

FINANCE & ADMINISTRATION COMMITTEE MEETING
SUMMARY MINUTES
February 21, 2023
3:00 P.M.

ATTENDANCE 

Directors: John Weed (Chair), Paul Sethy

Staff: Ed Stevenson, Jonathan Wunderlich, Mariana Grajeda, David Serrano, Sydney Oam

Due to COVID-19 and in accordance with Assembly Bill 361, which modifies Government Code Section 54953, this meeting was conducted in person at the District's Headquarters and virtually by Zoom Webinar and Teleconference, and members of the public were invited to participate. Materials presented to the Committee were posted in advance of the meeting at www.acwd.org.

DISCUSSION TOPICS

1. **COVID Status Report:** David Serrano, Human Resources and Risk Manager, provided an update on COVID status as part of the monthly update to the Finance Committee. The District has seen a total of 161 COVID cases since the start of the pandemic in March 2020. The District has seen 2 new cases since last month, but with no isolation or operation impacts at the end of the reporting period – January to February 2023. The employee vaccination rate remains at 84.6%. There has been a 66% decrease in the Alameda County case rates for the January to February 2023 reporting period compared to the December 2022 to January 2023 reporting period. Mr. Serrano answered questions from the Committee.

2. **Overview of Proposed State Constitution Amendment Ballot Initiative: Taxpayer Protection and Government Accountability Act:** Jonathan Wunderlich, Director of Finance and Administration, reviewed the key provisions, potential district impact, and permissible District activities related to the voter initiative – Tax Taxpayer Protection and Government Accountability Act – which is expected to qualify for the November 2024 ballot. The voter initiative would make changes for state and local government procedures and requirements for taxes and certain fees. Key provisions for the State-imposed taxes and fees include defining all levies/charges as either a tax or exempt charge; placing the burden on the State to show “by clear and convincing evidence” that an exempt charge is reasonable (“minimum amount necessary”) and requiring new and increased taxes to be passed by the electorate. The provisions for the locally-imposed taxes and fees are generally the same as for the State government, and require a governing body to adopt exempt charges by Ordinance. The ballot initiative places an enhanced burden on the District to demonstrate by clear and convincing evidence that water rates are the minimum amount necessary, requires the District to adopt water rates and potentially all other fees and charges by Ordinance, and prohibits the District from assessing a special property tax based on property value. The ballot measure could therefore affect the District's rates setting process. State law limits actions that government agencies can take in regard to ballot measures. The District may use District time and resources to evaluate an initiative and its impacts on the District, but the District may not use public time or resources to advocate or campaign for or against an initiative. The District may adopt a resolution endorsing or opposing an initiative, or prepare and distribute informational materials

that are objective, impartial, and factual. The District may not prepare or distribute informational materials that are biased or have a style or tenor that might not be considered objective. The Board members and staff may use personal time and resources to engage in campaigning or advocacy. Mr. Wunderlich responded to questions from the Committee.

3. Income Statement: Mariana Grajeda, Accounting and Treasury Manager, reviewed the FY 2022/23 income statement through January 2023. Water sales increased by \$4,902,000 compared to the prior fiscal year, primarily due to the rate increase and implementation of stage rates. Facilities connection charges increased by \$1,267,000 due to an increase in construction activity and large payments from developers compared to the prior year. Water purchases were higher by \$1,494,000, largely due to the increase in San Francisco water purchase costs. Overall, the District's net position increased by \$22,296,000 for the fiscal year through January 2023. Ms. Grajeda responded to questions from the Committee.
4. Budget Report: Sydney Oam, Financial Analysis Supervisor, reviewed the FY 2022/23 monthly budget report and reserve funds through January 2023. The budget report reflected that the District collected 59.5% of budgeted revenue and spent 55.4% of budgeted expenses through January 2023. Water revenues, including stage rate water revenue, total \$76,869,000 or 61.4% of budget. Facilities connection charge revenues, totaling \$5,975,000 or 364.3% of budget, are tracking significantly higher than budget due to the timing of active development projects being ready to install water meters. The District's reserves continue to comply with the established targets and are clearly identified for specific purposes per Board policy and direction. Mr. Oam responded to questions from the Committee.
5. Public Comments: There were no public comments.

RECOMMENDATIONS

Topics discussed by the Committee were informational only, and no recommendations are being made.