

**MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS
OF THE MONTE VISTA WATER DISTRICT**

August 30, 2023

DIRECTORS PRESENT

Sandra Rose, President
G. Michael Milhiser, Vice President
Tony Lopez, Board Auditor
Manny Martinez, Director

DIRECTORS ABSENT

Philip Erwin, Director

STAFF PRESENT

Justin Scott-Coe, General Manager/Secretary
Stephanie Reimer, Assistant General Manager/Chief Financial Officer
Bill Schwartz, Director of Engineering, Operations and Maintenance
Betty Conti, Human Resources and Risk Manager
Juan Ventura, Customer Service and Information Technology Manager
Leah Nazaroff, Accounting Manager
Brandi Goodman-Decoud, Executive Assistant II

OTHERS IN ATTENDANCE

Mark Panny, Carollo Engineers

ITEM 1: CALL TO ORDER/FLAG SALUTE

President Rose called the meeting to order at 5:00 p.m.
Director Martinez led those assembled in the Flag Salute.

ITEM 2: ROLL CALL

Ms. Brandi Goodman-Decoud called roll and noted the excused absence of Director Erwin.

ITEM 3: PUBLIC COMMENT/OPEN FORUM

There were no public comments.

ITEM 4: AGENDA CHANGES/ADDITIONS

There were no agenda changes or additions.

ITEM 5: CONSENT CALENDAR

There were no consent calendar items for consideration.

ITEM 6: DISCUSSION AND/OR ACTION ITEMS

A. Financial Master Plan Rate Model Update

Mr. Justin Scott-Coe provided a brief background on extraordinary economic and drought conditions over the past few year which have impacted the development of the financial model and rate setting process. Mr. Scott-Coe introduced Mark Panny, Carollo Engineers, who presented the proposed water rates for the coming four-year period.

Mr. Panny provided a detailed presentation on the baseline and two rate scenarios for Board consideration.

Director Martinez stated that in his opinion scenario two appears to be favorable to the District and inquired if the forecast of a 5% rate increase from 2029-2033 is based on an assumption that inflation is projected to decrease. Mr. Panny confirmed yes and stated that the assumption is based on historical norms.

Director Martinez next questioned if the projection included \$15 million in bonds. Mr. Panny stated that the cash flow forecast chart depicts \$15 million in bonds in 2025 and again in 2029.

Director Martinez further inquired on the impact to the District if rates were set at a 5% increase until 2029 and then an 8% increase for the subsequent years. Mr. Panny stated that the impact would cause Capital Improvement Plan projects to be deferred. Director Martinez expressed concern for ratepayers if a recession were to occur.

Ms. Stephanie Reimer asked Mr. Panny to explain to the Board how inflation was modeled in the study and the parameters used. Mr. Panny stated that 2024 and 2025 budgets were used and the assumption built in the study has the first three years increasing by 4% and water costs up by 5%. Ms. Reimer explained that each scenario presented has a built-in anticipated reduction of inflation in future years.

President Rose inquired if there is any advantage or disadvantage to borrowing debt or imposing higher rates. Mr. Panny stated that there could be benefits to both, but the District has a good track record with using debt proactively and having adequate reserves. He further expressed his belief that it is better to reduce the rate impact on current customers and spreading the cost to future customers who will benefit from the projects.

Director Martinez questioned if the current interest rates are high is there any rush to borrow now. Ms. Reimer stated that the model has debt scheduled for issuance in 2025, but interest rates can shift and debt can be refinanced at a lower rate.

Director Martinez next questioned if multi-family units fall under the Uniform rate. Mr. Panny confirmed yes.

Vice President Milhiser questioned how the District compared to other agencies in regards to the draft cost of service results. Mr. Panny stated that the District is comparable, but there are many variable differences amongst the agencies.

Vice President Milhiser next inquired as to which majority tiers do District customers fall in. Mr. Panny stated that 55% of customers fall in Single Family residential Tier 1 and 39% in Tier 2.

Ms. Reimer stated that the study conducted by Carollo Engineers will be made available for public view during the 45-day review period.

Vice President Milhiser expressed appreciation for the options provided in order to consider their ratepayers.

Director Martinez expressed gratitude to the Finance and Technology Committee for reviewing the items, staff, Carollo Engineers for the analysis, and the Board for a great discussion.

Staff anticipates seeking conceptual approval for the rates and direction to mail the Proposition 218 notice to customers at the next regularly scheduled Board meeting.

Upon motion by Vice President Milhiser, seconded by Board Auditor Lopez, and carried 4-0:

M23-08-06

MOVED: Direct staff to proceed with the preparation of the "Proposition 218 Notice" to initiate the property owner and ratepayer notification process pursuant to Proposition 218 and Assembly Bill 1260, as by roll call vote:

President Rose	aye
Vice President Milhiser	aye
Board Auditor Lopez	aye
Director Martinez	aye

ITEM 7: ADJOURNMENT

Upon motion by President Rose, seconded by Board Auditor Lopez, and carried 4-0:

M23-08-07

MOVED: Approve to adjourn the meeting, as by roll call vote:

President Rose	aye
Vice President Milhiser	aye
Board Auditor Lopez	aye
Director Martinez	aye

There being no further business, President Rose adjourned the meeting at 6:34 p.m.

Respectfully submitted,



Justin Scott-Coe
General Manager/Secretary