

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 28, 2022, AT 5:00 PM, AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Elitharp called the Special meeting to order at the hour of 5:00 p.m.

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

Absent: Director Hernandez

Staff Present: General Manager Pruim
Assistant General Manager Gumpel
Legal Counsel Kharuf
District Engineer Hubbard
Chief Financial Officer Owen
Principal Financial Analyst Arthur
Information Technology Analyst Todd
Senior Executive Assistant Flores
Executive Assistant Johnson

Others Present: John Wright, Raftelis

Director Sannella led the pledge of allegiance.

ADDITIONS TO THE AGENDA

None.

ADOPT AGENDA FOR THE SPECIAL MEETING OF SEPTEMBER 28, 2022

22-09-17 MOTION WAS MADE by Director Sannella, seconded by Director Pennock, and carried unanimously, with Director Hernandez absent, to adopt the agenda for the Special Board Meeting of September 28, 2022.

PUBLIC COMMENT

Tom Scaglione, member of the public, expressed his opinion regarding ratepayer subsidies paid for development, and asked that a buy in component for capacity fees and correction of the capacity fee calculation be placed on a future Board agenda.

PRESENTATION

The Board accepted a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada awarded to the District for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

PUBLIC HEARING

PUBLIC HEARING TO CONSIDER WATER SERVICE RATE CHANGES

Legal Counsel Kharuf explained the requirements of Proposition 218 governing the public hearing and the proposed adoption of water rates and charges.

General Manager Pruiim stated the purpose of the public hearing was to provide the public the opportunity to comment on or protest the District's proposed new water rate structure. The District last increased its water rates approximately 3.3% in March of 2020. Since that time the District's cost to purchase water has increased approximately 11% and inflation has increased drastically as well. Purchased water accounts for approximately 70% of the District's overall water budget.

General Manager Pruiim further stated that as a requirement of the rate setting process, a Cost-of-Service Study (COSS) was conducted to determine how to fairly allocate the cost of providing water service to the District's customers. John Wright of Raftelis, an independent rate consultant, conducted the COSS.

Principal Financial Analyst Arthur and Mr. Wright facilitated a presentation on the Water Cost-of-Service Study as follows:

- Questions to Address
- Cost-of-Service Process
- What is Cost-of-Service?
- California Proposition 218: A Cost-of-Service Mandate
- Cost-of-Service: Allocation to Cost Components
- Vallecitos Water District Revenue Requirement
- Study Objectives
- Calendar
- Items to Note
- Fixed Ready-to-Serve (RTS) Charges
- Commodity Rates
- Single Family Residence (SFR) Customer Usage
- Sample Bills
- Sample Bills – Statistics
- Drought Rates
- Drought Rate Impacts
- Rate Survey
- 5-Year Comparison

- Questions to Address
- Overview
- Water Replacement Reserves

Question and answer took place during and after the presentation.

General Manager Pruim stated the proposed rate increase is 1.77% for the average single family residential customer, no ratepayer funds are being used to subsidize developers, and that the Board was only being asked to consider a rate increase for water for one year effective October 1, 2022, and approve the rate methodology for the next four years. Any future rate increases will require Board action.

President Elitharp opened the hearing as duly noticed and posted to consider water service rate changes. The hearing opened at 6:26 p.m.

Tom Scaglione, member of the public, expressed his opposition to the proposed water service rate changes.

There being no other persons wishing to address the Board, President Elitharp closed the hearing at 6:31 p.m.

General Manager Pruim stated that 127 written protest letters regarding the proposed water service charges were received prior to the public hearing being closed and that a majority protest did not exist.

ACTION ITEM(S)

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

General discussion took place.

22-09-18 MOTION WAS MADE by President Elitharp, seconded by Director Pennock, and carried unanimously, with Director Hernandez absent, to adopt the ordinance repealing Ordinance No. 215 and establishing rates, rules, and regulations for water service.

Ordinance No. 222 - The roll call vote was as follows:

AYES: Boyd-Hodgson, Pennock, Sannella, Elitharp
NOES:
ABSTAIN:
ABSENT: Hernandez

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Special Meeting of the Board of Directors at the hour of 6:41 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, October 5, 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 Pruij, Secretary
Board of Directors
Vallecitos Water District