

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
REGULAR FINANCE & ADMINISTRATION COMMITTEE
MEETING
MINUTES FOR OCTOBER 1, 2018**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:00 p.m. for a regular meeting, with Chair Rick Gilmore presiding.

Members and Alternate Members in Attendance

Ex Officio

Absent

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Bobbie Ormonde, Alternate

Division 3

Chris White, Alternate for Jim O'Banion

Division 4

Sara Singleton, Member - Dana Jacobson, Alternate

Division 5

Bill Pucheu, Member

Friant Water Authority

Absent

Authority Representatives Present

Frances Mizuno, Interim Executive Director

Joyce Machado, Director of Finance

Melody Hernandez, Accounting Tech I

Rebecca Akroyd, Interim General Counsel

Others in Attendance

Don Willard, Friant Water Authority (via teleconference)

1. Call to Order

Chair and Member Rick Gilmore called the meeting to order.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Additions or Corrections to the Agenda

There were no additions or corrections.

4. Opportunity for Public Comment

There was no public comment.

ACTION ITEMS

5. Finance & Administration Committee to Consider Approval of the September 13, 2018 Meeting Minutes.

Member Bill Pucheu made the motion to approve the September 13, 2018 meeting minutes. The motion was seconded by alternate Chris White and passed unanimously. The Committee action is reported as follows:

AYES: Gilmore, Ormonde, White, Singleton, Pucheu

NOES: None

ABSTENTIONS: None

REPORT ITEMS

6. FY19 Activities Budget to Actual through 8/31/2018.

Director of Finance Joyce Machado asked the Committee to refer to attachment #1 in their packet: Budget to Actual Paid/Pending Comparison Summary and Detail through 8/31/2018. Machado stated that for the twelve member funded activities over 6 months, the budget was trending positive with overall actual spending through 8/31/2018 at 27.16% of the approved budget. Machado noted that the positive trend was due to timing of invoices and projects. Machado also noted that the two activities trending over budget are Contract Renewal Coordinator and Yuba County Water Transfers due to legal expenses. Machado then asked the Committee to refer to page 3 of attachment for detail on actual and pending expenditures by fund, page 4 for amounts remaining in each fund and page 5 which provides variances between year to date budgeted amounts and year to date paid/pending amounts for each expense. Interim Executive Director Frances Mizuno added that under Technical the Direct Funding expenditures are currently minimal because the contracts have been issued and the work is ongoing but there have only been a few invoices submitted for payment.

7. O&M Self-Funding Update.

Director of Finance Joyce Machado reported to the Committee that for WY18 the O&M self-funding actual expenses through 8/31/2018 were under budget by \$1,481,632. Machado

stated that for WY17 the delivery and revenue reconciliations are in progress and Contractor Records will be sent out in late October. Machado added that for WY16 the final reconciliations and allocation of costs are in progress and staff is working with BOR to resolve exceptions found on BOR's 9/30/17 PUE cost true up. Machado added that the Intertie O&M cost recovery is still an outstanding item, but that Interim Executive Director Frances Mizuno has resumed the process to determine an allocation. Machado directed the Committee to refer to Intertie Position Analysis included in attachment #2 in their packet for additional information.

8. Financial Audit Update.

Director of Finance Joyce Machado reported to the Committee that the Audit Schedule would be updated with projected dates soon. Machado directed the Committee to refer to attachment #3 of their packet for the list of CPA firms that we expect to solicit RFPs in late October for the FY18 and FY19 financial statement audits. Interim Executive Director Frances Mizuno added that Joyce Machado would now be assuming the full duties of the Director of Finance so that the current Director of Finance Tona Mederios can focus all her efforts on the completion of audits until her retirement in April 2019. Mizuno added that staff is currently in the process of recruiting for the Supervisor of General Accounting position, and that the individual that is hired will be assisting Mederios on completing the audits.

9. Administrative Budget Review.

Interim Executive Director Frances Mizuno informed the Committee that as part of the Strategic Planning process and after reviewing the activity agreement cost allocation process, staff also reviewed the current Administrative Budget process and allocation. Mizuno asked the Committee to refer to Administrative Budget/Allocation worksheet in their packet that showed the percentages of administrative expenditures currently being allocated to each fund/activity agreement. After reviewing with the Committee the current Administrative Budget process, Mizuno proposed to the Committee changes to simplify the Administrative budgeting process including the removal of salaries from this budget. Mizuno then asked the Committee to refer to the Administrative Budget/Allocation, also in their packet, that reflected the proposed changes. Mizuno explained that the Administration Budget consists of costs/expenses related to the Los Banos Administration Office (LBAO) and these costs are mostly necessary for the purpose of the O&M function and therefore the majority of this budget should be allocated to O&M. Mizuno recommended that the allocation be as follows: 84% O&M, 10% General Fund and 6% to SJVDA. Mizuno added that staff is looking for the Committee's guidance on the

proposed changes, not for the Committee's approval at this time. The actual changes and approval will be as part of the budget approval process. Members Ormonde, Singleton, and Alternate Hansen expressed that each activity agreement should also be assessed some of the Administration budget costs and suggested a fixed cost be set up for each of the other activity agreements. Mizuno agreed that this could be done.

10. Reports Pursuant to Government Code Sec 54954.2

There were no reports.

11. Adjournment.

The meeting was adjourned at approximately 12:45 p.m.