

## **FINANCE COMMITTEE NOTES**

**February 21, 2019**

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### **Attendees:**

Committee members:	Randall Reed (Chair) and Luis Cetina
Staff members:	John Bosler, Carrie Corder, Chad Brantley, Eduardo Espinoza, Agnes Boros, Jennifer Fillinger, Frank Chu, Tuan Truong, and Gidti Ludesirishoti.
Members of the Public:	None

**Call to Order:** 5:00 p.m.

**Public Comment:** None

**Additions/Deletions to Agenda:** None

### **I. Sewer Rate Pass-Through**

- a. Staff presented an internally prepared cost of service rate study that analyzed the local sewer rates imposed by CVWD.
  - i. The cost study projections apply to fiscal years 2020 to 2024
  - ii. At this time, there is no need for CVWD to raise its local sewer rates
- b. On an annual basis, Inland Empire Utilities Agency (IEUA) adjusts its sewer treatment charges that it passes on to its regional members. Therefore, CVWD must create a pass-through charge in accordance with AB3030 and Prop 218 rules in order to collect and remit IEUA's sewer treatment charge.
  - i. IEUA is beginning a cost of service study but it will not go into effect until FY2021
  - ii. CVWD must establish a pass-through for the five fiscal years 2020 to 2024
  - iii. A Prop 218 notice must be mailed and a Public Hearing must be conducted

### **2. Recycled Water, Cost of Service and Rate Study**

- a. Staff presented an internally prepared cost of service rate study that analyzed the Recycled Water rates imposed by CVWD.
  - i. The cost study projections apply to fiscal years 2020 to 2024
  - ii. Fixed meter charges and the volumetric rate per unit should be increased 3% per year
  - iii. Purchasing recycled water from IEUA is the largest cost driver

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- iv. An IEUA surcharge rate will be created but will only be imposed if the recycled water cost increases more than 3% per year
- v. With this adjusted rates, the recycled water fund is financially healthy, self-supporting, and will be able to establish minimum reserve levels within the 5-year time period.

### **3. Budget Transfer to CP7870 – 4<sup>th</sup> Street Sewer Line**

- a. Staff presented the recommendation to grant a budget transfer of \$75,000 from CP7733, which is a sewer line project in Hermosa Ave.
- b. The funds will pay for additional traffic control and sewer by-pass work that was not anticipated.
- c. The Committee supported staff's request and this item will be presented to the full Board of Directors.

### **4. Budget Transfer to CP7649 – Well Field 3A Nitrate Treatment Facility**

- a. Staff presented the recommendation to grant a budget transfer of \$1.5 million from CP7657, which is the Reservoir 3A project that was re-designed for cost savings.
- b. The Committee supported staff's request and this item will be presented to the full Board of Directors.

Meeting Adjourned at 5:50 p.m.