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# CEO

Chief Executive Officer



**TO: BOARD OF DIRECTORS**  
**FROM: NORMA J. CAMACHO**

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## CEO BULLETIN

**Week of September 30 – October 6, 2016**

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Provide Board with a copy of the SDCWA P3 Term Sheet, PowerPoint Presentation from July tour, and definitive agreement ASAP  
I-16-0035

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### Board Policy EL-7: Communication and Support to the Board

*The BAOs inform and support the Board in its work.*

*Further, a BAO shall:*

*Inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.*

*Report in a timely manner an actual or anticipated noncompliance with any policy of the Board.*

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### **Fiscal Year 2015-2016 Annual Report of District Rental Property Income and Expenses**

The water district acquires properties that are required for future water district projects or programs. Prior to the commencement of these projects, the water district will seek to keep some of these properties occupied by leasing them at fair market rates, per Board Resolution No. 09-78.

The Resolution requires the CEO to report the annual rental income and expenses of water district properties by October 31 each year. Below is the Fiscal Year (FY) 2015-2016 Annual Report of Water District Rental Property Income and Expenses.

In FY 2015-2016, the water district managed a total of 114 properties: 61 non-residential and 53 residential properties. This is an increase of 20 over FY 2014-2015.

The total net income for FY 2015-2016 increased by 5% (\$68,553) from the previous fiscal year, from \$1.356 million to \$1.425 million. Total gross income increased by 4% (\$76,971) from \$1.790 million to \$1.867 million from rent increases on residential properties.

Total gross expenses increased by 2% (\$8,418) from \$0.433 million to \$0.441 million due to increased Possessory Use Taxes and property management charges. Property management charges are based on 8% of the total rent paid by the tenants in residential properties. The property management company charges an average of \$2,371 per property for the 53 residential properties.

For further information, please contact Melanie Richardson at (408) 630-2035.

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### **Update on the Purchase of the District Water Truck**

In May 2016, as part of the Fiscal Year 2016-2017 budget, the board approved \$185,000 to purchase a water truck for multi-purpose uses, such as disaster events and as part of public outreach.

#### Disaster Events

During disaster events, the truck is fully self-contained and could be dispatched to any location within the water district's service area to provide water to citizens or first responders. The truck will be designed to:

- Setup within 5 minutes of arrival
- Dispense ice cold water to fill water bottles or cups
- Provide 4,000-5,000 servings per fill
- Have dispensers positioned to handle high volumes of users
- Use gravity flow so that no generator is needed

### Public Outreach

During public events, the water district's water truck will help minimize environmental impacts from the use of disposable water bottles. Also, at such events, when tap water is not readily available to refill containers or the public is reluctant to refill them using a water fountain or faucet in public restrooms, the water truck could fill that gap and provide us the opportunity to educate the public about the safety and quality of tap water, the need for household emergency potable water supplies, and other water district products and programs.

### Purified Water

At this time, the water district is not authorized to serve purified water outside Silicon Valley Advanced Water Purification Center facility, so the water truck will not contain purified water.

However, California Governor Jerry Brown recently signed Assemblymember Richard Gordon's Assembly Bill 2022, which will allow the water district to distribute small bottles of highly purified reused water for free. The water district supported and lobbied for this legislation to ensure that the water district is able to educate the public on the benefits of recycled water. This legislation will allow for side by side tasting of the water district's water supplies when the water truck is in the community.

### Truck Design and Delivery

The water district's truck is modeled after a similar truck purchased by the City of Santa Clara. The City of Santa Clara's truck took approximately 18-20 months to be ready for use.

The water district's truck is expected to be delivered by the end of May 2017 and put into service by July 1, 2017, after the graphics are applied and staff are trained how to operate it. The truck will be able to carry approximately 500 gallons of water and could be driven by any water district employee with a Class C driver's license.

For further information, please contact Ravi Subramanian at (408) 630-3021.

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### **Follow-up Update on Financing Activities**

This is a follow-up to the Update on Financing Activities that was submitted in the CEO Bulletin for the week of September 26-30, 2016.

As reported in the September 26-30, 2016 CEO Bulletin, the water district is currently working on negotiating a \$75 million Revolving Line of Credit to ensure sufficient liquidity is available to finance the FY 2017 Capital Improvement Plan (CIP), which includes \$151 million budget for Water Utility and \$142 million for Safe, Clean Water Program. The highest ranked proposer for the Request for Proposal (RFP), Wells Fargo Bank, N.A. (WFB), is currently experiencing continuing concerns as a result of the bank's retail banking issues.

The retail banking issues involve WFB's announcement on September 8, 2016, regarding a settlement agreement to pay \$100 million to the Consumer Financial Protection Bureau, \$35 million to the Office of the Comptroller of the Currency, \$25 million to the Treasurer of the County of Los Angeles and \$25 million to the Treasurer of the City of Los Angeles, regarding unauthorized accounts WFB opened for retail banking customers.

On September 28, 2016 the state of California Treasurer announced that it is suspending WFB from the state's investment broker/dealer pool and debt underwriting pool for one year. Various other states and municipalities have taken different viewpoints on this matter. For example, the city of Charlotte, the states of Florida, Nevada, and Massachusetts have affirmed their continued municipal banking relationships with WFB. The states of Illinois and Connecticut and cities of New York and Chicago have taken action on current underwriting business with WFB.

In light of the settlement agreement, the ongoing media reports, and the ensuing actions from various states and municipalities, the water district reached out to WFB to obtain clarification on this matter. WFB submitted a letter to the water district outlining the issues and actions it has taken to address these issues. The WFB letter and various news reports on this matter are included in the board's October 7, 2016, Non-Agenda package.

For further information, please contact Najon Chu at (408) 630-2208.

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## **BOARD MEMBER REQUESTS**

### **Kremen**

**Provide Board with a copy of the SDCWA P3 Term Sheet, PowerPoint Presentation from July tour, and definitive agreement ASAP  
I-16-0035**

Copies of all three requested documents were obtained from the San Diego County Water Authority (SDCWA) and provided to the board in the board's September 30, 2016, Non-Agenda package.

For further information, please contact Katherine Oven at (408) 630-3126.