

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING

Thursday, August 15, 2019

2:00 PM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors was called to order in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814, at 2:00 p.m.

2. ROLL CALL

Board members in attendance were Tony Estremera, Richard Atwater, Steve Blois, and Sarah Palmer constituting a quorum of the Board.

DWR and DCA staff members in attendance were Kathryn Mallon, Joshua Nelson, June Skillman, Diane Pitman, and Carrie Buckman.

3. PLEDGE OF ALLEGIANCE

President Estremera convened the open session at approximately 2:00 p.m. and led all present in reciting the Pledge of Allegiance.

4. PUBLIC COMMENT

President Estremera opened Public Comment, limiting speaking time to three minutes each.

Ms. Deirdre Des Jardins, California Water Research, identifies an asserted error in the Delta Conveyance Q&A fact sheet regarding elevation levels of the North Delta which states that all of the North Delta is above 15ft elevation. According to Ms. Des Jardins, Hood is the level at the top of the Sacramento River Levee which is 7ft to 8ft elevation. Courtland is at -1ft to -3ft elevation. In addition, the bottom of the Sacramento River is below 20ft. elevation.

President Estremera closed Public Comment.

5. APPROVAL OF MINUTES: July 18, 2019 Regular Board Meeting

Recommendation: Approve the July 18, 2019 Regular Board Meeting Minutes

Move to Approve Minutes from July 18, 2019: Atwater

Second: Palmer

Yeas: Atwater, Blois, Estremera, Palmer

Nays: None
 Abstains: None
 Recusals: None
 Absent: None
 Summary: 4 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed as MO 19-08-01).

6. CONSENT CALENDAR

There were no items on this month’s consent calendar.

7. DISCUSSION ITEMS:

a. DCA Staffing Workshop

Ms. Diane Pitman, MWD, presented the overall human resources plan in regards to the possibility of structuring the DCA with employees and consultants. By adding employees to the DCA, this should reduce overall costs due to the benefits and administrative mark ups on consultant rates. Per the organizational structure proposed by Kathryn Mallon, the idea is to hire 8 employees in the beginning and then approximately 12 additional over the next three (3) years with a maximum of 40 positions staffing the DCA. Ms. Pitman stated that the DCA still plans on using consultants in addition to those employed by the DCA. Ms. Pitman further explained how staff proposes to recommend DCA employee salary based off of salary comparators from similar water agencies and related market analysis from this data.

Ms. Sarah Palmer noted that these will be temporary positions for everyone, therefore we should be careful with severance in order for the DCA to not get into financial trouble once the project has come to an end. Ms. Pitman agreed that they do not want any long-term costs due to the project dissolving at one point and they are taking this into account.

Mr. Steve Blois inquired if a DCA defined benefit plan would continue after the project. In response, Ms. Pitman confirmed that it would continue on and the liability stays with the agency or member agency of the JEPA. For this reason, staff does not recommend a defined benefit plan.

For health and similar benefits, Ms. Pitman informed the Board about the opportunity to partner with ACWA JPIA, which offers competitive rates because they are pulling large groups of individuals to make rates lower. Ms. Pitman reported the pros and cons of the different retirement options that they have to offer with a preference for a defined contribution plan. To conclude, Ms. Pitman laid out the DCA’s next steps which would be to adopt a resolution to join ACWA and ACWA JPIA at the September Board meeting. Following this step would be to then designate one DCA Board member to serve on the ACWA and ACWA JPIA Board. The DCA would need to confirm membership at the ACWA JPIA Board in November. A future effective date is an option that can be finalized at this Board meeting. Mr. Blois expressed agreeance with moving forward with considering hiring employees by the DCA and would like to remove all impediments in order for Kathryn Mallon to do her job. Mr. Blois expressed that he would like to move forward with the defined contribution plan.

b. July DCA Monthly Report

Ms. Mallon gave a brief presentation on the monthly Board report. The DCA is approximately 2/3 complete with policies and procedures listed in the 90-day plan and is hoping to have all of these drafted for training by the end of September. In terms of cost and budget, approximately 70 million has been committed for this fiscal year with an additional 3.5 million around new contracts from other commitments. The DCA is expecting to remain under budget for the fiscal year and does not anticipate any contingency draws. Ms. Mallon continued to meet with stakeholders in the Delta and feels that these meetings are very informative. Currently there is no schedule in the report, but Ms. Mallon is expecting to finalize this soon to put in to the next month's Board report.

Ms. Palmer mentioned that the links on the report are not working in which Ms. Mallon replies that we will work on fixing this.

Mr. Estremera stated that he would like to move forward with Ms. Mallon's recommendation of having office hours before or after Board meetings in order for members of the community to meet with the Board to go over any of their questions or concerns.

Ms. Osha Meserve, Local Agencies of the North Delta, expressed her belief for the need to be updated on any alternatives that the DCA is working on as a mandate of the executive order. Ms. Meserve feels that stakeholder engagement is only meaningful if input is taken in to account. The local agencies that she is aware of are not interested in helping the DCA make a better North Delta tunnel and proposes for DWR to look at more alternatives that will be acceptable to everyone. Ms. Meserve drew attention to some incorrect wording on the Board report in regards to the temporary funding. Ms. Meserve feels that "funding per JEPA" is incorrect and she does not believe that the DCA has a funding source unless the DCA member agencies are contributing money for a project. Ms. Meserve is concerned about where the DCA project is headed and encourages them to slow down.

c. Consider Passing Resolution Authorization Investment Policy and Annual Delegation

Recommendation: Adopt Resolution to authorize investment policy and annual delegation

Ms. Palmer referenced language on page 43 (page 64 Red Line Doc) pertaining to delegation of authority to the Executive Director in the event the DCA not have a treasurer appointed. Ms. Palmer expressed concern of over-burdening the Executive Director with this additional responsibility and investments.

Ms. June Skillman mentioned that for all practical purposes, the DCA does not have investable funds, it is just the business model we have. In addition, it makes someone responsible in the event the DCA doesn't have a Treasurer or made the delegation.

Ms. Palmer further noted that a Treasurer can be appointed rather than having this responsibility put on the Executive Director.

Language delegating authority to the Executive Director will be stricken out to reflect the requested change from Ms. Palmer.

Move to Approve Resolution to Authorize Investment Policy and Annual Delegation as amended,

as noted: Atwater
 Second: Palmer
 Yeas: Estremera, Atwater, Blois, and Palmer
 Nays: None
 Abstains: None
 Recusals: None
 Absent: None
 Summary: 4 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed as Resolution 19-11).

8. STAFF REPORTS AND ANNOUNCEMENTS:

a. Executive Director’s Report

A written report was provided in the Board package. Ms. Mallon discussed the continuation of collecting existing data and performing foundational engineering work to help inform any future alternatives. Ms. Mallon stated that we are also looking at logistics issues in regards to how material, equipment, and workers will be transported around the Delta during research.

Ms. Palmer inquired about how the DCA is coordinating with DWR on the geotechnical ramp up. In response, Ms. Mallon mentioned that DWR is doing the environmental documentation that the DCA needs to have permission to do drilling next year.

Mr. Steve Blois inquired if there is a substantial existing database. Ms. Mallon informed the Board that there is a high concentration of data for specific locations that are already built. The DCA will be using all future borehole work to fill any gaps. Ms. Mallon stated that California Environmental Quality Act (CEQA) coverage is needed to begin work on January 1st.

b. DWR Environmental Manager’s Report

A written report was provided in the Board package. Ms. Carrie Buckman provided input on DWR’s environmental team. They continue to organize their work efforts to be consistent with Governor Newsom’s direction of pursuing a single tunnel solution. Ms. Buckman discussed her aspiration to start the CEQA process by publishing a Notice of Preparation (NOP) at the end of this year. DWR and the SWC are participating in the public negotiation process to develop a conceptual approach to the cost allocation and associated financial water management matters related to Delta Conveyance; which would result in an agreement in principal and would include the public water agencies for inclusion in the NOP.

c. General Counsel’s Report

A written report was provided in the Board package. Mr. Joshua Nelson briefly discussed the ongoing procurement process and how we are looking at incorporating best practices to get the word out to potential bidders. In regards to the stakeholder engagement committee, Mr. Nelson is hopeful to have a draft for the Board at the September meeting. Information regarding the development of the proposed committee would be shared with the Board consistent with the Brown Act constraints.

d. Treasurer’s Report

A written report was provided in the Board package. Ms. June Skillman stated that the DCA has received a wire from the state controller for payment of invoice 22 which is associated with the lease. Ms. Skillman mentioned that they are now able to begin the second part of the letter of credit and can replenish the DCA funds that were advanced for the first letter of credit and first month’s rent.

Additionally, the DCA can now pay for excess tenant improvements costs. Move in is still scheduled for January 1st.

e. Verbal Reports

No verbal reports were provided.

9. FUTURE AGENDA ITEMS:

No requested future agenda items.

10. ADJOURNMENT:

President Estremera adjourned the meeting at 2:37 p.m., in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento.