

FINANCE COMMITTEE MEETING
SUMMARY MINUTES
February 19, 2019
3:00 P.M.

ATTENDANCE

Directors: John Weed (Chair), Paul Sethy

SP AGM

Staff: Robert Shaver, Laura Hidas, Jonathan Wunderlich, Jennifer Solito, Katie Roberts, Barry Carlson, Mariana Grajeda, and Sydney Oam

DISCUSSION TOPICS

1. District Insurance Provider Recommendation: Jennifer Solito, Human Resources and Risk Manager, reviewed the District's selection process for a new insurance provider. Katie Roberts, Workplace Health and Safety Officer, reviewed the summary of quoted insurance premiums from the two proposals the District received – one from the District's current insurer, Special District Risk Management Authority (SDRMA), and one from Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). The total proposal cost is \$2,504,835 from SDRMA and \$1,381,489 from ACWA JPIA. The total proposal cost without earthquake/flood coverage program is \$1,760,269 from SDRMA and \$1,141,063 from ACWA JPIA. The total current fiscal year cost without earthquake/flood coverage program with SDRMA is \$1,501,663. Generally based on the costs quoted as well as the services offered, staff recommends the District join the ACWA JPIA insurance pool and withdraw from coverage with SDRMA. A discussion ensued and the Committee requested to see a breakout of proposal costs for the earthquake and flood coverage program. Both Ms. Solito and Ms. Roberts responded to questions from the Committee.
2. InvoiceCloud Contract for Electronic Billing and Payment: Barry Carlson, Customer Services and Systems Manager, reviewed the details related to the request to increase funding for the InvoiceCloud contract for electronic billing and payment. In September 2017, the Board authorized up to 10-year agreement in the amount of \$1,520,000. The first year's estimated participation rate in electronic payment was at 55%, with 16% in credit card payment, and a cost of \$134,000. The first year's actual participation rate to-date is approximately 70%, with 38% in credit card payment, and a cost of \$384,000. The accelerated adoption rate was due to strong marketing and required re-enrollment. The original estimate included 2% annual growth in customer participation. The revised estimate includes 3% annual growth in years 1 through 5, and 2% growth in years 6 through 10, with a 90% participation rate at year 10. It also includes projected increases in merchant interchange fees (1% of the transaction amount for credit card payments) that will result from future rate adjustments increasing average bill amounts. The estimate for total electronic payments processed over 10 years is \$892,000,000, at a cost of \$4,400,000 or 0.49% of total payments processed. Mr. Carlson responded to questions from the Committee.
3. Fireline Residential Service Billing Proration: Jonathan Wunderlich, Manager of Finance, reviewed the Fireline residential policy approved by the Board, effective March 1, 2019, and billing proration. The affected customers will receive a letter from the District explaining the

impact of the new policy and their first bill after March 1 will be prorated. The District will send out the letter the week of February 25, 2019.

4. Income & Budget Statement: Mariana Grajeda, Accounting & Treasury Manager, reviewed the income statement through January 2019. She noted that Water Sales were higher by \$3,054,000 due primarily to the 5% water rate increase enacted in March 2018. Water Purchases were lower by \$3,494,000 than January 2018 partly due to decrease in water purchase from the more expensive San Francisco Public Utilities Commission supply. Overall the net position of the District ended up \$11,534,000 higher compared to the same period last fiscal year. Sydney Oam, Supervising Financial Analyst, then reviewed the budget statement. He noted that Facilities Connection Charge revenue exceeds the pro-rated budgeted amount due to healthy development activity in the area, while customer jobs have slowed down. Administrative & General expenses continue to be higher than the pro-rated budgeted amount due to annual OPEB and CalPERS payments made in the beginning of the fiscal year. Operations and Maintenance expenditures are on track. Overall the District came in at 55.9% of budgeted operating expenses and capital expenditures. Mr. Oam then reviewed the District's reserves noting that the District continues to maintain reserves above policy targets. A discussion on cash reserves ensued and staff indicated they would review the presentation of the capital reserve. Both Ms. Grajeda and Mr. Oam responded to questions from the Committee.
5. Delta Conveyance Finance Authority: Jonathan Wunderlich, Manager of Finance, reviewed the agenda for the February 21, 2019 Delta Conveyance Finance Authority Board of Directors Meeting and responded to questions from Committee.
6. Public Comments: There were no public comments.

RECOMMENDATIONS

Topics discussed by the Committee were informational only, and no recommendations are being made.