

**MINUTES OF A SPECIAL MEETING
OF THE FINANCE COMMITTEE
OF OLIVENHAIN MUNICIPAL WATER DISTRICT**

April 1, 2024

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Monday, April 1st, 2024, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 11:02am. In attendance were Neal Meyers, Board Treasurer; Lawrence A. Watt, Board Secretary; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; and Georgeanna Clark, Financial Analyst I.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Watt moved to adopt the agenda, seconded by Director Meyers, and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 7, 2024, REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the February 7th, 2024, meeting minutes, seconded by Director Meyers and carried unanimously.

6. REVIEW AND DISCUSS PRELIMINARY FISCAL YEARS 2025 AND 2026 OPERATING AND CAPITAL BUDGET

Finance Manager Selamat reviewed the budget development process with the committee and noted that staff is still updating certain budget items as new data becomes available so will present a final version of the budget to the full board at the May board meeting for consideration. Finance Manager Selamat presented the operating revenue and expenditure assumptions used in the preliminary draft biennial

budget for fiscal years 2025 & 2026. Revenue and expenditure assumptions were discussed, including those related to water sales, purchased water wholesale costs, purchased recycled water wholesale costs, inflationary adjustments, and the District's labor and benefits. Director Watt asked about when the District will know the San Diego County Water Authority's (SDCWA) proposed wholesale water increases. General Manager Thorner responded that the District should have more information on SDCWA's proposed wholesale water increases in April. Director Meyers added that based on SDCWA's board meetings he has participated in, the increases might be higher than we are expecting. Director Meyers also requested additional information be added to the presentation to the Board, including the roll-off of the District's existing debt over time, and the District's cost increases' impact on rates.

Finance Manager Selamat discussed certain cost cutting measures staff has implemented during the budget process including delaying non-critical Capital Improvement Projects (CIP), continuing not to fill two (2) positions, delaying one (1) full-time position from fiscal year 2025 to fiscal year 2026, and renegotiating recycled water purchase agreements. Director Watt inquired about what cost-cutting measures staff considered and decided not to implement. General Manager Thorner mentioned that other capital projects were considered to be pushed out but deemed to be too critical, cutting the customer outreach programs were also considered but was determined important in order to maintain the same level of services for OMWD customers. Director Meyers asked about cutting conservation programs, but General Manager Thorner explained that the programs are mainly funded by outside sources such as Metropolitan Water District rebates and grants. Director Watt asked about revenue increasing measures that staff considered. General Manager Thorner mentioned that staff considered selling more District properties, however, selling parcels of land could take more than two years to complete and therefore the savings would not affect the current budget.

Following the biennial operating budget Finance Manager Selamat presented the Capital Expenditures and Spending plan to the committee. Finance Manager Selamat presented a summary of the significant projects taking place over the biennial budget period (fiscal years 2025 and 2026), the summary of proposed equipment purchases for each fiscal year, and the 10-year capital improvement plan (CIP) for both the water and wastewater funds. The committee had several follow-up questions on the equipment purchases presented which were addressed during the meeting. Finance Manager Selamat also discussed the three options for the desalination plant project. Staff recommended going with the yellow option, which delays the construction of the plant until 2030 and gives the District more time to assess the viability of the project. Director Watt and Director Meyers agreed with staff's recommendation of the yellow option. Director Watt and Director Meyers also recommended bringing the preliminary draft biennial operating and capital budget for fiscal years 2025 and 2026 before the full board at the April 17 meeting for discussion and consideration.

9. FUTURE AGENDA ITEMS/INFORMATION

There were no future agenda items requested.

10. ADJOURNMENT

The meeting was adjourned at 1:00pm.