CRESCENTA VALLEY WATER DISTRICT
FINANCE COMMITTEE MINUTES

DATE: March 27, 2015

TO: Finance Committee Meeting Minutes

FROM: Ron Mitchell, Secretary-Treasurer

Following is a summary of the Finance Committee Meeting held at 8:30 a.m. on March 27, 2015, at the CVWD main office, and was attended by the following:

Director James Bodnar - Committee Chairperson	CVWD Board of Directors
Director Michael Claessens - Committee Member	CVWD Board of Directors
Ron Mitchell	CVWD
David Gould	CVWD
Mark Hass	CVWD
Thomas Love	

Discussion on 2015/16 Fiscal Year Water & Wastewater Budgets – Mr. Mitchell provided the Committee updated Water expenses (Table WB-4) and the Wastewater expenses (Table WWB-4) and revised the Sources of Funds for both operations (Table WB-9 & Table WWB-7 respectively) that showed the areas of concern addressed at the March 17th Board meeting. These included making changes to the descriptions regarding the communications expenses to make it more clear what services the District is receiving in both the Water and Wastewater budgets. The Board also directed staff to reduce the Turf Rebate program back to $35,000, reduce the Election Expense to $40,000 (both Water and Wastewater), and keep the increased amount of spending related to accelerating the water meter replacement program. The Committee concurred that the changes appropriately reflected the direction given by the Board.

Discussion of Water Rates

Mr. Mitchell explained that every year staff does a thorough analysis of consumption data for single family residences (SFR) to determine if our tier set points are still appropriate. He reminded the Committee that the District currently has four tiers with tier 1 at a cost below our cost of service, tier 2 equal to our cost of service and tiers 3 and 4 at higher rates to encourage water conservation. The goal is to be "revenue neutral" where the percentage of bills in tier 1 should be equal to the percentage of bills in tiers 3 & 4 and the total revenue collected should be equal to the value if all units were billed at the tier 2 rates.

Staff reviewed two spreadsheets on the tier set points, a graphic summary of expenses vs. revenues, a summary of various expense components, and what the cost per unit should be to cover those costs. The first table showed that if we keep the set points intact for all 4 tiers there will be a shortfall of revenue from SFR of $163,231. The second table showed that if we lower the range for tier 1 from 0-10 units to 0-7 units and lower the range for tier 2 from 33 units to 27 units, then we are basically matching the revenue requirements for SFR. The Committee asked several questions on how this data was determined and about the possibility of having higher rate increases for tiers 3 & 4 to further encourage conservation. The Committee discussed with staff how this affects the Proposition 218 notice and that it will be discussed further at the April 7th Board meeting.

<u>Discussion of Service Charges for ACH/Credit Card Payments</u>

Mr. Hass said that in October 2014, staff presented to the Board the option of accepting credit cards for payment of utility bills and the associated costs. Staff was informed by our software vendor that the cost would be $0.75 per transaction + .0054 of the value of the charge. Staff's calculations were based on this information and that the District's cost would be around $400/month in fees to provide this service to our customers. However, staff has found over the first 5 months of the program that the actual costs were higher than we were led to believe as a cost component from VISA and Mastercard for various types of high reward cards were not explained in enough detail. The actual costs for the period October 2014 – February 2015 for using these payment options were approximately double what staff anticipated them to be.

Mr. Hass said that staff has begun to explore other options for processing credit card and ACH payments with other providers such as Paymentus and Wells Fargo Bank and included a spreadsheet that summarizes what staff anticipated the costs to be for the 5-month period, the actual costs for the 5-month period, and what the projected costs would have been if the District had used either Paymentus or Wells Fargo. Staff felt it is important that this information be brought to the attention of the Finance Committee for their review and recommendation.

The Committee was not in favor of discontinuing the acceptance of credit card at this time and directed staff to continue to monitor the costs, explore other options for these services and report back to the Finance Committee and the Board at a later date.

The Committee asked staff to prepare written procedures for the Board and staff to follow when using District credit cards as recommended in the last audit report and bring this back to the Finance Committee at a future meeting.

The meeting adjourned at 10:05 a.m.