

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 15, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Regular meeting to order at the hour of 5:00 p.m. The meeting was held via teleconference.

Present: Director Elitharp
Director Hernandez
Director Martin
Director Sannella
Director Evans

Staff Present: General Manager Pruim
Legal Counsel Norvell
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Public Information/Conservation Supervisor Robbins
Principal Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 15, 2020

20-07-07 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of July 15, 2020.

PUBLIC COMMENT

None.

PRESENTATION

Public Information/Conservation Supervisor Robbins presented the District's "Work We Do" video, "Tank Cleaning," that highlights the District's efforts to maintain a safe water supply.

CONSENT CALENDAR

20-07-08 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

- 1.1 Approval of Minutes
 - A. Finance/Investment Committee Meeting – June 29, 2020
 - B. Regular Board Meeting – July 1, 2020
- 1.2 Warrant List through July 15, 2020 - \$4,702,178.28
- 1.3
 - A. Water Meter Count – June 30, 2020
 - B. Water Production/Sales Report – 2019/2020
 - C. Quarterly Financial Report – June 30, 2020
 - D. Per Capita Water Consumption – June 30, 2020
 - E. Water Revenue and Expense Report – June 30, 2020
 - F. Sewer Revenue and Expense Report – June 30, 2020
 - G. Reserve Funds Activity – June 30, 2020
 - H. Investment Report – June 30, 2020
 - I. Legal Fees Summary – June 30, 2020
- 1.4 Operations & Maintenance Metrics Quarterly Report – June 30, 2020
- 1.5 Ordinance Establishing Administrative Charges to Recover Indirect Costs for Fiscal Year 2020/21
- 1.6 Resolution Adopting the Annual Pay Schedule with the Cost of Living Salary Adjustment for Fiscal Year 2020/21

PUBLIC HEARING

PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT "A" FOR THE FISCAL YEAR JULY 1, 2020 TO JUNE 30, 2021.

Finance Manager Owen stated the Board adopted Resolution No. 1570 at their Regular Board meeting on June 17, 2020, electing to collect sewer service fees on the tax roll for Improvement District "A" which includes all parcels that receive sewer service but not water service. The sewer service fees will be collected by the County of San Diego and then transferred to the District. The public hearing is required to receive public input on this item.

Staff recommended the Board adopt the resolution authorizing the sewer service fees for Improvement District "A" to be collected on the tax roll.

President Evans opened the hearing as duly noticed and posted to consider the collection of sewer service fees on the tax roll. The hearing opened at 5:14 p.m.

General discussion took place.

There being no persons wishing to address the Board, President Evans closed the hearing at 5:15 p.m.

20-07-09 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to adopt the resolution.

Resolution No. 1572 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Martin, Sannella, Evans
NOES:
ABSTAIN:
ABSENT:

ACTION ITEMS

APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020/21

Finance Manager Owen stated Article XIII B of the California Constitution (Proposition 4) requires the District to establish an appropriations limit on proceeds from property taxes each fiscal year (FY). The limit may increase annually by a factor comprised of the change in population and a change in the U.S. Consumer Price Index. Using those factors, the proposed limit for FY 2020/21 is increasing to \$894,356. The District receives an amount in excess of this limit; however, as a utility, the District is allowed to deduct depreciation in making the calculation. As the District's depreciation exceeds \$5 million, it is not affected by the limit.

Staff recommended the Board adopt the resolution establishing the appropriations limit for FY 2020/21.

20-07-10 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the resolution.

Resolution No. 1573 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Martin, Sannella, Evans
NOES:
ABSTAIN:
ABSENT:

AWARD OF WATER RATE COST OF SERVICE STUDY CONSULTANT AGREEMENT

General Manager Pruim stated the purpose of the Cost of Service Study (COSS) is to determine how to fairly allocate costs associated with the District's water operations.

Finance Manager Owen stated that on August 7, 2019, the Board authorized the General Manager to enter into a contract with Raftelis Financial Consultants, Inc. to perform a COSS. Due to time restraints and unforeseen circumstances, Raftelis was unable to complete the COSS at that time; however, the District is still in need of a water COSS to establish the appropriate allocation of costs and develop a rate model. Staff negotiated with Raftelis for a Comprehensive Water COSS for 2021 at a fee of \$62,031 which is lower than the previous contract cost of \$63,020.

Staff recommended the Board authorize the General Manager to enter into a contract with Raftelis Financial Consultants, Inc. to prepare a Cost of Service Study for FY 2021.

General Manager Pruim clarified that the COSS will focus on water only and not wastewater. Consideration of any necessary rate adjustments could take place by the end of this calendar year to be effective in January or February of 2021.

General discussion took place.

20-07-11 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to authorize the General Manager to enter into a contract with Raftelis Financial Consultants, Inc.

COVID FINANCIAL REPORTING PRESENTATION

General Manager Pruim stated staff worked with other agencies and the American Water Works Association to estimate the financial impact COVID-19 may have on the District. In preparing the FY 2020/21 budget, staff developed assumptions based on the estimates to address the financial impacts. Staff committed to providing the Board monthly updates to determine the accuracy of the assumptions made in preparation of the budget. Data presented would reflect conditions through June 30, 2020.

Finance Manager Owen stated staff will provide actual versus budget data in the coming months, as FY 2020/21 has just begun, and historical trends.

Finance Manager Owen and Principal Financial Analyst Arthur facilitated a presentation, COVID-19 Financial Plan Update, as follows:

- Water Sales Composition
- Water Sales Comparison
- Water Sales/Production

- Billing Timelines in Days
- Delinquency Charges (Fees)
- Fee Waivers Due to COVID-19
- Number of Accounts Delinquent
- Delinquency Charges – Year-To-Date
- Accounts Not Locked Due to COVID-19 (June)
- Lock Charges – Year-To-Date
- Bad Debt Expense – Year-To-Date

General discussion took place during and after the presentation.

SAN MARCOS CHAMBER OF COMMERCE – MEET YOUR ELECTED OFFICIALS EVENT – PER DIEM APPROVAL

General Manager Pruim stated the San Marcos Chamber of Commerce’s annual “Meet Your Elected Officials” virtual event scheduled for July 23 is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 216; therefore, approval for per diem is required.

General discussion took place during which Director Sannella requested this event be added to the list of approved San Marcos Chamber of Commerce events.

Legal Counsel Norvell recommended the Board direct staff to bring back Ordinance No. 216 to be amended at a future Board meeting.

20-07-12 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to approve per diem for attendance to the San Marcos Chamber of Commerce “Meet Your Elected Officials” event.

Mike Hunsaker, member of the public, addressed the Board questioning if video conferenced “meet and greet” events should be eligible for per diems.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- The contractor for the San Marcos Interceptor sewer project will be pot holing to determine intersecting existing utilities in Tamarisk Boulevard and San Marcos Boulevard beginning next week which may cause traffic disruptions.

- Vallecitos crews will be working in San Marcos Boulevard this evening after 8:00 p.m. to replace a water service line near the Green Thumb Nursery. The eastbound lanes of San Marcos Boulevard will be impacted.

DISTRICT LEGAL COUNSEL

Legal Counsel Norvell provided an update on the Fair Political Practices Commission's (FPPC) recent amendment to its rules regarding financial conflicts of interest. The FPPC now requires that when a public official who has a conflict on an agenda item leaves a meeting early or comes late and is not present when the item is addressed, they must state their conflict and financial interest on the record.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the next Board meeting is scheduled for July 23.

President Evans further stated the SDCWA recently completed the refunding of two bonds resulting in a savings of over \$67 million in debt financing. A total of \$235 million in bond refunding savings has been realized since 2010.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported that the Capital Improvement Committee met this morning at which discussion took place regarding the continuing work on the co-generation wall. The Committee authorized a contract with Kennedy Jenks and a contract for the SCADA system.

Director Martin reported on his attendance to the Policy and Finance Committee meeting on July 14 at which leasing at the South Parcel was discussed.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Evans complimented staff on the Operations & Maintenance Metrics Quarterly Report.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 6:13 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 5, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Betty D. Evans, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District