

AGENDA FOR A SPECIAL MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
THURSDAY, FEBRUARY 27, 2020, AT 5:00 P.M.  
AT THE DISTRICT OFFICE  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT EVANS

PLEDGE OF ALLEGIANCE

ROLL CALL

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity which severely imperils public health, safety, or both. Also, items which arise after the posting of the Agenda may be added by a two-thirds vote of the Board of Directors.

ADOPT AGENDA FOR THE SPECIAL MEETING OF FEBRUARY 27, 2020

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

NOTICE TO THE PUBLIC

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

PUBLIC HEARING

1.1 PUBLIC HEARING TO CONSIDER WATER SERVICE RATE CHANGES

**Recommendation: 1) Hold Public Hearing**

**\*\*\*\*\*END OF PUBLIC HEARING\*\*\*\*\***

2.1 ORDINANCE ESTABLISHING RATES, RULES, AND REGULATIONS FOR WATER SERVICE RATE INCREASE

A Public Hearing was noticed and held at the Vallecitos Water District in accordance with Proposition 218 on Thursday, February 27, 2020.

**Recommendation: Adopt Ordinance**

\*\*\*\*End of Action Items\*\*\*\*

OTHER BUSINESS

4.1 MEETINGS

\*\*\*\*END OF OTHER BUSINESS\*\*\*\*

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

\*\*\*\*END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS\*\*\*\*

6.1 ADJOURNMENT

\*\*\*\*END OF AGENDA\*\*\*\*

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website [www.vwd.org](http://www.vwd.org)

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 7:30 p.m., Monday, February 24, 2020.

\_\_\_\_\_  
Diane Posvar

**DATE: FEBRUARY 27, 2020**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: WATER RATES AND ORDINANCES FOR 2020**

**BACKGROUND:**

A Notice of Public Hearing was mailed to all account holders of the District in accordance with Proposition 218 (Prop 218) notice requirements and advised District customers of the Public Hearing date, time and place, and of proposed changes to water commodity rates, and Ready-to-Serve (RTS) charges.

Proposed rate changes in the Prop 218 Notice were based on recommendations from a Cost of Service and Rate Structure Study (COSARSS) approved by the board on June 7, 2017. The District retained Raftelis in August of 2019 to analyze the COSARRS and update rates by incorporating the fiscal year 2020 revenue requirement from the adopted FY 2019-2020 budget. Raftelis completed their analysis and prepared a Water Cost of Service Rate Study Report which is included as addendum to the 2017 District rate report (addendum). The analysis was conducted in accordance with state law, industry standards, and the State Water Resource Control Board (SWRCB) Revenue Program Guidelines. A copy of the COSARSS and addendum can be found at [www.vwd.org/departments/budget-finance](http://www.vwd.org/departments/budget-finance). The public hearing is being held to consider public comment and rates proposed in the Prop 218 Notice.

**DISCUSSION:**

Due to cost increases, primarily the cost of water purchased from the San Diego County Water Authority, current water rates are not adequate to fund District operations as adopted in the FY 2019-2020 budget. The following changes to water rates are recommended in the addendum to the COSARRS:

Water Commodity Rates per Unit			Water Monthly Ready-to-Serve Charges		
	Current	March 2020	Meter Size	Current	March 2020
Tier 1	\$ 3.66	\$ 3.77	5/8"	\$ 35.32	\$ 36.55
Tier 2	4.60	4.75	3/4"	36.52	36.55
Tier 3	8.87	9.18	1"	55.29	53.31
			1.5"	130.67	137.11
			2"	214.68	220.91
			3"	356.22	338.23
			4"	552.94	505.83
			6"	1,105.88	1,008.63
			10"	2,549.36	2,349.43
			Multiple Dwelling Unit	11.18	10.06
			Temporary Meters	257.33	338.23
			Fire Line per diameter inch	5.87	7.55

An ordinance reflecting the above rates is presented for adoption.

Under the rules of Proposition 218, if written protests to the rate increases are received by a majority of the District's customers by the conclusion of the Public Hearing the Board of Directors will not adopt the new rates. The Board of Directors have been provided a copy of the written protests in response to the Prop 218 Notice.

**FISCAL IMPACT:**

The recommended increases meet the revenue requirement established in the District's adopted 2019/20 Budget which can be found at [www.vwd.org/departments/budget-finance](http://www.vwd.org/departments/budget-finance). The Budget anticipates water replacement reserves will decline by \$5.1 million by June 30, 2020 but be maintained above minimum levels and the debt service coverage requirement will be met.

**RECOMMENDATION:**

Staff recommends that the Board consider and adopt Ordinance XXX establishing rates, rules, and regulations for water service.

**ATTACHMENTS:**

Ordinances

**ORDINANCE NO. 207**  
**AN ORDINANCE OF THE VALLECITOS WATER DISTRICT**  
**REPEALING ORDINANCE NO. 2072 AND ESTABLISHING RATES, RULES, AND**  
**REGULATIONS FOR WATER SERVICE**

BE IT ORDAINED by the Board of Directors of the Vallecitos Water District as follows:

SECTION 1: The Board of Directors finds and determines that the following facts are true and correct:

Section 1.1: The Vallecitos Water District ("District") has the authority to establish water rates and charges for services provided within the District boundaries in accordance with Water Code Section 31024, et seq.

Section 1.2: At least 45 days prior to ~~February 27, 2020~~~~September 20, 2017~~, public notice was provided detailing the need for increases and specifying uses of revenues generated from the increase.

Section 1.3: Having heard, reviewed and considered the Cost and Rate Structure Study, approved on June 7, 2017 ~~and the Water Cost of Service Rate Study Report, an addendum to the 2017 District rate report dated February, 2020~~, the staff report and information from interested persons who have had an opportunity to express their views, and being advised of the proposed changes and increases in rates, the Board of Directors voted ~~5-0~~ in favor of the proposed increases presented at the ~~February 27, 2020~~~~September 20, 2017~~ meeting and finds that it is in the best interests of the District and the customers served to approve the changes in rates contained in this Ordinance.

Section 1.4: The rates for water service fees set forth in this Ordinance are comprised of two components – the water commodity charge, and the ready-to-serve charge. The water commodity charge recovers the variable costs of providing water service, as well as a portion of the fixed costs of providing such service. The water commodity charge includes three tiers, pursuant to which increased rates are charged for increased water usage to account for increased District costs, such as costs for water supply, peaking, and conservation. For customers other than agricultural customers, or temporary construction customers, tier widths are determined based on the size of the meter serving the property to account for greater reservations of capacity purchased in the system, as well as higher Ready-To-Serve rates. The Ready-To-Serve charge recovers a portion of the fixed costs of providing water service, and is determined based on the size of the meter serving the property, or as otherwise provided herein.

Section 1.5: he District's rates for water service charges are calculated to recover the costs of the District in providing water services and to proportionately allocate those costs among the water customers. The revenues derived from the water service charges will not exceed the funds required to provide water services and shall be used exclusively for providing water service. The water service charges will not exceed the proportional cost of the services attributable to each parcel upon which they are imposed. The water service charges will not be imposed on a parcel unless the water services are actually used by, or immediately available to, the owner of the parcel; and

SECTION 2: In accordance with the California Environmental Quality Act Guidelines Section 15061, the Board of Directors ordains that the water rate fees established by this ordinance are exempt from CEQA for the following reasons:

1. The water rates are not a "project" as defined by Guidelines Section 15378;
2. The project is exempt in accordance with Guidelines Section 15273(1), 15273(3), and 15274(4); and
3. The activity will not have any significant effect upon the environment pursuant to Guidelines Sections 15061(b) (3).

SECTION 3: The Board of Directors of the District orders and directs that the foregoing exemptions and reasons be made a part of the Notice of Exemption and that the Notice of Exemption be filed with the County Clerk of the County of San Diego.

SECTION 4. Ready-To-Serve Charge:

Section 4.1: Wholesale Fixed Charges: San Diego County Water Authority (Water Authority) is the wholesale water purveyor. The Water Authority establishes fixed monthly charges and, by District policy, these charges automatically pass through to all customers served by the District in addition to the District retail Ready-to-Serve Charge. Charges may be modified by the wholesale agencies from time to time. ~~Significant variances in wholesale rates may cause these rates to be adjusted to accommodate the pass-through of the actual wholesale rates.~~

Section 4.2: Ready-To-Serve Charge Rate Schedule:

Monthly Ready-to-Serve (RTS) charges are as follows and shall take effect on March 1, 2020:

Water Monthly Ready-to-Serve Charges		
Meter Size	Current	March 2020
5/8"	\$ 35.32	\$ 36.55
3/4"	36.52	36.55
1"	55.29	53.31
1.5"	130.67	137.11
2"	214.68	220.91
3"	356.22	338.23
4"	552.94	505.83
6"	1,105.88	1,008.63
10"	2,549.36	2,349.43
Multiple Dwelling Unit	11.18	10.06
Temporary Meters	257.33	338.23
Fire Line per diameter inch	5.87	7.55

Water Monthly Ready-to-Serve Charges		
Meter Size	Effective January:	
	2018	2019
5/8"	\$ 33.25	\$ 35.32
3/4"	36.52	36.52
1"	55.29	55.29
1.5"	120.63	130.67
2"	194.35	214.68
3"	356.22	356.22
4"	552.94	552.94
6"	1,105.88	1,105.88
10"	2,549.36	2,549.36
Multiple Dwelling Unit	11.18	11.18
Temporary Meters	230.91	257.33
Fire Line per diameter inch	5.87	5.87

Section 4.3: Additional Living Unit: In addition to the monthly Ready-to-Serve charge based on meter size, on meters that serve more than one dwelling unit, there will be a monthly Multiple Dwelling Unit Charge as noted in the preceding table for each dwelling unit exceeding the first one.

SECTION 5: COMMODITY CHARGE:

Section 5.1: Wholesale Commodity Charges: The Water Authority is the wholesale water purveyor, who establishes wholesale commodity charges. By District policy, these charges automatically pass through to all customers served by the District on a per-water-unit consumed basis in addition to the District retail commodity rate. The current wholesale charges may be modified by the wholesale agencies from time to time. ~~Significant modifications in wholesale rates may cause these rates to be adjusted to accommodate the pass-through of the actual wholesale rates.~~

Section 5.2: Retail Commodity Charge: In addition to the monthly retail Ready-to-Serve Charge, all water delivered through a water meter for all classes of service will be charged retail rates, in addition to the wholesale pass-through.

Section 5.3: Commodity Rate and Tier Schedule: Commodity rates per unit are as follows and shall take effect on March 1, 2020. One unit equals 748 gallons or 100 cubic feet of water:

Water Commodity Rates per Unit		
	Current	March 2020
Tier 1	\$ 3.66	\$ 3.77
Tier 2	4.60	4.75
Tier 3	8.87	9.18

Water Commodity Rates per Unit		
Effective January:		
	2018	2019
Tier 1	\$ 3.38	\$ 3.66
Tier 2	4.43	4.60
Tier 3	8.47	8.87
Tier 4		

Rates include the wholesale cost passed through and may change to reflect the actual cost of water.

Tier ranges in units of use effective ~~March 1, 2020~~ January 1, 2018, are as follows:

Tier Allocations in Units (748 gallons)			
Meter Size	No Change		
	Tier 1	Tier 2	Tier 3
5/8" & 3/4"	1 - 6	7 - 21	22 +
1"	1 - 16	17 - 78	79 +
1.5"	1 - 43	44 - 196	197 +
2"	1 - 85	86 - 335	336 +
>2"	1 - 430	431-1,190	1,191 +
Agricultural		1 +	
Temporary Construction			1 +

Water Commodity Tier Structure in Units			
Meter Size	Effective January 2018		
	Tier 1	Tier 2	Tier 3
<1"	1 - 6	7 - 21	22 +
1"	1 - 16	17 - 78	79 +
1.5"	1 - 43	44 - 196	197 +
2"	1 - 85	86 - 335	336 +
>2"	1 - 430	431-1,190	1,191 +
Certified Agricultural		1 +	
Temporary Construction			1 +

Section 5.4: Special Agricultural Water Rate:- In accordance with District and San Diego County Water Authority (CWA) rules, the District and Owner acknowledge that Agricultural Water Rate Programs shall be limited to:

- Water used for the growing or raising, in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, or agricultural, horticultural, or floriculture products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market.
- A minimum of one acre of land densely planted for commercial purposes.
- The customer meter account must have been enrolled in Metropolitan Water District's (MWD) Interim Agricultural Water Program (IAWP) as of January 1, 2009.



- Meter and account must be in compliance with all District ordinances, resolutions, rules, and regulations.

Agricultural customers that are certified by the District as having at least one acre fully planted for commercial use and meeting other requirements, and participate in the Water Authority's Special Agricultural Water Rate (SAWR) program receive a discount, as defined by the CWA, on each unit (100 cubic feet) of agricultural water metered.

Agricultural customers not participating in SAWR are eligible for the District's Certified Non-Participating Agricultural Water Rate (CNPAWR) which is set at Tier 2.

For customers with domestic and agricultural water combined through the same meter, the first 26 units of usage are considered domestic, therefore the reduced rates do not apply to the first 26 units of use.

~~Agricultural customers that are certified by the Vallecitos Water District as having at least one acre fully planted for commercial use and meeting other requirements, and participate in the Water Authority's Special Agricultural Water Rate program receive a discount in 2018 of \$0.94 on each unit (100 cubic feet) of agricultural water metered. For customers with domestic and agricultural water combined through the same meter, the first 26 units of usage are considered domestic, therefore the \$0.94 discount does not apply to the first 26 units of use. The 2019 discount will be determined when the Water Authority adopts 2019 rates.~~

**SECTION 6:** This Ordinance shall become effective upon adoption. This ordinance shall be published one (1) time in an adjudicated newspaper of general circulation within the District within 10 days of adoption.

ALL OTHER ORDINANCES, ARTICLES OR SECTIONS OF ORDINANCES, OR AMENDMENTS IN CONFLICT HEREWITH ARE HEREBY REPEALED.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held this 27<sup>th</sup> 4<sup>th</sup> day of February, 2020 ~~October, 2017~~, by the following roll call vote:

AYES:                    ~~HERNANDEZ, MARTIN, SANNELLA, ELITHARP~~  
 NOES:  
 ABSTAIN:  
 ABSENT:                ~~EVANS~~

~~Betty Evans~~Craig Elitharp, President  
 Board of Directors  
 Vallecitos Water District

ATTEST:

\_\_\_\_\_  
 Glenn Pruum, Secretary  
 Board of Directors  
 Vallecitos Water District

**ORDINANCE NO.**  
**AN ORDINANCE OF THE VALLECITOS WATER DISTRICT**  
**REPEALING ORDINANCE NO. 207 AND ESTABLISHING RATES, RULES, AND**  
**REGULATIONS FOR WATER SERVICE**

BE IT ORDAINED by the Board of Directors of the Vallecitos Water District as follows:

SECTION 1: The Board of Directors finds and determines that the following facts are true and correct:

Section 1.1: The Vallecitos Water District ("District") has the authority to establish water rates and charges for services provided within the District boundaries in accordance with Water Code Section 31024, et seq.

Section 1.2: At least 45 days prior to February 27, 2020, public notice was provided detailing the need for increases and specifying uses of revenues generated from the increase.

Section 1.3: Having heard, reviewed and considered the Cost and Rate Structure Study, approved on June 7, 2017 and the Water Cost of Service Rate Study Report, an addendum to the 2017 District rate report dated February, 2020, the staff report and information from interested persons who have had an opportunity to express their views, and being advised of the proposed changes and increases in rates, the Board of Directors voted in favor of the proposed increases presented at the February 27, 2020 meeting and finds that it is in the best interests of the District and the customers served to approve the changes in rates contained in this Ordinance.

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Fire Line per diameter inch	5.87	7.55

**Section 4.3: Additional Living Unit:** In addition to the monthly Ready-to-Serve charge based on meter size, on meters that serve more than one dwelling unit, there will be a monthly Multiple Dwelling Unit Charge as noted in the preceding table for each dwelling unit exceeding the first one.

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Agricultural		1 +	
Temporary Construction			1 +

**Section 5.4: Special Agricultural Water Rate:** In accordance with District and San Diego County Water Authority (CWA) rules, the District and Owner acknowledge that Agricultural Water Rate Programs shall be limited to:

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- A minimum of one acre of land densely planted for commercial purposes.
- The customer meter account must have been enrolled in Metropolitan Water District’s (MWD) Interim Agricultural Water Program (IAWP) as of January 1, 2009.
- Meter and account must be in compliance with all District ordinances, resolutions, rules, and regulations.

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SECTION 6: This Ordinance shall become effective upon adoption. This ordinance shall be published one (1) time in an adjudicated newspaper of general circulation within the District within 10 days of adoption.

ALL OTHER ORDINANCES, ARTICLES OR SECTIONS OF ORDINANCES, OR AMENDMENTS IN CONFLICT HEREWITH ARE HEREBY REPEALED.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held this 27<sup>th</sup> day of February, 2020, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

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Betty Evans, President  
 Board of Directors  
 Vallecitos Water District

ATTEST:

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Glenn Pruum, Secretary  
 Board of Directors  
 Vallecitos Water District