

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

September 13, 2021

Vice Chair Record called the teleconference meeting to order at 9:36 a.m.

Members present: Vice Chair Record, Directors Blois, Dick, Faessel, Goldberg, Hawkins, Jung (entered after roll call), Ortega, Ramos, Smith, and Tamaribuchi.

Members absent: Quinn

Other Board Members present: Directors Abdo, Ackerman, Atwater, Butkiewicz, Camacho, Cordero, De Jesus, Dennstedt, Erdman, Fellow, Gray, Hogan, Kurtz, Lefevre, McCoy, Morris, Peterson, Phan, Pressman, and Repenning.

Committee Staff present: Atkins, Beatty, Hagekhalil, Kasaine, Scully, Upadhyay

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

None

CONSENT CALENDAR ITEMS — ACTION
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2. CONSENT CALENDAR OTHER ITEMS – ACTION

- A. Subject: Approval of the Minutes of the Adjourned Meeting of the Finance and Insurance Committee held August 16, 2021

3. CONSENT CALENDAR ITEMS – ACTION

None

Director Dick made a motion, seconded by Director Faessel, to approve the consent calendar consisting of item 2A.

The vote was:

Ayes: Directors Blois, Dick, Faessel, Goldberg, Hawkins, Ortega, Ramos, Record, Smith and Tamaribuchi

Noes: None

Abstentions: None

Absent: Directors Jung and Quinn

The motion for items 2A passed by a vote of 10 ayes, 0 noes, 0 abstain, and 2 absent.

Director Jung entered the meeting.

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

9-4 Report on Rate Refinement Workgroup's Review of Demand Management Cost Recovery Alternatives
Presented by: Arnout H. Van den Berg, Section Manager-Revenue & Budget

Ms. Kasaine introduced the item and Mr. Van den Berg provided the presentation. Mr. Van den Berg explained what demand management is and its purpose. He explained that demand management is currently funded through the Water Stewardship Fund, but this fund is projected to be exhausted by fiscal year 2022/23. The Board will therefore need to approve the method we will use to fund demand management going forward. The Member Agency Rate Refinement Workgroup considered several alternatives, and agreed on the Variable Costs alternative and Alternative 1 as the preferred methods for recovering demand management costs. The Variable Costs alternative would be based on avoided variable costs excluding fixed O&M and capital costs, with demand management costs recovered by the Tier 1 Supply Rate and the System Power Rate. Alternative 1 is consistent with the existing cost of service methodology, with demand management costs recovered by the Tier 1 Supply Rate and the System Access Rate.

The following Directors provided comments or asked questions:

1. Ortega
2. Atwater
3. Goldberg
4. Smith
5. Kurtz
6. Ramos

Ms. Kasaine and Mr. Hagekhalil responded to Director questions and comments.

9-5 Mid-cycle Biennial Budget Review

Presented by: Arnout H. Van den Berg, Section Manager-Revenue & Budget

Ms. Kasaine introduced the item and Mr. Van den Berg laid out the key biennial budget goals and underlying assumptions for fiscal year 2020/21. He reported that transactions for this year came in close to the budgeted amount. High fixed expenditures and variable income is balanced by the reserve rate. There was an increase in unrestricted reserves because expenditures were much lower than budgeted. Staff is preparing the next biennial budget and he laid out the next steps in the process. As explained in the prior presentations, the Board will need to approve a new method for calendar year 2023 to recover demand management costs.

The following Directors provided comments or asked questions:

1. Smith
2. Ortega
3. Goldberg
4. Hogan
5. Abdo
6. Blois
7. Repenning

Ms. Kasaine and Mr. Hagekhalil responded to Director questions and comments.

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORTS

- a. Subject: Chief Financial Officer's report

Ms. Kasaine stated that she had nothing to report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEM

None

10. ADJOURNMENT

Next meeting will be held on October 11, 2021.

Meeting adjourned at 10:56 a.m.

Randy Record
Vice Chair