



**WATER AND POWER**

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(209) 722-5761

**COMMITTEE MEMBERS**

**Jeff Marchini - Division 1**

**Robert Weimer - Division 2**

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**John Sweigard - General Manager**  
**Phillip McMurray - General Counsel**

**MERCED IRRIGATION DISTRICT  
BOARD OF DIRECTORS  
FINANCE/ADMINISTRATION COMMITTEE MEETING**

**Monday, January 7, 2019  
9:00AM**

**MERCED IRRIGATION DISTRICT  
Break Room  
744 West 20<sup>th</sup> Street  
Merced, CA 95340**

**CALL TO ORDER**

**CONSIDER CORRECTIONS OR ADDITIONS TO THE AGENDA**

The Committee will consider corrections or additions to the agenda of items requiring immediate action that have come to the attention of the Committee after posting of the agenda.

**OPPORTUNITY FOR PUBLIC COMMENT (5 minutes per speaker)**

This time is provided for the public to address the Committee on matters of concern that fall within the jurisdiction of the District. Matters presented under this heading may be discussed but no action will be taken by the Committee at this meeting.

**CONSENT CALENDAR**

All matters listed under Consent Calendar are considered routine by the Committee and will be adopted by one action of the Committee unless any Committee Member has any questions or wishes to make a statement or discuss an item. In that event, the Committee will remove that item from the Consent Calendar and place it for separate consideration.

1. Unapproved Minutes - January 5, 2018
2. Unapproved Minutes - January 25, 2018

**ACTION/DISCUSSION ITEMS**

1. **DRAFT FISCAL YEAR 2020 BUDGET** – The Committee will review the Draft Fiscal Year 2020 Annual Budget.

## **ADJOURNMENT**

**Posted: Thursday, January 3, 2019 at 1:00 P.M.**

**NOTE:** No action may be taken on any items not appearing on this agenda unless:

- : There is a finding of an emergency situation by majority.
- : A two-thirds vote of the legislative body or a unanimous vote if less than two-thirds of the members are present.
- : An item was properly posted, but carried over for five days.

Any materials that are public records that relate to an agenda item, and are distributed to the board of directors less than 72 hours prior to the meeting shall be available for public inspection at the offices of the Merced Irrigation District, 744 W. 20th Street, Merced, CA during normal business hours. Additionally, any materials presented during open session are available for public inspection at the same address.

**MERCED IRRIGATION DISTRICT**  
**FINANCE/ADMINISTRATION COMMITTEE MEETING**  
**APPROVED MINUTES**  
**January 5, 2018**

The Finance and Administration Committee of the Board of Directors of the Merced Irrigation District met on the above date, pursuant to notice, at 9:00 A.M. at the District's headquarters located at 744 W. 20<sup>th</sup> Street, Merced California.

Roll call showed the following Committee members present:

**Jeff Marchini** *Division 1*  
**Robert Weimer** *Division 2*

The following District staff was present:

General Manager	John Sweigard
General Counsel	Phillip McMurray
Deputy General Manager Water Rights	Hicham ElTal
Deputy General Manager Water Resources	Bryan Kelly
Deputy General Manager Energy Resources	Don Ouchley
Director of Administrative Services	Victor Moreno
Director of Public and Government Relations	Mike Jensen
Manager of Engineering & Operations	Juan Sandoval
Hydroelectric Project Manager	Peter Wade
Senior Planning Engineer	Richard Dragonajtys
Director of Parks and Recreation	Bret Theodozio
Controller	Kandi Ramos
Budget and Reporting Analyst	Melissa Bedolla
Executive Assistant to GM	Dominique Zuniga

**CORRECTIONS AND OR ADDITIONS**

None

**PUBLIC COMMENT:**

None

**CONSENT CALENDAR**

None

**DISCUSSION/ACTION**

General Manager John Sweigard presented background information and began review of the first draft of the Fiscal Year 2019 Operating/Maintenance and Capital Budgets. Mr. Sweigard discussed the

timeline of meetings at which the draft budget and updates to the draft budget will be reviewed, which will likely include two additional Finance/Administration committee meetings, two MID Board meetings, and one MIDAC meeting.

Mr. Sweigard presented a high-level summary of the consolidated District budget, focusing on issues associated with operating and managing the District as a whole, for example labor and benefit costs, as well as revenue and expense items that may not fall into any single department category. Mr. Sweigard summarized some of the assumptions made during development of the draft budget overall, capital projects including new and carryover projects, cash projections, debt and line of credit obligations for all departments including Water Resources, Parks and Recreation, Hydroelectric, Energy Resources, and General Operations.

Staff provided the Committee with a summary view of the draft budget for the Water Resources Department. Mr. Kelly provided information regarding expected revenue from standby fees, water sales and transfers, and other deferred revenue during the next fiscal year, as well as expected expenses. Expenses include wages and benefits, operating services and supplies and other expenses. Mr. Kelly summarized the assumptions made in developing the revenue and expense numbers, including for example hydrology, sales and water pricing. Mr. Kelly summarized information regarding capital projects proposed for the next fiscal year, as well as department cash reserves. The Committee asked, and staff respond to a number of questions, particularly regarding capital projects and water pricing. The Committee made a number of recommendations for small adjustments to the draft budget, which staff indicated it will make and review at the next Committee meeting.

Staff provided the Committee with a summary view of the draft budget for the Parks and Recreation Department. Mr. Theodozio provided information regarding expected revenue during the next fiscal year, as well as expected expenses. Mr. Theodozio summarized the assumptions made in developing the revenue and expense numbers, including for example expected park visitors during the year, fees, special events such as the Spring Fishing Derby the Fourth of July Fireworks and the Special Event fee that takes place the day of the event, along with expected water levels. Mr. Theodozio summarized information regarding capital projects proposed for the next fiscal year. The Committee asked, and staff responded to a number of questions, particularly regarding capital projects. The Committee made a number of recommendations for small adjustments to the draft budget, which staff indicated it will make and review at the next Committee meeting.

The Committee took a break for lunch from 11:30am – 12:00PM

After lunch and after reconvening, staff provided the Committee with a summary view of the draft budget for the Hydroelectric Department. Mr. Wade provided information regarding expected revenue during the next fiscal year, as well as expected expenses. Mr. Wade summarized the Energy Revenue, Capacity Revenue and RPS Revenue which the Hydrologic Revenue are composed of. He provided a summary of the assumptions made in developing the revenue and expense numbers, including for example Outside Services and Operating Services & Supplies such as permits, dues and memberships. Mr. Wade summarized information regarding capital projects proposed for the next fiscal year, as well as department cash reserves. The Committee asked, and staff respond to a number of questions, particularly regarding capital projects. The Committee made a number of recommendations for small adjustments to the Budget, which staff indicated it will make and review at the next Committee meeting.

Staff provided the Committee with a summary view of the draft budget for the Energy Resources Department. Mr. Ouchley provided information regarding expected revenue during the next fiscal year, as well as expected expenses. Mr. Ouchley summarized the assumptions made in developing the revenue and expense numbers, including for example the bulk of it deriving from Electric and Demand Revenue with the remaining from Greenhouse Gas, RPS, Public Purpose Revenue and Merced Falls. Mr. Sandoval led the topic on Capital Projects, summarizing projects proposed for the next fiscal year which include the Advanced Metering Infrastructure Project, Construction on new facilities at Franklin Yard along with other critical projects as well as department cash reserves. The Committee asked, and staff respond to a number of questions, particularly regarding capital projects. The Committee made a number of recommendations for small adjustments to the draft budget, which staff indicated it will make and review at the next Committee meeting.

Staff provided the Committee with a summary view of the draft budget for the Merced Irrigation District Drainage Improvement District Number 1 along with some background information regarding the purpose of the formation of the District, which is designed to provide storm drainage services to approximately 15,000 assessed parcels within the Merced, Atwater and Livingston Communities. Mr. Sweigard provided information regarding expected revenue during the next fiscal year, as well as expected expenses. Mr. Sweigard summarized the assumptions made in developing the revenue numbers, including for example, hook-up and assessment fees which are continuing to rise due to an increase in development. Expenses include wages and employee benefits, operating services and supplies and other general operation expenses. Mr. Sweigard also summarized information regarding capital projects proposed for the next fiscal year. The Committee asked, and staff respond to a number of questions, particularly regarding capital projects. The Committee made a number of recommendations for small adjustments to the draft budget, which staff indicated it will make and review at the next Committee meeting.

Mr. Sweigard provided the Committee with summary information regarding a new fund developed to address issues associated with the new Sustainable Groundwater Management Act, and the District's involvement in three new groundwater sustainability agencies created to sustainably manage local groundwater resources. Mr. Sweigard summarized potential opportunities for revenue, as well as expected expenditures associated with participation in the new groundwater agencies and development of groundwater sustainability plans. The Committee and staff had a short discussion regarding groundwater use and sustainability, revenue and expenses for the next fiscal year.

#### **REPORT ITEMS**

None

#### **CLOSED SESSION**

None

#### **ADJOURNMENT**

On a motion by Director Marchini, seconded by Director Weimer, the Finance and Administration Committee meeting was adjourned at 1:30 P.M.

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Robert Weimer, Committee Chair

APPROVED:

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Jeff Marchini, Committee Member

**MERCED IRRIGATION DISTRICT**  
**FINANCE/ADMINISTRATION COMMITTEE MEETING**  
**APPROVED MINUTES**  
**January 25, 2018**

The Finance and Administration Committee of the Board of Directors of the Merced Irrigation District met on the above date, pursuant to notice, at 9:00 A.M. at the District's headquarters located at 744 W. 20<sup>th</sup> Street, Merced California.

Roll call showed the following Committee members present:

**Jeff Marchini** *Division 1*  
**Robert Weimer** *Division 2*

The following District staff was present:

General Manager	John Sweigard
General Counsel	Phillip McMurray
Chief Financial Officer	Dipak Bhakta
Director of Administrative Services	Victor Moreno
Deputy General Manager Water Resources	Bryan Kelly
Deputy General Manager Energy Resources	Don Ouchley
Hydroelectric Project Manager	Peter Wade
Senior Planning Engineer	Richard Dragonajtys
Financial Analyst	Rigoberto Guzman
Director of Parks and Recreation	Bret Theodozio
Controller	Kandi Ramos
Budget and Reporting Analyst	Melissa Bedolla
Director of Public and Government Relations	Mike Jensen
Executive Assistant to GM	Dominique Zuniga

**CORRECTIONS AND OR ADDITIONS**

General Counsel McMurray requested the Committee remove the Consent Calendar items from the agenda. On a motion by Director Weimer seconded by Director Marchini, the Committee approved removing Consent Calendar items from the agenda, and otherwise adopted the agenda as presented.

**PUBLIC COMMENT:**

None

**CONSENT CALENDAR**

1. Unapproved Minutes – February 3, 2017
2. Unapproved Minutes – January 5, 2018

**DISCUSSION/ACTION**

General Manager Sweigard presented background information and began review of the second draft of the 2019 Fiscal Year Operating/Maintenance and Capital Budgets. Mr. Sweigard provided a Budget overview and the timeline of public meetings which generally include two Finance/Administration, two MID Board, and one MIDAC Meeting. Mr. Sweigard provided information about employment costs, non-bargaining and bargaining wage increases and the increase in the median cost to employ, along with health plan costs.

Staff provided the Committee with an overview of the draft budget for the Energy Resources Department with recommended changes implemented. Mr. Wade provided discussion on implementations made to the Capital Projects section of the Energy Resources budget reflecting updates needed on critical equipment at the Districts Hydroelectric Dam. Mr. Ouchley highlighted the Energy Resources Department proposed capital projects along with expected revenue and expenses for FY 2019.

Staff provided the Committee with an overview of the draft budget for the Water Resources Management Plan (WRMP). Mr. Sweigard noted the “balanced approach” in the WRMP is the District’s long-range business plan developed to protect and maximize MID’s water rights while ensuring the District remains financially sound. Mr. Sweigard reminded the Committee that the balanced approach allows for class 2 to class 1 conversions, and assumes water transfers in most year types.

Staff presented background information and began review of the second draft budget for the Hydroelectric Department. Mr. Wade discussed the risk assessment performed on the District’s hydroelectric facility, highlighting capital project improvements scheduled to take place in preparation for all future water year types. Mr. Wade continued to highlight carryover, critical and modernization projects proposed throughout FY 2019. Mr. Wade provided insight on revenue and expense assumptions noting the revenue are generally composed of energy revenue, capacity revenue and RPS revenue while expenses are generally composed of outside services, operating services and supplies.

Mr. Theodozio provided the Committee with an overview of the draft budget for the Parks and Recreation Department, highlighting operating revenue and expenses including day use parks entry, houseboat permits, and campgrounds overnight use. Mr. Theodozio discussed the Parks and Recreation Department’s annual promotional events providing additional revenue are the Spring Fish Derby, Fourth of July Fireworks Show and Fall Fishing Derby. Mr. Theodozio discussed changes made to the overall cost of Phase 1 of the Exchequer Mountain Bike Project and discussed other proposed projects for FY 2019.

The Committee took a break from 10:20AM - 10:35AM.

Mr. Sweigard provided a brief overview and began review of the second draft budget for the Water Resources Department. Committee Members made recommendations to water pricing scenarios for in-District water rates, standby fees and potential water transfer prices while projecting future water prices. Committee Members addressed the District’s interest in maintaining customer satisfaction by making improvements and seizing opportunities that are beneficial to both parties. Staff engaged in discussion regarding water transfer opportunities and discussed the importance of informing the MIDAC Committee of MID’s projected expenses for this effort.

Mr. Kelly discussed the Districts capital projects including the net total fleet, modernization project management program that has served the District very well. Mr. Kelly continued to review capital projects in place and cash projection, noting some of the capital projects are a requirement, such as sb 88 compliance and the water resources management plan.

Mr. Sweigard provided a brief overview of the General Operations Budget with the bulk of the expenses used toward wages and benefits with the remainder for operation services and supplies, and outside services. Mr. Sweigard informed the Committee that legal expenses at this time are unknown, however the District is geared up to defend our water rights when the State Water Board adopts its Bay Delta water quality control plan and SED.

After significant further discussion between the Committee and staff, Mr. Sweigard provided an overview of the second draft budget for FY 2019 and suggested having an additional Finance and Administration Committee Meeting prior to the next scheduled MID Board of Directors Meeting. The Committee agreed on recommended proposing the Board adopt \$40 for the years in District water rate and \$100 for a potential water transfer price to in basin purchasers. Staff agreed to present the DRAFT FY 2019 Budget at the 2/6/2018 MID Board Meeting and present to the Board to vote on at the 3/6/2018 MID Board Meeting.

#### **REPORT ITEMS**

None

#### **CLOSED SESSION**

None

#### **ADJOURNMENT**

On a motion by Director Marchini, seconded by Director Weimer, the Finance and Administration Committee meeting was adjourned at 12:35 P.M.

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Robert Weimer, Committee Chair

APPROVED:

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Jeff Marchini, Committee Member