

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

ATTENDANCE

Directors: John Weed (Chair), Paul Sethy

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

Consultant: Christina Kampson – HomeServe

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. Residential Service Line Insurance Program Overview: Jonathan Wunderlich, Director of Finance & Administration and Christina Kampson from HomeServe provided an overview of the Residential Service Line Insurance program with HomeServe. The District has been in partnership with HomeServe to provide a Residential Service Line Insurance program since 2012 after a competitive procurement process. The District receives an administrative fee of 10% of total HomeServe revenue, and received a set-up fee of \$80,000 from HomeServe. The District receives about \$70,000 of non-rate revenues annually through this partnership, which are dedicated to the District’s low-income rate assistance program, known as Help on Tap. In 2022, the Board approved a five-year extension to the agreement with HomeServe. Ms. Kampson provided an overview of the program, the benefits to customers, and highlighted customer satisfaction with the program. The District’s partnership includes over 9,000 customers covered for a home repair emergency, over 2,000 completed covered repairs, with an 86% customer retention rate, and a 4.8 out of 5 rating in customer satisfaction. The program is available only to residential customers at this time. Ms. Kampson also discussed the price increases over time. Mr. Wunderlich and Ms. Kampson responded to questions from the Committee.
2. 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 169 COVID cases since the start of the pandemic in March 2020. From February to March 2023, the District has seen 8 new cases but no isolation or operation impacts. The employee vaccination rate remains at 84.6%. There has been a 40% increase in the Alameda County case rates for the February to March 2023 reporting period compared to the January to February 2023 reporting period – increase from 6.3 daily cases to 8.8 cases per 100,000 population. The next status report to the Committee will be provided at the April meeting. Staff received feedback from the Committee and going forward, staff will provide the report on a quarterly basis. Mr. Serrano answered questions from the Committee.
3. Workplace Safety Program and Training Services Contract: Mr. Serrano provided information on a proposal to hire a consultant to conduct safety audits, update safety policies and programs,

and improve safety training. Staff wanted to look at how the District supports employee safety programs and one of the things that staff wanted to do to support that is conducting safety audits throughout the District, including looking at the District's facilities, and engineering and administrative controls regarding safety items. Staff anticipates the costs at a range of \$80,000 to \$100,000 per year for all the training and classes, and additional costs for auditing and program development. Staff will present this proposal to the Board for consideration at the April 2023 Board meeting. Mr. Serrano responded to questions from the Committee.

4. Financial Audit Services Contract: Mariana Grajeda, Accounting and Treasury Manager, reviewed the proposed contract for financial audit services. The current contract for these services is with The Pun Group and it ended with the completion of the audit for fiscal year ended 2021/22. The Pun Group has provided these services to the District for four years. The District issued a request for proposal to ensure the District receives the most efficient and cost effective services. At the completion of the proposal review process, staff recommends the District enters into an agreement with Baker Tilly to provide the financial audit services for a two-year base term, with three one-year extensions at the District's option, with an aggregated cost not-to-exceed \$744,800 over the maximum five-year term. Staff will present this item to the Board for consideration at the April 2023 Board meeting. Staff responded to questions and received feedback from the Committee.
5. Pension and Other Post-Employment Benefit Liability Amortization Schedules: Sydney Oam, Financial Analysis Supervisor, reviewed the updated unfunded liability amortization schedules for pension and Other Post-Employment Benefit (OPEB) prepared by the District's OPEB actuary. The payment schedules reflect previous Board guidance to fully fund the pension and OPEB liabilities by June 2032. The pension amortization schedules are based on 6.5% discount rate and the OPEB amortization schedules are based on 6.1% discount rate. There are two alternative schedules for pension and OPEB – Schedule 1 assumes payoff on July 31, 2031 (Fiscal Year 2031/32); Schedule 2 assumes the District's currently scheduled payments. Staff recommended following the alternative Schedule 2 for pension, maintain the current level of payments, and fully fund the liability one year sooner in Fiscal Year 2030/31. For OPEB, staff recommended following Schedule 1 with slightly higher payments to ensure full funding is still achieved by July 31, 2031 (Fiscal Year 2031/32). Mr. Oam responded to questions from the Committee.
6. Income Statement: Mariana Grajeda, Accounting and Treasury Manager, reviewed the FY 2022/23 income statement through February 2023. Water sales increased by \$5,773,000 compared to the prior fiscal year, primarily due to the rate increase and implementation of stage rates. Facilities connection charges increased by \$1,547,000 due to an increase in construction activity and large payments from developers compared to the prior year. Water purchases were higher by \$4,980,000, largely due to the increase in San Francisco water purchase costs. Overall, the District's net position increased by \$19,277,000 for the fiscal year through February 2023. Ms. Grajeda responded to questions from the Committee.
7. Budget Report: Mr. Oam reviewed the FY 2022/23 monthly budget report and reserve funds through February 2023. The budget report reflected that the District collected 66.1% of budgeted revenue and spent 63.6% of budgeted expenses through February 2023. Water

revenues, including stage rate water revenue, total \$85,851,000 or 68.6% of budget. Facilities connection charge revenues, totaling \$6,528,000 or 398% of budget, are tracking significantly higher than budget due to the timing of active development projects being ready to install water meters. Customer Jobs revenues are trending lower compared to budget. 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.

8. Public Comments: There were no public comments.

RECOMMENDATIONS

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