

AGENDA
SANTA MARGARITA WATER DISTRICT
FINANCE AND ADMINISTRATION COMMITTEE MEETING
SEPTEMBER 8, 2015

CALL TO ORDER: 8:00 a.m., Conference Room, District Office
26111 Antonio Parkway, Rancho Santa Margarita, California

COMMITTEE CHAIR: Charles T. Gibson

COMMITTEE MEMBER: Betty H. Olson

1. PUBLIC FORUM

Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to three minutes, unless further time is granted by the Presiding Officer. Please submit the form to the Recording Secretary or Committee Chair prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary or Committee Chair before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

2. ACTION ITEMS

2.1 Consideration and Action on Homeowners Association Request to Temporarily Turn Off Specific Meters and Impact on Fixed Revenues and Operations**Page 3**

Recommendation: Staff Recommends District Not Provide or Move Forward with HOAs Request to Turn Off Service at Meters on a Seasonal Basis.

2.2 Consideration and Action to Establish October and November FA Committee Dates and Times**Page 6**

Recommendation: FA Committee to Approve Future Meeting Dates.

2.3 Consideration and Action on Long Range Financial PlanPage 7

Recommendation: FA Committee to Provide Staff Direction on Timeline and Components for Long Range Financial Plan and Future FA Committee Meetings.

3. UPDATE ITEMS

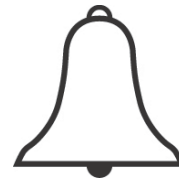
3.1 Fiscal Year 2015 Audit and Accounting Procedures and Controls.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District’s business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. When practical, these public records will also be made available on the District’s Internet Web Site, accessible at <http://www.smwd.com>.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Kelly Radvansky Secretary, Board of Directors, at (949) 459-6642 at least 48 hours before the meeting if possible.

Santa Margarita Water District



MEMORANDUM

TO: Finance and Administration Committee **DATE:** September 8, 2015
FROM: Beth Geldert / Nancy Trujillo
SUBJECT: Consideration and Action on Homeowners Association Request to Temporarily Turn Off Specific Meters and Impact on Fixed Revenues and Operations.

SUMMARY

Issue: Homeowner Associations (HOAs) have inquired about temporarily turning off specific meters during periods of non-use.

Recommendation: Staff recommends District not provide or move forward with HOAs request to turn off service at meters on a seasonal basis.

DISCUSSION

HOAs have requested to terminate accounts during seasonal times of the year when usage is low or at zero consumption and reinstate at no charge. Currently all customers are charged a \$15.00 initiation fee each time the account is activated, which does not recoup all costs involved in activating/terminating service. During the termination period the account is considered closed and there are no fixed charges or commodity charges assessed.

After analysis of the process it's been determined that on average the actual cost to provide such a service would be inefficient and not advisable. The process is not simply turning an angle stop and placing a lock on the meter. There is significant staff time to complete the process and then track it once the account has been closed.

The procedure of terminating an account has an administrative and field process. The costs associated with each meter termination/reinstatement request is broken down below:

- Customer Relations Staff (Administrative) time: Rate \$55.00 x .50 hours (30 minutes) = \$27.50
- Customer Relations Staff (Field) time: Rate \$55.00 x .75 hours (45 minutes round trip to the meter and back to the office) x 2 (back to the field when customer contacts us to reinstate - we don't charge a fee to terminate, just the initiation fee) = \$82.50.

Total Amount of Time and Material = \$110.00 to process a termination/reinstate request.

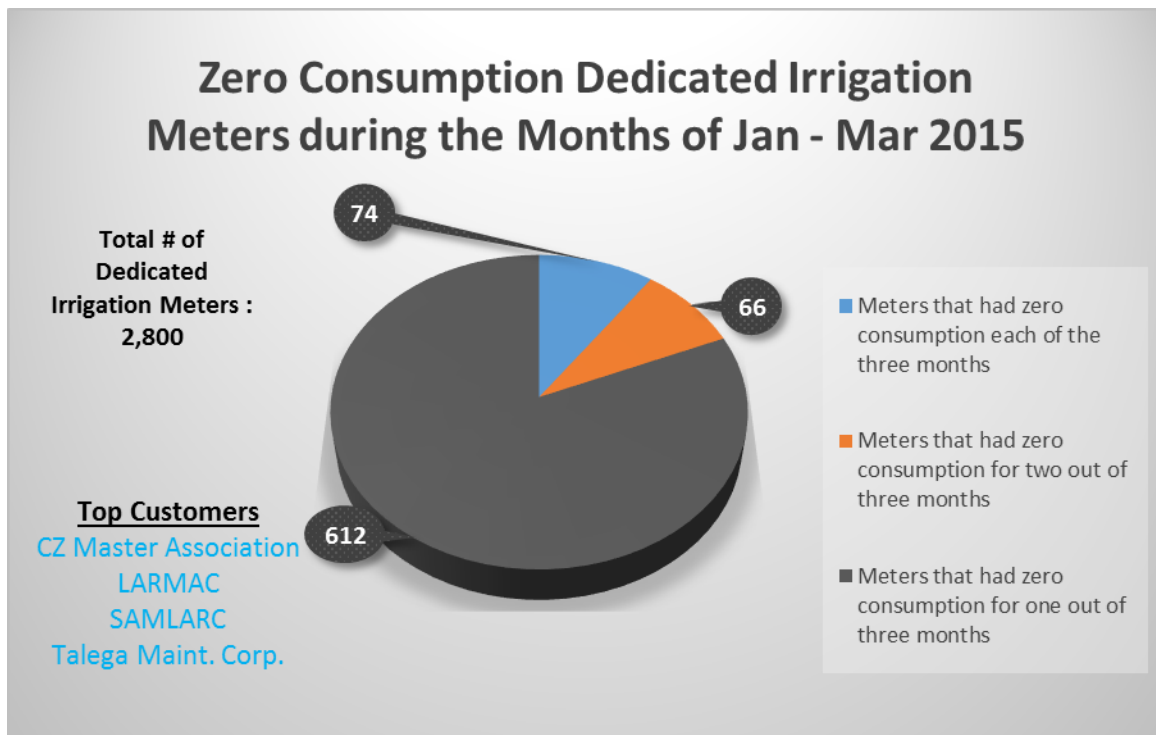
During the months of January through March 2015, there were over 700 occurrences of zero consumption from dedicated irrigation meters. Of the 700 occurrences, 74 meters had zero

consumption during all three months; 66 meters had zero consumption during two out of the three months and 612 meters had zero consumption during one out of the three months. The actual process of terminating and reinstating the accounts would not change and it would be the responsibility of the customer of record to contact us within the appropriate time frame to accommodate their requests.

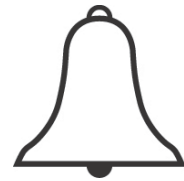
Gerre Bedell, SMWD Field Superintendent, stated it would be more efficient to schedule the requests with our daily initial and final reading work orders. However it is not realistic to do the termination/reinstatement during the process of reading meters as the meter reader would have to carry various tools to complete the work order. It would require a separate trip. The District will likely only consider those meters with no activity for three months.

Analysis of Zero Consumption Dedicated Irrigation Meters during the months of Jan thru Mar 2015	Meter Count	% Of all dedicated irrigation meters	Amount of Fixed Charge	Costs Associated with termination/reinstatement
Meters that had zero consumption each of the three months	74	3%	\$ 8,558	\$ 8,140
Meters that had zero consumption for two out of three months	66	2%	\$ 4,817	7,260
Meters that had zero consumption for one out of three months	612	22%	\$ 24,194	67,320
Total meters reviewed	752			
Total dedicated irrigation meters	2800			

Top Customers with Zero Consumption Meters
CZ Master Association
LARMAC
SAMLARC
Talega Maintenance Corporation

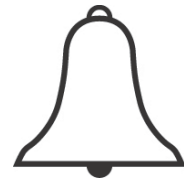


In conclusion, the cost to terminate and reinstate the meters would offset most of the benefit in fixed charges saved by the irrigation customers. The lost revenues to District would not be recovered and lowers the District cashflow further. Any new seasonal fees would also require a public hearing notification and those costs have not been factored in.



**Agenda Item 2.2 Consideration and Action to Establish
October and November FA Committee Dates and Times**

Supporting documentation for this item will be provided under separate cover.



**Agenda Item 2.3 Consideration and Action on Long Range
Financial Plan**

Supporting documentation for this item will be provided under separate cover.