

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC)
FINANCIAL SUBCOMMITTEE MEETING
Public Works Building
201 N. Stone Avenue – 8th Floor Conference Room
Thursday, May 10, 2018, 1:30 p.m.**

Members Present: John Lynch, Corin Marron, Matt Matthewson, Armando Membrila

Members Absent: Mark Taylor

Others Present: Mandy Armenta (FRMD), Marla Berry (RWRD), Isai Centeno (FRMD), Jennifer C. Coyle (RWRD), Keith Dommer (FRMD), Barbara Escobar (RWRD), Jackson Jenkins (RWRD), Veronica Lopez (RWRD), Charles Wesselhoft (PCAO)

A. Call to Order / Roll Call

John Lynch, Chair, RWRAC Financial Subcommittee, called the meeting to order at 1:06 p.m. Veronica Lopez, Program Coordinator, Regional Wastewater Reclamation Department (RWRD), took the roll call and a quorum was present.

B. Pledge of Allegiance

C. Call to the Audience – There were no comments from the audience.

D. Safety Share

Armando Membrila, Member, RWRAC Financial Subcommittee, reminded everyone to drive safely.

E. Approval of Minutes – Meeting Minutes of April 18, 2018

ACTION: Matt Matthewson made a motion to approve the meeting minutes of April 18, 2018. Armando Membrila seconded the motion. Motion passed unanimously.

F. Discussion/Action

1. Continued Discussion Regarding Rate Structure & Other Billing Topics

Jackson Jenkins, Director, RWRD, provided a brief overview of the three billing topics. Mr. Jenkins stated he would like to continue the discussion and receive feedback from the committee and whether they support the department's recommendations on each of these items.

a. Number of Industrial Classes

Mr. Jenkins stated the department is recommending reducing the number of classes to one commercial/industrial class.

b. Actual Water Usage vs. Winter Quarter Averaging

Mr. Jenkins stated the department is recommending to eliminate winter quarter averaging (WQA) for non-residential classes.

c. Residential Sewer User Fee Rate Structure

The department is endorsing a single fee for residential sewer user fee.

Mr. Lynch asked if County Administration is supportive of these recommendations. Mr. Jenkins stated they are supportive of the proposed changes. The committee members and staff continued discussion on the three billing topics.

The subcommittee determined the presentation to the full RWRAC on the number of industrial classes will occur once the Finance and Risk Management Department (FRMD) staff have compiled data on revenue requirements and cost of service. Jennifer C. Coyle, Special Assistant to the Director, RWRD, will present to the full committee on the residential sewer user fee rate structure at the May 24th RWRAC meeting. The subcommittee is anticipating that the RWRAC will not hold any meetings in July.

Mr. Lynch asked if these proposed recommendations are approved by the Board of Supervisors (BOS), when these changes would go into effect. Keith Dommer, Director, FRMD, explained it would be ideal if these recommendations could be approved in January or February and go into effect at the beginning of the Fiscal Year in July. Discussion ensued regarding the best approach to present these recommendations to the BOS for approval. The subcommittee members agreed on requesting support of the actual water usage vs. WQA and the residential sewer user fee rate structure from the full committee first, and then discussing and requesting support of the number of industrial classes separately. Mr. Dommer suggested that all three billing topics be submitted to the BOS at the same time, as well as implemented at the same time. The subcommittee concurred. Mr. Lynch suggested it be communicated to the full committee, especially those appointed by the BOS, that they speak to their respective Board member regarding their support on these items.

2. 2018 Financial Plan Update

Mr. Dommer stated the RWRAC letter supporting the Financial Plan was sent to the BOS. In August, the rate workbook will be presented and begin working on the 2019 Financial Plan.

3. Fiscal Year 2017/2018 Expense & Revenue Update

Mandy Armenta, Administrative Support Services Manager, FRMD, provided a preliminary Period 10 Expense and Revenue update. The total operating and maintenance expenses are budgeted for \$83.3 million with a savings of \$2.3 million. The total revenues is budgeted at \$177.4 million and the forecast is \$181.8, which is \$4.4 million above the projected budget.

Mr. Dommer added that the closing of prepayments for the debt issuance placing cash into the trust funds went well.

G. Future Agenda Items

The next subcommittee meeting is scheduled for Wednesday, June 20th, and depending on the outcome of the next full RWRAC meeting, this will determine if the subcommittee will meet in June.

The presentation of the number of industrial classes will occur once the FRMD staff have compiled data on the calculation of the high strength users.

H. Call to the Audience – Mr. Dommer thanked Ms. Coyle and Ms. Lopez for the great work they do and assistance they provide to the RWRAC. The subcommittee members also echoed Mr. Dommer's remarks.

I. Adjournment

ACTION: Corin Marron made a motion to adjourn the meeting. Matt Matthewson seconded the motion. The meeting was adjourned at 1:58 p.m.