

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING AND
JOINT SPECIAL WORKSHOP OF THE FINANCE & ADMINISTRATION
COMMITTEE, BOARD OF DIRECTORS, AND WATER RESOURCES COMMITTEE
MINUTES FOR April 3, 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
William Bourdeau

Division 1

Anthea Hansen, Member - Lea Emmons, Alternate

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 (arrived during item 6) - Manny Amorelli, Alternate

Friant Water Authority

Jason Phillips, Member - Wilson Orvis, Alternate

Board of Directors Present

Division 1

Anthea Hansen, Director
Lea Emmons, Alternate

Division 2

Justin Diener, Alternate
William Bourdeau, Director
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

Water Resources Committee Present

Ex Officio

Cannon Michael
William Bourdeau

Division 1

Anthea Hansen, Alternate

Division 2

Bill Diedrich, Member

Division 3

Chris White, Alternate

Division 4

Steve Wittry, Alternate

Division 5

Manny Amorelli, Member

Authority Representatives Present

Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer
Scott Petersen, Water Policy Director
Rebecca Akroyd, General Counsel
Rebecca Harms, Deputy General Counsel
Raymond Tarka, Director of Finance
Stewart Davis, IT Officer

Others in Attendance

Bobbie Ormonde, Westlands Water District (via ZOOM)
Jim Erickson, Friant Water Authority
Chase Hurley, Pacheco Water District
Sarah Woolf, Water Wise

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 March 6, 2023 Meeting Minutes, and March 13, 2023 Workshop Minutes.

Chair Anthea Hansen deemed the March 6, 2023 meeting minutes, and March 13, 2023

workshop minutes approved with a minor edit to the March 6, 2023 meeting minutes.

5. Finance & Administration Committee to Consider Recommendation to Ratify Purchase of Front End Loader and Related Expenditure of \$217,662 from FY24 EO&M Budget.

Chief Operating Officer Pablo Arroyave reported that the Fiscal Year 2024 EO&M Budget adopted by the Authority Board of Directors in January 2023 includes funds (\$231,750) for the purchase of a front-end loader. Arroyave reported that staff utilized cooperative purchasing agreement procurement through Sourcewell to obtain quotes from John Deere (\$217,662) and Caterpillar (\$247,336). Arroyave reported that all Sourcewell contracts have been previously competitively solicited. Arroyave reported that the John Deere product was chosen because it met all of the requirements of the Authority and was priced lower than the Caterpillar option.

On a motion made by Member Justin Diener, seconded by Member Chris White, the Committee recommended the Board of Directors ratify purchase of front end loader and related expenditure of \$217,662 from FY24 EO&M budget. The vote on the motion was as follows:

AYES:	Michael, Bourdeau, Hansen, Diener, White, Machado, Amorelli, Phillips
NAYS:	None
ABSTENTIONS:	None

6. Finance & Administration Committee to Consider Recommendation to Board of Directors to Authorize Purchase of Dump Truck and Related Expenditure of Up To \$230,000 from EO&M Budgets.

Chief Operating Officer Pablo Arroyave reported that the acquisition of heavy equipment and vehicles for the Authority has become increasingly difficult due to supply chain issues and the prices of equipment have increased between 20% to 30%. Arroyave reported that during FY23, Authority staff made several attempts to enter into a contract with vendors for the purchase of a dump truck, however, staff was advised on several occasions that there was no availability due to supply chain issues. Arroyave reported that March 2023, one of the Authority's regular vendors notified staff that they had a model year 2024 dump truck available with government pricing discounts; the total price is approximately \$227,000, which is approximately \$42,000 (23%) over the projected and budgeted cost of \$185,000. Arroyave reported that although the anticipated expenditure represents an increase of \$42,000 over the budgeted line item, there will be no impact to the overall FY24 EO&M budget. Arroyave reported that the increase will be paid for using unused EO&M funds collected for heavy equipment and vehicle purchases over the last 3 fiscal

years. Staff responded to questions regarding unused EO&M funds, and committee to providing additional detail in future meetings.

On a motion made by Member Justin Diener, seconded by Member Joyce Machado, the Committee recommended the Board of Directors authorize purchase of dump truck and related expenditure of up to \$230,000 from EO&M budgets. The vote on the motion was as follows:

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

7. Finance & Administration Committee to Consider Recommendation to Board of Directors to Approve Second Adjustment to Water Year OM&R Water Rates.

Executive Director Federico Barajas presented the item. Barajas began by reviewing the memo provided to the committee stating that March 28th Reclamation has increased allocations to agricultural contractors from 35% to 80%. Since this was a significant increase, staff presented two options for FAC consideration: 1. Approve second revised WY2023 OM&R water rates as calculated on the 80% Ag allocation, 100% M&I allocation applied retroactively to deliveries made on or after March 1, 2023; or 2. Delay approval of second revision to WY2023 OM&R water rates until after (a) a new member-reported estimated delivery survey is completed, and/or (b) an additional increase to the Ag allocation is made in April 2023. Barajas noted that the anticipated Ag increase in April would not have a drastic impact on water rates.

On a motion made by Member Justin Diener, seconded by Member Jason Phillips, the Committee recommended the Board of Directors approve second adjustment to Water Year 2023 OM&R Water Rates using the 80% Ag allocation. The vote on the motion was as follows:

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

REPORT ITEMS

8. Discussion Regarding OM&R Rate Calculation Methodology

Executive Director Federico Barajas introduced the item and referred to Director of Finance Ray Tarka to begin the presentation. Tarka began by stating staff reviewed final accountings from WY10 through WY20. Based on these eleven years, the Authority has had an

average refund due to members of \$3,493,341. However, when comparing to the budgeted amount, the rates were fairly accurate. There are two factors that play into the significant variation between the budgeted and actual costs: PUE and DWR power. Annually, DWR provides estimates to the Authority and this is what is used when calculating rates. A true-up of these estimates are then completed by DWR 1-2 years later. Tarka went on to compare estimated rate volumes to actual rate volumes and discussed the accuracy of this process. From there, Tarka presented a minimums test where a 25% minimum participation was applied to a water year to show effects to contractors. After further discussion, the committee requested that potential changes to rate calculation methodology be brought back as an action item to determine if additional analysis is needed or a change in Authority's methodology.

9. FY23 Activity Agreements Budget to Actual Report through 2/28/2023

Director of Finance Raymond Tarka reported the Budget to Actual Comparison Summary through February 28, 2023 for the member-funded activities. Tarka stated that for the twelve-month period, the budget was trending positive overall with actual spending through February 28, 2023 at 57.92% of the approved budget.

10. FY23 O&M Budget to Actual Report through 2/28/23

Director of Finance Raymond Tarka reported that for WY22, the self-funded routine O&M expenses through February 28, 2023 were under budget by \$1,939,235. The water year 2021 final accountings were sent out for 30-day final review beginning February 27, 2023 and are to be completed once the fiscal year 2022 audit is finalized. The Intertie true-up remains outstanding, as well as the fiscal year 2022 audited financial statements.

II. Procurement Activity Report

Director of Finance Raymond Tarka presented the procurement activity report for the period of March 1st through March 28th. On March 9th, the Authority awarded a contract to Powell for JPP UZ11A switchgear repairs. The contract amount was \$184,517 and the funding source is the EO&M budget. On March 15th, the Authority awarded a contract to Kingsbury, Inc. for JPP Unit 3 bearing repair. The contract amount was \$128,320 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 informed the committee that during the Water

Resources Committee meeting, positions on eight state bills were recommended to advance as proposed by staff. Secondly, there is a SJVCAP meeting and tour of the Westside that several members will be participating in tomorrow. Barajas then referred to Water Policy Director Scott Peterson to provide additional detail on the tour.

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 1:54 p.m.