

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
REGULAR FINANCE & ADMINISTRATION COMMITTEE
MEETING MINUTES FOR
June 3, 2019**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:30 p.m. for a regular meeting, with Chair Rick Gilmore presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Absent

Division 3

Absent

Division 4

Dana Jacobson, Alternate for Sara Singleton

Division 5

Bill Pucheu, Member

Friant Water Authority

Jason Phillips, Member

Board of Directors Present

Division 1

Anthea Hansen, Director

Rick Gilmore, Director

Division 2

Absent

Division 3

Cannon Michael, Director

Division 4

Absent

Division 5

Bill Pucheu, Director

Authority Representatives Present

Federico Barajas, Executive Director

Frances Mizuno, Assistant Executive Director

Rebecca Akroyd, General Counsel

Joyce Machado, Director of Finance

Melody Hernandez, Accounting Tech I
Scott Petersen, Water Policy Director

Others in Attendance

Martin Rauch, Rauch Communications

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 May 16, 2019 Meeting Minutes.

Member Anthea Hansen pointed out that because the date of the meeting had been re-scheduled the title of the minutes should include the word adjourned. Hansen also suggested a correction to a sentence on Action Item #10. Member Bill Pucheu made the motion to approve the May 16, 2019 meeting minutes with minor edits. The motion was seconded by Member Jason Phillips and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Jacobson, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

6. Finance & Administration Committee to Consider Recommendation to the Board of Directors to Approve Purchase of New Motor Grader from Pape Machinery for \$283,000 with a Zero Interest Loan.

Assistant Executive Director Frances Mizuno informed the Committee that the Authority currently has two motor graders that were both purchased in 1993 and both need to be replaced. Mizuno added that a budget of \$345,000 had been included in the current year's budget for one

motor grader. Mizuno stated that staff had gone out for bids to purchase one motor grader and Pape Machinery had presented a John Deere model for \$283,000 and also offered a \$27,000 trade in value for one of the old motor graders for a total price of \$256,000. Mizuno added that Pape Machinery was aware of the Authority's need for a second motor grader but understood that the Authority had no current budget for a second one so they offered another motor grader for the same price to be paid with a zero interest loan. Mizuno stated that staff needs approval from the Committee to include the \$283,000 for the second motor grader in next year's budget and to then make a balloon payment in March 2019 once the new budget is approved. Member Bill Pucheu made the motion to recommend that the Board of Directors approve purchase of new Motor Grader from Pape Machinery for \$283,000 with a Zero Interest Loan. The motion was seconded by Ex-Officio Member Cannon Michael and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Jacobson, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

7. Finance & Administration Committee to Consider Recommendation to the Board of Directors to Authorize Submittal of Letter of Interest for Water Infrastructure and Innovation Act (WIFIA) Funding for the Jones Pumping Plant Unit Rewind Project.

Assistant Executive Director Frances Mizuno reported to the Committee that staff was planning on submitting a letter of interest to acquire WIFIA funding to complete maintenance on the remaining units at Jones Pumping Plant. Mizuno stated that the letter of interest is due by July 5, 2019. Mizuno added that Stantec and Fieldman, Rolapp & Associates are assisting staff with preparing the packet for the letter of interest. Mizuno noted that staff's goal is to have the letter submitted by July 2, 2019 to ensure it is received by the deadline. Mizuno then answered questions from various Committee members. Member Bill Pucheu made the motion to recommend that the Board of Directors authorize submittal of letter of interest for WIFIA funding for the Jones Pumping Plant Unit Rewind Project. The motion was seconded by Member Rick Gilmore and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Jacobson, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

8. Finance & Administration Committee to Consider Recommendation to the Board of

Directors to Approve Expenditure of \$15,000 from the Technical Budget to Provide Initial Funding Support to the San Joaquin Valley Blueprint Effort.

Water Policy Director Scott Peterson asked the Committee to refer to the memo provided in the Committee packet and to the attached for additional information on the San Joaquin Valley Water Blueprint Effort. Peterson explained to the Committee that the group leading this effort is requesting organizations that wish to participate provide an initial \$15,000 to cover costs associated with preparatory work. Peterson noted that the Authority's \$15,000 contribution would most likely be applied toward economic analysis of the effort, and would go to the 501(c)(3) organization involved with the effort. Peterson then provided a breakdown of the Blueprint's estimated expenditures for the rest of 2019 totaling \$250,000. Ex-officio Member Cannon Michael made the motion to recommend that the Board of Directors approve expenditure of \$15,000 from the Technical Budget to provide initial funding support to the San Joaquin Valley Blueprint Effort. The motion was seconded by Member Bill Pucheu and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Jacobson, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

REPORT ITEMS

9. Update on San Luis Transmission Project

Assistant Executive Director Frances Mizuno asked the Committee to refer to the memo included in their packet and provided background on the 230KV, 600 MW San Luis Transmission Project and the project's current status. Mizuno stated that the current cost of the project is about \$285,000,000 and that the design is essentially complete and pending funding for the construction. Mizuno stated that the Authority had previously entered into an MOU with Duke American Transmission Company (DATC) and Reclamation with the objective that DATC would partner with the Authority and Reclamation on this project and provide 100% of the funding. Mizuno added that as a result DATC would own 100% of the capacity and enter into a 30-year Transmission Service Agreement with Reclamation and WAPA for 400 MW of capacity necessary to service the CVP needs at an annual rate over the 30 years to pay the capital cost. DATC would remarket the excess capacity at the end of the 30-year transmission agreement, the capacity ownership would be transferred to Reclamation for \$1.00. Mizuno then asked the Committee to refer to the chart which forecasts the CALISO Transmission Access Charges (TAC) included in their packet for an illustration of what TAC could potentially cost in the future if they were continued with

transmission service through CALISO instead of building the SLTP. Mizuno explained the chart in detail and how building the SLTP would be beneficial in the long term.

10. Discussion on Draft Strategic Plan Goals and Objectives Implementation Plan

Executive Director Federico Barajas provided a status update on the Strategic Planning effort. Barajas noted that staff had participated in various work groups in order to draft the strategic plan goals and objectives. Barajas asked the Committee to refer to the handout provided by Martin Rauch of Rauch Communications with the Implementation Plan Summary. Rauch then explained the important areas Committee and Board members should look at on the handout and noted that the handout was in summary format only and additional detail would be provided upon request. Executive Director Federico Barajas stated that this document would also be distributed to the Board members next week and that they would be given a two-week comment period. Barajas added that this would be included as an action item at the July 11, 2019 Board Meeting and once passed, staff would begin implementation.

11. FY19 Activities Budget to Actual through 4/30/19.

Director of Finance Joyce Machado reported on the Budget to Actual through April 30, for the thirteen member funded activities. Machado noted that as part of staff working to automate reporting processes the budget to actual report provided in the Committee packet is in summary format and staff will provide a detailed report at the July meeting. Machado stated that for the two-month period the budget was trending positive with overall spending through April 30, 2019 at 5.48% of the approved budget. Machado noted that this was due to timing of invoices and projects.

12. O&M Self-Funding Update

Director of Finance Joyce Machado reported to the Committee that for WY19 the self-funded routine O&M expenses through April 30, 2019 were under budget by \$363,573. Machado stated that for WY18 staff has begun the preliminary processes to complete the draft Contractor records. Machado stated that for WY17 the final reconciliations and allocation of costs are being made. Machado added that the Intertie cost allocation still remains as an outstanding item.

13. Reports Pursuant to Government Code Sec 54954.2

Executive Director Federico Barajas reported that a letter regarding HR 2473 (included in the Packet) had been submitted, and gave a brief report on the tour of Shasta Dam and the McCloud River.

Executive Director Federico Barajas also informed the Committee that staff would be

working on moving the location of the next Board meeting scheduled for July 11, 2019 to a location near the Pacheco Reservoir for a regular Board meeting and site visit of Pacheco Reservoir, BF Sisk and San Luis Reservoir.

14. Adjournment.

The meeting was adjourned at approximately 1:10 p.m.