

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
MINUTES
FINANCE, AFFORDABILITY, ASSET MANAGEMENT, AND EFFICIENCY
COMMITTEE

February 10, 2026

Chair Miller called the meeting to order at 8:30 a.m.

Members present: Directors Alvarez, Bryant, Crane, Dennstedt, Fong-Sakai, McMillan (entered after rollcall), Miller, Paule, Pressman (entered after rollcall), Quinn (entered after rollcall) and Seckel.

Members absent: Director Petersen.

Other Members present: Ackerman, Camacho, De Jesus, Denham, Erdman, Faessel, Fellow, Garza, Gray, Jay, Kurtz, Lewitt, Shepherd Romey, and Sutley.

Committee Staff present: Beatty, Benson, Crosson, Deshmukh, Hudson, Kasaine, Ros, and Rubin.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

None

CONSENT CALENDAR ITEMS – ACTION

2. COMMITTEE ACTION (ONLY)

- A. Subject: Approval of the Minutes of the Finance and Asset Management Committee Meeting for December 9, 2025

3. COMMITTEE ITEMS (FOR BOARD CONSIDERATION)

7-2 Subject: Review and consider the Mitigated Negative Declaration adopted by the Lead Agency for the project, and authorize the General Manager to grant a non-exclusive permanent easement to West Valley Water District for access purposes on Metropolitan fee-owned property in the city of Fontana and identified as County of San Bernardino Assessor Parcel Number 1107-262-16

Motion: Review and consider the Mitigated Negative Declaration adopted by the Lead Agency for the project, and authorize the General Manager to grant a non-exclusive permanent easement to West Valley Water District for access purposes on Metropolitan fee-owned property in the city of Fontana and identified as County of San Bernardino Assessor Parcel Number 1107-262-16.

No Presentation was requested.

7-3 Subject: Set a public hearing on March 10, 2026, regarding the proposed water rates and charges for calendar years 2027 and 2028 necessary to meet the revenue requirements for fiscal years 2026/27 and 2027/28; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Set a public hearing on March 10, 2026, regarding the proposed water rates and charges for calendar years 2027 and 2028 necessary to meet the revenue requirements for fiscal years 2026/27 and 2027/28.

No Presentation was requested.

The following Director provided comments or asked questions:

1. Fong-Sakai

Director Fong-Sakai requested that Option 1 be amended to reflect the August 18, 2026, date for the future Board action regarding fixing the ad valorem property tax for FY 2026/27.

Staff responded to the Director's comments and questions.

Director Seckel made a motion, seconded by Director Fong-Sakai, to approve the consent calendar consisting of items 2A, 7-2, and 7-3 as amended.

The vote was

Ayes: Directors Alvarez, Bryant, Crane, Dennstedt, Fong-Sakai, Miller, Paule, and Seckel.

Noes: None

Abstentions: None

Absent: Directors McMillan, Petersen, Pressman, and Quinn

The motion for items 2A, 7-2, and 7-3 as amended passed by a vote of 8 ayes, 0 noes, 0 abstentions, and 4 absent.

Director Pressman entered the meeting.

END OF CONSENT CALENDAR ITEMS

4. COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)

None

5. COMMITTEE ITEMS (INFORMATION FOR BOARD CONSIDERATION)

a. Subject: Quarterly Investment Activities Report

Presented by: Christopher Harris, CFA, CAIA, Head of Portfolio Strategies - PFM Asset Management
Riddhima Hinduja, CFA, Senior Client Strategist- PFM Asset Management

Mr. Benson introduced the item and Ms. Hinduja provided a summary of key market and investment activities that impacted portfolio performance over the period ending December 31, 2025.

Director Quinn entered the meeting.

6. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Subject: Finance, Affordability, Asset Management, and Efficiency activities

No report was given.

7. BOARD WORKSHOP ITEM

9-1 Subject: Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028 to meet revenue requirements for fiscal years 2026/27 and 2027/28; ten-year financial forecast; and Cost of Service Report (Workshop 1)

Presented by: Adam Benson, Group Manager-Finance & Administration
Arnout Van den Berg, Section Manager-Revenue & Budget
Mai Hattar, Group Manager-Engineering Services

General Manager Shivaji Deshmukh addressed the committee and provided an overview of the proposed budget. His comments included how the two-year budget relates to the CAMP4W process. He noted that further discussion and analysis with the Board will be required to address staffing, property tax revenues, infrastructure investment, and initial funding associated with the Pure Water Southern California project.

Ms. Kasaine introduced the item and presented the committee with an overview of the agenda and a summary of the strategic planning efforts.

Mr. Benson presented the committee with budget highlights and key budget drivers. His presentation included the baseline budget, incremental drivers, estimated overall rate increases, and financial policies and goals.

Mr. Van den Berg continued the presentation with an overview of the biennial budget highlights, including water demands and supplies. He presented the historical water transactions and forecast, historic and projected overall rate increases, proposed expenditures, revenue requirements, rates and charges, and treatment surcharge. Next, he provided a summary of property tax rates, expenditures, demand management, O&M budget, staffing, and the Pure Water Southern California project. Lastly, he provided an overview of the Ten-Year financial forecast, including projected rate increases and financial metrics, revenue trends, expenditure trends, and water rates and charges.

Ms. Hattar presented the committee with an overview of the capital investment plan (CIP), and proposed CIP budget. Her presentation included the complexity of Metropolitan's CIP, infrastructure, and the proposed repair and rehabilitation budget. Next, she provided an overview of the basis for the proposed CIP budget, major contracts underway and upcoming, and the focus of the ten-year CIP on reducing risk.

Lastly, Ms. Kasaine provided the next steps.

Director McMillan entered the meeting.

The following Directors provided comments or asked questions:

1. Quinn
2. Seckel
3. Crane
4. Miller
5. Sutley
6. Pressman
7. Paule
8. Kurtz
9. De Jesus
10. Dennstedt
11. Garza
12. Fong-Sakai
13. Erdman
14. Alvarez
15. Shepperd Romey

Staff responded to the Directors' comments and questions.

8. FOLLOW-UP ITEMS

Director Sutley requested additional information on bond coverage, reserve levels, property tax, and fixed revenues.

Director Miller requested additional information about water costs with and without the Pure Water project for the ten-year period.

Director Dennstedt requested more information on staffing.

Director Garza requested staff take a deeper dive on the subsidence line item during a future finance committee and would like staff to include what others are contributing to the subsidence issue.

Director Crane requested information on the fixed costs.

Director Alvarez requested staff take a deeper dive on our base budget and costs and what the 7.5% base rate increase will include.

9. FUTURE AGENDA ITEMS

None

10. ADJOURNMENT

The meeting adjourned at 11:36 a.m.

Marty Miller
Chair