

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
TUESDAY, MAY 26, 2020 AT 4:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 4:00 p.m. The meeting was held via teleconference.

Present: Director Martin
 Director Sannella
 General Manager Pruim
 Finance Manager Owen
 Principal Financial Analyst Arthur
 Elissia Saavedra, Customer Service Supervisor
 Executive Secretary Posvar

ITEM FOR DISCUSSION

COVID-RELATED FINANCIAL TRACKING SYSTEM

General Manager Pruim stated the Board heard a brief presentation of the COVID-19 related financial tracking system at the May 20 Regular Board meeting. The purpose of this meeting was for staff to provide the metrics that have been established, give the Committee an idea of how the reports will look, and to receive the Committee's feedback as to what information they would like presented to the Board. Staff will be presenting COVID-19 related financial information to the Board monthly.

Finance Manager Owen stated that in the future this information will be presented as actual versus budget once the budget has been established for Fiscal Year (FY) 2020-2021. Information presented each month will include water sales, water purchases, delinquency and lock charges, and bad debt expense.

Staff provided a recap of the presentation on the COVID-19 Financial Plan Update from the May 20 Board meeting. Principal Financial Analyst Arthur discussed information on water sales composition and water sales comparison. General Manager Pruim suggested this information be presented monthly year-to-date, month to previous year, and month to assumptions for FY 2020-2021.

The Committee had no requests for additional information on reporting of water sales composition and water sales comparison as presented by staff.

Finance Manager Owen provided historical data on delinquency and lock charges.

General discussion took place regarding lock charges. Director Martin asked if staff costs related to locking meters will decrease as lock charges decrease. Staff responded that there would not be a direct cost reduction. Costs would be reallocated to other tasks such as replacing meters. Director Sannella asked what is assumed in the proposed budget regarding

lock charges. Finance Manager Owen stated the FY 2020-21 budget assumes no lock charges with a 50% recovery (approximately \$125,000) built in for FY 2021-22. Approximately \$80,000 in lock charges has been collected this year to date. Director Martin requested data on the type of customer that is taking advantage of the waived lock charges.

Finance Manger Owen reviewed bad debt expense data from 2005 to 2020, stating that it peaked at \$112,000 in 2009. An assumption of bad debt expense of \$328,000 for water and \$130,000 for sewer is built into the proposed FY 2020-2021 budget. Actual bad debt expense versus the approved budget will be tracked and compared to prior years' data. He presented a graph comparing data for March and April year-to-date prior year, year-to-date current year, and the budget year-to-date. Finance Manager Owen stated he intends to create similar graphs for delinquency and lock charges. Director Martin suggested the graphs include categories of bad debt, such as agriculture, commercial, etc. going forward.

Customer Service Supervisor Saavedra reviewed graphs illustrating the number of delinquent accounts, delinquency charges, and fee waivers due to COVID-19, stating that she will provide a breakdown by customer category if possible. She discussed the protocols currently in place regarding fee waivers.

Customer Service Supervisor Saavedra discussed accounts overdue 60 days stating there isn't enough COVID-19 related data yet. Director Sannella suggested tracking the number of overdue accounts at 90 and 120 days as well as the customer classifications.

General Manager Pruium cautioned against gathering too much data. The purpose of tracking COVID-19 related data is to determine the accuracy of assumptions that were made pertaining to the budget and identify any necessary adjustments over time.

Finance Manager Owen reviewed the number of fee waiver requests for April and May which included accounts that had one-time requests, more than one-time with a note of documentation needed, and special care who provided the District with documentation of their COVID-19 related hardship. Director Sannella thought this information was useful.

General Manager Pruium stated the COVID-19 related tracking reports with revisions discussed at this meeting will be provided at the second Board meeting of each month as an action item for discussion.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:53 p.m.