



BOARD AUDIT COMMITTEE MEETING

MINUTES

**SPECIAL MEETING SESSION
FRIDAY, APRIL 12, 2024
11:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A special meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference, at 11:00 a.m.

1.1 Roll Call.

Committee members in attendance were District 4 Director Jim Beall, Vice Chairperson and District 2 Director Barbara F. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were: Emmanuel Aryee, Ingrid Bella, Sarah Berning, Enrique De Anda, Christopher Hakes, Brian Hopper, Cody Houston, Candice Kwok-Smith, Cecil Lawson, Patrice McElroy, Anthony Mendiola, Felicia Mendoza, Nicole Merritt, Carlos Orellana, Luz Penilla, Mario Rivas, Manpreet Sra, Charlene Sun, Darin Taylor, Cheryl Togami, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Valley Water Director Rebecca Eisenberg (District 7), Valley Water Director John L. Varela (District 1), Guest Guest, Katja Irvin (Sierra Club), and George Skiles (Sjoberg Evashenk Consulting).

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA:

Chairperson Keegan declared time open for public comment on any item not on the agenda. There was no one who wished to speak.

2.1. Election of 2024 Board Audit Committee (BAC) Chairperson and Vice Chairperson.

Recommendation: Nominate and elect the 2024 BAC Chairperson and Vice Chairperson.

The Committee considered this Item without a staff presentation.

Public Comments:

None.

It was moved by Vice Chairperson Beall and seconded by Chairperson Keegan and unanimously carried that Chairperson Keegan remain Chairperson and Vice Chairperson Beall remain Vice Chairperson.

3. APPROVAL OF MINUTES:

3.1. Approval of March 20, 2024 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the March 20, 2024 Committee meeting.

Public Comments:

None.

It was moved by Vice Chairperson Beall and seconded by Chairperson Keegan and unanimously carried that the minutes be approved.

4. REGULAR AGENDA:

4.1. Discuss Joint Power Authority (JPA) Audits and Provide Feedback.

Recommendation: Discuss JPA audits and provide feedback.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachments 1 and 2.

Darin Taylor, George Skiles, and Brian Hopper were available to answer questions.

Public Comments:

None.

The Committee received the information, took no formal action, and noted the following:

- The Committee noted staff's review of the Delta Conveyance Design and Construction Authority and the Delta Conveyance Finance Authority financial audit reports did not highlight anything concerning or of significance.
- The Committee confirmed that the other five JPA financial audit reports would be provided to the Committee as they are made available.
- The Committee confirmed Valley Water's contribution to joint projects are related to the level of benefit received.
- The Committee noted the potential to pursue approval from the Board to expand the scope of the BAC's Audit Plan to review if the Water

Supply Master Plan is addressing future increasing costs and requested BAC staff to follow up for the Water Supply Division's input.

- The Committee noted the potential option to conduct a performance audit focusing on Valley Water's participation in the Delta Conveyance project.
- The Committee requested staff follow up on updated construction cost estimates for the Delta Conveyance project at a future meeting.
- The Committee noted interest in confirming how much joint projects are going to cost, the fair cost allocation, confirmation of current cost allocation is appropriate, consideration of outside cost factors for imported water projects, assurance of guaranteed water, and anticipating potential vulnerabilities.
- Vice Chairperson Beall noted interest in cost details for the Los Vaqueros project.

4.2. Discuss 2024 Annual Audit Plan and Provide Further Guidance as Needed.

Recommendation: A. Discuss 2024 Annual Audit Plan; and
B. Provide further guidance as needed.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:

None.

The Committee received the information, took no formal action, and noted the following:

- The Committee confirmed support of continuing to look ahead, being fiscally prudent, ensuring the correct materials are available to make decisions, and awareness of the external factors affecting Valley Water.
- The Committee confirmed the Information Technology and Human Resources audits are currently at the stage of finalizing task orders.

4.3. Review and Discuss the 2024 Board Audit Committee (BAC) Work Plan.

Recommendation: Review and discuss topics of interest raised at prior BAC meetings and approve any necessary adjustments to the 2024 BAC Work Plan.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

Darin Taylor was available to answer questions.

Public Comments:

None.

The Committee received the information, took no formal action, and noted the following:

- The Committee reconfirmed interest in future agenda items regarding the previous Committee requests for further details on the JPAs, the Water Supply Master Plan, and support of the presented upcoming BAC Work Plan agenda items.
- Vice Chairperson Beall requested a cost index of overall construction and labor costs to assist with identifying trends to be addressed as part of the Board Groundwater Rate Setting presentation.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS:

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

Nicole Merritt confirmed the Committee re-elected Director Keegan as the 2024 Chairperson and Director Beall as the 2024 Vice Chairperson under Item 2.1; reconfirmed interest in receiving all JPA audits; updated cost estimates for Delta Conveyance, cost details for Los Vaqueros and follow up regarding BAC questions with Water Supply staff under Item 4.1; discussed and provided feedback on Annual Audit Plan under Item 4.2; and reconfirmed the request for a future agenda item for the Delta Conveyance for updated cost estimates, and Vice Chairperson Beall's request for a cost index for overall construction and labor costs under Item 4.3.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 1:00 p.m. on May 15, 2024.

Chairperson Keegan adjourned the meeting at 12:04 p.m., to the regular meeting at 1:00 p.m. on May 15, 2024.

Date approved: May 15, 2024

Nicole Merritt
Assistant Deputy Clerk II