

MONTE VISTA WATER DISTRICT

10575 Central Avenue, Montclair, California • (909) 624-0035

Teleconference: (773) 231-9226 Meeting ID 238-267-3925 Password 007304

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NOTICE AND AGENDA OF FINANCE COMMITTEE MEETING

TUESDAY, SEPTEMBER 6, 2022 • 4:30 P.M.

Committee Members

Director Erwin – Chair

Board Auditor Martinez

Consistent with the provisions in Government Code section 54953(e)(2), the Finance Committee will conduct this meeting by video and teleconference. Interested members of the public may participate in the meeting to observe and/or provide public comment by using the access information listed above.

1. CALL TO ORDER / ROLL CALL

2. PUBLIC COMMENT

3. AGENDA CHANGES/ADDITIONS

4. DISCUSSION AND/OR ACTION ITEMS

A. Committee Meeting Minutes

Meeting Date: August 2, 2022

Recommendation: Approve as presented

B. Financial Projections Update: Capital Improvement Projects and Reserve Balance

Presenter: Bill Schwartz, Director of Engineering, Operations, and Maintenance and Stephanie Reimer, Assistant General Manager / Chief Financial Officer

Recommendation: It is recommended that the Finance Committee recommend that the Board of Directors receive and file an update on financial projections.

C. Implementation of Demand Reduction Rates

Presenter: Stephanie Reimer, Assistant General Manager / Chief Financial Officer

Recommendation: It is recommended that the Finance Committee recommend that the Board of Directors approve the implementation of Demand Reduction Rates effective November 1, 2022.

5. ADJOURNMENT

DECLARATION OF POSTING

In accordance with the requirement of California Government Code §54954.2, this agenda has been posted in the display case at the gated entrance to our main office at 10575 Central Avenue, Montclair, California not less than seventy-two (72) hours prior to the meeting date and time above.

Written materials relating to open session agenda items, including those distributed to the majority of the Board of Directors after distribution of this agenda package, are available for public inspection during normal business hours at the District's main office, located at 10575 Central Avenue, Montclair, California.

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting may request such modification or accommodation from the District's Board Secretary at (909) 624-0035 or by email at BoardSecretary@mvwd.org. Notification forty-eight (48) hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

**MINUTES OF THE REGULAR MEETING
OF THE FINANCE COMMITTEE
OF THE MONTE VISTA WATER DISTRICT
BOARD OF DIRECTORS**

August 2, 2022

DIRECTORS PRESENT

Manny Martinez, Board Auditor
Sandra Rose, President – Alternate

DIRECTORS ABSENT

Philip Erwin, Director – Chair

STAFF PRESENT

Justin Scott-Coe, General Manager
Stephanie Reimer, Assistant General Manager/Chief Financial Officer
Betty Conti, Human Resources and Risk Manager
Hilton Saenz, Distribution and Facilities Manager
Juan Ventura, Customer Service and Information Technology Manager
Leah Nazaroff, Accounting Manager
Brandi Goodman-Decoud, Executive Assistant II

OTHERS IN ATTENDANCE

None.

ITEM 1: CALL TO ORDER

President Rose called the meeting to order at 4:35 p.m.

ROLL CALL

Mr. Scott-Coe stated that the Finance Committee (Committee) of the Board of Directors (Board) of the Monte Vista Water District (District) meeting will be conducted consistent with the provisions in Government Code section 54953(e)(2). Each Committee member confirmed their attendance and ability to hear the proceedings. Other attendees confirmed they could hear each Committee member. The Committee members and staff were reminded that any votes taken during the teleconference portion of the meeting must be taken by roll call vote. General Manager Scott-Coe provided brief instructions on appropriate conduct during the meeting.

ITEM 2: PUBLIC COMMENT

None.

ITEM 3: AGENDA CHANGES/ADDITIONS

None.

ITEM 4: DISCUSSION AND/OR ACTION ITEMS

A. Meeting Minutes: May 31, 2022

Upon motion by Board Auditor Martinez, seconded by President Rose, and unanimously carried:

M22-08-01

MOVED: Approve as presented, as by roll call vote:

Board Auditor Martinez	aye
President Rose	aye

B. Enterprise Resource Planning Software Upgrade Contract Award

Ms. Stephanie Reimer provided an overview of the software in support of staff’s recommendation.

Board Auditor Martinez expressed his appreciation for the cloud-based software, and requested clarification regarding the need for the transition. Ms. Reimer confirmed that the current software, Eden, is a sunsetted software beginning in 2027, thus creating the need to procure software.

Mr. Justin Scott-Coe commended staff on their efforts and believed this solution is best for District staff and customers.

President Rose inquired when the transition would begin following the signing of the contract. Mr. Juan Ventura stated that the exact timeframe is uncertain at this time and will coordinate with Tyler Technologies for a kick off meeting.

Upon motion by President Rose, seconded by Board Auditor Martinez, and unanimously carried:

M22-08-02

MOVED: Recommend that the Board of Directors award a contract to Tyler Technologies for the conversion, training, and implementation of a new Enterprise Resource Planning software for a not-to-exceed amount of \$290,061., as by roll call vote:

Board Auditor Martinez	aye
President Rose	aye

C. Security Guard Services

Mr. Hilton Saenz provided a brief presentation in support of staff’s recommendation.

President Rose inquired if Vintage Group procures the security guard services through the District’s signed contract. Mr. Saenz confirmed that the District directly contracts with the security firm.

Ms. Stephanie Reimer noted that staff is asking the Committee to recommend to the Board to transfer funds since the cost was not initially included in the Fiscal Year 2023 budget for security guard services.

Upon motion by President Rose, seconded by Board Auditor Martinez, and unanimously carried:

M22-08-03

MOVED: Recommend that the Board of Directors transfer \$59,280 from reserves to Fiscal Year Ending 2023 Amended Budget Account Number 568.400 – Professional Services for provision of security guard services, as by roll call vote:

Board Auditor Martinez	aye
President Rose	aye

ITEM 5: CHIEF FINANCIAL OFFICER’S REPORT (VERBAL)

Ms. Stephanie Reimer acknowledged a question regarding the use of returned property tax dollars from Director Erwin at a prior meeting and provided a brief report on the process of extra revenue related to Proposition 4, which provides the calculation adjustments using population and inflation. She also noted that staff will bring an item to the Committee concerning the implementation of Phase 1 demand reduction rates at the September Board meeting.

President Rose inquired if Vintage Group procures the security guard services through the District's signed contract. Mr. Saenz confirmed that the District directly contracts with the security firm.

ITEM 6: ADJOURNMENT

Upon motion by Board Auditor Martinez, seconded by President Rose, and unanimously carried:

M22-08-04

MOVED: Approved to adjourn the meeting, as by roll call vote:

Board Auditor Martinez	aye
President Rose	aye

There being no further business, President Rose adjourned the meeting at 5:03 p.m.

Respectfully submitted,

Justin M. Scott-Coe
General Manager/Secretary

DRAFT



September 6, 2022

Honorable Finance Committee
Monte Vista Water District

SUBJECT: Financial Projections Update: Capital Improvement Projects and Reserve Balance

STAFF RECOMMENDATION:

It is recommended that the Finance Committee recommend that the Board of Directors receive and file an update on financial projections.

PRIOR BOARD ACTION:

None.

FINANCIAL IMPACT:

None.

CONSISTENCY WITH STRATEGIC PLAN GOALS/INITIATIVES:

Strategic Goal 3: Maintain and upgrade the District’s infrastructure and facilities.
Strategic Goal 5: Maintain responsible stewardship of District funds to address future needs.

BACKGROUND:

Monte Vista Water District’s (District) existing Water System Master Plan (Plan) was completed in 2008. The Plan includes a 30-year schedule of capital improvement projects, known as the District’s Capital Improvement Program (CIP). The CIP is reviewed annually (and sometimes more often) as staff prepares the annual budget. Additionally, the CIP has been updated numerous times since 2008, including during the 2019 Financial Master Plan rate model update and the 2020 Water Master Plan Mini-Update.



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Sandra S. Rose
PRESIDENT

G. Michael Milhiser
VICE PRESIDENT

Manny Martinez
DIRECTOR / BOARD AUDITOR

Philip L. Erwin
DIRECTOR

Tony Lopez
DIRECTOR

Financial Projections Update: Capital Improvement Projects and Reserve Balance

Maintaining adequate cash reserves is an essential part of sound financial management. The District's Board of Directors realizes the importance of reserves in providing reliable service to its customers, financing of long-term capital projects, and providing funding for emergencies should the need arise.

DISCUSSION:

During the meeting, staff will provide the Finance Committee with a progress update of the Capital Improvement Plan and the anticipated effect on the District's cash reserve balance. This presentation will provide an opportunity for a conversation between the public, staff, and the Committee with respect to the policies and priorities contained within the CIP.

Respectfully submitted,



A. William Schwartz
Director of Engineering, Operations
& Maintenance



Stephanie A. Reimer
Assistant General Manager/
Chief Financial Officer



Justin M. Scott-Coe
General Manager



September 6, 2022

Honorable Finance Committee
Monte Vista Water District

SUBJECT: Implementation of Demand Reduction Rates

STAFF RECOMMENDATION:

It is recommended that the Finance Committee recommend that the Board of Directors approve the implementation of Demand Reduction Rates effective November 1, 2022.

PRIOR BOARD ACTION:

On November 20, 2019, the Board of Directors approved adoption of Resolution 760-20, Establishing Water Rates Pursuant to Ordinance 28.

On December 15, 2021, the Board of Directors adopted Resolution 804-22 recognizing the state and regional drought emergency, declaring a Significant Water Supply Shortage, and activating the Water Shortage Contingency Plan at Stage 2 Water Supply Shortage.

FINANCIAL IMPACT:

The implementation of Demand Reduction Rates is recommended to address projected revenue shortfalls due to the current imported water supply shortage and required reduction in customer demand. Implementation of a Stage 1 or Stage 2 Demand Reduction Rate will result in an average increase between 2.75% and 6.2 % for an average District customer.

CONSISTENCY WITH STRATEGIC PLAN GOALS/INITIATIVES:

Strategic Goal 5: Maintain responsible stewardship of District funds to address future needs.



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Sandra S. Rose
PRESIDENT

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VICE PRESIDENT

Manny Martinez
DIRECTOR / BOARD AUDITOR

Philip L. Erwin
DIRECTOR

Tony Lopez
DIRECTOR

BACKGROUND:

On November 20, 2019, the Monte Vista Water District (District) Board of Directors (Board) adopted Resolution 760-20 establishing water rates, including “Demand Reduction Rates” which may be implemented as needed when, in any fiscal year, customer demand is projected to be below the demand estimates used to establish the District’s commodity charges.

On April 12, 2021, Governor Newsom proclaimed a State of Drought Emergency for Sonoma and Mendocino counties. A month later, the governor expanded the drought emergency to an additional 39 counties and in July to nine more counties, while calling for a 15% voluntary reduction in water use to preserve available supplies and protect water reserves. On October 19, 2021, the governor expanded the drought emergency to the state’s eight remaining counties, including San Bernardino County.

The District receives imported water from Metropolitan Water District of Southern California (Metropolitan) through Inland Empire Utilities Agency (IEUA). Metropolitan’s two main sources of imported water, the Colorado River and the State Water Project (SWP), both face continuing and heightened drought conditions. Due to water quality and infrastructure constraints, IEUA can only deliver SWP water to its retail agencies. Warm temperatures and extremely dry soils have reduced the expected runoff from the northern Sierra snowpack into SWP reservoirs. As a result, Metropolitan’s SWP supplies have been and are being curtailed to meet only minimum health and safety requirements. The reduction of imported water availability in 2022 and 2023 impacts the District’s ability to meet its combined retail and wholesale projected demands.

Consistent with Ordinance 33, on December 15, 2021, the Board adopted Resolution 804-22 recognizing the state and regional drought emergency, declaring a Significant Water Supply Shortage, and activating the Water Shortage Contingency Plan at Stage 2 Water Supply Shortage with a goal of achieving a 15% reduction in demands.

DISCUSSION:

The 2020 Financial Master Plan and Cost of Service Rate Study (Plan) projected a modest increase of roughly 0.5% in water demand due to increased water use efficiency by District customers. The Plan used these demand projections to recommend rates that would provide the District with sufficient revenues to maintain high quality and reliable water service. If demands are reduced beyond what is expected, the District may not be able to recover sufficient revenues to provide this level of service.

Resolution 760-20 included four Demand Reduction Rate schedules for implementation during periods of additional demand reductions, such as water supply shortages, State-mandated water use restrictions, or emergency conditions. Four stages of demand reduction rates are available for Board consideration in the event of a projected additional reduction in demand of 10-40%, respectively.

Due to existing imported water supply shortage emergency conditions requiring a reduction in customer demands of 15%, staff recommends that the Board consider implementation of either a Stage 1 or a Stage 2 Demand Reduction Rate in accordance with the provisions of Resolution 760-20.

Staff has prepared a financial analysis which supports the implementation of Demand Reduction Rates. Implementation of Demand Reduction Rates requires separate action by the Board and a 30-day prior notice to customers. Should the Board take action to implement a Demand Reduction Rate, staff will send a direct mail piece to all District customers explaining the need for implementation of the Demand Reduction Rate at least 30 days prior to its implementation date of November 1, 2022.

Respectfully submitted,



A. William Schwartz
Director of Engineering, Operations
& Maintenance



Stephanie A. Reimer
Assistant General Manager/
Chief Financial Officer



Justin M. Scott-Coe
General Manager