

MINUTES OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
THURSDAY, MARCH 5, 2009 @ 12:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

The meeting was called to order at the hour of 12:00 p.m. by Director Gentry.

Present: Director Gentry
 Director Shell
 General Manager Rucker
 Deputy General Manager Lamb
 Director of Finance Scaglione
 Executive Secretary Lewis
 Administrative Secretary Posvar

DROUGHT RATE STRUCTURE

Director of Finance Scaglione presented a rate calculator which calculates fees based on the proposed drought rate structure. The District's current 3-tiered rate structure is based on average use by customer type (residential, commercial, irrigation, and agricultural). Institutional customers (governments, schools, and churches) are not subjected to tiers. Also presented were example comparisons, by category and by meter size, of current rates and proposed drought rates for residential, commercial, and institutional customers.

Director of Finance Scaglione stated that a drought rate structure categorized by customer type would require less resources to implement, but a rate structure based on meter size is more equitable by recognizing customers who pay for additional capacity, pay higher monthly ready-to-serve charges, and have higher than average demands as determined by the District. The Committee members agreed that a structure based on meter size is more equitable than by category. The revised structure by category and the alternative meter size based structure eliminate Level 4 drought rates to avoid undue scrutiny. The drought rate structures subject institutional customers to tiers.

Director of Finance Scaglione reviewed the proposed timeline for Proposition 218 notification that assumes a June 17 public hearing date which would require a draft public hearing notice be completed for General Manager Rucker's review by March 31, 2009.

Director of Finance Scaglione stated that Metropolitan Water District will be meeting on March 9, 2009 to discuss pass through rates.

The Finance/Investment Committee recommended that a Board Workshop be scheduled at which this item can be presented for discussion.

There being no further business to discuss, the meeting was adjourned at the hour of 1:00 p.m.