

FINANCE & ADMINISTRATION COMMITTEE MEETING
SUMMARY MINUTES
April 18, 2023
3:00 P.M.

ATTENDANCE 

Directors: John Weed (Chair), Paul Sethy

Staff: Ed Stevenson, Jonathan Wunderlich, David Serrano, Sydney Oam, Roseann Marquez, Robert Ferro

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 172 COVID cases since the start of the pandemic in March 2020. From March to April 2023, the District has seen 3 new cases but no isolation or operation impacts. The employee vaccination rate remains at 84.6%. There has been a 45% decrease in the Alameda County case rates for the March to April 2023 reporting period compared to the February to March 2023 reporting period – decrease from 8.8 daily cases to 4.8 cases per 100,000 population. Going forward the COVID status report will be presented to the Board quarterly as part of the personnel report. Mr. Serrano answered questions from the Committee.
2. MCP Compensation Schedule Updates: Mr. Serrano reviewed the MCP compensation schedule amendments which included the following six areas – MCP Standby pay, Vacation Accrual Limit, Family Sick Leave, Bereavement Leave, Family and Medical Leave, and medical plans changes by CalPERS. Amendments for Standby Pay include the updated per diem rate, and updated language to recognize MCP employees who give extraordinary time/effort to the District during extraordinary events. Amendments for Vacation Accrual Limit clarify the existing payroll process. Amendments for Family Sick Leave include adding “Designated Person” to list of covered family members eligible for use of family sick leave. Amendments for Bereavement Leave include adding “grandchild” to list of covered family members and requiring 5-days of bereavement leave. Amendments for Family and Medical Leave include adding “Designated Person” to list of covered family members eligible for use of California Family Rights Act leave (CFRA) (but not FMLA). Amendments for medical and retiree medical include adopting new plan name and structure to provide for consistency with new CalPERS health plan structure and plan name. Mr. Serrano answered questions from the Committee.
3. Job-Order Contracting (JOC) Pilot Program Update: Robert Ferro, Purchasing Officer, provided an update on the JOC Pilot. Staff started a JOC pilot program over a year ago and completed one job. Two more jobs are in the process of being completed. Through the pilot program, staff has learned the following: 1) Procurement Timeline – the time required to

conduct a site visit and provide initial proposals for two of the three projects was less than the average time a formal solicitation is advertised; 2) Ease of Communication – the collaborative nature of the program made communicating and tackling questions and uncertainties during the scoping, proposal review and final proposal phases simpler and more streamlined; 3) Ease of Use – the JOC’s price books are comprehensive and encompass most tasks, and the line items unique to the District were handled by utilizing a similar line item, along with a clear description of the differences/deviations that met the District’s requirements; 4) Line Item Costs – cost for all line items are established based on both national and regional construction cost data; and 5) the program is a useful tool, but the District has unique needs due to the nature of the water business. Staff felt the District would benefit from developing its own JOC program where those unique tasks are identified and incorporated into a price book. Staff plans to move forward with the development of a JOC program specific to the District. Mr. Ferro answered questions from the Committee.

4. Fiscal Years 2023/24 and 2024/25 Budget Overview: Sydney Oam, Financial Analysis Supervisor, reviewed the draft preliminary proposed budget for FY 23/24 and FY 24/25. The draft budget report shows the actual activity for FY 21/22 and FY 22/23, FY 22/23 amended budget, the year-end estimate for FY 22/23, and proposed budget for FY 23/24 and FY 24/25. The estimated and proposed water revenues reflect the recent rate increase and the updated trend and demand forecast. Property taxes are based on the assessed valuation and historical trends. On the expense side, the increase for the source of supply is primarily due to the increase in the water purchase costs from the San Francisco Public Utilities Commission (SFPUC) as a result of their proposed rate increase and the District’s needs to purchase more SFPUC water to meet its operations. Several major capital projects are included in the capital program budget. The proposed budget includes the use of accumulated reserves to fund the District’s operations and capital program. This is part of the long range financial planning that staff had discussed with the Board. Staff asked for feedback from the Committee. Staff will review the proposed budget with the Board at budget workshop scheduled for May 16, 2023. Mr. Oam responded to questions from the Committee.
5. Investment Portfolio Yield: Jonathan Wunderlich, Director of Finance & Administration, reviewed the investment balances. This is in response to a previous question from the Committee. The investment balance and yields report shows the investment that is managed by the District’s investment portfolio manager – Chandler Asset Management. The report shows the investment by Purchase Year, Maturity Year, and Calendar Year. The weighted average yield varies by fiscal year based on market conditions, with the average weighted yield from 2019 through 2023 of 2.2%. Typically, the yield on long term investments is higher than short term investment. Investments that mature starting in 2027 show higher weighted average yield because those investments were purchase in 2022 or 2023. Investments maturing in 2023 through 2026 were purchased in 2020 and 2021, and those investments show a lower weighted average yield. The District’s approach to investment is to stick with the benchmarks and not to time the market. The District’s investment priorities are 1) preservation of capital, 2) liquidity, and 3) yield, in that order. Mr. Wunderlich answered questions from the Committee.
6. Income Statement: Roseann Marquez, Accounting Supervisor, reviewed the FY 2022/23 income statement through March 2023. Water sales increased by \$5,373,000 compared to the

prior fiscal year, primarily due to the rate increase and implementation of stage rates. Facilities connection charges increased by \$1,477,000 due to an increase in construction activity and large payments from developers compared to the prior year. Water purchases were higher by \$1,762,000 largely due to the increase in San Francisco water purchase costs. Overall, the District's net position increased by \$24,773,000 for the fiscal year through March 2023. Ms. Grajeda responded to questions from the Committee.

7. Budget Report: The Committee reviewed the FY 2022/23 monthly budget report and reserve funds through March 2023. The Committee received the report and did not have questions.
8. Public Comments: There were no public comments.

RECOMMENDATIONS

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