



SPECIAL MEETING
ADMINISTRATIVE AND FINANCE COMMITTEE
November 12, 2015

CALL TO ORDER / ROLL CALL

Chair Arant called the Special Administrative and Finance Committee meeting to order at 1:35 p.m. Committee members present were Chair Arant, Vice Chair Wilson, and Directors Cherashore, Fong-Sakai, Gallo, Hilliker, Kennedy, Muir, Verbeke, Weston, and Williams. Directors absent were Vice Chair Razak, and Directors Lewinger, Watkins and Watton. Also present were Directors Brady, Evans, Guerin, Heinrichs, Linden, Olson, Saxod, Steiner, and Tu. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, Acting Deputy General Counsel Taylor, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance Harris, Director of Water Resources Yamada, Director of Engineering Reed, Director of Operations and Maintenance Fisher, and Financial Planning Manager Shank.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public speakers.

CHAIR'S REPORT

Chair Arant introduced the newest Administrative and Finance Committee member, Director Cherashore, representing the City of San Diego.

DEVELOPMENT OF 2015 LONG-RANGE FINANCING PLAN

Ms. Stapleton began with a recap of the Long-Range Financing Plan (LRFP) and stated the last update was in 2008. She explained the plan wasn't specific to revenue and expenditures, but focused on upcoming challenges, and opportunities and changes expected over the next ten years. She said it set framework or parameters for staff going forward in operations for bond funding, and recommended rates and charges, and was used as a living document with flexibility when needed.

Ms. Harris presented the agenda and order of presenters. She explained the purpose and contents of the LRFP, then reviewed the 2008 LRFP's successes, focus of the 2015 LRFP, and a comparison of the planning environments (then vs. now). She mentioned the 2015 LRFP would provide key financial information, which included a 10-year forecast and high/low rate forecast. She explained many variables that would impact the Water Authority's financial position pointing out four major drivers which were Water Sales and Treatment, Local Supplies, Cost of Imported Water and Capital Improvement Program (CIP).



Mr. Yamada presented the Water Sales and Treatment, and Local Supplies portion of the presentation beginning with factors influencing water sales, key water sales assumptions, baseline assumptions, and high/low assumptions. He continued with a summary of key local supplies impacting forecasts. He also reviewed various scenarios in high/low assumptions.

Chair Arant paused to give the Board a chance to comment and ask questions.

Mr. Cushman presented the Cost of Imported Water portion of the presentation starting with a summary of the cost of imported water and where the water comes from, and concluded with a review of high/low assumptions associated with the cost of imported water.

Chair Arant paused to give the Board a chance to comment and ask questions.

Mr. Reed presented the CIP portion of the presentation beginning with an explanation of baseline assumptions for fiscal years 2016-2026, which included Asset Management, Relining, Mitigation, Planning Studies, New Facilities, and the Emergency Storage Program. He also reviewed high/low assumptions.

Chair Arant paused to give the Board a chance to comment and ask questions.

Ms. Harris presented the Financial Policies portion of the presentation. She explained the long-term funding policy update and recommendation, stored water inventory cycle and the stored water fund policy update and recommendation. She concluded with a summary of the four major drivers, policy recommendations and next steps mentioning key dates of upcoming meetings.

The Board made a comments and thanked staff.

ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Arant adjourned the meeting at 2:35 p.m.