

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

January 07, 2021

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Thursday, January 7, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via video conference.

President Sprague called the meeting to order at 10:06 a.m. In attendance via video conference were Edmund K. Sprague, Board President and Division 5 Director; Lawrence A. Watt, Treasurer and Division 2 Director; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; and Jared Graffam, Financial Analyst. General Manager Thorner announced, per the Brown act, Christy Guerin, Division 3 Director, is also in attendance via video conference to audit the finance committee meeting, but will not participate.

Additionally, the following phone number called into the meeting: (858) 243-6374.

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

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

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE NOVEMBER 16, 2020 REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the November 16, 2020 meeting minutes, seconded by Director Sprague and carried unanimously.

6. REVIEW AND DISCUSS OMWD'S PROPOSED 2021 WATER RATES AND CHARGES

Finance Manager Selamat presented Staff-proposed 2021 rate increases for potable and

recycled water services, and OMWD fire meter charges totaling a 2.6% revenue increase. Finance Manager Selamat noted the 2.6% revenue adjustment is below the original 5% increase planned for 2021 as part of the District's 2019 Cost of Service study.

Director Watt commented that the District was able to forgo an increase in rates for wastewater services this past year and asked why it's different for potable and recycled water services. General Manager Thorner responded that the District has more control over the expenses related to wastewater service. Potable and recycled water services are subject to pass-through increases for the cost of purchased water from other agencies of which the District has little control over.

Finance Manger Selemat reported the 2.6% revenue increase is primarily due to a 4.8% increase in untreated water wholesale pass-through costs from San Diego County Water Authority (SDCWA) effective January 1, 2021, a 15.8% increase in SDCWA infrastructure access charge, and a 1.98% inflationary pass-through based on the over-the-year SDCPI-U for 2020. General Manager Thorner added the District is only able to pass-through up to 9% of the 15.8% increase in the SDCWA infrastructure access charge per the District's Proposition 218 notice, so the District is absorbing approximately 6% of the increased costs.

Finance Manager Selamat stated the District was able to minimize rate increases in 2021 due to conservative financial planning, delaying non-critical water infrastructure projects to future years to reduce near-term capital expenses, pursued funding opportunities from state and federal programs for reimbursement of COVID-19 supply costs, and continued efforts to expand recycled water systems to be less dependent on SDCWA for water supply. Director Watt had questions on delayed projects and recycled water rate which were addressed by staff during the meeting.

Director Sprague and Director Watt both stated they appreciate the District's effort to keep the rate increase low and agreed to bring the 2021 Staff-proposed rates for presentation to the full board for consideration at the January 13th board meeting. Actual approval of rate increases will not occur until the March 17th board meeting.

7. ADJOURNMENT

The meeting was adjourned at 10:47 a.m.