



January 5, 2018

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

FROM: Jason Peltier, Secretary (by Cheri Worthy)

RE: **Adjourned Regular Finance and Administration Committee, January 8, 2018, 12:00 p.m.**

Attached for your review, in preparation of the **January 8, 2018, 12:00 p.m., Adjourned Regular Finance & Administration Committee (FAC)**, are the following documents:

- 1) Notice & Agenda
- 2) Draft December 4, 2017 Meeting Minutes
- 3) Material Related to Proposed Activity Budget Cost Allocation Adjustments
- 4) Material Related to Draft FY Activity Budget Development

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



Notice of Adjourned Regular Finance & Administration Committee Meeting

Monday, January 8, 2018, 12:00 p.m.

Boardroom
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. Call to Order
2. Finance & Administration Committee to Consider Corrections or Additions to the Agenda for the Regular Finance & Administration Committee Meeting only, as Authorized by Government Code Section 54950 et seq.
3. 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 Finance & Administration Committee's jurisdiction. Public comment is limited to no more than three minutes per person. For good cause, the Chair of the Finance & Administration Committee may waive this limitation.

ACTION ITEMS

4. **Finance & Administration Committee to Consider Approval of the December 4, 2017 Meeting Minutes**

REPORT ITEMS

5. FY18 Budget to Actual Expenditures Comparison Reports through 10/31/17, Mederios
6. O&M Self-Funding Update, Mederios
May Include:
 - Update on Outstanding Water Year Financial Issues
 - Update on Current Water Year Financial Issues
7. Financial Audit Update, Mederios
8. Proposed Activity Budget Cost Allocation Adjustments
9. Update on Draft FY19 Activity Budget Development

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 Locations:¹

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

San Benito County W.D.
30 Mansfield Rd.
Hollister, CA 95023

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
DECEMBER 4, 2017

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority met at approximately 12:30 p.m. at 842 6th Street in Los Banos with Chairman Bill Pucheu presiding.

FAC Committee Members Present

Ex-Officio

Absent

Division 1

Anthea Hansen, Alternate for Rick Gilmore

Division 2

Bobbie Ormonde, Alternate for Don Peracchi

Division 3

Chris White, Alternate for Jim O'Banion

Division 4

Sara Singleton, Member - Dana Jacobson, Alternate

Division 5

Bill Pucheu, Chair and Member - Steve Stadler, Alternate

Friant Water Authority

Kathy Bennett, Alternate for Jason Philips (via teleconference, departed after item 5)

Authority Representatives Present

Jason Peltier, Executive Director

Frances Mizuno, Assistant Executive Director

Jon Rubin, General Counsel

Kathrin Odisho, Supervisor of Operational Accounting

Others Present

Ara Azhderian, Panoche Water District

Sabri Ozun, Panoche Water District

Randy Houk, Columbia Canal Company (arrived during item 5)

1. Call to Order

Chair Bill Pucheu called the meeting to order.

2. Additions or Corrections to the Agenda

There were no additions or corrections to the agenda.

3. **Opportunity for Public Comment**

Ara Azhderian introduced Sabri Ozun, the controller for Panoche Water District.

ACTION ITEMS

4. **Finance & Administration Committee to Consider Approval of the November 6, 2017 Meeting Minutes.**

The Committee reviewed the November 6, 2017 meeting minutes and Alternate Anthea Hansen suggested some edits. The Committee deferred action on the minutes until a subsequent meeting.

5. **Finance & Administration Committee to Consider Recommendation to the Board of Directors that it Approve the Draft FY19 and Preliminary FY20 O&M Budgets.**

Assistant Executive Director Frances Mizuno provided a detailed review of the draft FY19 and preliminary FY20 O&M budgets including the recommendation for salary adjustment based on the results of a salary survey. The Committee discussed the budget, with particular emphasis on compensation. The Committee asked that staff take three actions for future budgets that includes salary adjustments: (1) present salary survey along with benefits, (2) survey to include member agencies for compensation information, and (3) consider updating the Authority's salary structure. The Committee then considered a salary adjustment for the Assistant Executive Director. Mizuno excused herself from the meeting during the discussion. Mizuno returned after conclusion of the discussion. Alternate Anthea Hansen made a motion that the Committee recommend to the Board of Directors that it approve the Draft FY19 and Preliminary FY20 O&M Budgets as presented, with the salary for the Assistant Executive Director adjusted to \$228,000. The motion was seconded by Alternate Chris White and passed unanimously. The Committee action is reported as follows:

AYES: Hansen, Ormonde, White, Singleton, Pucheu, Bennett
NOES: None
ABSTENTIONS: None

REPORT ITEMS

6. **FY18 Budget to Actual Expenditures Comparison Reports through 11/30/17**

Director of Finance, Tona Mederios was not able to attend the meet and Assistant Executive Director Frances Mizuno asked the committee members to refer to the budget-to-actual expenditure report included in the Committee packet and if there were any questions, please follow up with Director of Finance Tona Mederios.

7. **O&M Self-Funding Update**

No report provided.

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8. **Financial Audit Update**

Assistant Executive Director Frances Mizuno stated that Audit remain on track and the outstanding audits will be completed in 2018 as previously scheduled.

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

None.

10. **Adjournment**

The meeting was adjourned at approximately 2:10 p.m.

Non Activity Agreement Fund Cost Reallocation Analysis (FY18 Budget)

Consolidate Leg Ops 1, Leg Ops 2 and DIPS

5-Jan-18

	B	C	D	E	F	G	H	I	J	G-F	H-F	I-F	J-f
	Leg Ops 1	Leg Ops 2	DIPS	General Membership	Total	Total	Total	Total	Total	Difference	Difference	Difference	Difference
						Option 1	Option 2	Option 3	Option 4	Option 1	Option 2	Option 3	Option 4
	Current	Current	Current	Current	Current	Consolidate Leg Ops 1, Leg Ops 2, DIPS and Gen Membership	Revised Leg 1 (75%) and General Membership	Revised Leg 1 (50%) and General Membership	Revised Leg 1 (41.5%) and General Membership *	Revised Leg 1 and General Membership and current	Revised Leg 1 (75%) and General Membership and current	Revised Leg 1 (50%) and General Membership and current	Revised Leg 1 (41.5%) and General Membership and current
Division 3 (EC etal)	\$ 449,439	\$ -	\$ 67,127	\$ 98,967	\$ 615,533	\$ 1,121,116	\$ 930,020	\$ 703,609	\$ 616,807	\$ 505,583	\$ 314,487	\$ 88,076	\$ 1,274
WWD	\$ 587,594	\$ 712,718	\$ 351,103	\$ 129,389	\$ 1,780,804	\$ 1,465,740	\$ 1,577,955	\$ 1,710,633	\$ 1,761,460	\$ (315,064)	\$ (202,849)	\$ (70,171)	\$ (19,344)
SCVWD	\$ 77,495	\$ 93,933	\$ 46,300	\$ 17,064	\$ 234,792	\$ 193,308	\$ 208,160	\$ 225,652	\$ 232,253	\$ (41,484)	\$ (26,632)	\$ (9,140)	\$ (2,539)
DPWD	\$ 70,529	\$ 85,469	\$ 42,133	\$ 15,530	\$ 213,661	\$ 175,932	\$ 189,464	\$ 205,306	\$ 211,577	\$ (37,729)	\$ (24,197)	\$ (8,355)	\$ (2,084)
All Others	\$ 266,151	\$ 299,918	\$ 150,538	\$ 59,608	\$ 776,215	\$ 664,909	\$ 715,406	\$ 775,805	\$ 798,908				
Total All Assessment	\$ 1,451,208	\$ 1,192,038	\$ 657,201	\$ 320,558	\$ 3,621,005	\$ 3,621,005	\$ 3,621,005	\$ 3,621,005	\$ 3,621,005				
Allocation Methodology	All Members Based on 100% contract supply	Contract Supply- Ag and M&I only	All Members based on Contract Supply- Ag and M&I- 100%, EC and GWD- 25%	All Members- Contract Supply		All Members Based on 100% contract supply	Ag and M&I based on 100% Contract Supply, EC and Refuge at 75%	Ag and M&I based on 100% Contract Supply, EC and Refuge at 50%	Ag and M&I based on 100% Contract Supply, EC and Refuge at 41.5%				

* 41.5 % maintains the EC and Refuge Assessment at approximately the same current level based on FY18 budget

Staff Recommendation: For FY19 Budget: 1. prepare budget and allocate cost using Leg Ops 1, Leg Ops2 and DIPS to determine assessment for the EC and Refuges. 2. Consolidate Legs Ops 1, Leg Ops 2 and DIPS, calculate the percentage of EC/Refuge assessment to total consolidated assessment that provides for an equivalent assessment based current allocation methodology. 3. Establish that percentage for the EC/Refuge allocation beginning FY19. 4. Re-evaluate that percentage every 5 years.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
March 1, 2018 - February 28, 2019
DRAFT BUDGET EXPENDITURE SUMMARY

Direct Expenses	Total 1/8/18	Allocation	
Legal:			
1 Linneman et al	\$ 24,000	50% DMC O&M; 12.5% Leg Ops 1; 12.5% DIPS; 25% Leg Ops 2	
2 Kronick Moskovits et al	\$ 877,625		
3 Kronick Moskovits et al (Annual Costs)	\$ 10,000		
4 General Counsel	\$ -		
5 Pioneer Law Group	\$ 24,000		25% Leg Ops 1; 75% Leg Ops 2
6 Pioneer Law Group (Annual Costs)	\$ 2,000		25% Leg Ops 1; 75% Leg Ops 2
7 Technical Support	\$ 279,000		See Separate Sheet
8 Legal Contingency	\$ 300,000		
Sub Total	\$ 1,516,625		
Technical:			
1 Direct Funding Projects	\$ 550,000	See Separate Sheet	
2 Coordinated Science/Project Efforts with SWC	\$ 500,000		
3 Collaborative Adaptive Management Team (CAMT)	\$ 105,000		
Sub Total	\$ 1,155,000		
Legislative Advocacy/Public Information Representation:			
1 Federal Representation	\$ 255,000	15.83% Leg Ops #1; 31.67% Leg Ops #2; 47.5% DIPS; 2.5% GBD; 2.5% SJVDA	
2 State Representation	\$ -		
3 Contingency	\$ -		
4 Calif. Farm Wtr Coalition Information/Outreach	\$ 210,000		16.67% Leg Ops #1; 16.66% Leg Ops #2; 16.67% DIPS; 50% General Membership (Fund #3)
5 Family Farm Alliance	\$ 25,000		100% Leg Ops #1
Sub Total	\$ 490,000		
Other Professional Services:			
Sub Total	\$ -		
Westside Water Resource Plan:			
1 Disadvantaged Communities Involvement Grant	\$ 50,000	100% Leg Ops #1	
2 Westside Integrated Water Resources Plan	\$ 150,000	100% Leg Ops #1	
3 Consultant SB104 Drought Grant	\$ -		
Sub Total	\$ 200,000		
OTHER:			
1 SFCWA Assessment	\$ -		
2 Strategic Planning	\$ 65,000		
3 SLDMWA Accounting (Direct Expenditure)	\$ -		
4 Sacramento Administrative Office (SAO)	\$ 56,052		
5 General Counsel	\$ 320,000	40% O&M; 5% General Fund; 25% Leg Ops 1; 5% DIPS; 15% Legl Ops 2; 10% AA	
6 Deputy General Counsel	\$ 202,064	40% O&M; 5% General Fund; 25% Leg Ops 1; 5% DIPS; 15% Legl Ops 2; 10% AA	
7 Water Policy Administrator	\$ 121,500	20% General Fund; 50% Leg Ops 1; 15% DIPS; 15% Leg Ops 2	
8 Science Manager	\$ 243,000	50% Leg Ops 1; 25% DIPS; 25% Leg Ops 2	
9 Science Intern	\$ 23,396	50% Leg Ops 1; 25% DIPS; 25% Leg Ops 2	
10 Other Services & Expenses	\$ 15,000		
11 License & Continuing Education	\$ 6,000		
12 Organizational Membership	\$ 7,500		
13 Conferences & Training	\$ 15,000		
14 Travel/Mileage	\$ 30,000		
15 Group Meetings	\$ 8,465		
16 Telephone	\$ 5,000		
DMC/EO&M	\$ -		
Sub Total	\$ 1,122,977		
Total	\$ 4,484,602		

SLDMWA Technical Support
FISCAL YEAR MARCH 1, 2018 - FEBRUARY 28, 2019
DRAFT

Category	Effort	Consultant	Budget	Cost Allocation
Direct Funding Project				
		SJWIA	\$ 50,000	100% Leg Ops 1
		Temperance Flat	\$ 100,000	100% Leg Ops 1 or Subject to Activity Agreement Development
		Los Vaqueros III	\$ 100,000	100% DIPS
		Rice Field Inundation Food Production (Prop 1 Grant)	\$ 100,000	100% Leg Ops 1
		Contingency	\$ 200,000	100% Leg Ops 1
		Direct Funding Project Total	\$ 550,000	
Coordinated Science/Project Efforts with SWC				
		Delta Following Pilot Program	\$ 150,000	100% Leg Ops 1
		Contingency	\$ 350,000	60% Leg Ops 1; 5% DIPS; 35% Leg Ops 2
		Coordinated Efforts Total	\$ 500,000	
CAMT				
		Essex Partnership	\$ 52,500	100% DIPS
		Hansen Environmental	\$ 52,500	
		CAMT Total	\$ 105,000	
Legal Support				
	[Litigation]		\$ 140,500	
	WQCP	Ecological/Biological Support	\$ 40,000	25% Leg Ops 1; 75% Leg Ops 2
		Modeling Support	\$ 5,000	
		Economics Support	\$ 4,500	
	COA	Modeling Support	\$ 24,000	50% Leg Ops 1; 50% Leg Ops 2
	ROC on LTO	Ecological/Biological Support	\$ 60,000	100% Leg Ops 1
		Modeling Support	\$ 5,000	
		Legal Support Total	\$ 279,000	

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

March 1, 2018 - February 28, 2019

BUDGET EXPENDITURE SUMMARY

DRAFT BUDGET

Direct Expenses		Total 12/19/2017 Workshop	Total 1/8/18
Legal:			
1	Linneman et al	\$ 24,000	\$ 24,000
2	Kronick Moskovits et al	\$ 848,125	\$ 877,625
3	Kronick Moskovits et al (Annual Costs)	\$ 10,000	\$ 10,000
4	General Counsel	\$ 320,000	\$ -
5	Pioneer Law Group	\$ 24,000	\$ 24,000
6	Pioneer Law Group (Annual Costs)	\$ 2,000	\$ 2,000
7	Technical Support	\$ 279,000	\$ 279,000
8	Legal Contingency	\$ 300,000	\$ 300,000
Sub Total		\$ 1,807,125	\$ 1,516,625
Technical:			
1	Direct Funding Projects	\$ 780,000	\$ 550,000
2	Coordinated Science/Project Efforts with SWC	\$ 500,000	\$ 500,000
3	Collaborative Adaptive Management Team (CAMT)	\$ 105,000	\$ 105,000
Sub Total		\$ 1,385,000	\$ 1,155,000
Legislative Advocacy/Public Information Representation:			
1	Federal Representation	\$ 255,000	\$ 255,000
2	State Representation	\$ 60,000	\$ -
	Contingency	\$ 25,000	\$ -
3	Calif. Farm Wtr Coalition Information/Outreach	\$ 210,000	\$ 210,000
4	Family Farm Alliance	\$ 25,000	\$ 25,000
Sub Total		\$ 575,000	\$ 490,000
Other Professional Services:			
Sub Total			\$ -
Westside Water Resource Plan:			
1	Disadvantaged Communities Involvement Grant	\$ 50,000	\$ 50,000
2	Westside Integrated Water Resources Plan	\$ 150,000	\$ 150,000
3	Consultant SB104 Drought Grant	\$ -	\$ -
Sub Total		\$ 200,000	\$ 200,000
OTHER:			
1	SFCWA Assessment	\$ 1,000,000	\$ -
2	Strategic Planning	\$ -	\$ 65,000
3	SLDMWA Accounting (Direct Expenditure)	\$ -	\$ -
4	Sacramento Administrative Office (SAO)	\$ 47,100	\$ 56,052
5	General Counsel	\$ -	\$ 320,000
6	Deputy General Counsel	\$ -	\$ 202,064
7	Water Policy Administrator	\$ -	\$ 121,500
8	Science Manager	\$ 195,000	\$ 243,000
9	Science Intern	\$ -	\$ 23,396
10	Other Services & Expenses	\$ 12,500	\$ 15,000
11	License & Continuing Education	\$ 5,000	\$ 6,000
12	Organizational Membership	\$ 6,000	\$ 7,500
13	Conferences & Training	\$ 12,500	\$ 15,000
14	Travel/Mileage	\$ 30,000	\$ 30,000
15	Group Meetings	\$ 8,465	\$ 8,465
16	Telephone	\$ 5,000	\$ 5,000
DMC/EO&M			\$ -
Sub Total		\$ 1,321,565	\$ 1,122,977
Total		\$ 5,288,690	\$ 4,484,602

Moved under Other

See separate spreadsheet

See separate spreadsheet

Maintains FY18 budget number

Maintains FY18 budget number- No funding for Cultivate California
Maintains FY18 budget number

Total cost for Grant Application and Needs Assessment is \$260K. DWR provided \$130K in advance. FY18 has \$80K (\$50K/DAC and \$30K/WIWRP) Bal of \$50K in FY19
Consultant cost to manage program- FY19- update WIWRP, prepare grant application- FY 20 Administor grant, coordinate with SGMA and DAC
Expect SB 104 grant projects to be complete in FY 18

TBD based on discussion with State Water Contractors
Consultant Services
No budget needed - Completion of SB104 Grant accounting
Assumes 6 offices each at \$600 rent, \$185 parking
Moved from Legal above

Budget and fill based on outcome of Strategic Planning effort - (6 months)
Increased salary to \$180K plus benefits
For 5 months based on \$25/hr includes other related costs
Assumes \$2,500 for 6 employees with offices in Sacramento
Assumes \$1,000 for 6 employees with offices in Sacramento
Assumes Ca Special District Association (CSDA) Membership + \$1,000 for 6 employees with offices in Sacramento
Assumes \$2,500 for 6 employees with offices in Sacramento
Estimate based on budget (\$30,145) to actuals (10-31: \$18,750) for current FY- includes funds for tours and travel (e.g. D.C. trips)
Maintains FY18 Budget
Maintains FY 18 Budget

SLDMWA Technical Support
FISCAL YEAR MARCH 1, 2018 - FEBRUARY 28, 2019
DRAFT

Category	Effort	Consultant	Budget	Notes
Direct Funding Project				
		SJVWIA	\$ 50,000	Per placeholder from Board action
		Temperance Flat	\$ 100,000	Placeholder for possible Activity Agreement Participation (possibly in addition to \$100,000 in FY18)
		Los Vaqueros III	\$ 100,000	
		Rice Field Inundation Food Production (Prop 1 Grant)	\$ 100,000	Recommend, subject to Sac Valley funding and equal recognition
		Contingency	\$ 200,000	For funding of project pursued by others, would require Board action before expending
		Direct Funding Project Total	\$ 550,000	
Coordinated Science/Project Efforts with SWC				
		Delta Following Pilot Program	\$ 150,000	Subject to decision on SFCWA contribution
		Contingency	\$ 350,000	Per Board authorization
		Coordinated Efforts Total	\$ 500,000	For funding of project WA pursues with SWC, would require Board action before expending
CAMT				
		Essex Partnership	\$ 52,500	Recommend seeking contributions from all participants
		Hansen Environmental	\$ 52,500	
		CAMT Total	\$ 105,000	
Legal Support				
	[Litigation]		\$ 140,500	
	WQCP	Ecological/Biological Support	\$ 40,000	Assumes 200 hours at \$200 per hour
		Modeling Support	\$ 5,000	Assumes 20 hours at \$245 per hour
		Economics Support	\$ 4,500	Assumes 20 hours at \$225 per hour
	COA	Modeling Support	\$ 24,000	Assumes 100 hours at \$245 per hour
	ROC on LTO	Ecological/Biological Support	\$ 60,000	Assumes 300 hours at \$200 per hour
		Modeling Support	\$ 5,000	Assumes 20 hours at \$245 per hour
		Legal Support Total	\$ 279,000	