

MINUTES OF A WORKSHOP MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, APRIL 27, 2022, AT 5:00 PM, AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Elitharp called the Workshop Meeting to order at the hour of 5:00 p.m.

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez
Director Pennock
Director Sannella

Staff Present: General Manager Pruim
Assistant General Manager Gumpel
Legal Counsel Gilpin
District Engineer Hubbard
Finance Manager Owen
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Lopez
Accounting Supervisor Rathsam
Principal Financial Analyst Arthur
Information Technology Technician Todd
Executive Assistant Johnson

Director Sannella led the pledge of allegiance.

ADDITIONS TO THE AGENDA

None.

ADOPT AGENDA FOR THE WORKSHOP MEETING OF APRIL 27, 2022

22-04-11 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried unanimously, to adopt the agenda for the Workshop Meeting of April 27, 2022.

PUBLIC COMMENT

None.

ITEM FOR DISCUSSION

CAPITAL FACILITIES EXPANSION (CAPACITY) FUND PRESENTATION

President Elitharp stated the purpose of the Workshop Meeting was to continue discussion regarding the District's capacity funds and the differences in finances between the District's ratepayer funds and capacity funds.

General Manager Pruim briefly discussed how the District manages its public funds, differentiating between water replacement and capacity funds and wastewater replacement and capacity funds. Monies are never moved between the four separate funds or used for purposes other than for the purpose the funds were received. He stated a small group of ratepayers has raised concerns regarding the capacity fund deficit which was eliminated when the District issued \$28 million in debt in August 2021. Debt service payments to repay that debt will be made from the fees collected from developers, not ratepayers.

Assistant General Manager Gumpel presented information on the following:

- Pieces of the Master Plan and Nexus Study
 - Land Use
 - Future Growth Projections
 - Duty or Use Factors
 - Historical Water and Sewer Demands
 - Industry Standards
 - Design Criteria
 - Water and Sewer Models
 - Capital Improvement Program (CIP)
 - Program Environmental Impact Report (PEIR)
 - General Public Outreach
 - Organizations Outreach
 - Building Industry Association and Development Community Input
 - Mitigation Fee Act and Other Laws
 - Capacity Fee Nexus Study
 - Flexibility
- Capacity Fee Methodology
- District Sewer Infrastructure
- District Water Infrastructure
- District CIP Detail
- Capacity Fee General Methodology
- Anticipated Schedule
- Conclusion - Each Component of the Process Is Critical

General discussion took place.

Finance Manager Owen facilitated a presentation, Capital Facilities Expansion (Capacity) Fund, as follows:

- Purpose of the Presentation – Are Ratepayers Funding Development?
- District Reserves
- Replacement Fund
 - Customer Rates
- Cost of Service Study 2019
- District Reserve Policy
- Best Practices
- District Policy
- Replacement Reserves
- Capacity Reserves
- Capacity Fee Timing
- Scenarios – Capacity Fee Model
- Capacity Reserves – Historical
- Capacity Fund Deficit
- Capacity Shortfall Action Plan
- Capacity Reserves
- Capacity Fees
- Summary
- Conclusion – Are Ratepayers Funding Development? No. Growth Pays for Growth.

General Manager Pruim stated the District is well positioned for the future with healthy reserve levels and that the District's water rates are in the lowest quartile in San Diego County.

General discussion took place.

The Board heard comments and questions from members of the public Melissa Magallanes, Fran Grizas, Donna Nickel, Tom Scaglione, and Susie Glass. Staff responded to the public's questions.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Workshop Meeting of the Board of Directors at the hour of 7:36 p.m.

A Special Meeting of the Vallecitos Board of Directors has been scheduled for Tuesday, May 10, 2022, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District