

FINANCE COMMITTEE MEETING
SUMMARY MINUTES
April 16, 2019
3:00 P.M.

ATTENDANCE

Directors: John Weed (Chair), Paul Sethy

Staff: Robert Shaver, Jonathan Wunderlich, Jennifer Solito, Katie Roberts, Annabelle Juntado, Sydney Oam

Consultants: Karen Thesing, ACWA-JPIA Representative

DISCUSSION TOPICS

1. Review Excess Earthquake and Flood Insurance Options: Jennifer Solito, Human Resources and Risk Manager, introduced Karen Thesing, the representative from ACWA-JPIA. Ms. Solito, Ms. Thesing, and Katie Roberts, Workplace Health and Safety Officer, reviewed questions from the March 19, 2019 Finance Committee meeting and provided responses to them that included coverage under the regular and difference-in-condition (DIC) earthquake and flood insurance, loss of revenue coverage, coverage by FEMA, and the District's standard coverage. Ms. Solito reviewed the availability and cost comparison for post-disaster funding sources for line of credit, excess earthquake and flood insurance, and FEMA that showed how long it would take to get each source of funding and what the cost would be for carrying each source of funding per year compared to when disaster would occur. Ms. Solito also reviewed excess earthquake insurance options from other carriers and the coverage options for various items/activities related to earthquake/hazards for DIC coverage, business interruption coverage, and FEMA coverage. The Committee requested that staff review the various potential additional coverage options with the full Board. Ms. Thesing, Ms. Solito, and Ms. Roberts responded to questions from the Committee.
2. Budget Overview: Sydney Oam, Supervising Financial Analyst, reviewed the FY 2019/20 and FY 2020/21 draft budget. Mr. Oam noted that revenues from Grants and Reimbursements for FY 2019/20 and FY 2020/21 are anticipated to increase significantly as compared to FY 2018/19. The draft budget includes continued advanced funding for pension and other post-employment benefits based on the amortization schedule approved by the Board. Debt proceeds in the amount of \$14,500,000 are anticipated in FY 2020/21 to cover 50% of estimated costs for the Advanced Metering Infrastructure Project. The General Fund ending cash balance at the end of FY 2020/21 is projected to be well above the required target set by the Board. Mr. Oam responded to questions from the Committee.
3. Benchmark Metrics: Jonathan Wunderlich, Manager of Finance, reviewed the FY 2017/18 benchmark metrics as part of Strategic Plan Goal #3 – Improve the District's Financial Stability and Transparency. The benchmarking is focused on the objectives to ensure cost reasonableness and promote financial transparency by comparing cost and efficiency measures against other Bay Area water agencies to determine the reasonableness of the District's costs and publicly reporting results as part of the budget process. The metrics are developed to gauge three general areas: Financial and Operational Efficiency, Financial

Capacity, and Rate Impact. Financial and Operational Efficiency Metrics include cost of water, connections per employee, operating revenue per employee, and operating cost per connection. Financial Capacity Metrics include debt coverage ratio, net pension and other post-employment benefits liability divided by payroll, and total long-term liabilities divided by operating revenue. Rate Impact Metrics include monthly water bill, and FY 2017/18 rate increase. The focus is on Bay Area special districts for best comparison including Contra Costa Water District, Dublin San Ramon Services District, East Bay Municipal Utilities District, Marin Municipal Water District, San Francisco Public Utilities Commission, and San Jose Water Company. The benchmark metrics will be presented to the Board at the May 15, 2019 Budget Workshop. Mr. Wunderlich responded to questions from the Committee.

4. Income & Budget Statements: The income statement and budget report through March 2019 were presented to the Committee.
5. Public Comments: There were no public comments.

RECOMMENDATIONS

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