

# **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

## **MINUTES**

### **FINANCE, AUDIT, INSURANCE, AND REAL PROPERTY COMMITTEE**

**May 9, 2023**

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

Members present: Directors Alvarez, Armstrong, Atwater (teleconference posted location), Chacon, De Jesus (teleconference posted location), Dennstedt, Dick, Miller, Pressman (teleconference posted location), and Smith.

Members absent: Directors Fong-Sakai, Petersen, Quinn, and Seckel.

Other Members present: Erdman, Faessel, Goldberg, Morris, and Ortega.

Committee Staff present: Beatty, Chapman, Kasaine, Ros, Suzuki, Upadhyay.

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

None

#### **2. SUBCOMMITTEE REPORTS**

- A. Subject: Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling

Director Atwater provided an overview of the items discussed at the Subcommittee on Long-Term Regional Planning Processes and Business Modeling on April 25, 2023.

### **CONSENT CALENDAR ITEMS — ACTION**

#### **3. CONSENT CALENDAR OTHER ITEMS – ACTION**

- A. Subject: Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for April 11, 2023 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

#### **4. CONSENT CALENDAR ITEMS – ACTION**

None

Director Miller made a motion, seconded by Director Dennstedt, to approve the consent calendar consisting of item 3A.

The vote was:

Ayes: Directors Alvarez, Armstrong, Atwater, Chacon, De Jesus, Dennstedt, Dick, Miller, and Smith

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai, Petersen, Pressman, Quinn, and Seckel.

The motion for item 3A passed by a vote of 9 ayes, 0 noes, 0 abstain, and 5 absent.

#### **END OF CONSENT CALENDAR ITEMS**

#### **5. OTHER BOARD ITEMS – ACTION**

- 8-6 Subject: Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2023/24; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Presented by: Khanh Phan, Unit Manager-Rates, Charges & Financial Planning
- Motion: Adopt the resolution to continue the Standby Charge for fiscal year 2023/24.

Ms. Kasaine introduced the item and Ms. Khanh presented the committee with a brief overview of the standby charge program, standby charge rates, and Board actions for the readiness-to-serve charge and water standby charge.

The following Directors provided comments or asked questions:

1. Miller
2. Dennstedt
3. Smith
4. Armstrong
5. Dick

Staff responded to Directors' comments and questions.

After completion of the presentation, Director Armstrong made a motion, seconded by Director Miller, to approve item 8-6.

The vote was:

Ayes: Directors Alvarez, Armstrong, Atwater, Chacon, De Jesus, Dennstedt, Dick, Miller, and Smith  
Noes: None  
Abstentions: None  
Absent: Directors Fong-Sakai, Petersen, Pressman, Quinn, and Seckel

The motion for item 8-6 passed by a vote of 9 ayes, 0 noes, 0 abstain, and 5 absent.

## **6. BOARD INFORMATION ITEMS**

9-2 Subject: Renewal Status of Metropolitan's Property and Casualty Insurance Program  
Presenter: Drew Boronkay, Unit Manager-Risk Management

Ms. Kasaine introduced the item and Mr. Boronkay presented the committee with an overview of the current Property and Casualty Insurance programs and the cost estimates for this year's insurance renewal.

The following Directors provided comments or asked questions:

1. Dick
2. Erdman
3. Dennstedt
4. Smith
5. Ortega

Staff responded to Directors' comments and questions.

## **7. COMMITTEE ITEMS**

a. Subject: Quarterly Financial Report  
Presented by: Adam Benson, Group Manager- Finance

Ms. Kasaine introduced the item and Mr. Benson presented the committee with Metropolitan's quarterly financial report for the period ending March 31, 2023. The report included cumulative water transactions in acre-feet, revenues, and expenses for fiscal year 2022/23. Mr. Benson also reported on reimbursable costs and Operations & Maintenance costs for the Delta Conveyance Project through March 2023.

The following Directors provided comments or asked questions:

1. Ortega
2. Dick

3. Smith
4. Pressman
5. Miller
6. Erdman

Staff responded to Directors' comments and questions.

## **8. MANAGEMENT REPORTS**

- a. Subject: Chief Financial Officer's report  
No report given.

- b. Subject: General Auditor's Report

Mr. Suzuki updated the committee on audit plan status, completion of revisions on the General Auditor's report format and content, completion of procedures on follow-up audits, and continued revisions being made to the General Auditor's risk assessment process.

The following Director provided comments or asked questions:

1. Ortega

Staff responded to the Director's comments and questions.

- c. Subject: Real Property Group Manager's Report

Mr. Chapman updated the committee on the desert employees' hosted copper basin fish out, wildflower bloom at Diamond Valley Lake, updates to the committee room microphones, and acknowledgement of a staff birthday.

## **9. FOLLOW-UP ITEMS**

Director Erdman requested to see reserve balance trends for the last five to ten years.

## **10. FUTURE AGENDA ITEMS**

Director Dennstedt requested a workshop to discuss water sales, fixed costs versus variables, reserve balances, reserve balance offsets, and how these factors blend into the budget.

## **11. ADJOURNMENT**

The next meeting will be held on June 13, 2023.

Meeting adjourned at 9:41 a.m.

Timothy Smith  
Chair