

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC)
FINANCIAL SUBCOMMITTEE MEETING
Public Works Building
201 N. Stone Avenue – 8th Floor Conference Room
Thursday, February 15, 2018, 1:30 p.m.**

Members Present: John Lynch, Corin Marron, Matt Matthewson (via phone), Armando Membrila (via phone)

Members Absent: Mark Taylor

Others Present: Michelle Campagne (FRMD), Isai Centeno (FRMD), Jennifer C. Coyle (RWRD), Keith Dommer (FRMD), Jackson Jenkins (RWRD), Veronica Lopez (RWRD), Patrick McGee (FRMD), Xavier Rendon (FRMD)

A. Call to Order / Roll Call

ACTION: Matt Matthewson made a motion to nominate Corin Marron to serve as acting Chair in the absence of the Chair and Vice-Chair. Armando Membrila seconded. Motion passed unanimously.

Corin Marron, Acting Chair, RWRAC Financial Subcommittee, called the meeting to order at 1:38 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

Corin Marron, Member, RWRAC Financial Subcommittee, stated to walk safely and take necessary precautions when walking on wet surfaces.

(John Lynch, Chair, RWRAC Financial Subcommittee, arrived at 1:40 p.m. and assumed position as Chair of the meeting.)

E. Approval of Minutes – Meeting Minutes of January 19, 2018

ACTION: Matt Matthewson made a motion to approve the meeting minutes of January 19, 2018. John Lynch seconded the motion. Motion passed unanimously.

F. Discussion/Action

1. 2018 Financial Plan

Mr. Lynch asked if the Board of Supervisors (BOS) action on the high strength factor for the Commercial Billing Class was incorporated into the Financial Plan. Keith Dommer, Director, Finance and Risk Management Department (FRMD), stated it has not been included in the financial projections or Financial Plan and not receiving this adjustment will not affect the continued financial health of the enterprise.

Mr. Dommer distributed and discussed a spreadsheet on the 2018 current forecast and financial projections. Mr. Dommer reminded everyone that there are two triggers, a 1.25 debt service ratio and three months of unrestricted operating cash, in which if either one is hit that would trigger a discussion regarding rate increases. Discussion ensued. Mr. Dommer stated the bond council is working on a resolution to have it formerly approved by the RWRAC and the BOS. Mr. Dommer discussed the financial projection workbook. Mr. Dommer stated a 2018 Financial Plan will be issued this year, with a preliminary draft available in March and a final version presented in April prior to the budget hearings.

Jackson Jenkins, Director, RWRD, noted the BOS may reconsider their vote on the adjustment to the high strength factor for the Commercial Billing Class. This would not be a department action, but up to the BOS as to how they choose to proceed.

Mr. Lynch asked what the status is on the modifications to the rate structure and other billing alternatives. Mr. Jenkins stated staff is working on a PowerPoint to present to the committee. Mr. Jenkins recommended presenting on one topic at a time to the committee, rather than all three at once. Jennifer C. Coyle, Special Assistant to the Director, RWRD, suggested these presentations be presented to the subcommittee first prior to it being presented to the full committee. The department intends to present all three items at the March Financial Subcommittee meeting.

2. Fiscal Year 2017/2018 Expense & Revenue Update

Patrick McGee, Division Manager, FRMD, provided the Period 7 Expense and Revenue update. Operation and Maintenance expenses are approximately \$1 million under budget due to savings in the personnel services for the vacancy savings. Mr. McGee stated revenues are \$2.2 million over the \$177 million that was budgeted. Mr. Lynch asked with regards to the savings in personnel, if this is due to staff retirements and/or difficulty in filling vacancies. Mr. Jenkins stated a large department such as RWRD will have a vacancy rate and that rate is not budgeted for. Mr. Jenkins stated 40% of RWRD staff is eligible to retire. Some vacancies are due to retirements, but also some are due to internal promotions and the vacancies those create. Discussion ensued regarding budgeting for vacancy savings.

G. Future Agenda Items

- Presentation on Modifications to the Rate Structure and other Billing Alternatives
- Preliminary Draft of the 2018 Financial Plan
- Board Resolution – Approve Defeasance

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

I. Adjournment

ACTION: Armando Membrila made a motion to adjourn the meeting. Corin Marron seconded the motion. The meeting was adjourned at 2:19 p.m.