



April 28, 2017

TO: San Luis & Delta-Mendota Water Authority Finance & Administration
Committee

FROM: Jason Peltier, Secretary (by Cheri Worthy)

RE: **Regular FINANCE & ADMINISTRATION COMMITTEE – May 1, 2017,
12:00 p.m.**

Attached for your review in preparation of the **May 1, 2017, 12:00 p.m., Regular
FINANCE & ADMINISTRATION COMMITTEE (FAC)** are:

- 1) Notice & Agenda
- 2) *Draft* February 6, 2017 and March 6, 2017 Meeting Minutes

Thank you, and please give us a call if you have any questions or concerns regarding this information.



San Luis & Delta-Mendota Water Authority
Notice of Regular Finance & Administration Committee Meeting

Monday, May 1, 2017, 12:00 p.m.

842 6th Street, Los Banos
[telephonic participation locations identified below]

Agenda

NOTE: Any member of the public may address the Finance & Administration Committee concerning any item on the agenda before or during its consideration of that matter. Public comment is limited to no more than three minutes per person per item. For good cause, the Chair of the Finance & Administration Committee may waive this limitation.

1. Committee will Consider Corrections or Additions to the Agenda of Items, as authorized by Government Code Section 54950 *et seq.*
2. Opportunity for Public Comment – Any member of the public may address the Finance & Administration Committee concerning any matter not on the agenda, but within the Committee's jurisdiction. Public comment is limited to no more than three minutes per person. For good cause, the Chair of the Committee may waive this limitation.

ACTION ITEMS

3. **Finance & Administration Committee to Consider Approval of the February 6, 2017 and March 6, 2017 Meeting Minutes**
4. **Finance and Administration Committee to Consider Recommendation to the Board of Directors for Approval of the Revised WY 17 O&M Rates, Mizuno**
5. **Finance and Administration Committee to Consider Recommendation to the Board of Directors that the Water Authority Agree on an Investment Approach related to Remaining Proceeds of the San Luis & Delta-Mendota Water Authority Revenue Notes (DHCCP Development Project) Series 2009A and Use of Residual Money, Peltier/Rubin**

REPORT ITEMS

6. Science Manager Recruitment Update, Peltier
7. O&M Self-Funding Update, Mederios
May Include:
 - Update on Outstanding Water Year Financial Issues
 - Update on Current Water Year Financial Issues
8. Financial Audit Update, Mederios
9. FY17 Amended Budget to Actual Expenditures Comparison Reports through 2/28/17, Wamocho
10. Reports Pursuant to Government Code Sec 54954.2
11. ADJOURNMENT

Persons with a disability may request disability-related modification or accommodation by contacting Cheri Worthy or Felicia Luna at the San Luis & Delta-Mendota Water Authority Office, 842 6th Street, P.O. Box 2157, Los Banos, California, telephone: 209/826-9696 at least 3 days before a regular meeting or 1 day before a special meeting/workshop.

Telephonic Participation Location:¹

Friant Water Authority
Lindsay Main Facility
854 N. Harvard Ave.
Lindsay, CA 93247

San Benito County W.D.
30 Mansfield Rd.
Hollister, CA 95024

¹ Attention telephonic participants: This Notice and Agenda must be posted at the telephonic participation location, which must be accessible to the public.

DRAFT

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MINUTES
FINANCE & ADMINISTRATION COMMITTEE – JOINT FINANCE &
ADMINISTRATION COMMITTEE/SPECIAL PERSONNEL SUBCOMMITTEE

FEBRUARY 6, 2017

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority met at approximately 12:36 p.m. at 842 6th Street in Los Banos with Chairman Bill Pucheu presiding.

FAC Committee Members Present

Ex-Officio

Mike Stearns

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Don Peracchi, Member

Division 3

Chris White, Alternate for Jim O'Banion

Division 4

Sara Singleton, Member

Division 5

Bill Pucheu, Chair and Member

Friant Water Authority

Kathy Bennett, Alternate for Jason Phillips (Via Teleconference)

Personnel Subcommittee Members Present

Division 1

Rick Gilmore, Member

Division 2

Absent

Division 3

Cannon Michael, Member

Division 4

Gary Kremen (Via Teleconference)

Division 5

Bill Pucheu, Member

Authority Representatives Present

Jason Peltier, Executive Director
Frances Mizuno, Assistant Executive Director
Jon Rubin, General Counsel
Ara Azhderian, Water Policy Administrator
Tona Mederios, Director of Finance
Bob Martin, Planning & Engineering Manager
Diane Rathmann, Legal Counsel
Guy Wamocho, Supervisor of Accounting
Darlene Neves, Accountant II

Others Present

Dan Pope, Westlands Water District
Chase Hurley, Henry Miller Reclamation District

1. Additions or Corrections to the Agenda

There were no additions or corrections to the agenda.

2. Opportunity for Public Comment

There were no public comments.

3. Closed Session Report

Chair Bill Pucheu adjourned the open session to address the items listed on the Closed Session Agenda at approximately 1:00 p.m. The closed session concerned the performance evaluations of the Executive Director and General Counsel, and, for those items, members of the Finance and Administration Committee and Personnel Subcommittee participated. Upon return to open session at approximately 1:30 p.m., Legal Counsel Diane Rathmann reported that the Committee and Subcommittee met in closed session to discuss items listed on the agenda for closed session and there were no reportable actions.

4. Reports Pursuant to Government Code Sec 54954.2

There were no reports given.

ACTION ITEMS

5. Committee to Consider Approval of the January 9, 2017 Meeting Minutes

The Finance & Administration Committee reviewed the January 9, 2017 meeting minutes. On a motion by member Peracchi and seconded by member Gilmore, the Committee unanimously approved the

minutes. The Committee action is reported as follows:

AYES: Stearns, Gilmore, Peracchi, White, Singleton, Pucheu, Bennett
NOES: None
ABSTENTIONS: None

6. Finance & Administration Committee to Consider Recommendation to the Board of Directors for Adjustments in Executive Compensation, including Executive Director, Assistant Executive Director, and General Counsel

Chairman Pucheu asked if the affected Water Authority employees would like to excuse themselves for the discussion on compensation, which they did. Following review of the various salary levels and differences in benefits, the Committee invited the staff to return. Committee Chairman Bill Pucheu read the executive compensation as follows: Assistant Executive Director at \$214,793.57 and General Counsel at \$249,785.00. Mr. Pucheu also stated that the General Counsel was to get 2% of his annual salary as a benefit to pay for his life/disability insurance. Mr. Pucheu noted that any salary adjustments for the Executive Director would be determined at a later date. Member Gilmore made a motion to recommend to the Board of Directors for adjustments in Executive Compensation, including the Assistant Executive Director and General Counsel, as summarized orally by Pucheu. The motion was seconded by member Peracchi and passed unanimously. The Committee action is reported as follows:

AYES: Stearns, Gilmore, Peracchi, White, Singleton, Pucheu
NOES: None
ABSTENTIONS: Bennett

7. Finance & Administration Committee to Consider Recommendation to the Board of Directors for Approval of the Revised FY18 O&M and Revised Preliminary FY19 O&M Budgets and Initial WY17 O&M Rates

Assistant Executive Director Frances Mizuno presented the revised O&M, EO&M and CIP budgets noting that USBR had agreed to fund the Unit Rewind project. Frances also discussed the inclusion in the budget of 2/3 of the salary survey increase from the 2016 salary survey. Frances informed the Committee that the Water Authority was lagging behind the market especially in the following crafts: Electrical Plant Engineer, Accountant and Electrician where the Authority was unsuccessful in recruiting qualified candidates. After a brief discussion the Committee asked staff to analyze the specific positions that were lagging behind the market and recommend additional adjustments to the Committee/BOD. Frances also discussed the WY17 O&M rates and recommended that the Authority retain the current WY16 rates until reliable supply assumptions are determined and then establish the rates retroactively to March 1, 2017. Member Singleton made a motion to recommend to the Board of Directors to approve the revised FY18 O&M and Preliminary FY19 O&M Budgets and Initial WY17 O&M Rates, which included the executive compensation previously recommended. The motion was seconded by member Peracchi and

passed by majority vote. The Committee action is reported as follows:

AYES: Stearns, Gilmore, Peracchi, White, Singleton, Pucheu
NOES: Bennett
ABSTENTIONS: None

8. Finance & Admiration Committee to Consider Recommendation to the Board of Directors for Approval of the Activity Agreement Budget for FY18

Executive Director Jason Peltier presented the Activity Agreement budget mainly using the Executive Summary page 1-4 which highlighted the changes from the previous draft 2 budget with a net increase of \$112k. After a brief discussion, member Peracchi made a motion to recommend the FY18 Activity Budget to the Board of Directors for approval. The motion was seconded by member Singleton and passed unanimously. The Committee action is reported as follows:

AYES: Stearns, Gilmore, Peracchi, White, Singleton, Pucheu
NOES: None
ABSTENTIONS: None

9. Finance & Administration Committee to Consider Recommendation to the Board of Directors for Approval of the Use of \$280,000 of \$394,752.56 Due from Santa Clara Valley Water District for Water Delivery To and From Semi-Tropic Bank in 2005-2015 to Fund Unit 6 Rewind Pre-Construction Work

Assistant Executive Director Frances Mizuno gave a brief background on this item. After a brief discussion, Member Stearns made a motion to recommend to the Board of Directors to approve the use of \$280,000.00 of the \$394,752.56 due from Santa Clara Valley Water District for Water Delivery To and From Semi-Tropic Bank in 2005-2015 to Fund Unit 6 Rewind Pre-Construction Work. The motion was seconded by member Hansen and passed unanimously. The Committee action is reported as follows:

AYES: Stearns, Gilmore, Peracchi, White, Singleton, Pucheu, Bennett
NOES: None
ABSTENTIONS: None

10. Finance & Administration Committee to Consider Recommendation to the Board of Directors for Approval of Resolution Authorizing Award of Sole Source Contract with Pacific Power Engineers to Provide Engineering Services for the Unit 6 Rewind Project

Assistant Executive Director Frances Mizuno presented this item noting the specialized knowledge and skills possessed by Pacific Power Engineers as basis for the Water Authority to award the Sole Source Contract to the former. After a brief discussion, Member Peracchi made a motion to recommend to the Board of Directors for Approval of Resolution Authorizing Award of Sole Source Contract with Pacific Power Engineers to provide Engineering Services for the Unit 6 Rewind Project. The motion was seconded by member Hansen and passed unanimously. The Committee action is reported as

follows:

AYES: Stearns, Gilmore, Peracchi, White, Singleton, Pucheu, Bennett
NOES: None
ABSTENTIONS: None

REPORT ITEMS

11. External Audit Status

Director of Finance Tona Mederios informed the Committee that the Water Authority had outstanding external audits to be completed for the fiscal years of 2014, 2015 and 2016. Mederios concluded that staff had developed a timeline to get all audits up to date by fiscal year 2019, and would update the Committee regarding the audit progress as a standing report item.

12. WY14 PUE True-Up Status

Director of Finance Tona Mederios and Assistant Executive Director Frances Mizuno briefly discussed the status of the WY14 PUE True-Up.

13. FY17/18 Amended Budget to Actual Expenditures Comparison Reports through 12/31/16

Supervisor of Accounting Guy Wamocha informed the Committee that through 12/31/16 the expenses were trending about \$1.9 million below the amended budget in total due to budget line items including Technical Support, Legislative Advocacy, GBD specific items and Professional Services. Wamocha asked the Committee if they wanted a detailed report presentation or go through the report subsequently on their own, and they chose the latter.

14. California WaterFix Update

Executive Director Jason Peltier informed the Committee that there was no report on this item.

15. Reports Pursuant to Government Code Sec 54954.2

None

16. Adjournment

The meeting was adjourned at approximately 3:55 p.m.

DRAFT

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MINUTES
FINANCE & ADMINISTRATION COMMITTEE

MARCH 6, 2017

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority met at approximately 12:10 p.m. at 842 6th Street in Los Banos with Chairman Bill Pucheu presiding.

FAC Committee Members Present

Ex-Officio

Mike Stearns

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Don Peracchi, Member - Bobbie Ormonde, Alternate

Division 3

Absent

Division 4

Sara Singleton, Member

Division 5

Bill Pucheu, Chair and Member

Friant Water Authority

Kathy Bennett, Alternate for Jason Phillips (Via Teleconference)

Authority Representatives Present

Jason Peltier, Executive Director

Frances Mizuno, Assistant Executive Director

Jon Rubin, General Counsel

Ara Azhderian, Water Policy Administrator

Tona Mederios, Director of Finance

Guy Wamocho, Supervisor of Accounting

Darlene Neves, Accountant II

Others Present

Dan Pope, Westlands Water District

Bill Diedrich, San Luis Water District

1. **Additions or Corrections to the Agenda**

There were no additions or corrections to the agenda.

2. **Opportunity for Public Comment**

There were no public comments.

ACTION ITEMS

3. **Committee to Consider Approval of the February 6, 2017 Meeting Minutes**

The February 6, 2017 minutes were not considered for approval.

4. **Finance & Administration Committee to Consider Recommendation to the Board of Directors to Approve Special Salary Adjustments for Critical Positions for FY18 and Amended O&M Budget of \$21,921,270**

Assistant Executive Director Frances Mizuno reminded the Committee that the Board had approved the previous budget at the February 9, 2017 meeting but asked staff to further review the salaries for critical positions and provide recommendations for incorporation into the budget. . Mizuno represented a revised budget that incorporates further salary adjustments for the critical positions being recruited . After a brief discussion, Ex-officio member Mike Stearns made a motion that the Finance & Administration Committee recommend to the Board of Directors to approve the special salary adjustment for critical positions for FY18 and Amended O&M Budget of \$21,921,270. The motion was seconded by member Rick Gilmore. The motion passed. The Committee action is reported as follows:

AYES: Stearns, Gilmore, Peracchi, Singleton, Pucheu
NOES: Bennett
ABSTENTIONS: None

5. **Finance & Administration Committee to Consider Recommendation to the Board of Directors to Accept the Treasurer’s Report for the Quarter Ending 12/31/16**

Director of Finance Tona Mederios reported on the Treasurer’s Report for the Quarter ending 12/31/16 noting the cash balances and composition. After a brief discussion, member Sara Singleton made a motion that the Finance & Administration Committee recommend to the Board of Directors to accept the Treasurer’s Report for the Quarter ending 12/31/16 as presented. The motion was seconded by member Rick Gilmore and passed unanimously. The Committee action is reported as follows:

AYES: Stearns, Gilmore, Peracchi, Singleton, Pucheu, Bennett
NOES: None
ABSTENTIONS: None

REPORT ITEMS

6. **Investment Policy CY2017 – No Change**

Director of Finance Tona Mederios informed the Committee that there was no change in the investment policy for the calendar year 2017. The Committee asked staff to review the current investments and report to the Committee if there is a need for any adjustments.

7. **WY14 PUE True-Up Status**

Director of Finance Tona Mederios updated the Committee on the status of the WY14 PUE true-up noting that the WY14 PUE true-up is on target to be completed in March and mailed out to Contractors on March 31, 2017. The WY14 PUE true-up results reflect a large credit in excess of \$5.5 million.

8. **FY16/17 Amended Budget to Actual Expenditures Comparison Reports through 1/31/16**

Supervisor of Accounting Guy Wamocha reported on the summarized version of the Amended Budget to Actual Comparison Report through January 31, 2017 noting that in total the expenses were trending below the amended budget by \$2,206,922, especially in the line items of Technical Support, GBD Specific, Legislative Advocacy and Other Professional Services.

9. **Financial Audit Update**

Director of Finance Tona Mederios informed the Committee that Staff had developed an audit schedule and timeline covering the outstanding fiscal years of 2/28/14, 2/28/15 and 2/28/16 to be completed by 12/26/17. Additionally, fiscal year ending 2/28/17 will be completed by 6/25/18 and fiscal year ending 2/28/18 will be completed by 10/31/18.

10. **Review of Final Draft of Board of Directors Policies and Procedures Manual**

Executive Director Jason Peltier informed the Committee that there was still time for Committee members to provide feedback and input regarding the Board of Directors Policies and Procedures Manual. General Counsel Jon Rubin reviewed some highlights in the draft Procedures Manual and reminded the Committee that staff expects to finalize the Procedures Manual by April 2017.

11. **Reports Pursuant to Government Code Sec 54954.2**

None

16. **Adjournment**

The meeting was adjourned at approximately 1:25 p.m.