

MINUTES OF A WORKSHOP MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, MAY 24, 2017, 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.

Director Sannella led the pledge of allegiance.

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

Staff Present: General Manager Pruim  
Assistant General Manager Scaglione  
Administrative Services Manager Emmanuel  
District Engineer Gumpel  
Finance Manager Fusco  
Operations & Maintenance Manager Pedrazzi  
Capital Facilities Senior Engineer Hubbard  
Executive Secretary Posvar

ADOPT AGENDA FOR THE WORKSHOP MEETING OF MAY 24, 2017

17-05-08 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously to adopt the agenda for the Board Workshop Meeting of May 24, 2017.

DISCUSSION ITEM

BUDGET AND RATES REVIEW AND UPDATE

General Manager Pruim stated the agenda items are for information, review and update on the budget and upcoming rates. This review is the last step to the June 7 Board meeting in which adoption of the budget and approval of the Prop. 218 Notice will be considered. He also stated that a rate calculator has been placed on the District's website to assist customers in determining their combined water and sewer charge.

Finance Manager Fusco reviewed the Proposed Budget as follows:

FY 2017/18 Budget – operating revenues/expenses; replacement reserves; capital spending; capital projects; easements, vehicles and equipment. He facilitated the presentation as follows:

- Budget process including Cost of Service Study & Rates
- FY 17/18 Budget Projection – Principal Debt Balance
- Budget to Budget Comparison
- Operating Budget by Division
- 2017/18 Water Operating Expense Budget \$39,763,000
- Water Operating Expense Budget to Budget Comparison
- 2017/18 Wastewater Operating Expenses Budget \$13,217,000
- Wastewater Operating Expense Budget to Budget Comparison
- Salaries and Benefits \$15.5 million
- Salary & Benefits Budget to Budget Comparison
- FY 17/18 Budget projections – Operating Transfers to Reserves
- Capital Budget to Budget Comparison
- Capital Improvement Projects by Function

Question and answer took place during and following the presentation.

Mike Hunsaker, member of the public, addressed the Board inquiring on equivalent EDU's, sewer monthly charges, ready to serve charges, and the comparison between apartments, single family dwellings and mobile home park residents. He also questioned the number of EDU's being added per year as it was less than 200 the last couple of years and is projected to be under 200 for the next couple of years even though the Davia project was approved adding 496 units. He thanked the Board.

Assistant General Manager Scaglione reviewed the Public Rate Hearing Notice and Proposed Rates as follows:

- Objectives of the presentation
- Notice of Public Hearing on Proposed Change in Water and Sewer Service Rates and Water Rate Structure
- Water Monthly Ready-to Serve Charges
- Water Commodity Tier Structure in Units
- Five-Year Rate Projection
- Total Rate Impact (water and sewer) at Varying Levels of Use
- Rate Impact – RTS plus Commodity
- Implications if Demand Projections Are Off
- Single Family 2017 Monthly water Bill with Low, Average, High and Very High Use (by Agency)
- Sewer Projected Replacement Reserves and Proposed Rates
- Financial Performance Indicators

Question and answer took place during and following the presentation. During discussion, the Board requested additional changes to the 218 notice as follows: 1) change <1" meter designation to 5/8" and 3/4"; 2) add "and received wastewater services" to the note at the bottom, and 3) add language regarding the SDCWA's rate increases over the last several years and how that impacts VWD's rates.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Board Workshop Meeting at the hour of 6:40 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 7, 2017, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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Craig Elitharp, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruijm, Secretary  
Board of Directors  
Vallecitos Water District