

**NOTICE OF A SPECIAL MEETING  
OF THE OLIVENHAIN MUNICIPAL WATER  
DISTRICT'S FINANCE COMMITTEE  
1966 Olivenhain Road, Encinitas, CA 92024  
Tel: (760) 753-6466 • Fax: (760) 753-1578  
VIA TELECONFERENCE ONLY**

**Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing to the District for immediate consideration.**

**DATE:** TUESDAY, MARCH 23, 2021

**TIME:** 3:30 P.M.

**PLACE:** Remote Regular Meeting

Pursuant to the State of California Executive Order N-29-20, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding Committee Meetings electronically or by teleconference. The Boardroom will not be open to the public for this meeting.

**To join this meeting via phone, please dial:**

(669) 900-9128 or (253) 215-8782

Meeting ID: 832 6428 4874 and Password: 542177

*Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their Priority Is Determined By The Committee*

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA
4. PUBLIC COMMENTS

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

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

**February 2, 2021**

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, February 2, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via video conference.

President Watt called the meeting to order at 12:31 p.m. In attendance via video conference were Lawrence A. Watt, Board President; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager and Deputy Treasurer; Leo Mendez, Accounting Supervisor; Jared Graffam, Financial Analyst; and Sudhir Pardiwala, Executive Vice President at Raftelis Financial Consultants, Inc. It was noted that Director Guerin, Board Treasurer, was unable to attend the meeting. Per the District's Administrative and Ethics Code, Finance Manager Selamat acted as Deputy Treasurer for the meeting. General Manager Thorner announced that Director Bruce-Lane was also in attendance via video conference 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 Finance Manager Selamat and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE JANUARY 7, 2021 SPECIAL FINANCE COMMITTEE MEETING

Director Watt moved to approve the January 7, 2021 meeting minutes, seconded by Finance Manager Selamat and carried unanimously.

6. CONSIDER PRESENTATION AND REPORT ON THE 2020 WASTEWATER COST OF SERVICE STUDY AND THE PROPOSED WASTEWATER (SEWER) REVENUE ADJUSTMENTS

Sudhir Pardiwala from Raftelis Financial Consultants, Inc. presented the wastewater cost of service report and recommended revenue adjustments to the Committee for discussion and consideration. Included in the Raftelis presentation was an overview of the District's proposed five-year financial plan, the cost of service allocation used, and a review of the proposed rate structure options.

Mr. Pardiwala noted the objectives of the study are to recover projected operating, capital, and debt service costs over the next five years, maintain compliance with reserve policies set by the board, and to ensure customers pay in proportion to the service received. One notable change from the prior cost of service study was to reduce the multi-family equivalent dwelling unit to 0.79 from 1.0, based on multi-family wastewater flow, which reduced the proposed system access charge allocated to this particular customer class. Mr. Pardiwala presented two rate options for consideration. Option one includes different volumetric rates for the individual customer classes. Option two includes the same volumetric rate for single family, multi-family, and commercial group I customer classes, and a different rate for the commercial group II class which matches the current rate structure in place. The proposed rate structures equate to a 2% revenue increase in year one, and 3% increases annually over the following four years. Additionally, year one proposes a debt issuance to help fund some large capital projects included in the five-year financial plan. Finance Manager Selamat added that the District intends to take advantage of low rates currently available for financing, which also aids in limiting the annual rate increase to customers over the five-year plan covered in the study.

Director Watt had several questions regarding methodology used for allocating sewer operating costs to customers and wastewater capital replacement projects included in the 2020 Wastewater Rate Study Report. Director Watt's questions were addressed by staff and Mr. Pardiwala during the meeting. Director Watt also commented that the District, being an Enterprise fund, must recover operating and capital costs each year, and prefers incremental increases annually to help prevent a significant increase in any one particular year. Director Watt then added that the cost of service study does a good job of outlining the financial plan, and that financial assumptions used in the Study are seemed reasonable.

Director Watt recommended bringing the presentation of the study and proposed rates to the full board for consideration at the February 10<sup>th</sup> board meeting, seconded by Deputy Treasurer Selamat.

## 7. QUARTERLY REVIEW OF INVESTMENTS AND FUND BALANCES (Q4 2020)

Finance Manager Selamat reviewed the investment report as of December 31, 2020 with the committee. Cash and investments were discussed. Finance Manager Selamat reported the District is likely to have several securities called over the next few months before these securities are matured because of the current market condition. She added

that replacing the called securities with new securities available will reduce the District's overall investment return.

Finance Manager Selamat reported that the District's investments are in compliance with the investment policy and that the District has sufficient funds to meet its financial obligations for the next 120 days.

8. ADJOURNMENT

The meeting was adjourned at 1:24 p.m.

# Memo

Date: March 23, 2021  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **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**

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A copy of staff's presentation is attached for discussion and consideration by the Committee.

Staff will be available at the meeting for discussion and recommend an option for consideration and approval by the Committee.

# Agenda item no. 6

Special Finance Committee Meeting  
March 23, 2021



# Committee Actions

- Review staff presentation
- Discuss treatment of one-time rebate received from SDCWA in the amount of \$2.039 million
- Review alternatives and make a recommendation for consideration and approval by the Board at the April 14 meeting.



# Background

- The District received \$2,039,332.40 from SDCWA on Friday, March 5, 2021 for OMWD's share of SDCWA's award of damages from Metropolitan Water District of Southern California (MWD) lawsuit.
- Total amount received by SDCWA from its decade long rate case litigation was \$44.4 million. The judgement payment by MWD was a contract damages amount for principal and interest for Water Stewardship Rate charges that had been unlawfully assessed by MWD against SDCWA's Exchange Agreement for rate payment years 2011-2014.
- OMWD's share is based on OMWD's purchases of SDCWA's Municipal and Industrial (M&I) water in 2011-2014 as those were payments that included in the unlawful Water Stewardship Rate payments (untreated water wholesale cost).

## MWD Rate Case Rebates of \$44,373,872 for Local Water Agencies

<u>Agency</u>	<u>Rebate Amount</u>
Carlsbad MWD	\$1,692,236.88
Del Mar, City of	\$108,025.65
Escondido, City of	\$1,754,022.94
Fallbrook PUD	\$909,412.67
Helix WD	\$2,847,389.34
Lakeside WD	\$348,005.17
Oceanside, City of	\$2,351,413.99
Olivenhain MWD	\$2,039,332.40
Otay WD	\$3,162,939.58
Padre Dam MWD	\$1,157,551.53
Pendleton Military Reserve	\$4,958.08
Poway, City of	\$1,167,915.01
Rainbow MWD	\$1,343,382.03
Ramona MWD	\$596,663.83
Rincon Del Diablo MWD	\$630,780.62
San Diego, City of	\$17,676,521.64
San Dieguito WD	\$368,002.42
Santa Fe ID	\$748,699.93
Sweetwater Authority	\$874,367.74
Vallecitos WD	\$1,590,623.74
Valley Center MWD	\$1,332,471.26
Vista ID	\$1,571,006.35
Yuima MWD	\$98,149.47

# Board Revenue Policy

## Diversification and Stabilization

The District's revenue policy for revenue diversification and stabilization is as follows:

- Prevention of Fluctuations – Maintain a diversified and stable revenue stream over time as a protection from short-run fluctuations and to reduce reliance on revenues that are not under the District's control (e.g., ad valorem taxes).
- The Use of One Time Revenues – Limit use of these to the purpose for which they were intended as determined by the Board of Directors (e.g., wholesaler rebates/refunds).
- Development of New Revenue Sources – Encourage development of new revenue sources, when practical, which meet the following criteria: community acceptability, competitiveness, diversity, efficiency, and fairness.

# Staff's Recommendation

- Place the \$2.039 million in the Rate Stabilization Fund to offset future rate increases
  - Maintain OMWD's rate increases through 2025 at or below the 5% planned rate increases included in the water prop 218 notice

# Options

- Put the fund in Water Rate Stabilization Fund to offset OMWD's future rate increases over the next four years.
- Put the fund in the Water Capital Reserve Fund to fund OMWD's local water supply projects such as recycled water system expansion and/or San Dieguito Groundwater Desalination Project.
  - MWD Stewardship Rate on SDCWA Supply Cost is used to fund local projects under the MWD program.
- Issue a one-time credit to OMWD's water customers
  - Billing records are available between 2011 and 2014
  - Involve a lot of effort and could be difficult to figure out
  - Not cost-effective option
  - Estimated credit per unit based 2011-2014 water purchased from SDCWA of 35.118 million units ( 1 unit=100 cubic feet=748 gallons) is about 5 cents or \$0.05 per unit

# Survey of GM's Response from SDCWA Member Agencies

Agency Name	Use of SDCWA Rebate Payment
City of Carlsbad	Offsetting future rate increases/reviewing options
City of Del Mar	Water Fund Contingency
City of Encinitas	Offsetting future rate increases
City of Escondido	CIP
City of Oceanside	Offsetting future rate increases
City of Poway	Offsetting future rate increases
City of San Diego	To be determined
Fallbrook Public Utility District	Offsetting future rate increases/local supply development
Helix Water District	Offsetting future rate increases
Otay Water District	Offsetting future rate increases
Padre Dam Municipal Water District	Offsetting future rate increases
Rainbow Municipal Water District	Offsetting future rate increases
Santa Fe Irrigation District	Offsetting future rate increases
Vallecitos Water District	Rate Stabilization
Valley Center Water District	One time costs ie- equipment,CIP
Vista Irrigation District	Offsetting future rate increases/reviewing options
Yuima Water District	Rate Stabilization
Lakeside Water District	Capital Improvement Reserve Fund



# Questions?

# Memo

Date: March 23, 2021  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **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**

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A copy of staff's presentation is attached for discussion and consideration by the Committee.

Staff will be available at the meeting for discussion and recommend an option for consideration and approval by the Committee.



# Item No.7

Special Finance Committee Meeting  
March 23, 2021



# Committee Actions

- Review Staff's presentation
- Discuss the program
  - Establish a not to exceed amount for the program, if approved by the Committee
- Make a recommendation to the full Board at the April 14, 2021 meeting
  - Adoption of a resolution by the Board

# Background

- March 19, 2020- Governor Newsom issued a stay at home order
- March 2020- Governor Newsom signed an executive order prohibiting water shut-offs for non-payment
- OMWD has suspended shut-offs for non-payment
- OMWD began collecting delinquent fee on past due water accounts since February 2021
- Through March 1, 2021, OMWD had 207 lock-eligible customers with total water receivable balance of \$207,000.

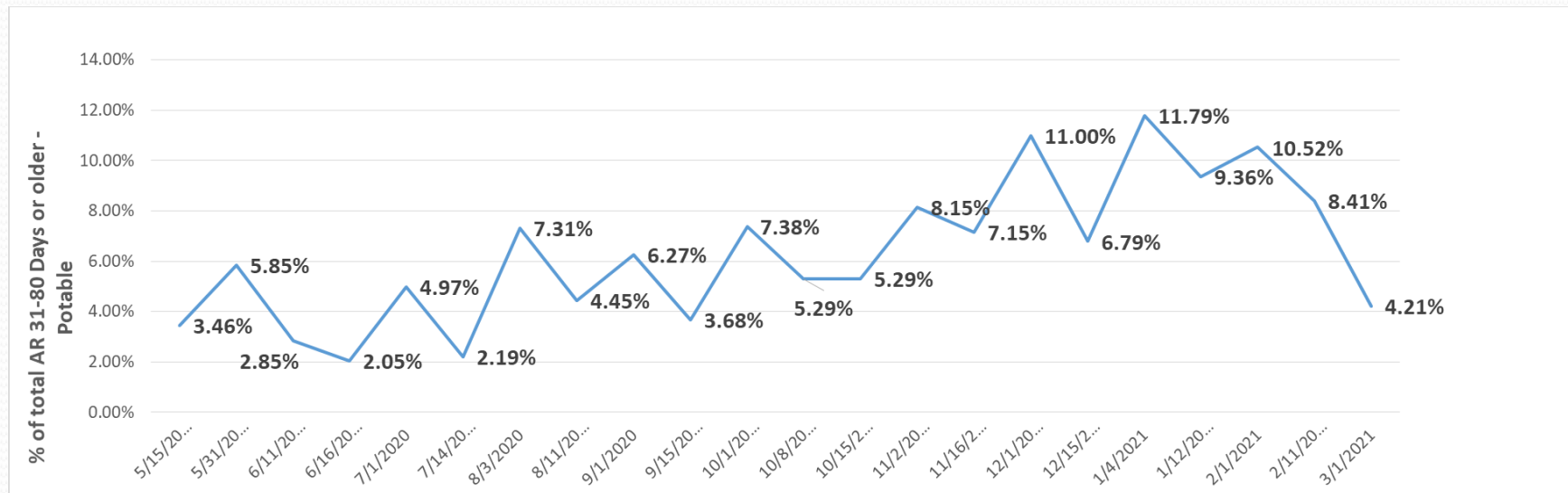
# About Customer Assistance Program...

- Proposition 218 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
- Revenues from other, non-water revenues, can be used to fund a customer assistance program or a water bill relief program

# Recommendation

- Use the proceeds from sale of District parcels at Gaty to create and fund a customer relief program for OMWD's active customers who have been financially impacted by the pandemic not to exceed \$250,000
  - A one-time water bill credit of up to \$300 per account based on average OMWD's residential customer water bill of \$149 per month for 2 months (billing cycle)
  - First-come/ first-serve until funds are used up (\$180,000)
  - Must demonstrate COVID impact
- Retain a not-for-profit agency to help the District in screening and reviewing applications received
  - Cost: vary from \$50,000 to \$70,000 based on applications received
- If consider and approve by the Committee, Staff will bring a resolution to the Board at the April 14 meeting for consideration and adoption

# Unpaid water bills (31-120+days old) as a % of total water receivables since the COVID-19 outbreak





# Questions