capital	\$ 8,712	\$ 17,424	-
Admin Charge from Capital	3,311	6,621	-
Total FUND TRANSFERS IN	\$ 12,023	\$ 24,045	\$ -
FUND TRANSFERS OUT			
Transfer to Repairs and Replacements Fund	\$ -	\$ -	247,500
Inter-fund loan payment to Capital	1,616	3,254	-
Total FUND TRANSFERS OUT	\$ 1,616	\$ 3,254	\$ 247,500
Excess Revenues Over Expenses	\$ (226,121)	\$ (629,340)	\$ 844,486

Victor Valley Wastewater Reclamation Authority
Statement of Revenues and Expenditures - BOARD REPORT - R&R SUMMARY - KP
From 8/1/2017 Through 8/31/2017

	Current Period Actual	YTD Actual	Total Budget - Original	Total Budget Variance - Original
EXPENDITURES				
R&R Expenditures	29,421.25	43,044.61	1,103,900.00	1,060,855.39
Total EXPENDITURES	29,421.25	43,044.61	1,103,900.00	1,060,855.39
EXCESS REVENUES OVER EXPENDITURES	(29,421.25)	(43,044.61)	(1,103,900.00)	1,060,855.39

Victor Valley Wastewater Reclamation Authority
Statement of Revenues and Expenditures - BOARD REPORT - CAPITAL SUMMARY - KP
From 8/1/2017 Through 8/31/2017

	Current Period Actual	YTD Actual
REVENUES		
Revenues		
User Charges	0.00	0.00
Septage Receiving Facility Charges	0.00	0.00
Interest	7,705.59	11,980.14
Sale of Assets, Scrap, & Misc Income	0.00	0.00
Connection Fees	68,400.00	68,400.00
Proposition 1 Grant	0.00	0.00
Proposition 84 DWR Grant	0.00	0.00
FEMA/Cal-EMA Reimbursement	0.00	0.00
Prop 13 - Water Recycling Grant	0.00	0.00
Title 16- Subregional	0.00	0.00
SRF Loan Forgiveness	0.00	0.00
SRF Loan Proceeds, 11 MGD Exp	0.00	0.00
FMV Adjustment	0.00	1,612.32
Total Revenues	76,105.59	81,992.46
Total REVENUES	76,105.59	81,992.46
EXPENDITURES		
Capital Expenditures		
Regular Salaries	0.00	0.00
Medicare	0.00	0.00
PERS/Health Insurance	0.00	0.00
Dental/Vision Insurance	0.00	0.00
Workers Comp Insurance	0.00	0.00
PERS/Retirement	0.00	0.00
Life Insurance	0.00	0.00
Unemployment Insurance	0.00	0.00
Disability Insurance	0.00	0.00
Electrical Equipment - Starters, PLC's, VFD's	0.00	0.00
Process Equipment	0.00	0.00
Pumps, Motors, Valves	0.00	0.00
Instrumentation & Plant Samplers	0.00	0.00
Electrical Supplies - wire, conduit	0.00	0.00
Plumbing Supplies - pipe, fittings	0.00	0.00
Tools	0.00	0.00
Gates and fence repair	0.00	0.00
Highway Vehicle Maint, Repairs and Cleaning	0.00	0.00
Interceptor Sewer Maint	0.00	0.00
Misc Repairs	0.00	0.00
Safety Maintenance Supplies	0.00	0.00
Safety Certificates & Permits	0.00	0.00
Subregional - Operations	0.00	0.00
Grit & Screening Disposal	0.00	0.00
Lab Equipment Repairs & Purchases	0.00	0.00
Safety Equipment including SCBA;s	0.00	0.00
Personal Protective Equipment (PPE)	0.00	0.00
Equipment Rental	0.00	0.00
Misc Operating Expenses	0.00	0.00
SWRCB Permits, NPDES, WDR	0.00	0.00
Telephones and long distance/Internet	0.00	0.00
Internet Access, website, e-mail	0.00	0.00
Computers - Hardware	0.00	0.00

Victor Valley Wastewater Reclamation Authority
Statement of Revenues and Expenditures - BOARD REPORT - CAPITAL SUMMARY - KP
From 8/1/2017 Through 8/31/2017

	Current Period Actual	YTD Actual
	<u> </u>	<u> </u>
Computers - Software	0.00	0.00
Printing	0.00	0.00
Staff Travel, Meetings & Registration	0.00	0.00
Engineering Services, Misc	0.00	0.00
Regulatory Consulting (CTR, TMDL's)	0.00	0.00
Rent	0.00	0.00
General Counsel	0.00	0.00
Special/Additional Counsel	0.00	0.00
Temporary Labor - Laborers	0.00	0.00
Incentive Program Application Fee	0.00	0.00
Bank Fees & Interest Charges	0.00	0.00
Interest Expense	0.00	0.00
Amortization on Notes Receivable Discount	0.00	(2,053.51)
Interest Expense - Liberty Utilities	0.00	0.00
Construction Contract	0.00	0.00
Equipment Purchases >\$500	0.00	0.00
Permits and Easements	0.00	0.00
Land Acquisition	0.00	0.00
Engineering Services	0.00	0.00
Environmental Services	0.00	0.00
Property Purchase	0.00	0.00
Misc. Construction Services	0.00	0.00
Regulatory Consulting (CTR, TMDL's, NPDES)	0.00	0.00
MIS Consulting	0.00	0.00
Finance Consulting	0.00	0.00
Project Budget	0.00	0.00
Construction Emergency Expense	0.00	0.00
Total Capital Expenditures	<u>0.00</u>	<u>(2,053.51)</u>
Total EXPENDITURES	<u>0.00</u>	<u>(2,053.51)</u>
 FUND TRANSFERS IN		
Fund Transfers		
Capital Recovery from O&M Septage	0.00	0.00
Interfund Interest Income from O&M	<u>1,615.86</u>	<u>3,253.80</u>
Total Fund Transfers	<u>1,615.86</u>	<u>3,253.80</u>
Total FUND TRANSFERS IN	<u>1,615.86</u>	<u>3,253.80</u>
 FUND TRANSFERS OUT		
Fund Transfers		
Salary/Benefits Charge to O & M	8,712.00	17,424.00
Admin Charge to O & M	<u>3,310.56</u>	<u>6,621.12</u>
Total Fund Transfers	<u>12,022.56</u>	<u>24,045.12</u>
Total FUND TRANSFERS OUT	<u>12,022.56</u>	<u>24,045.12</u>
 EXCESS REVENUES OVER EXPENDITURES	 <u>65,698.89</u>	 <u>63,254.65</u>

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
SRF LOAN SUMMARY
August 31, 2017

Existing 9.5 MGD Capital Improvements	Existing		Existing		Existing		In Progress		In Progress		In Progress		Total Agreed	
	11 MGD Expansion	North Apple Valley Interceptor	Phase IIIA Regulatory Upgrades	UN Replacement Project	Nanticoke Pump Station Bypass	Apple Valley Subregional	Hesperia Subregional	SRF Loans						
\$ 4,069,859.00	\$ 11,430,726.00	\$ 4,084,688.00	\$ 18,581,561.00	\$ 4,286,380.00	\$ 4,459,190.00	\$ 27,129,023.47	\$ 40,658,809.92	\$ 114,700,237.39						
2.60%	0.00%	2.50%	2.70%	1.90%	1.90%	1.00%	1.00%	Varies						
n/a	1,905,159.00	-	-	-	-	-	-	1,905,159.00						
4,069,859.00	n/a	n/a	3,000,000.00	n/a	n/a	n/a	n/a	3,000,000.00						
265,049.56	9,525,567.00	4,084,688.00	15,717,667.66	4,286,380.00	4,459,190.00	27,129,023.47	40,658,809.92	109,931,185.05						
September 15	579,869.96	258,151.05	1,027,609.73	257,745.38	238,350.61	1,050,520.94	1,574,511.25	5,251,808.48						
20	April 3	February 13	June 30	December 31	30-Jun	June 30	June 30	Varies						
3	20	20	20	20	20	30	30	Varies						
	5	7	15	15	20	30	30	Varies						
755,525.18	2,747,174.41	1,639,101.83	12,538,025.97	3,381,438.77	4,459,190.00	27,129,023.47	40,658,809.92	93,308,289.55						
3,314,333.82	6,778,392.59	2,445,586.17	3,179,641.69	904,941.23	-	-	-	16,622,895.50						
1,134,570.35	1,752,983.59	910,377.48	1,900,631.83	46,613.07	-	-	-	5,745,176.32						
Sept. 15, 2000	April 3, 2003	Feb. 13, 2005	June 30, 2013	Dec. 31, 2016	Jun 30, 2018	February 28 2019	February 28 2019	Varies						
Sept. 15, 2019	April 3, 2022	Feb. 13, 2024	June 30, 2032	Dec. 31, 2032	Jun. 30, 2037	February 28, 2048	February 28, 2048	Varies						
2.544%	1.850%	2.499%	2.700%	1.900%	1.900%	1.00%	1.00%	Varies						

SRF LOANS
Original Amount Financed
SRF Interest Rate (fixed)
Local Match Amount
Principal Forgiveness
SRF Amount Borrowed
Annual Payment Amount
Annual Payment Due Date
Loan Term (years)
Years remaining

DEBT SERVICE
Loan Outstanding Balance
Principal Paid to Date
Interest Paid to Date
First Payment Date
Final Payment Date
Effective interest rate

* An imputed interest rate is 1.707% per annum.

Victor Valley Wastewater Reclamation Authority



Operations and Maintenance Report

August 2017

VWRA O&M Monthly Report – August 2017

Page 1 of 10

**Victor Valley Wastewater Reclamation Authority
Operations and Maintenance Report
August 2017**

TO: Logan Olds, General Manager
FROM: Operations & Maintenance Staff
SUBJECT: OPERATIONS/MAINTENANCE REPORT
DATE: September 11 , 2017

The following information details the operation of the Victor Valley Wastewater Reclamation Authority Facility. Included in this report is pertinent information regarding flows, process control information, process sampling, permit requirements, operations activities, and facility maintenance activities. This report is based on O&M activities for August2017.

	Total	Average
Effluent to Mojave	202.48	6.5316
Effluent to Ponds	132.69	4.2803

		Limit
Biochemical Oxygen Demand (BOD) Effluent to Mojave	2.57	10 mg/l
Percent Removal	99.23%	

		Limit
Total Suspended Solids (TSS) Effluent to Mojave	<2.5	10 mg/l
Percent Removal	>99.24%	

		Limit
Turbidity 30 Day Average	0.4	2.0 ntu

Major Operations Activities

Headworks

The Headworks area operated as intended throughout the months with normal equipment maintenance performed on a weekly basis.

Primary Treatment

Overall removal efficiency of the primary clarifiers was 33.88% removal of influent BOD and 54.58% removal of TSS. Typical operating parameters are 25 to 35 percent removal of BOD and 50 to 60 percent removal of TSS. The primary sludge concentration averaged 1.93% total solids at 95,156.5 gallons per day.

Primary clarifiers: #1, #2, #3, #5, #6, #7, #8 are currently online and continue to treat all incoming flow. Primary #1 remained offline for the month. With one clarifier off line, the remaining 7 primary clarifiers are capable of treating peak flows up to 27 MGD.

The digester gas conditioning system remains online. The system will prevent premature wear and tear on engines #2 & #3 by removing siloxanes by the addition of ferric chloride. The system increases fuel pressure to the blower gas system, allowing for more output from the blower engine. Digester #4 and 5 gas is mixed and sent to the gas conditioning system. This all but eliminates the use of Natural gas to run engines #2 and #3.

Staff continues to add ADM/ Grease to Daft #3 from Primaries and truck deliveries where it is then feed it to Digesters #4 and #5. This operation is assisting in additional grease removal from the primary clarifiers and increased gas production in the anaerobic digesters.

Secondary Process

Secondary Clarifiers #1 thru #6 are currently offline, not needed at this time.

Aeration basins #1 thru 12 have been retrofitted with the new Aquarius diffusers and are currently performing very well reducing the RPM's on the Piller blower. Currently basins #1-6 and 7-12 are online.

Waukesha Blowers #2 and #3 were rotated throughout the month supplying air to basins #1-6, mixed liquor channel and aerated grit chamber. Piller #6 is supplying air to AB's #7-12.

Staff continues to monitor the solids under aeration and SVI to compare against the SRT Master Control Program. The SRT Master program is performing well. The secondary process has been performing well as a result of the SRT Master Control Program. Weekly Nitrogen studies performed by VVWRA staff produced results below regulatory requirements.

Thioguard was not used during the month.

Secondary turbidity averaged 1.29 (NTU) during the month of August 2017
The 30 minute settleometer test averaged 161.6 mL/L.
The average "pop time" of the MLSS was >96 min.

Percolation Ponds

South percolation ponds #8,#11, #12 and #13 were used and rotated during the month. Percolation Ponds #7 and #10 are offline in preparation for maintenance. All Percolation Pond freeboard level requirements have been met during the month. All ponds are being rotated on a daily basis. Percolation Pond #6 remains off line and drained to minimal levels. No flow seepage has been observed. The north percolation ponds were used sparingly during the month.

Tertiary Filters

Aqua Diamond Filters #1 and #2 were utilized for the month of August. Filter Effluent average Turbidity of 0.44 NTU.

Solids

Digester #1 was drained on 8/19/16 and is offline. Digester #2 and #3 remain off line, drained and clean.

VVWRA O&M Monthly Report – August 2017

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Staff has been operating Digester #4 and #5 at predetermined sludge levels which is controlled by the SCADA system.

VVWRA received 642,644 gallons of ADM (Anaerobically Digestible Material) and FOG (Fats Oil and Grease). Total is comprised of 582,490 gallons of ADM and 60,154 gallons of FOG.

A Total 25,358,616 cf/day of gas was created by digesters #4 and 5 for the month of August 2017. That is an average gas production of 871,342cf/day.

Digester #4 averaged 381,439 cf/day.

Digester #5 averaged 436,581 cf/day.

Digester Volatile Acid/Alkalinity averaged 0.017 for the month.

Ultra Violet Disinfection (UV)

The UV system is currently operating via two channel mode since 12/22/2017.

Monthly UV intensity probe and flow meter calibration checks were performed.

Permit Continuous Monitoring Requirements and Permit Violations

All permit required, continuous monitoring equipment was on-line, in calibration and working properly during the month.

Date of last reportable incident: March 10, 2015

Days since last reportable incident: 839 days

Discharge Sampling

All required samples during the month of August 2017 were collected and processed as scheduled.

Miscellaneous

Maintenance Activities

CMMS Work Order Activity

VVWRA O&M Monthly Report – August 2017

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VVWRA KPI Report8/8/2017
8:45 AM

8/1/2017 - 8/31/2017

KPI	Count	Percent
Planned Work Total	225	
Planned Work Completed	214	95.11%
Planned Work Completed On-Time	175	79.56%
Planned Work Incomplete	11	4.89%
Planned Work Completed Late	35	16.69%
Total Work Completed	662	
Reactive Work Completed	116	17.01%
PM Work Completed	477	69.94%

Safety

1. Monthly Vehicle Safety Inspections completed.
2. Monthly gas tech monitor inspections completed.
3. Eyewash safety showers inspected.
4. Confine Space refresher
5. Monthly SCBA inspections.
6. Hazardous storage area inspection.
7. Spill kit inspections.
8. Fall protection refresher.

Preliminary Process

1. Aqua Guard pre-treatment screen inspected and serviced.
2. Headwork's Conveyor Belt Lube & Inspect.

 VVWRA O&M Monthly Report – August 2017

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Primary Process

1. All PH and conductivity probes cleaned and calibrated.
2. Influent PH and conductivity probe calibrations complete.
3. Primary #2 Replaced helical skimmer rubber.
4. Primary #3 Replaced helical skimmer rubber.
5. Primary #2 Shear pin replacement.
6. Primary #4 Replaced 6 inch drain valve.

Secondary Process

1. Piller blowers 1 & 6 weekly inspections complete.
2. Service Air compressors inspection and service completed.
3. Waukesha engines inspections.
4. Piller #1 and #6 Filters Replacement.

Tertiary

1. Monthly gear box and platform drive wheel service complete
2. Filter #1 & #2 monthly platform gear box PM's comp.

3. Annual Service Water Pump Motors Lubrication
4. South pond #12 MOV electrical conduit replacement.
5. Filter #1 & #2 monthly backwash wasting pumps oil checks complete
6. All PH and conductivity probes cleaned and calibrated.

Ultra Violet Disinfection (UV)

1. PH and conductivity probes cleaned and calibrated
2. UVT probe calibrated
3. UV Compliance sample pumps foot valve cleaning.

Treatment Disposal

1. DAFT #1 and #2 Air Compressors 1&2 PM services complete.

Miscellaneous Plant

1. Serviced Air Handling units for Blower Buildings completed.
2. Emergency generators 1&2 re-commissioning complete.
3. Emergency plant generator #2 Oil change.

VVWRA O&M Monthly Report – August 2017

Page 8 of 10

4. O&M chart recorder room A/C compressor replacement.
5. 1W well #1 replaced isolation valve and added a 4 inch male cam fitting for flushing.

Plant Equipment

G/CHP 1&2

1. Monthly UREA refill completed CHP #1 & #2
2. CHP1&2 differential pressure readings taken within normal range, Gas DP pressure collected within normal range
3. Monthly gas samples collected.
4. CHP #2 emergency cooler pump mechanical seal replacement.

Gas Conditioning Skid

1. One H2S vessel media replacement.
2. One Siloxane vessel media replacement.
3. Monthly gas sampling collected.

OGPS

1. Monthly Generator Test completed
2. Pump #2 pulled and inspected and drag.

AVPS

1. Grease pump out.
2. Monthly Generator test completed.
3. Pump#2 de-ragged.

OFFROAD EQUIPMENT

1. Brown Bear weekly PM's completed.
2. JCB front loader weekly PM's complete.
3. JCB AC repairs and seat replacement.

FLEET

1. Monthly fleet inspections completed pumps, vehicles, hose reel trailer, light towers.

Victor Valley Wastewater Reclamation Authority



Environmental Compliance Department Report

August 2017

VWRA Environmental Compliance Department
Industrial Pretreatment Program

I. Interceptors Operation and Maintenance:

1. Interceptors cleaning & CCTV:

- ✓ No Cleaning was performed in August

2. Interceptors Inspections:

The following interceptors were visually inspected for signs of damage, vandalism and evidence of sanitary sewer overflows:

- ✓ South Apple Valley & North Apple Valley.
- ✓ Schedule 1, 2, 3 & 4
- ✓ UNE Bypass HDPE pipe
- ✓ Hesperia I Ave and Santa Fe.
- ✓ CSA 64
- ✓ Adelanto
- ✓ SCLA1

3. Damage and repair summary:

- ✓ No Damage reported

4. Sanitary sewer overflows (SSO) summary:

- ✓ Date of last reportable SSO: November 18th 2016

5. Interceptors maintenance budget remaining:

- ✓ The fiscal year 2016-2017 Interceptor sewer maintenance amount remaining for sewer cleaning and inspection services is \$83310.48

6. Dig Alert Underground tickets processed:

- ✓ A total of One hundred and fifteen (115) USA Tickets were received and processed in August 2017.

7. Flow monitoring Studies:

- ✓ A flow monitoring study by ADS Environmental is continuing.

II. Industrial pretreatment Activities:

- 1. New Business Questionnaires and permits applications evaluated:**
 - ✓ Four (4) New Business Questionnaires were processed in the month of August 2017.
 - ✓ One (1) New Business Inspections were conducted in the month of August 2017.
- 2. New permits issued:**
 - ✓ Zero (0) New Class II permit were issued in the month of August 2017.
- 3. Permit renewals issued:**
 - ✓ Eleven (11) Class III permit renewals were issued in the month of August 2017.
- 4. Work Orders:**
 - ✓ 62 Work Orders were completed in August 2017
- 5. Monthly revenues collected and invoices issued:**
 - ✓ Revenues: \$3,100
 - ✓ Invoiced: \$3,600
- 6. Lucity CMMS Software implementation:**
 - ✓ The implementation of Lucity CMMS software for the industrial pretreatment program and the operations and maintenance of interceptors including GIS is ongoing.

III. Industrial Pretreatment Activities (continued)

1. Current enforcement actions:

- ✓ Zero (0) Notice of Violation was issued in August 2017.

2. Current active industrial pretreatment permits:

- ✓ The current number of VVWRA's industrial wastewater discharge permits is 433, they are comprised as follows:

1	Class I	Categorical Industrial User
10	Class II	Non-Categorical Significant Industrial User
418	Class III	Non-Significant Industrial User
2	Class IV	Zero Discharge Industrial User
9	Class V	Sanitary Waste Haulers

- ✓ The permitted establishments include:

20	Automotive Service Facility
13	Bakery
1	Brewery/Winery
21	Car Wash/Truck Wash/Bus Wash
4	Coffee Shop
9	Dry Cleaner
299	FSE
22	Grocery Store
3	Hospital
1	Medical
3	Misc. Food
3	Misc. Industrial
8	Other
1	Photographic
1	Print Shop
1	Prison
4	School
4	Water Retail
9	Waste Haulers

- ✓ Permitted businesses are distributed among member entities as follows: 171 in Victorville, 123 in Apple Valley, 123 in Hesperia and 1 in Oro Grande.

Victor Valley Wastewater Reclamation Authority



Environmental Compliance Department

Septage/FOG/ADM Monthly Report

August 2017

1. Septage/FOG/ADM receiving invoices and payments monthly report:

Payments and Invoices period: August 1st thru August 31th – Septage rate per Gallon: \$ 0.0936
FOG/ADM rate per Gallon: \$ 0.04

Receiving invoices

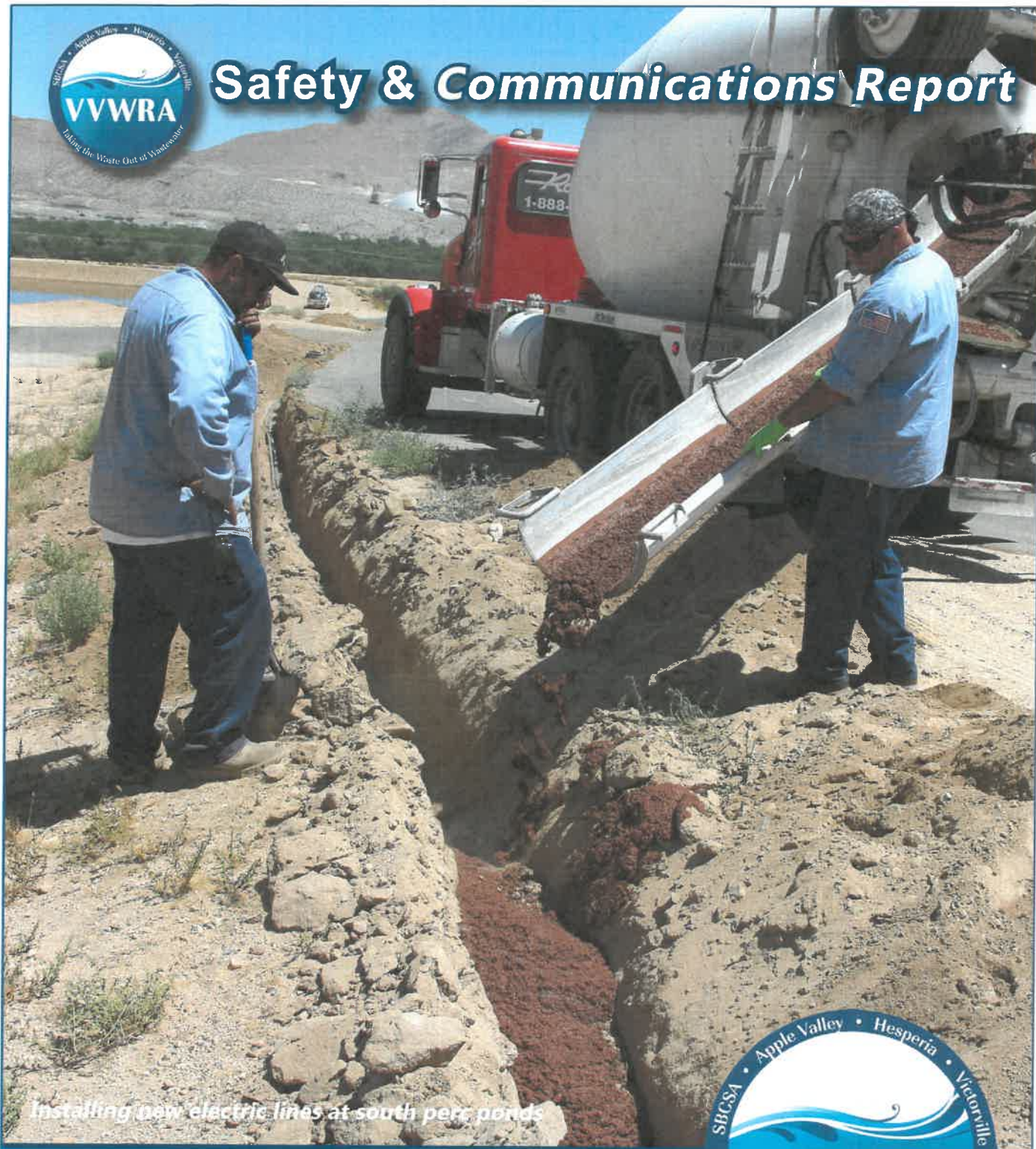
ID No	Septage Hauler	Invoice Date	Total Gallons	Invoice Amount
ABS000	Absolute Pumping	8/29/2017	42,756	\$4,001.96
ALP000	Alpha Omega Septic Service	8/29/2017	252,894	\$23,670.88
BUR000	Burns Septic	8/29/2017	123,700	\$11,578.32
HIT000	Hitt Plumbing	8/29/2017	10,305	\$964.55
HON001	Honest Johns Septic Service, Inc	8/29/2017	73,613	\$6,890.18
ROT001	T.R. Stewart Corp. dba Roto Rooter	8/29/2017	89,280	\$8,356.61
USA000	USA Septic	8/29/2017	53,000	\$4,960.80
ALP000	Alpha Omega Septic Service (Nutro)	8/29/2017	118,144	\$4,725.76
COW000	Co-West Commodities	8/29/2017	200,000	\$8,000.00
LIQ000	Liquid Environmental Solutions of CA	8/29/2017	0	\$0
SMC000	SMC Grease Specialist, Inc.	8/29/2017	324,500	\$12,980.00
WES004	West Valley MRF, LLC Burrtec Waste Industries, Inc.	8/29/2017	0	\$0
HIT000	Hitt Plumbing	8/29/2017	6,870	\$274.80
Grand Totals			1,247,362	\$86,403.86

Septage/FOG/ADM receiving payments:

ID No	Business Name	Payments Received
ABS000	Absolute Pumping	\$3,246.61
ALP000	Alpha Omega Septic Service	\$47,058.75
BUR000	Burns Septic	\$14,601.60
HON001	Honest Johns Septic Service, Inc	\$17,451.72
ROT001	T.R. Stewart Corp. dba Roto Rooter	\$9,320.94
USA000	USA Septic	\$6,052.18
ALP000	Alpha Omega Septic Service (Nutro)	\$0
COW000	Co-West Commodities	\$11,440.00
LIQ000	Liquid Environmental Solutions of CA	\$0
SMC000	SMC Grease Specialist, Inc.	\$7,800.00
WES004	West Valley MRF, LLC Burrtec Waste Industries, Inc.	\$0
HIT000	Hitt Plumbing	\$0
Grand Total		\$120,071.80



Safety & Communications Report



Installing new electric lines at south perc ponds



August 2017



Safety

STAFF SAFETY TAILGATE/ORIENTATION

- August 3---Emergency Action Plan
- August 10--Danger of Delayed Maintenance
- August 17--Hard Hats
- August 21-- Cell phones and the bathroom
- August 29-- hand safety
- August 31-- Near Miss





Safety

SAFETY POLICY REVIEWS/ REVISIONS

- developing employee communication policy
- Vehicle Safety Procedure review
- Ergonomics Program review
- Fire Alarm inspection

SAFETY EVENTS/ TRAINING

- Confined Space refresher
- First Aid
- Safety Committee

UNSAFE CONDITIONS REPORTED/RESOLVED

- steps and entrance at Otoe painted yellow
- rollback prevention installed at FOG station
- double doors repaired in MCC room

DATE OF LAST REPORTABLE ILLNESS/INJURY:
DEC 11TH, 2014

DAYS SINCE LAST REPORTABLE ILLNESS/INJURY:
958 DAYS



Safety

NEXT MONTH'S SCHEDULE OF STAFF TRAINING/SAFETY EVENTS :

- Safety Tailgates will be conducted at the Thursday weekly staff briefings.
- Safety Tailgates will be conducted at the monthly Administrative staff meetings.
- Overhead Crane
- Traffic Control

Communications

- Set up and manned booth at So Cal Water Conference

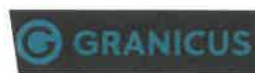




Communications

ACTIVITIES

- Continued work on updating new website including work on internal pages
- Maintained current website and social media sites including Facebook & Twitter.



MEDIA COVERAGE

- With \$32 million at stake..., DP 8-3-17



- Victorville rejects \$8M claim, DP 8-17-17



Victorville City Council: What to watch for Tuesday night

By Staff Reports

Posted Aug 14, 2017 at 2:52 PM

Updated Aug 15, 2017 at 8:40 AM

VICTORVILLE — The Victorville City Council will convene 6 p.m. Tuesday for its regularly scheduled meeting inside council chambers at City Hall, 14343 Civic Drive. Notable items on the agenda include:

- A recommendation the Council reject a claim by Victor Valley Wastewater Reclamation Authority, which contends that the city's wastewater flow diversion and failure to pay connection fees has cost the agency more than \$8 million in damages;
- A public hearing to broach arguments for and against the confirmation of annual assessments in the city-wide street lighting assessment district for fiscal year 2017-18;
- A public hearing to broach arguments for and against repealing the chapter of the city's municipal code relating to residency restrictions for registered sex offenders;
- Update on development activity in the city;
- Acceptance of the fiscal year 2017-18 Edward Byrne Memorial Justice Assistance Grant;
- Staff presentation on whether any changes are warranted to rental licensing requirements.

Council meetings can be watched live online and are archived for later viewing at ci.victorville.ca.us.

Victorville rejects \$8M claim by wastewater agency over flow diversion

By Shea Johnson

Staff Writer

Posted Aug 17, 2017 at 5:09 PM

Updated Aug 17, 2017 at 5:28 PM

On Tuesday, the Victorville City Council rejected a VVWRA claim contending \$8,068,509 in damages, opening up the possibility the agency could sue the city in civil court.

VICTORVILLE — Over the past four years, the city's wastewater flow diversion and failure to pay connection fees have cost the local wastewater agency more than \$8 million, the agency says, putting it in a precarious financial situation.

Victor Valley Wastewater Reclamation Authority officials are casting blame on the considerable revenue reduction for **layoffs that shrunk its workforce by 30 percent** and for **its inability to fiscally responsibly operate** subregional recycled water facilities in Hesperia and Apple Valley.

On Tuesday, the Victorville City Council rejected **a VVWRA claim contending \$8,068,509 in damages**, opening up the possibility the agency could sue the city in civil court.

VVWRA spokesman David Wylie did not address the possibility this week, instead pointing to a Board of Commissioners meeting agenda item from May where it's articulated that a claim would be filed if mediation wasn't completed by the end of July. The board discussed the matter in closed session Thursday morning, but Wylie said there were no new developments.

Sue Jones, spokeswoman for Victorville, said city policy prevented her from commenting on the claim, its rejection or its contents.

The dispute, according to a summary within VVWRA's claim, was born in 2009, when the city **agreed to finance and construct an industrial wastewater treatment plant near the agency's main plant** to serve the Dr Pepper Snapple Group facility at Southern California Logistics Airport.

According to VVWRA, the \$32 million city facility "encountered difficulties handling" the Dr Pepper Snapple Group facility's high-strength waste and thus, in order to treat it, the city added a domestic treatment module to the plant to blend industrial flows.

"The domestic sanitary flows now used at the City's plant are flows that VVWRA used to receive from the City of Victorville," VVWRA officials wrote in the claim, pleading that wastewater diversion and withholding of portions of connection fees were a breach of the 2006-renewed agreement between the joint powers authority that governs the agency.

The wastewater diversion, primarily beginning in 2013, has remained a source of contention going back to 2009 among the four-member authority, which includes the cities of Victorville and Hesperia, the town of Apple Valley and San Bernardino County.

VVWRA officials say the diversion, alone, has cost the agency at least \$7.3 million, while another \$752,000 has not been delivered in connection fees.

In February, Hesperia spokeswoman Rachel Molina told the Daily Press that the city has long-believed Victorville was in breach of contract and that other JPA members felt similarly. At the time, Jones said Victorville was preparing to physically send all of its flows to VVWRA's regional plant, a reversal that would be in accordance with an earlier advisory opinion sought by VVWRA and its governing entities.

Meanwhile, the rocky financial situation in which VVWRA finds itself was described in the minutes detailing a May board presentation by an accounting supervisor.

VVWRA projected a positive \$2.6 million cash flow at the end of the fiscal year.

But if the agency were to operate two subregional plants in Apple Valley and Hesperia, the official said, its overall fund would be driven into the red in 2018, with a negative \$3.2 million balance expected by 2019.

The agency does have \$7.9 million in reserves, but dipping into that fund is an acknowledged temporary solution.

During that May board meeting, it was also suggested the board “may wish to consider loaning VVWRA funds in the short term so that it might be possible to mitigate the size of (rate) increases.” The agency was unable to finance any debt since it fell short (0.82) of meeting its 1.1 debt coverage ratio.

Compounding the issue, VVWRA officials still haven’t been told, Wylie confirmed Thursday, whether \$32 million in emergency funding will be disallowed after the management of those dollars for a since-completed major pipeline replacement project was sharply criticized by federal auditors in January.

In April 2016, the Victorville City Council formally provided notice to end its service agreement with VVWRA, the culmination of angst at the dais over the agency’s project list and how those projects had been handled.

Under the agreement, the heads-up required to terminate ties is 30 years.

Shea Johnson can be reached at 760-955-5368 or SJohnson@VVDailyPress.com. Follow him on Twitter at @DP_Shea.

With \$32 million at stake, wastewater agency still waiting

By Shea Johnson
Staff Writer

[Follow](#)

Posted at 1:12 PM

Updated at 1:12 PM

Local wastewater agency officials still haven't been told whether \$32 million in emergency funding will be disallowed after the management of those dollars was sharply criticized by auditors in January.

VICTORVILLE — Local wastewater agency officials still haven't been told whether \$32 million in emergency funding will be disallowed after the management of those dollars was sharply criticized by auditors in January.

The report by auditors with the U.S. Department of Homeland Security's Office of the Inspector General, released Jan. 24, concluded that Victor Valley Wastewater Reclamation Authority (VWVRA) **did not comply with federal regulations in awarding or administering \$31.7 million in three contracts** reviewed by OIG pertaining to the Upper Narrows Pipeline Replacement Project.

The Federal Emergency Management Agency (FEMA) was expected to decide by July 31 whether to accept the OIG's recommendation to disallow the sum of emergency funds as "ineligible costs," but when asked Thursday whether the wastewater authority had received word from FEMA, spokesman David Wylie responded: "Not that I'm aware of."

“I do know there’s been a lot of communication going on between us and them and sometimes these things take longer than expected,” Wylie said. “Certainly we feel that the OIG audit was not fair and we’re anxious to have them look at our documents and see that we acted in good faith.”

Two emails sent to a FEMA spokesperson this week were not answered.

VVWRA has also not received a follow-up report by the OIG that was expected to target “misleading information the Authority provided to develop the scope of work” for the project, Wylie confirmed.

Arlen Morales, an OIG spokesperson, said Thursday that auditors were “waiting on FEMA’s response to the draft” report. The OIG is expected, Morales said, to issue a final report as early as next summer.

From the get-go, VVWRA has strongly defended its fund management and documentation and pushed back against the auditors’ conclusions, pointing to how the authority worked closely with FEMA and the California Office of Emergency Services throughout the project, which broke ground in March 2014.

After an eight-month review, auditors claimed that FEMA “had no assurance that these costs were reasonable or that the Authority selected the most qualified contractors.”

But VVWRA officials said that auditors focused on a single engineer contract worth just \$1.3 million to draw their conclusions and that the tenor of the final audit shifted wildly from an earlier conference call where auditors — despite lingering questions over at least \$1.28 million in contract costs — appeared prepared to move forward with findings that the authority’s accounting and expenses were “generally acceptable.”

The looming FEMA decision will hold major implications for ratepayers in the Victor Valley as rate increases are almost certainly to occur if FEMA accepts disallowing the funds, although hikes would likely be two-and-a-half years out. If FEMA rejects the recommendation, the situation is likely to resolve with little more than a public relations blemish to the authority.

In late June, a staffing agency co-owned by San Bernardino County 1st District Supervisor Robert Lovingood submitted a letter to OIG expressing several concerns about VVWRA operations that OIG should investigate. Victorville-based ICR Staffing Services, Inc. had been a vendor to VVWRA between 2010 and 2015.

“Alarming, we were contacted by VVWRA a short-time after the news articles (about the audit), requesting extensive detail on prior contracts, invoicing and personnel assignments,” President Melanie Lovingood wrote in the letter obtained by the Daily Press. “We were shocked to learn of this massive gap in record keeping for services rendered over a period of five years, especially after learning of your office’s audit of their organization.”

Melanie Lovingood also questioned the lack of prevailing wage rates for the pipeline replacement contracts and reinforced earlier claims that the VVWRA bidding process was irregular.

In 2014, ICR filed a claim seeking to recover \$3.62 million in alleged lost wages from the authority for technical services rendered at the pipeline replacement project site. The claim was denied and ICR opted not to sue.

“VVWRA has been aware of the situation for several years and the issue is currently being addressed in the project completion process with CalOES,” VVWRA General Manager Logan Olds said in a statement. “As part of our internal audit, our team requested additional detailed information from ICR to further substantiate our audit documentation.”

The letter also addressed the history between the 1st District supervisor and Angela Valles, who unsuccessfully ran against Robert Lovingood in 2016 and is the current finance director for the authority.

“A political rivalry exists,” Melanie Lovingood wrote, “but should not overshadow the concern of proper reporting and proper payment of wages, which is the reason for my letter.”

The \$42-million pipeline replacement project in question **was declared** “functionally finished” a year ago. It permanently replaced a temporary pipeline installed after severe storms in December 2010 washed out and

ruptured a portion of nearly 30-year-old sewer line in the Mojave River, spilling 42 million gallons of sewage into the river in the process.

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Victor Valley Wastewater Reclamation Authority



CONSTRUCTION DEPARTMENT REPORT

August 2017

SubRegionals TOAV Change Order Summary

August 2017

Bids Opened – November 7, 2014

Contractor: W.M. Lyles Co., Temecula, CA

Notice To Proceed Date:	2/27/2015
Original Contract Days:	821
Original Contract Completion Date:	6/7/2017
Additional Contract Days:	
Revised Contract Completion Date:	
Original Contract Amount:	\$32,670,000.00
Revised Contract Amount:	\$33,395,504.93
Change Order Value to Original:	2.221%

Change Order #	Change Order Date	Change Amount	Contract Amount
1	July 16, 2015	0	-
2	Feb 18, 2016	\$288,062.22	\$32,958,062.22
3	Feb 18, 2016	(\$48,730.95)	\$32,621,269.05
4	April 26, 2016	\$205,409.03	\$33,114,740.30
5	Dec 8, 2016	\$230,957.75	\$33,345,698.05
6	May 18, 2017	\$49,806.88	\$33,395,504.93
Net Change		\$725,504.93	\$33,395,504.93

Note: CO #1 was only to incorporate the proper Davis-Bacon wage listing

Processed Pay Requests

Lyles Total to Date \$28,973,446.17
MWH Total to Date \$1,698,100.01

SubRegionals HESP Change Order Summary

August 2016

Bids Opened – November 7, 2014

Contractor: W.M. Lyles Co., Temecula, CA

Notice To Proceed Date:	2/27/2015
Original Contract Days:	821
Original Contract Completion Date:	6/7/2017
Additional Contract Days:	
Revised Contract Completion Date:	
Original Contract Amount:	\$33,220,000.00
Revised Contract Amount:	\$33,928,198.21
Change Order Value to Original:	2.132%

Change Order #	Change Order Date	Change Amount	Contract Amount
1	July 16, 2015	0	-
2	Feb 18, 2016	(\$82,532.28)	\$33,137,467.72
3	April 26, 2016	\$201,010.27	\$33,338,477.99
4	Dec 8, 2016	\$154,027.13	\$33,492,505.12
5	May 18, 2017	\$435,693.09	\$33,928,198.21
Net Change		\$708,198.21	\$33,928,198.21

Note: CO #1 was only to incorporate the proper Davis-Bacon wage listing

Processed Pay Requests

Lyles Total to Date \$32,309,360.82
MWH Total to Date \$1,733,106.00

*Nanticoke Bypass**Change Order Summary*

August 2017

Bids Opened – September 24, 2015

Contractor: Christensen Brothers

Notice To Proceed Date:	4/4/2016
Original Contract Days:	270
Original Contract Completion Date:	12/30/2016
Additional Contract Days:	147
Revised Contract Completion Date:	5/26/2017
Original Contract Amount:	\$3,207,896.00
Revised Contract Amount:	\$3,868,847.05
Change Order Value to Original:	20.60%

Change Order #	Change Order Date	Change Amount	Contract Amount
1	Dec 8, 2016	\$454,252.60	\$3,207,896.00
2	May 18, 2017	\$206,698.45	\$3,868,847.05
3	To Board Sept 21		
Net Change		\$660,951.05	\$3,868,847.05

Processed Pay Requests

CB Total to Date	\$3,660,745.34
AECOM to Date	\$472,373.00

Project Construction is Complete

Monthly Construction Department Report August 2017

SUMMARY OF WORK:

Subregional WRPs

- Continuing construction on Hesperia WRP
- Work with CM reviewing possible change orders
- Continuing equipment testing and Staff training
- Weekly progress meeting with CM and Contractor
- Receiving submittals and RFI's
- Continuing construction at Apple Valley WRP
- Continuing on Hesperia Lift Station
- Met with consultant on electronic O&M
- Continuing Staff training on Hesperia WRP
- Completed 8 hour functional testing at Hesperia WRP and Lift Station
- Started 7-day testing on August 31

Laboratory Building

- Put on Hold

Westside Plant Spill Containment

- Design agreement with Michael Baker International

Digesters 4 & 5 Supernatant Line

- Put on Hold

Oro Grande Crossing the Mojave River

- Continuing environmental clearance

Nanticoke Pump Station Bypass Sewer

- Completed construction work

Desert Knolls Wash Interceptor Design

- Board awarded Design to Carollo Engineers
- Issued Contract

UPCOMING WORK IN September:

Subregionals

- Continue Apple Valley WRP construction
- Continue Hesperia WRP construction
- Hesperia equipment startup, 7-day test
- Seed WRP for operations testing with wastewater
- Begin AV WRP 8 hour functional testing

Laboratory Building

- On Hold

Westside Plant Spill Containment

- Continue design

Digesters 4 & 5 Supernatant Line

- On Hold

Ossum Wash

- Hold for FY 17/18

Oro Grande Crossing the Mojave River

- Complete design and prepare for bid

Nanticoke Pump Station Bypass Sewer

- Prepare final change order
- Complete project close out
- File Notice of Completion

Desert Knolls Wash Interceptor

- Schedule Design kickoff meeting
- Begin Design