



**VALLEY COUNTY WATER DISTRICT
MINUTES FOR THE MEETING OF THE CAPITAL IMPROVEMENTS & RATES COMMITTEE HELD
THURSDAY, MARCH 30, 2017**

Committee Members Present: President Paul Hernandez, Chairperson
Vice President Lenet Pacheco, Co-Chairperson

Staff Present: General Manager, Jose Martinez
Finance & Customer Service Manager, Jandy Macias
Operations & Maintenance Manager, Tom Mortenson
Executive Assistant/Board Liaison, Colleen Malaiba

Others Present: Director Margarita Vargas
Director Mariana Lake

A. CALL TO ORDER

The meeting of the Capital Improvements & Rates Committee held on Thursday, March 30, 2017, was called to order at 8:00 am by President Hernandez.

B. PUBLIC COMMENT

- No comment

C. DISCUSSION/INFORMATION ITEMS

1. Update on Water Rate Study

- General Manager
 - Reported that the District has transitioned into the final year of a five-year water service rate structure and schedule adjustment; stated that the water supply conditions within the Main San Gabriel Basin have been impacted by drought conditions; reported that the District's allocation for water production rights is 4,522.75 based on the current Operating Safe Yield, leaving the need to replenish approximately 2,000 acre-feet; reviewed the District's monthly production and the impact that overproduction can have on the budget; provided a report on the status of the current water rights
 - Reviewed what factors affect the Raftelis Cost of Service Study; explained that the increased cost in production assessments and replenishment costs, as well as the cost of the anticipated capital improvement projects, have had a great impact on the rate study
 - General Manager reported that the District has transitioned into the final year of a five-year water service rate structure and schedule adjustment; stated that the water supply conditions within the Main San Gabriel Basin have been impacted by drought conditions
- Vice President Pacheco suggested creating a used pipe display for the lobby would help the customers understand the why the District maintains a pipeline replacement program
- President Hernandez asked if the fees would be adjusted in new rate structure
- General Manager estimated that the Capital Improvement Fee would no longer be charged as separate fee but would be built into the customer's commodity charges
- General Manager discussed the District's financial plan in terms of the use of District's revenue and reserves compared to acquiring a bond to fund the anticipated capital improvement plans; discussed the potential of a 20% increase of water rates

- President Hernandez asked if the staff could look into what the industry standard is for reserve fund policies
- General Manager stated that the District needed to remain mindful of the Proposition 218 requirements that need to be met when anticipating a rate adjustment; recommended that the committee meet again to discuss a reserve fund policy, the potential of acquiring a bond to fund the District's capital improvement plans, and propose an alternative rate structure

2. *Other Business*

- No other business discussed

D. **ADJOURNMENT**

- The meeting of the Capital Improvement & Rates Committee held Thursday, March 30, 2017 was adjourned at 9:22 am by President Hernandez.

SIGNED:



President of the Board of Directors

ATTEST:



Secretary of the Board of Directors

(OFFICIAL VCWD SEAL)



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