

MINUTES OF A WORKSHOP MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
MONDAY, MAY 11, 2020, AT 3:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Workshop Meeting to order at the hour of 3:00 p.m. The meeting was held via teleconference.

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

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Principal Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE WORKSHOP MEETING OF MAY 11, 2020

20-05-06 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Workshop Meeting of May 11, 2020.

PUBLIC COMMENT

None.

ITEM FOR DISCUSSION

WORKSHOP TO DISCUSS THE 2020/2021 BUDGET

General Manager Pruim stated the purpose of this workshop was to provide a summary of the budget preparation to date and to solicit feedback from the Board. Most of the information presented at this workshop was provided to the Finance/Investment Committee over the past several months. Information that would be discussed included a base pre-COVID-19 budget, an estimate of possible COVID-19 fiscal impacts, and a preliminary expenditure reduction plan that is intended to address COVID-19 impacts. Staff would be presenting five-year forecasting; however, the Board will only be asked to consider the Fiscal Year (FY) 2020/2021 budget.

General Manager Pruim further stated the biggest challenge with COVID-19 that the District faces from a budget perspective is the uncertainty of customer revenue. It will be important to monitor the budget closely as the year progresses.

Finance Manager Owen facilitated a presentation on the draft FY 2020/2021 budget, along with Principal Financial Analyst Arthur who discussed water purchases and sewer revenue, as follows:

- Budget Process & Calendar
- 2020/2021 Budget - \$93,649,000
- 2020/2021 Water Operating Expense Budget - \$43,359,000
- Operating Budget – Water
- 2020/2021 Wastewater Operating Expense Budget - \$13,253,000
- Operating Budget – Sewer
- Salary & Benefits Budget-to-Budget Comparison
- Operating Budget – Salaries & Benefits
- Water Purchases
- Water Sales – Volume
- Water Sales – Sales
- Water Sales – Revenue
- Sewer Revenues
- Capital Budget-to-Budget Comparison
- Capital Improvement Projects by Function Total
- Reserve Projections
- Reserve Balances
- Water Reserves – Replacement
- Water Reserves – Total
- Wastewater Reserves – Replacement
- Wastewater Reserves – Total
- Days in Cash
- COVID-19 Financial Plan
- Estimate Impact – Sources
- Estimate Impacts
- Monetize Impacts
- Budget
- Water Reserves – Replacement
- Water Reserves – Replacement – COVID
- Water Reserves
- Water Reserves – COVID
- Water Reserves – COVID Debt
- Wastewater Reserves – Replacement
- Wastewater Reserves – Replacement – COVID
- Wastewater Reserves
- Wastewater Reserves – COVID
- Track
- Provide Updates

Question and answer took place during and after the presentation.

General Manager Pruim stated that even with the COVID-19 impacts, the District's FY 2020/2021 projected reserve levels are good. Staff will monitor market conditions and internal metrics, and make appropriate adjustments as necessary.

General discussion took place.

An additional Board workshop for further discussion of the budget is tentatively scheduled for May 20.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Workshop Meeting of the Board of Directors at the hour of 4:15 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, May 20, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Betty D. Evans, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District