



Our Region's Trusted Water Leader
San Diego County Water Authority

SPECIAL MEETING
ADMINISTRATIVE AND FINANCE COMMITTEE
June 11, 2019

CALL TO ORDER / ROLL CALL

Chair Hilliker called the Administrative and Finance Committee meeting to order at 1:38 p.m. Committee members present were Chair Hilliker, Vice Chair Leonard, and Directors Boyle, Croucher, Evans, Katz, Saxod, Udrys, Watkins, and Wilson. Committee members absent were Vice Chair Ayala, and Directors Cate, Murtland, Simpson, and Smith. Also present were Directors Arant, Fong-Sakai, Guerin, Hedberg, Heinrichs, Lewinger, Madaffer, Masson, Miller, Mosca, Preciado, Scalzitti, and Steiner. 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 Acting General Manager Kerl, General Counsel Hattam, Assistant General Manager Denham, Director of Finance/Treasurer Harris, Budget and Treasury Manager Whyte, Director of Water Resources Gage, Rate and Debt Manager Rossum, Director of Engineering Reed, Colorado River Program Director Rodgers, Information Security Officer Constantineau, Director of Administrative Services Foster, Director of Operations and Maintenance Fisher, Director of Public Outreach & Conservation Vedder, and MWD Program Director Chen.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

ACTION/DISCUSSION

Consideration of the General Manager's Recommended Budget for Fiscal Years 2020 and 2021.

Chair Hilliker stated the board received the budget document for review at the May 23, 2019 Board meeting and at that time the General Manager had provided an overview and informed the Board of budget workshop dates. He noted the board would take action on the budget at the June 27, 2019 Board Meeting. Chair Hilliker reviewed logistics of how the workshops would proceed.



Ms. Kerl began the presentation with a budget overview, which included factors impacting the budget such as water supply and demand, usage of the rate stabilization fund, Capital Improvement Program, and Asset Management Program. She addressed key components of the recommended budget; historical spending, historical staffing, and managing staff resources. Ms. Kerl provided an overview of labor and benefits and announced the workshop schedule for June 11 and June 13, 2019.

Ms. Gage presented the Water Sales segment of the workshop beginning with background on how the Water Authority conducts water use forecasts on a long-range demand basis, and short-term budgetary forecast. She explained factors including local surface storage, and historical/forecasted water sales. Mr. Rossum concluded the presentation by addressing water supply sources, melded QSA costs, water purchase prices, MWD cost calculations, and supply unit cost by source.

Mr. Reed reviewed the Capital Improvement Program components of the FY 2020 and 2021 budget covering FY 2018 and 2019 completed projects including Carlsbad 6 Flow Control Facility, 20 miles of pipeline inspection, 6.6 miles of pipeline relining, rehabilitation of 15 critical structures, Moosa Canyon erosion control, Kearny Mesa Headquarters roof repair, and San Vicente Energy Storage Facility Study. He explained how construction cost escalation affected the proposed CIP budget and summarized changes to the lifetime budget and project budgets within the proposed CIP budget. He also reviewed FY 2020 and 2021 recommended appropriation, planning efforts and Asset Management assessments needed over the following years to prepare for the CIP budget for FY 2022 and beyond. Ms. Rodgers concluded the presentation by reviewing the Regional Conveyance System Study.

Ms. Harris presented the debt portfolio and debt service segment of the budget workshop beginning with Capital Financing Plan targets including long-term and short-term debt, and PAYGO/Cash funds; explained how the senior lien coverage meets board policy target, and summarized the Water Authority's existing debt service, prudent debt management, and debt service expenditures.

Mr. Constantineau presented on Cyber Security including a review of recent public agency threats, IT resource deployment plan, organizational changes, 24/7 monitoring and assessments, improvements, NIST cybersecurity framework, CIS critical controls, and budget impacts. Mr. Foster concluded the presentation by reviewing Facility Security including FY 2018 and 2019 accomplishments, and FY 2020 and 2021 planned efforts in the field and at the Kearny Mesa facility.

Mr. Fisher presented on the Equipment Replacement Fund segment of the budget workshop beginning with objectives, policy, historical balances, agency practices, industry guidance, basis of funding to include: forecast of needs and timing, current asset types, current asset value, equipment evaluation criteria, and the proposed FY 2020 and 2021 Equipment Replacement Fund budget.



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Ms. Gage presented on the Grants Budget components of the FY 2020 and 2021 budget by reviewing sources of grant support for essential water management projects including integrated regional water management projects and conservation grants, water efficiency and outreach, and future IRWM funding.

Mr. Foster presented on the Enhanced Member Agency Engagement segment of the budget workshop beginning with a review of past outreach and campaign efforts dating back to 2014. He also explained partnership focus areas, and enhanced communications. Ms. Vedder concluded the presentation by reviewing events, outreach support, media and community relations, and resource deployment steps.

The Board asked several questions and made comments mostly related to project review and project costs. Staff provided answers.

ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Hilliker adjourned the meeting at 3:42 p.m.