

**MINUTES OF A SPECIAL MEETING
OF THE FINANCE COMMITTEE
OF OLIVENHAIN MUNICIPAL WATER DISTRICT**

March 23, 2021

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, March 23, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via video conference.

President Watt called the meeting to order at 3:32 p.m. In attendance via video conference were Lawrence A. Watt, Board President; Christy Guerin, Board Treasurer; Kimberly Thorner, General Manager; Joseph Randall, Assistant General Manager; Rainy Selamat, Finance Manager; John Carnegie, Customer Service Manager; Leo Mendez, Accounting Supervisor; and Jared Graffam, Financial Analyst. Director Watt announced that Director Bruce-Lane was also in attendance via teleconference to audit the Finance Committee Meeting, but will not participate per the Brown Act.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Watt moved to adopt the agenda, seconded by Director Guerin and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 2, 2021 REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the February 2, 2021 meeting minutes, seconded by Finance Manager Selamat and carried unanimously. Finance Manager Selamat acted as Deputy Treasurer for the February 2nd committee meeting in Director Guerin's absence.

6. DISCUSS AND RECOMMEND TREATMENT OF A ONE-TIME PAYMENT RECEIVED FROM SAN DIEGO COUNTY WATER AUTHORITY IN THE AMOUNT OF \$2,039,332.40 FOR METROPOLITAN WATER DISTRICT (MWD) RATE CASE REBATE

Finance Manager Selamat reported that the District was awarded a one-time rebate in the amount of \$2,039,332.40 from the San Diego County Water Authority (SDCWA). The amount received is the District's share of \$44.4 million in damages awarded to SDCWA from a lawsuit filed against Municipal Water District of Southern California (MWD) for illegal fees charged between 2011 and 2014.

Director Watt asked if there is any chance for recourse from MWD on the funds paid out from the lawsuit. General Manager Thorner responded that based on SDCWA general counsel's comments at the meeting, any recourse action by MWD is considered unlikely at this point.

Director Guerin inquired if interest is included in the amount awarded. General Manager Thorner responded that the rebate payment does include interest that was accrued in an escrow account. However, it does not include legal fees paid by SDCWA related to the lawsuit so there may be potential for an additional rebate in the future.

Director Watt further inquired if Staff is satisfied with the amount awarded specifically to our District and if any other district has disputed the amounts allocated. General Manager Thorner responded that the percentage allocated to our District is consistent with the percentage of water the District purchased during 2011-2014 and she is not aware of any other district disputing the allocated amounts.

Finance Manager Selamat presented three options for use of rebate payment along with the District's Revenue policy to start the discussion. Option 1 is to place the funds in a rate stabilization fund to offset future rate increases, option 2 is to place the funds in the water capital reserve to fund District local water supply projects, or option 3 is to issue a one-time credit to customers. Challenges on how to fairly issue a one-time credit were discussed. The staff-recommended option is use the rebate to minimize future rate increases over the next four years in order to keep the District's rate increases at or below the planned rate increase of 5% included in the District's Proposition 218 water rate notice.

Director Watt and Director Guerin agreed that using the rebate to offset future water increases seems to be the best approach, especially coming out of the COVID pandemic where many customers have been financially affected. Both Director Watt and Director Guerin agreed to bring the staff-proposed option before the full board for consideration at the April 14th board meeting.

7. DISCUSS AND APPROVE A CUSTOMER ASSISTANCE PROGRAM TO PROVIDE FINANCIAL ASSISTANCE, FROM NON-WATER REVENUE, TO OMWD RESIDENTIAL CUSTOMERS WHO HAVE UNPAID, PAST DUE WATER BILLS AS A RESULT OF FINANCIAL IMPACTS ASSOCIATED WITH THE COVID-19 PANDEMIC

Finance Manager Selamat presented the District's plan for implementing a customer

assistance program to provide financial assistance to residential customers with unpaid water bills as a result of financial impacts associated with the COVID-19 pandemic. Finance Manager Selamat reported that Proposition 2018 does not allow agencies to use water bill revenue to create financial assistance, low-income, or other programs that discount water bills for certain customers. Therefore, Staff is proposing to use non-water revenue from the sale of the District's Gaty parcels to fund this program. Finance Manager Selamat noted the COVID relief program is proposed at not to exceed \$250,000 and would provide financial assistance up to \$300 per customer. The all-inclusive program cost of \$250,000 includes utilizing a not-for-profit agency to screen customer eligibility for approximately \$50,000 based on program length and applications received.

Director Guerin commented she liked the idea of providing financial assistance to customers impacted by the COVID-19 pandemic and that effective screening would be critical to ensure the District is truly helping customers who need it most. Direct Watt expressed concern over using funds from the sale of the Gaty parcels as the initial use for those funds were intended to offset costs of remodeling the District's headquarters. General Manager Thorner commented that only about 7% of the proceeds from the sale of the Gaty parcels would be used for the covid relief program, the remaining 93% would go toward the building remodel.

Director Watt and Direct Guerin agreed to bring the covid relief program to the full Board for discussion and consideration at the April 14th Board meeting.

8. ADJOURNMENT

The meeting was adjourned at 4:23 p.m.