

VALLEY COUNTY WATER DISTRICT

CAPITAL IMPROVEMENT AND RATES

STANDING COMMITTEE

Special Meeting

May 23, 2012

MINUTES

Committee Members Present: Director Jonathan Contreras, Chairperson
Director Armando Macias, Co-Chair

Committee Members Not Present: Vice President Lenet Pacheco, Alternate

Staff Present: Lynda Noriega, General Manager
Colleen Malaiba, Executive Assistant/Board Liaison

Public Present: President Margarita Vargas

Meeting called to order at 3:00 PM

1. Water Service Rates Review - Consumption, Ready-to-Serve, and Capital Improvement Charges
 - Projected Revenues: Scenario 2 - \$15.0 Million Dollar Bond Issue FY2013
 - i. Alternative 1: No Increase in Fire Protection Ready to Serve Charge
 - ii. Alternative 2: Tier 1 to Remain at \$0.39 Per Unit for Year 2017
 - iii. Alternative 3: Tier 2 Adjusted to Include 12 Commercial and 24 Residential Units
 - iv. Alternative 4: Tier 2 Adjusted to Include 15 Commercial and 30 Residential Units
 - General Manager:
 - Reported that the base revenue projection is based on the Scenario 2- \$15.0 Million Dollar Bond Issue in FY 2013, as discussed and recommended by the Committee at the previous meeting
 - Explained that the various alternatives were outlined in the attached worksheet, which illustrated their individual effect on the District's projected annual revenue
 - Director Contreras inquired about the average consumption for both residential and commercial customers
 - General Manager responded that the average consumption for a residential account with a 5/8" meter is 33 units and for a 3/4" meter is 32 units; stated that the average consumption for a commercial account with a 5/8" meter is 26 units and for a 3/4" meter is 34 units
 - Director Contreras recommended incorporating the following alternatives in the rate structure:
 - Alternative 1: No increase in the fire protection ready to serve charge
 - Alternative 2: Tier 1 to remain at \$0.39 per unit in year 2017
 - Alternative 4: Tier 2 adjusted to include 15 commercial and 30 residential consumption units per billing cycle
 - Director Macias inquired how the calculations for the base assumption were derived
 - General Manager explained that the assumptions for the projected revenue were derived from the Long Range Financial Plan completed by Public Financial Management (PFM); stated that both she and the Operations & Maintenance Manager were pleased with the recommendations from PFM since it was anticipated that the projected increase would be much larger than presented
 - Director Contreras stated that the District's Tier 2 rates would still be lower than Tier 1 rates of other water agencies; questioned what would be the next steps for moving forward with a recommendation to the Board of Directors
 - General Manager anticipated the following schedule:
 - The Board of Directors would consider posting a 45-day Notice of Public Hearing for a potential rate adjustment at the first regular Board of Directors meeting in June 2012

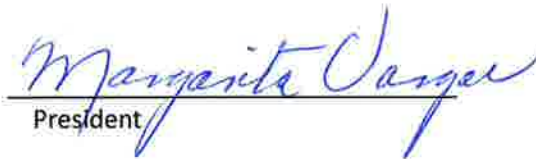
- If approved, the Board of Directors would host a Public Hearing in response to the potential rate adjustment in late July 2012
- If approved, at the conclusion of the Public Hearing, the Board of Directors would consider taking action on the potential rate adjustment to become effective in September 2012
- General Manager explained that if the District planned on moving forward with the projects outlined in the current capital improvement plan, it is recommended that the adjusted rates be implemented prior to the start of the 2012-2013 fiscal year
- Director Contreras asked how long it would take to have a bond issue finalized
- General Manager stated that it would take about 3-6 months; however, she stated that there was some additional work that would need to be completed prior to issuing a bond, such as issuing an RFP and contracting with a financial firm to complete the bond issue scope of work
- Director Contreras stated that the District could potentially start construction by early next year
- Director Macias asked if the current recommendation for the rate increase addressed conservation issues
- Director Contreras responded that the new structure would encourage the customers to look at their bill and reduce usage

The Committee consented to recommend to the Board of Directors the outlined rate structure identified as Scenario 2 - \$15.0 million dollar bond issue, with Alternative 1 - No increase in the fire protection ready to serve charge, Alternative 2 - Tier 1 to Remain at \$0.39 per unit for year 2017, and Alternative 4 - Tier 2 adjusted to include 15 commercial and 30 residential consumption units per billing cycle, incorporated into the proposed rate structure.

Meeting adjourned at 3:20 pm.



Secretary
(SEAL)


President