

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

ATTENDANCE

Directors: John Weed (Chair), Paul Sethy

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

Public: Sally Morgan, Bruce Roberts, Madelyn Rudy

ASB

Robert Shaver, General Manager, provided a brief overview of the Finance Committee Meeting to the public. Directors, staff and members of the public introduced themselves.

DISCUSSION TOPICS

1. Excess Earthquake Insurance Discussion: Jennifer Solito, Human Resources and Risk Manager, and Katie Roberts, Workplace Health and Safety Officer, reviewed the Board's approval to join the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA-JPIA) for workers' compensation, property, and general liability insurance coverage, effective July 1, 2019, that resulted in significant cost savings. The Board referred the matter regarding excess flood and earthquake insurance and loss of revenue coverage back to the Finance Committee. Extensive discussion ensued and staff answered questions from the Committee. Staff will bring back to the Committee information on other companies that provide excess earthquake insurance and loss of revenue coverage, clarity on Federal Emergency Management Agency (FEMA) reimbursement, and damage scenarios and funding sources in recovering from a major event.

Public Comment: Sally Morgan asked about insurance coverage and Mr. Shaver answered the question.

2. Benchmark Metrics: Jonathan Wunderlich, Manager of Finance, reviewed benchmark metrics development as part of Strategic Plan Goals 3.2 – Ensure Cost Reasonableness and 3.3 – Promote Financial Transparency. Key questions for discussion include: What metrics should the District use to benchmark against? Which agencies are comparable and what source(s) of data should we use? Staff has preliminarily identified certain metrics based on what can provide value to assessing cost reasonableness and for which data can be reasonably accessed to make comparisons. Staff recommended that comparable agencies be based on having similar characteristics to the District. Potential sources of data include financial statements, budgets, and cost of service studies. Discussion ensued. Staff will bring back a draft table to a future meeting in working toward a complete report on benchmark metrics.

Public Comment: Sally Morgan asked if the water rate increase of 4% included meter service charges and staff answered that the 4% rate increase applied to consumption and meter service charges.

3. Income & Budget Statements: Mariana Grajeda, Accounting & Treasury Manager, reviewed the income statement through February 2019. She noted that water sales were higher by \$3,307,000 due primarily to the 5% water rate increase enacted in March 2018. Water purchases were lower by \$2,037,000 than February 2018 partly due to the timing of water purchases from the more expensive San Francisco Public Utilities Commission supply. Overall the net position of the District ended up \$9,168,000 higher compared to the same period last fiscal year. Sydney Oam, Supervising Financial Analyst, 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 CalPERS and OPEB payments made in the beginning of the fiscal year, plus additional advanced prefunding payments made in February 2019 of \$4,040,000 for CalPERS and \$1,061,000 for OPEB. Overall the District came in at 62.9% 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. Both Ms. Grajeda and Mr. Oam responded to questions from the Committee.
4. Public Comments: There were no public comments.

RECOMMENDATIONS

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