

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING AND
JOINT FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING-SPECIAL
BOARD OF DIRECTORS WORKSHOP
MINUTES FOR May 1, 2023**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:00 p.m. at 842 6th Street in Los Banos, California, with Chair Anthea Hansen presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael

Division 1

Anthea Hansen, Member

Division 2

Justin Diener, Member

Division 3

Chris White, Member - Jarrett Martin, Alternate

Division 4

Joyce Machado, Member - Dana Jacobson, Alternate

Division 5

Bill Pucheu, Member - Manny Amorelli, Alternate

Friant Water Authority

Wilson Orvis, Alternate for Jason Phillips

Board of Directors Present

Division 1

Anthea Hansen, Director

Division 2

Justin Diener, Alternate

Bill Diedrich, Director

Division 3

Chris White, Alternate

Jarrett Martin, Director

Cannon Michael, Director

Division 4

Steve Wittry, Director

Joyce Machado, Alternate

Division 5

Bill Pucheu, Director

Manny Amorelli, Director

Authority Representatives Present

Federico Barajas, Executive Director

Scott Petersen, Water Policy Director
Rebecca Akroyd, General Counsel
Rebecca Harms, Deputy General Counsel
Raymond Tarka, Director of Finance
Lauren Viers, Accountant III
Bob Martin, Facilities O&M Director
Jaime McNeill, Engineering Manager
Stewart Davis, IT Officer

Others in Attendance

Vince Gin, Valley Water
Jim Erickson, Friant Water Authority
William Bourdeau, Westlands Water District
Minnie Moreno, Del Puerto Water District
John Wiersma, Henry Miller Reclamation District

1. Call to Order/Roll Call

Chair Anthea Hansen called the meeting to order at approximately 12:00pm and roll was called.

2. Additions or Corrections to the Agenda

No corrections or additions.

3. Opportunity for Public Comment

No public comment.

4. Finance & Administration Committee to Consider Approval of the April 3, 2023 Meeting Minutes.

On a motion made by Member Bill Pucheu, seconded by Alternate Wilson Orvis, the Committee approved the April 3, 2023 meeting minutes with minor corrections. The vote on the motion was as follows:

AYES:	Michael, Hansen, Diener, White, Machado, Pucheu, Orvis
NAYS:	None
ABSTENTIONS:	None

5. Finance & Administration Committee to Consider Recommendation to Board of Directors to Consider Recommendation to Board of Directors to Accept the Treasurer's Report for the Quarter Ending March 31, 2023.

Director of Finance Raymond Tarka briefly reviewed the Treasurer's Report. On a motion

made by Ex Officio Member Cannon Michael, seconded by Member Bill Pucheu, the Committee recommended the Board of Directors accept the Treasurer’s Report for the quarter ending March 31, 2023. The vote on the motion was as follows:

AYES: Michael, Hansen, Diener, White, Machado, Pucheu, Orvis
NAYS: None
ABSTENTIONS: None

6. Finance & Administration Committee to Consider Recommendation to Board of Directors Adopt Resolution Authorizing Award of Contract, Execution of Construction Agreement for O’Neill Pumping-Generation Plant Power Transformer Rehabilitations, and Expenditure of Up to \$3.2 Million from the FY22 and FY23 EO&M Budgets.

Executive Director Federico Barajas introduced the item. Engineering Manager Jaime McNeill reviewed the memo included in the packet. McNeill reported that last year, the Authority solicited for the rehabilitation project and received one proposal. McNeill reported that in August 2022, the Water Resources and Finance & Administration Committees recommended, and the Board adopted Resolution No. 2022-507 authorizing award of contract pending successful negotiation on technical aspects of the proposal. McNeill reported that negotiations were ultimately unsuccessful, and the proposer withdrew their proposal. McNeill reported that on January 3, 2023 the contract was resolicited, and the Authority received one proposal from Cal Electro Inc. (CEI). McNeill reported that the proposal included all documents as required per the solicitation. McNeill reported that during the evaluation phase, evaluators requested a few clarifications regarding the proposal, and after obtaining clarifications from CEI, the Technical Proposal Evaluation Committee (TPEC) evaluated the proposal and its clarifications, and CEI received a passing score of 724/800 (90%). McNeill reported that the proposed expenditure of up to \$3.2M will be funded utilizing budgeted funds from Fiscal Year 2022 and 2023 EO&M budgets. McNeill reported that \$1.66M will be funded from FY22, and \$1.54M from FY23. Superintendent of Water Operations Seth Harris reviewed the proposed Operations Plan and answered committee and board member question.

On a motion made by Member Justin Diener, seconded by Alternate Member Wilson Orvis, the Committee recommended the Board of Directors adopt resolution authorizing award of contract, execution of construction agreement for O’Neill Pumping-Generation Plant power transformer rehabilitations, and expenditure of up to \$3.2 Million from the FY22 and FY23 EO&M budgets. The vote on the motion was as follows:

AYES: Michael, Hansen, Diener, White, Machado, Pucheu, Orvis

NAYS: None
ABSTENTIONS: None

7. Finance & Administration Committee to Consider Recommendation to Board of Directors Regarding OM&R Rate Setting Methodology/Practice.

Director of Finance Raymond Tarka presented the item. Tarka stated that based on the request of the committee, staff modeled an alternate approach to calculate rates under an adjusted rate setting model which would include a minimum participation of 25% during rate setting, rather than solely upon true up. Historically, minimum participation amounts have been applied during final accountings after actual water deliveries for the water year are known. The committee discussed various options to proceed and recommended staff include minimum participation along with allocation and survey data consistently for all water years.

On a motion made by Alternate Member Wilson Orvis, seconded by Chair/Member Anthea Hansen, the Committee recommended the Board of Directors regarding OM&R rate setting methodology/practice. The vote on the motion was as follows:

AYES: Michael, Hansen, Diener, White, Machado, Pucheu, Orvis
NAYS: None
ABSTENTIONS: None

REPORT ITEMS

8. Update on Status of Reserve/EO&M Funds

Director of Finance Raymond Tarka presented the item. Tarka began by reviewing the memo provided to the committee. He stated that the Authority's water rates include components for EO&M/reserve funds. EO&M and emergency reserves are funded through the general reserve component whereas capital improvement projects (CIP) is broken out based on funding for each JPP unit. Staff has analyzed the reserve activity for the reserve components to determine positions as to any amount of over or under funding. Based on the review, the reserve components are not materially over-funded.

9. FY23 Activity Agreements Budget to Actual Report through 3/31/2023

Director of Finance Raymond Tarka reported the Budget to Actual Comparison Summary through March 31, 2023 for the member-funded activities. Tarka stated that for the one-month period, the budget was trending positive overall with actual spending through March 31, 2023 at 1.98% of the approved budget.

10. **FY23 O&M Budget to Actual Report through 3/31/23**

Director of Finance Raymond Tarka reported that for WY22, the self-funded routine O&M expenses through March 31, 2023 were over budget by \$187,147. This is mainly due to pass through expenses that have not been billed out yet, as well as, additional overtime costs of \$39,000 and \$45,000 for outside services due to the wet start of the year. The water year 2021 final accountings are to be completed once the fiscal year 2022 audit is finalized. The Intertie OM&R true-up remains outstanding, as well as the fiscal year 2022 audited financial statements.

11. **Procurement Activity Report**

Director of Finance Raymond Tarka presented the procurement activity report for the period of March 29th through April 25th. On April 15th, the Authority awarded a cooperative purchase agreement to Interstate Truck Center for a 2024 Peterbilt 567 Dump Truck. The agreement amount was \$226,604.13 and the funding source is the EO&M budget. There were no reported contract change orders issued during this period.

12. **Executive Director's Report**

Executive Director Federico Barajas provided two updates to the committee.

Water Allocation Update – Executive Director Federico Barajas reported that Reclamation provided an update to the Central Valley Project 2023 water supply allocation. Reclamation announced that Irrigation water service and repayment contractors have increased to 100 percent from 80 percent of their contract totals. Staff have not recalculated rates to include this increase given the recent rate adjustment that took place last month. Barajas reported that this allocation increase would not have a drastic effect on rates. A request was made to consider a rate adjustment at the appropriate time.

O&M Technical Committee – Executive Director Federico Barajas stated the Authority is beginning their OM&R budget process. Barajas reported that the initial step is an O&M Technical Committee tour to assess and discuss potential budgeted items in the upcoming year. Barajas reported that the tour is scheduled May 22, 2023.

13. **Committee Member Reports**

No reports.

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

No reports.

15. **Adjournment.**

The meeting was adjourned at approximately 12:56 p.m.