

**AGENDA FOR A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, JUNE 28, 2021 AT 3:00 P.M.
VIA TELECONFERENCE**

NOTICE TO THE PUBLIC

Due to the evolving situation with the COVID-19 Novel Coronavirus, so long as state or local public health officials have imposed or recommended social distancing measures Vallecitos Water District will hold future meetings via teleconferencing and allow members of the public to observe and address the meeting telephonically or otherwise electronically. During this period of time, Vallecitos Water District will not be making any physical location available for members of the public to observe the meeting and offer public comment. The public is encouraged to watch and participate in the meeting from the safety of their homes. The meeting can be viewed on the agenda page located on the main page of the District's website. Public comments or questions can be submitted to the following email address: PublicComment@vwd.org. All written comments that are received 90 minutes before the meeting will be provided to the Committee members, and a record of the receipt of comment will be noted during the meeting. Members of the public viewing the meeting via the Zoom videoconferencing platform can express their desire to provide input at the appropriate time by utilizing the "Raise Hand" function. Additional instructions for online participation will be posted on the District's website. www.vwd.org/meetings

CALL TO ORDER - DIRECTOR SANNELLA

ITEM(S) FOR DISCUSSION

1. AUDIT
2. OVERHEAD RATES
3. STATUS OF DEBT ISSUANCE
4. RESERVE POLICY
5. PAST DUE ACCOUNTS

OTHER BUSINESS

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.

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.

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 5:30 p.m., Wednesday, June 23, 2021.

Diane Posvar

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, JUNE 28, 2021 AT 3:00 P.M.
VIA TELECONFERENCE

Director Sannella called the meeting to order at the hour of 3:00 p.m. The meeting was held via teleconference.

Present: Director Boyd-Hodgson
 Director Sannella
 District Engineer Gumpel
 Finance Manager Owen
 Accounting Supervisor Rathsam
 Principal Financial Analyst Arthur
 Administrative Secretary Johnson

Others Present: Shannon Ayala, DavisFarr, LLP
 Lora Carpenter, Fieldman Rolapp & Associates
 Robert Porr, Fieldman Rolapp & Associates

ITEM(S) FOR DISCUSSION

AUDIT

Finance Manager Owen stated the audit of the Fiscal Year (FY) Ended June 30, 2021, is underway. Audit staff began interim testing procedures last week. The final field work will take place in September.

Shannon Ayala of DavisFarr, LLP provided an overview of audit procedures which included a review of the SAS 114 Planning Letter, interim fieldwork, and final fieldwork. Staff will provide the Committee and Board with a copy of the SAS 114 Planning Letter.

OVERHEAD RATES

Finance Manager Owen stated this is an annual item that is addressed following the adoption of the budget as it is calculated based on the budget. He facilitated a presentation on the overhead rate for FY 2021/2022 as follows:

- Purpose
- Background/Methodology
- Methodology
- Current Year Calculation – Indirect Costs
- Current Year Calculation – Direct Costs
- Current Year Calculation
- Prior Year Comparisons
- Next Steps

Finance Manager Owen stated the overhead rate for FY 2021/2022 is 212.57%, an increase from last year's rate of 209.45%, mainly due to increased indirect costs. This item will be presented at the July 21, Regular Board meeting at which the Board will be asked to consider adoption of an ordinance establishing the overhead rate for FY 2021/2022.

General discussion took place.

STATUS OF DEBT ISSUANCE

Financial Advisor Lora Carpenter of Fieldman, Rolapp & Associates provided an overview of the debt issuance schedule to date. District staff has done a great job providing the necessary edits to the preliminary official statement. Her staff is on track to get the legal and disclosure documents ready for the Board's review at the August 4, Board meeting as well as confirmation of the rating for the debt issuance. Draft documents will be provided to the rating agencies within the next couple of weeks and preparations are being made for the call to the rating agencies which has been preliminarily scheduled for July 21.

RESERVE POLICY

Finance Manager Owen facilitated a presentation on the District's reserve policy as follows:

- Background
 - Industry Best Practices
 - Purpose
 - Reserve Policy Objectives
 - How to Establish a Reserve Policy
- District Policy
- District Policy – Targets
- Replacement Reserves
- Days in Cash
- Agency Comparison (10 agencies)
- Reserve Level Comparison

Principal Financial Analyst Arthur presented information on the following:

- Water Rate Comparison
- Total Bill Comparison – Water and Sewer
- Connection Fee Comparison

In summary, the District's reserve levels are the fifth lowest of 10 agencies, the fourth lowest of 22 agencies for water and sewer rates, and the third highest of 18 agencies for capacity fees.

Finance Manager Owen reviewed the pros and cons of five suggestions relating to the District's reserve policy that were received from a constituent.

General discussion took place during and after the presentation.

PAST DUE ACCOUNTS

Finance Manager Owen stated it is anticipated that the COVID related moratorium on locking customers for nonpayment will be lifted on September 30, 2021. Staff has been reaching out once a month via telephone and letters to customers with large past due balances. Customers that have responded to the District have been placed in the Special Care category and are not charged late fees while they work out a payment plan. In an effort to reach out to high balance customers who have not responded to the District, staff will be placing "snipe" messaging on their bills to alert them of the lifting of the moratorium and asking them to contact the District regarding their account.

Director Boyd-Hodgson volunteered to visit affected customers in her division to explain the situation to them and requested a list of customers. Staff will check on the legality of providing her with the list.

Director Sannella requested the number of customers affected be provided to the Committee and asked staff to investigate whether or not there are state or federal programs that may offer assistance with utility bills.

General discussion took place. This issue will be presented to the Board for discussion at a future Board meeting.

OTHER BUSINESS

None.

PUBLIC COMMENT

Gayle Martin, member of the public, stated the overhead rates and supporting calculations should have been made available to the public along with the agenda and expressed her concerns regarding rates assessed to developers and the reserve fund.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:57 p.m.