

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING AND
JOINT FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING / SPECIAL
BOARD WORKSHOP
MINUTES FOR OCTOBER 3, 2022**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:05 p.m. at 842 6th Street in Los Banos, California, with Board Chair Cannon Michael presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael

Division 1

Anthea Hansen, Alternate for Rick Gilmore

Division 2

Absent

Division 3

Jarrett Martin Alternate for Chris White

Division 4

Jeff Cattaneo, Member - Dana Jacobson, Alternate

Division 5

Bill Pucheu, Member - Manny Amorelli, Alternate (ZOOM)

Friant Water Authority

Wilson Orvis, Alternate for Jason Phillips

Board of Directors Present

Division 1

Anthea Hansen, Director

Division 2

None

Division 3

Jarrett Martin, Alternate for Chris White
Cannon Michael, Director

Division 4

Jeff Cattaneo, Director

Division 5

Bill Pucheu, Director
Manny Amorelli, Director (ZOOM)

Authority Representatives Present

Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer

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

Others in Attendance

Jim Erickson, Friant Water Authority
Steve Stadler, San Luis Water District

1. Call to Order/Roll Call

Ex Officio Member and Acting Committee Chair Cannon Michael called the meeting to order, and roll was called.

2. Additions or Corrections to the Agenda

No additions or corrections.

3. Opportunity for Public Comment

No public comment.

4. Finance & Administration Committee to Consider Approval of the September 12, 2022 Meeting Minutes.

On a motion made by Alternate Member Anthea Hansen, seconded by Alternate Member Wilson Orvis, the Committee approved the September 12, 2022 meeting minutes. The vote on the motion was as follows:

AYES:	Michael, Hansen, Martin, Cattaneo, Pucheu, Orvis
NAYS:	None
ABSTENTIONS:	None

5. Finance & Administration Committee to Consider Recommendation to Board of Directors Regarding Reallocation of FY 2023 OM&R Budget Funds, Associated Payment to Fieldman, Rolapp & Associates, Inc.

Chief Operating Officer Pablo Arroyave referred to the memo provided to the committee. Between August 2021 and August 2022, Fieldman, Rolapp & Associates (FRA) incurred estimated costs of \$190,000 performing San Luis Transmission Project (SLTP)-related tasks for the Water

Authority. However, because it is customary within the municipal advisor industry for work to be conducted on a contingent basis with fees payable from bond proceeds, and there was an informal understanding with FRA regarding contingency, Water Authority staff and FRA staff have discussed payment of \$95,000, an amount less than the full cost of services. Staff is recommending use of the \$70,000 budgeted in the FY23 OM&R budget for outside consultant services and \$25,000 that was budgeted for SLTP legal costs to compensate FRA for their SLTP efforts. On a motion made by Member Bill Pucheu, seconded by Alternate Member Wilson Orvis, the Committee approved the reallocation of FY 2023 OM&R Budget Funds and associated payment to Fieldman, Rolapp & Associates, Inc. The vote on the motion was as follows:

AYES:	Michael, Hansen, Martin, Pucheu, Cattaneo, Orvis
NAYS:	None
ABSTENTIONS:	None

REPORT ITEMS

6. Discussion Regarding FY 2023 Budget Development Process.

Executive Director Federico Barajas presented the item. Barajas stated that work on the O&M budget has begun and an O&M Technical Committee meeting to review budget items is scheduled for later this month. Staff is looking for guidance on salary placeholders. Authority policy states that a 4-month CPI average is used as budgeting placeholder but due to unique financial positions with the drought, staff wanted to seek additional guidance from the committee. As part of the O&M budget formulation process staff will use the average of the August CPI (8.7%) and September 2022 CPI (should be available soon).

7. Discussion Regarding FY 2023 Bipartisan Infrastructure Law Aging Infrastructure Application for CVP Transferred and Reserved Works.

Chief Operating Officer Pablo Arroyave introduced the item. Arroyave stated that the application period for Transferred Works begins today and staff is looking for additional feedback on projects to be submitted with the application. Executive Director Federico Barajas added that Reclamation has roughly \$3.2 billion dollars and of that, about \$647 million is available in Reclamation's FY23 spending plan for funding both reserved works and transferred works extraordinary maintenance projects at a low interest rate. Reclamation is planning to follow the same general process for approximately the next 3 years with similar amounts of funding available each year. Arroyave presented a PowerPoint which highlighted the Bipartisan Infrastructure Law,

the application process, additional funding details, and initial Authority project criteria. He then referred to Facilities O&M Director Bob Martin to review the list of recommended projects for the next three years.

8. Discussion Regarding Cost Allocation of Various Activity/Fund Budgets

Executive Director Federico Barajas presented the item. Barajas stated that based on feedback from Water Resources and Finance committee members, several changes were made to the tier allocation. These changes include updates to the tier percentage breakdown, as well as the addition of a second option that is based on a reduced budget cap of \$3.6 million (down from \$4 million). Barajas stated that during the budgeting process staff plans to review and explore opportunities to minimize costs for the upcoming fiscal year.

9. FY23 Activity Agreements Budget to Actual Report through 8/31/2022

Director of Finance Raymond Tarka reported on the Budget to Actual Comparison Summary through August 31, 2022 for the member-funded activities. Tarka stated that for the six-month period, the budget was trending positive overall with actual spending through August 31, 2022 at 26.67% of the approved budget.

10. FY23 O&M Budget to Actual Report through 8/31/22

Director of Finance Raymond Tarka reported that for WY22, the self-funded routine O&M expenses through August 31, 2022 were under budget by \$979,019. The water year 2020 and 2021 final accountings and the Intertie O&M cost recovery remain outstanding. Tarka stated that staff anticipates the completion of WY20 final accountings by the end of October.

11. Procurement Activity Report

There is no activity to report during this time.

12. Executive Director's Report

a. **SLDMWA 30th Anniversary** - Executive Director Federico Barajas announced that there will be a social lunch at Wool Growers to celebrate the Authority's 30th anniversary after the Board meeting on Thursday.

13. Committee Member Reports

No reports.

14. **Reports Pursuant to Government Code Sec 54954.2**
No reports given.

15. **Adjournment.**
The meeting was adjourned at approximately 1:11 p.m.