



**MINUTES OF THE SPECIAL MEETING OF THE
ADMINISTRATIVE AND FINANCE COMMITTEE
March 20, 2014**

CALL TO ORDER / ROLL CALL

Chair Saunders called the Special Meeting of the Administrative and Finance Committee meeting to order at 1:35 p.m. Committee members present were Chair Saunders, Vice Chairs Arant and Wight, Directors Hilliker, Hogan, Lewinger, Razak, Topolovac, Watton*, Weston, Williams and Wilson. Committee member absent was Director Gallo. Also present were Directors Brady, Evans, Kern, Linden, Miller, Morrison, Mudd, Muir, Saxod, Steiner, Tu, Verbeke, and Wornham. There was a quorum of the committee.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Manager Kerl, Director of Water Resources Weinberg, Financial Planning Manager Shank, and Financial Resources Manager Celaya. In addition, consultant Dr. Chesnutt from A&N Technical Services was in attendance.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

Chair Saunders announced Halla Razak had joined the Board representing the city of San Diego.

DIRECTORS' COMMENTS

Director Linden announced the butterfly exhibit was having its grand opening at the Water Conservation Garden on April 5, 2014.

I. CONSENT CALENDAR

There were no Consent items

II. ACTION/DISCUSSION

1. Continuing Consideration of Fiscal Sustainability Task Force recommendations to ensure the long-term financial sustainability of the Water Authority and the fair and proportionate recovery of long-term water supply and infrastructure investments.

Ms. Kerl began the discussion with a review of the agenda. She reviewed the timeline, gave an overview of the four Fiscal Sustainability Task Force recommendations, and covered the Board feedback received from the February 27, 2014 Board Meeting.

Mr. Shank explained sales revenue volatility, uniform supply rate example, mitigating revenue risks from volatility and policy issues related to revenue volatility.

Mr. Weinberg addressed revenue volatility and beneficiaries pay. He explained determining beneficiaries of supply reliability and balancing local supply development with Water Authority reliability back stop. He also covered economics of local supply development.

Chair Saunders took a moment to open up for questions to the Board. There were several questions, comments and discussion from the Board.

Ms. Kerl continued the presentation with inconsistent policy allocation of non-commodity revenues to all rate categories except treatment and impacts on the different rate categories, including treatment, transportation, customer service and storage.

Ms. Celaya reviewed a series of summary charts on fixed revenue to total revenue, and fixed revenue in comparison to fixed costs as they related to the recommendations.

Ms. Kerl explained the cumulative impact to member agencies if all Task Force recommendations were approved. She reviewed the handout provided for illustrative purposes of the potential financial impact. She concluded the presentation with a review of the Task Force recommendations and calendar of upcoming dates of further Fiscal Sustainability discussions.

III. INFORMATION

There were no information items.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Saunders adjourned the meeting at 3:15 p.m.

Javier Saunders, Chair
Administrative and Finance Committee