

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE/BUDGET AND RATES WORKSHOP #2

February 27, 2018

Vice Chair Dake called the meeting to order at 1:50 p.m. in Committee Room 2-145 at Metropolitan's Headquarters.

Members present: Vice Chair Dake, Directors Blois, De Jesus, Kurtz, Lewinger, McKenney, Paskett, and Ramos.

Members absent: Chair Barbre, Directors Dear, Faessel, Gedney, Goshi, Saxod, and Sinanyan.

Other Board Members present: Board Chairman Record, Directors Abdo, Atwater, Dick, Hogan, Lefevre, Murray, Pressman, and Steiner.

Staff present: Beatty, Benito, Breaux, R. Castro, Chapman, D. Cole, Donhoff, J. Green, Jankovic, G. Johnson, Kightlinger, Kirkland, Kostopoulos, Kuo Brinton, D. Lee, T. Lee, Mares, S. Martin, Patterson, Pitman, Quilizapa, Riss, Scully, Shraibata, Sims, Skillman, St Regis, Tellers, Tonsick, Van den Berg, Von Haam, Upadhyay, West, E.Wong, and E.Young.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

No members responded.

Vice Chair Dake announced Item 2 would be deferred to later in the meeting due to lack of quorum.

3. CONSENT CALENDAR ITEMS – ACTION

None

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORT

a. None

Director De Jesus exited at 1:54 p.m.

Director Ramos entered at 1:55 p.m.

8. BUDGET AND RATES WORKSHOP #2

Subject: Workshop #2 (Estimated Revenue Requirements FYs 2018/19 and 2019/20, Rates and Charges CYs 2019 and 2020, and Cost of Service)

Presented by: Stathis Kostopoulos, Principal Resource Specialist
June Skillman, Budget and Treasury Manager

Mr. Kostopoulos presented the committee with an overview of rates and charges, including revenue requirement, cost of service, and proposed rates and charges for the proposed biennial budget for Fiscal Years 2018/19 and 2019/20.

Ms. Skillman reviewed the proposal included in a letter from General Manager Kightlinger to General Manager Maureen Stapleton of the San Diego County Water Authority, and copied to the Board of Directors, regarding a proposed study of demand management costs and the distribution of these costs to rate elements. If approved by the Board of Directors in April, the study is expected to last approximately 18 to 20 months, and would be incorporated in the next biennial budget and rate setting cycle. During the biennial budget period, it is proposed that Metropolitan would not bill the Water Stewardship Rate on exchange agreement deliveries for calendar years 2019 and 2020, and would suspend billing and collecting of this rate on exchange agreement deliveries in calendar year 2018. However, until April 2018 when the Board makes a decision on this proposal, Metropolitan will continue to invoice the Water Stewardship Rate in 2018. If the Board decides to go forward with the suspension of the Water Stewardship Rate on exchange agreement deliveries as proposed, Metropolitan would return money received for 2018 invoices.

Ms. Skillman answered follow-up questions from Workshop #1, which included questions on proposed regular positions in the General Manager department and the Human Resources (HR) staffing trend. Ms. Skillman also pointed out dates of upcoming workshops, public hearings, and board actions.

A variety of questions and requests for additional information from committee members will be responded to at the next workshop.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

March 12, 2018	F&I Committee, Workshop #3
March 13, 2018	Public hearings on proposed water rates and charges and continuing suspension of the ad valorem tax limitation
March 27, 2018	F&I Committee, Workshop #4, if needed
April 9, 2018	F&I Committee, Workshop #5, if needed
April 10, 2018	Board actions regarding biennial budget, calendar year rates and charges, and ten-year financial forecast

2. APPROVAL OF MINUTES OF THE MEETING OF THE FINANCE AND INSURANCE COMMITTEE/BUDGET AND RATES WORKSHOP #1 HELD ON FEBRUARY 12, 2018

Vice Chair Dake deferred Item 2 to the March 2018 Finance and Insurance Committee meeting, due to lack of quorum.

11. ADJOURNMENT

Next meeting will be held on March 12, 2018

Meeting adjourned at 2:43 p.m.

Glen Dake
Vice Chair