

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

January 24, 2023

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, January 24th, 2023, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 9:30 a.m. In attendance were Neal Meyers, Board Treasurer; Lawrence A. Watt, Board Secretary; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; Jared Graffam, Financial Analyst II; and Georgeanna Clarke, Financial Analyst I.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

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

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE NOVEMBER 9, 2022, REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the November 9, 2022, meeting minutes, seconded by Finance Manager Selamat and carried unanimously. Director Meyers abstained from voting since he was not present at the November meeting as he was not on the Finance Committee at that time. The District's Administrative and Ethics Code allows for the Finance Manager to approve the minutes as the District's Deputy Treasurer.

6. REVIEW AND DISCUSS QUARTERLY INVESTMENTS AND CASH REPORTS (4th QUARTER 2022)

Finance Manager Selamat reviewed the investment report as of December 31, 2022, with the committee. Cash and investments were discussed. Director Meyers inquired if

the yield on investments has moved much with recent changes in market conditions. Finance Manager Selamat responded that the District's returns on its short-term investment have continued to increase due to federal funds rate hikes since last year. Finance Manager Selamat stated that District investments in California Asset Management Program (CAMP) Pool have performed very well compared to the investments in Local Agency Investment Fund (LAIF) since the fed raised short term rates. CAMP is more susceptible to changes in market conditions than LAIF due to its portfolio composition holdings which is comprised of mainly short-term securities such as commercial papers and certificate of deposits. Finance Manager Selamat stated that staff has been transferring a portion of the District's investments in LAIF to CAMP to take advantage of the higher yields.

Finance Manager Selamat reported that the District's investments are in compliance with the District's Investment policy and that the District has sufficient funds to meet its financial obligations for the next 120 days. Director Watt confirmed that the District's investment policy is reviewed annually with the board at its December meeting.

7. CONSIDER AND APPROVE STAFF'S PROPOSED POTABLE AND RECYCLED WATER RATES AND CHARGES FOR 2023

Finance Manager Selamat presented the staff-proposed 2023 rate increases for potable and recycled water services, and OMWD fire meter charges totaling a 5.9% revenue adjustment, including the Rate Reimbursement Credit approved by the board in early 2022. Finance Manager Selamat reported the 5.9% revenue increase is primarily to pass-through purchased water wholesale cost increases from San Diego County Water Authority (SDCWA) effective January 1, 2023, and a 6.35% inflationary pass-through based on the over-the-year SDCPI-U increase. Finance Manager Selamat further reported that the increased purchased water costs from SDCWA equates to a 7.5% per acre foot increase to the District's untreated supply rate, and a 1.3% increase in fixed charges from SDCWA. Finance Manager Selamat also stated the District's blended recycled water supply rate already increased by 6.7% in July 2022.

Finance Manager Selamat reported the proposed rates are consistent with OMWD's rate ordinance adopted by the board in 2019 and were presented to the Finance Committee and Board of Directors in October of 2022 for tentative approval. Finance Manager Selamat noted that the District's customers have also been notified in writing of the proposed changes in water rates and charges via the District's January edition of its Watching Water newsletter to comply with Proposition 218 requirements.

Director Meyers inquired if there are additional ways of notifying customers of the proposed rate increases. General Manager Thorner responded that the District is required to meet the standards established in the Proposition 218 notice that states customers are to be notified in writing no less than 30 days prior to any pass-through adjustments, and that the District met these standards with the issuance of the

Watching Water newsletter. General Manager Thorner added that the District also posted the proposed rates on its website for public view.

Director Meyers and Director Watt recommended bringing the proposed rates and charges before the full board at the February 15 board meeting for consideration and approval.

8. FOLLOW-UP DISCUSSION ON FINANCIAL RATIOS PRESENTED BY THE PUN GROUP, OMWD'S AUDITORS, AT THE DECEMBER BOARD MEETING (INFORMATIONAL ITEM)

Accounting Supervisor Mendez presented several key financial indicators that were presented by the District's auditors during their presentation to the board at the December 2022 meeting. This was an informational item requested by Director Meyers at the December board meeting to see where the District ranks among other local agencies.

Accounting Supervisor Mendez explained each financial indicator to the committee and presented a comparison of the District's fiscal year 2021 and 2022 numbers against ten other local agencies for each metric. Accounting Supervisor Mendez then presented an overall ranking across all indicators which ranked the District at the top. Accounting Supervisor Mendez stated the comparison of the different financial indicators against other local agencies helps to illustrate the strong financial position of the District and the effectiveness of District policies set by the board to safeguard District assets and ensure financial stability.

9. FUTURE AGENDA ITEMS/INFORMATION

There were no future agenda items requested.

10. ADJOURNMENT

The meeting was adjourned at 10:43 a.m.