

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

April 2, 2026

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Thursday, April 2nd, 2026, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 9:02 a.m. In attendance were Scott Maloni, Treasurer; Neal Meyers, Vice President; Kimberly Thorner, General Manager; Leo Mendez, Finance Manager; Georgeanna Clark, Project Accountant II; August Trees, Financial Analyst I; and Jared Graffam, Accounting Supervisor appearing remotely.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Meyers moved to adopt the agenda, seconded by Director Maloni, and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 9, 2026, REGULAR FINANCE COMMITTEE MEETING

Director Meyers moved to approve the February 9th, 2026, meeting minutes, seconded by Director Maloni and carried unanimously.

6. REVIEW AND DISCUSS PRELIMINARY FISCAL YEARS 2027 AND 2028 OPERATING AND CAPITAL BUDGET

Finance Manager Mendez presented the preliminary operating and capital budget for fiscal years 2027 and 2028, including an overview of the budget process, and noted that staff has produced a balanced budget. Finance Manager Mendez also noted that the District is meeting its stretch objective of keeping controllable costs at or below the San Diego Consumer Price Index (CPI) change of 3.8%. Finance Manager Mendez provided

an overview of the proposed Operating and Capital Budget Expenditures followed by budget uncertainties. Director Meyers inquired about the projected increase in SDCWA water costs. General Manager Thorner affirmed that the District will receive final numbers from SDCWA in May, but the budget assumes an increase of 8%. Director Meyers noted that the actual increase will likely be significantly lower than 8% and asked how a lower increase would affect OMWD's rates. General Manager Thorner explained that SDCWA rate increases are passed-through in the District's rate increases, and that lowering the assumption for the SDCWA rate increase would lower the budgeted purchased water costs, but would be offset by also lowering water sales revenue due to the District having a lower rate increase.

Finance Manager Mendez presented the budgeted operating revenues and expenses compared to the budgeted figures for fiscal year 2026 and actuals for fiscal year 2025 highlighting key increases in revenues and expenses in the next biennial budget period. Director Maloni questioned why revenues were significantly higher than expenses in both years showing a large net income, and why there was a lower net income for fiscal year 2028 compared to fiscal year 2027. General Manager Thorner explained that capital contributions are the primary driver of the high net income figures, and the decrease in fiscal year 2028 is due to capital contributions dropping from \$7.9 million in fiscal year 2027 to approximately \$2 million in fiscal year 2028. Finance Manager Mendez explained that the change in capital contributions is due to higher capacity fees revenue and expected grant funding during fiscal year 2027. General Manager Thorner explained that capacity fees and grant funding pay for their associated capital projects and should not be seen as an offset to operating costs. Director Meyers requested that a footnote should be added to clarify the funds are for specific projects and not a general revenue source. Finance Manager Mendez then provided an overview of key revenue and expenditure assumptions that were used throughout the operating budget.

Finance Manager Mendez next presented an overview of the capital budget, including estimated unspent appropriations through 2026 that will be added to the 2027 appropriations. Finance Manager Mendez noted that the 10-year capital spending plan was updated by Engineering and has been incorporated into the budget and the District's reserves projections. Director Meyers inquired about the DCMWTP improvements. General Manager Thorner explained that the plant will have to be shut down for capital improvements for 4 months in 2027, resulting in increased costs from purchasing treated water instead of raw water. Potential OMWD rate impacts related to the shutdown and the SDCWA rate increases were discussed.

Finance Manager Mendez next summarized the proposed equipment purchases for 2027 and 2028. Director Meyers asked questions regarding the potential switch to electric service vehicles and Director Maloni asked questions regarding the Boardroom equipment upgrades.

Finance Manager Mendez then detailed the 5-year historical reserves and projections for water and wastewater funds, noting that the primary driver of the projected reserve levels is the updated 10-year Capital Spending Plan. Finance Manager Mendez noted that the increase in the water reserve balances in fiscal year 2032 is due to a planned debt issuance and projected grant funds related to the San Dieguito Groundwater Desalination project. Finance Manager Mendez also noted that total Wastewater reserves are expected to decrease to a level closer to the minimum of the Board's reserves policy in 2030, assuming full capital spending, which is a conservative assumption.

Finance Manager Mendez requested approval from the Finance Committee to bring forward the budget for discussion with the Board at the April 15th meeting, for tentative approval. Finance Manager Mendez also noted that staff is requesting direction on adding a \$100 thousand grant lobbying agreement that would put the budget over the 3.8% increase in controllable costs annual objective but could lead to the District receiving grant funding. Finance Manager Mendez added that staff will continue with the budget refinement process, and that the final draft of the budget will be presented to the Board for consideration and adoption at the June board meeting.

Director Maloni and Director Meyers requested that staff maintain the annual objective of keeping controllable costs below 3.8% and directed staff not to pursue the grant lobbyist agreement for \$100 thousand. Director Meyers and Director Maloni approved bringing the preliminary budget for discussion and tentative approval at the April 15th Board meeting, excluding the grant lobbying agreement.

9. FUTURE AGENDA ITEMS/INFORMATION

There were no future agenda items requested.

10. ADJOURNMENT

The meeting was adjourned at 10:49 a.m.