

MINUTES OF A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, AUGUST 28, 2019 AT 4:00 P.M.  
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,  
SAN MARCOS, CALIFORNIA

Director Sannella called the meeting to order at the hour of 4:03 p.m.

Present:                    Director Sannella  
                                 Director Martin  
                                 General Manager Pruim  
                                 Finance Manager Owen  
                                 Financial Analyst Arthur  
                                 Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

Finance Manager Owen provided a presentation which included the following:

- Reserves and Reclaimed
- June 30, 2019 Reserves
- Replacement Reserves
- Capacity Reserves
- Budget Comparisons
- Reclaimed Water Sales
- Smart Meter Pilots

YEAR END RESERVES

Finance Manager Owen stated CalPERS will be releasing their actuarial valuation on August 31, 2019. New basis information from the valuation will be used when making the \$8.1 Million payment to CalPERS.

General discussion took place regarding the reserves floor and ceiling and the District's reserve policy. Finance Manager Owen clarified that operating reserves equal six months of operating expenses per District policy. General Manager Pruim explained that rate stabilization is calculated when the reserve ending balance is above the ceiling. Possible revisions to the reserve policy were discussed including setting a target range percentage for the floor and ceiling.

Finance Manager Owen stated the total water and sewer replacement reserve balance as of June 30, 2019 was \$79.2 Million compared to \$72.4 Million as of June 30, 2018. Overall, reserves are better than projected. Making the \$8.1 Million payment to CalPERS should not be an issue.

### RECLAIMED WATER SALES

Finance Manager Owen provided an update on this item. Staff reviewed the rate model to ensure all operating and capital costs for reclaimed water are being recovered and established a new rate model. Staff met with Olivenhain Municipal Water District (OMWD) and Carlsbad Municipal Water District (CMWD) to discuss VWD's cost recovery proposal and development of new contracts; however, nothing has been agreed upon to date. VWD can collect up to 75% of the wholesale cost of potable water per its current contracts with CMWD and OMWD.

In Fiscal Year 2018, the District collected approximately \$665 per acre foot in reclaimed water sales equaling \$1.8 Million from CMWD and OMWD combined. Those funds covered the District's operational costs and a portion of its capital costs, but not all capital costs. Utilizing the new rate model, staff estimates collecting approximately \$1,285 per acre foot equaling \$2.9 Million in reclaimed water sales, which will fully cover operational and capital costs.

### SMART METER PILOT

Finance Manager Owen stated staff is reviewing two smart meter pilot programs with Capstone Meters and Flume. Capstone Meters has a web-based AMI smart meter which differs from the current AMR meters that require staff to drive by to collect data. AMI meters provide real-time data on a web platform via towers. The downside with Capstone Meters is that AMI meters are very expensive, their web platform is not fully developed, and they are a very small company. Capstone has offered to install 25 meters for four to six months with no cost obligation. Legal counsel reviewed the pilot agreement and staff is considering moving forward with the pilot program.

General Manager Prum stated Flume is another pilot program in which a device is strapped on to an existing meter. The flume device connects to the Wi-Fi via a wireless bridge inside a residence, sending signals and allowing data to be obtained by the resident and the District. The District is going to purchase 20 Flume devices to be tested by volunteers (staff, Board members). The downside with Flume is that it does not integrate with the District's billing system and only provides consumption data and possible leak information. The Flume device is not a replacement for existing meters.

### OTHER BUSINESS

None.

### PUBLIC COMMENT

None.

### ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:07 p.m.