

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
Tuesday, February 9, 2021 – 9:00 A.M.
UWCD Headquarters, Board Room
1701 N. Lombard Street, Oxnard, CA 93030

In addition to its public Finance and Audit Committee Meeting, public members could choose to participate virtually using the Webex video conferencing application.

COMMITTEE MEMBERS PRESENT:

Sheldon G. Berger, Chair
Bruce Dandy
Daniel C. Naumann

STAFF PRESENT:

Mauricio Guardado, general manager
Anthony Emmert, assistant general manager
Joseph Jereb, chief financial officer
Josh Perez, human resources manager
Maryam Bral, chief engineer
Zachary Plummer, information technology administrator
Linda Purpus, environmental services manager
Ambry Tibay, senior accountant
Jackie Lozano, administrative assistant

PUBLIC PRESENT:

Burt Handy

OPEN SESSION 9:00 A.M.

Chair Berger called the meeting to order at 9:00 A.M.

1. Public Comment

Chair Berger asked if there were any public comments; none were offered.

Committee Members Roll Call

The Clerk called roll. Three Directors were present (Berger, Dandy, Nauman).

2. Approval of Minutes

The Committee received and reviewed the Committee meeting minutes of January 12, 2021. Motion to approve the Committee Minutes, Director Dandy; Second, Director Naumann. Roll call vote, two ayes (Dandy, Naumann); none opposed; one abstained (Berger) due to not being present during the last Committee meeting. Motion carried, 2/0/1.



3. Second Quarter FY 2020-21 Financial Report (July 1, 2020 – December 31, 2020)

Chief Financial Officer Joseph Jereb presented the financial report to the Committee (presentation attached). Regarding pipeline revenue, there was discussion as to the water usage and deliverables among the larger organizations. Director Naumann stated that he would be interested in seeing the trends and the effect, if any, on allocations. Going forward, Director Naumann requested to see a footnote on the PTP system report slide to understand delivery system versus pumping. Finance staff stated that information may be readily available via the Water Resources Committee materials. Mr. Jereb said he would follow up on that request. United staff also mentioned that Brian Collins would be a great resource for information on Capital Improvement Projects. Director Naumann also expressed his opinion that United would benefit from sharing the good news about the positive impacts of United's surface water deliveries with state and local legislators/representatives such as CA State Assembly member Jacqui Irwin.

Information Item. No further comments or questions from the Committee.

NOTE: Following this agenda item, Mr. Jereb and Human Resources Manager Mr. Josh Perez continued to provide an update to the Committee on Agenda items 5 and 7.

5. Monthly Investment and Pipeline Delivery Reports (December 2020)

The Committee reviewed the monthly investment and pipeline delivery reports as presented in the Finance and Audit Committee agenda packet.

Informational item. No action was taken by the Committee.

7. Monthly Administrative Services Update

Financial updates for the month of January 2021 were provided to the Committee by Mr. Jereb. Human Resources Manager Mr. Josh Perez presented updates on Administration, Human Resources, IT, and Risk Management (presentation attached).

Staff discussed the notification on the live COVID-19 portal for the population of 65 and over with the Committee. General Manager Mauricio Guardado added that an assignment to develop an IT plan and budget during the Board Norms Workshop, and to bring that back to the Executive Committee for review and potentially to the full board for approval. Mr. Perez and Mr. Plummer completed that assignment, which entails the continuous improvement of the audio/visual components. Further, there was a discussion of preliminary budget planning regarding pipeline water deliverables for the future. Mr. Guardado mentioned the District would request preliminary flows from the OH group to get an idea as to customers' needs in the upcoming year. Taking into consideration the lack of rain, future anticipation for PTP pumping could increase over last year.

Chair Berger inquired as to the status of the vacant office at headquarters. Mr. Jereb said he had been in communication with real estate agent Bill Clark and although the rental was being actively marketed, demand for office space in Ventura County was still very low. Chair Berger thanked Mr. Jereb and Mr. Perez on their presentations and said the presentations were very informative.



As requested by Mr. Guardado, Mr. Jereb provided the Committee with an update of the assignment given to Vasquez & Company LLP. In December, the auditors were tasked with performing an internal controls review. Auditor Mr. Roger Martinez indicated to Mr. Jereb what would be covered and the estimated cost to perform the work (est. \$9,500). An engagement letter detailing the work and timeline was expected to be received soon.

Informational item. No further comments or questions from the Committee.

4. District Staff and Board Reimbursement

The Committee received and reviewed the expense reimbursement report for the second quarter FY 2020-21 as presented in the Finance and Audit Committee agenda packet.

Informational item. No action was taken by the Committee.

6. Board Requested Cost Tracking Items

The Committee reviewed the costs to date that the District had incurred:

- a) as part of the licensing efforts and the probable maximum flood studies for the Santa Felicia Dam;
- b) in relation to environmental mandates;
- c) in relation to litigation with the City of Ventura, Wishtoyo Foundation complaint and District legal costs over the past several fiscal years; and
- d) in relation to professional fees over the past several fiscal years.

Director Naumann requested staff add a footnote to show which charges are Zones A and B on the report that lists activities from FERC and professional services, and requested clarity of where those costs were allocated. Mr. Jereb stated staff could breakout the costs by fund. More specifically, Director Naumann is interested in seeing what the ongoing spending was for the Freeman Diversion, legal fees and FERC. Further, it was recommended that staff review those expenditures to ensure costs are being budgeted into the pumping charges (i.e., legal costs, state water planning, projects) for future planning.

Informational item. No further comments or questions from the Committee.

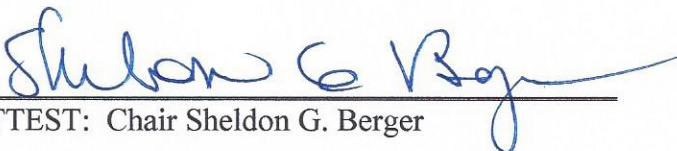
8. Future Agenda Items


Chair Berger polled the Committee as to any future agenda items. None were offered.

ADJOURNMENT 9:52 A.M.

Chair Berger motioned to adjourn the meeting, Director Dandy; Second, Director Naumann. Meeting was adjourned at 9:52 A.M.

I certify that the above is a true and correct copy of the minutes of the UWCD Finance and Audit Committee Meeting of February 9, 2021.


ATTEST: Chair Sheldon G. Berger



United Water
CONSERVATION DISTRICT

Q2 FY20-21 FINANCIAL REVIEW

FEBRUARY 9, 2021

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Q1 HIGHLIGHTS

PIRU RELEASE DRIVES HIGHER REVENUE AND LOWER OPEX

REVENUE

- OPERATING REVENUE 36% AHEAD OF PLAN ON STRONG PIPELINE DELIVERIES

EXPENDITURE

- PERSONNEL SLIGHTLY AHEAD OF PLAN ON 14TH PAY PERIOD IN DECEMBER
- PROFESSIONAL FEES, MAINTENANCE AND TRAVEL DRIVE UNDERRUN TO PLAN
- ALLOCATED OVERHEAD BELOW PLAN ON LOWER OPEX
- 26% OF APPROVED CIP SPENT YEAR TO DATE

FUND BALANCE

- FREEMAN FUND BELOW MINIMUM BALANCE

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Q2 OVERVIEW

PIPELINE DELIVERIES CONTINUE TO DRIVE REVENUE UPSIDE

in \$000's	2Q 20-21 Actual	2Q 20-21 Budget	2Q19-20 Actual	Actual vs Plan	Actual vs PY
Taxes	2,078	1,893	2,517	10%	-17%
Water Delivery/Fixed Cost	6,718	4,576	5,364	47%	25%
Groundwater	(18)	-	13	0%	-243%
Other Operating Revenue	227	162	1,995	41%	-89%
Non-Operating Revenue	379	7,964	2,893	-95%	-87%
Debt Proceeds	-	-	-	0%	0%
Total Revenue	9,383	14,595	12,781	-36%	-27%
Personnel Expense	3,732	3,438	3,213	9%	16%
Operating Expense	4,179	5,130	3,261	-19%	28%
Allocated Overhead	1,844	2,318	1,720	-20%	7%
Debt Service	1,349	1,156	1,214	17%	11%
Other	1,380	1,169	945	18%	46%
Total Expenditure	12,483	13,212	10,353	-6%	21%

REVENUE

- ALL PIPELINES DELIVERY VOLUMES ABOVE PLAN
- TAX COLLECTIONS HIGHER THAN ESTIMATE

EXPENDITURE

- PERSONNEL OVERRUN OFFSET BY LOWER ALLOCATED STAFF COSTS
- OPEX: CONSULTANTS AND MAINTENANCE SIGNIFICANTLY BELOW PLAN, PARTIALLY OFFSET BY HIGHER LEGAL EXPENSE
- OTHER EXPENSE DOWN ON DEPRECIATION AND CAPITAL OUTLAY AS WELL AS SAVINGS FROM REFINANCE (OFFSET BY BOND ISSUE EXPENSE)

ALL FUNDS EXCEPT 420 ABOVE MINIMUM RESERVE REQUIREMENTS AT YEAR END

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Q2 20-21 REVENUE

Q1 DOMINATED BY PIPELINE DELIVERIES AHEAD OF PLAN

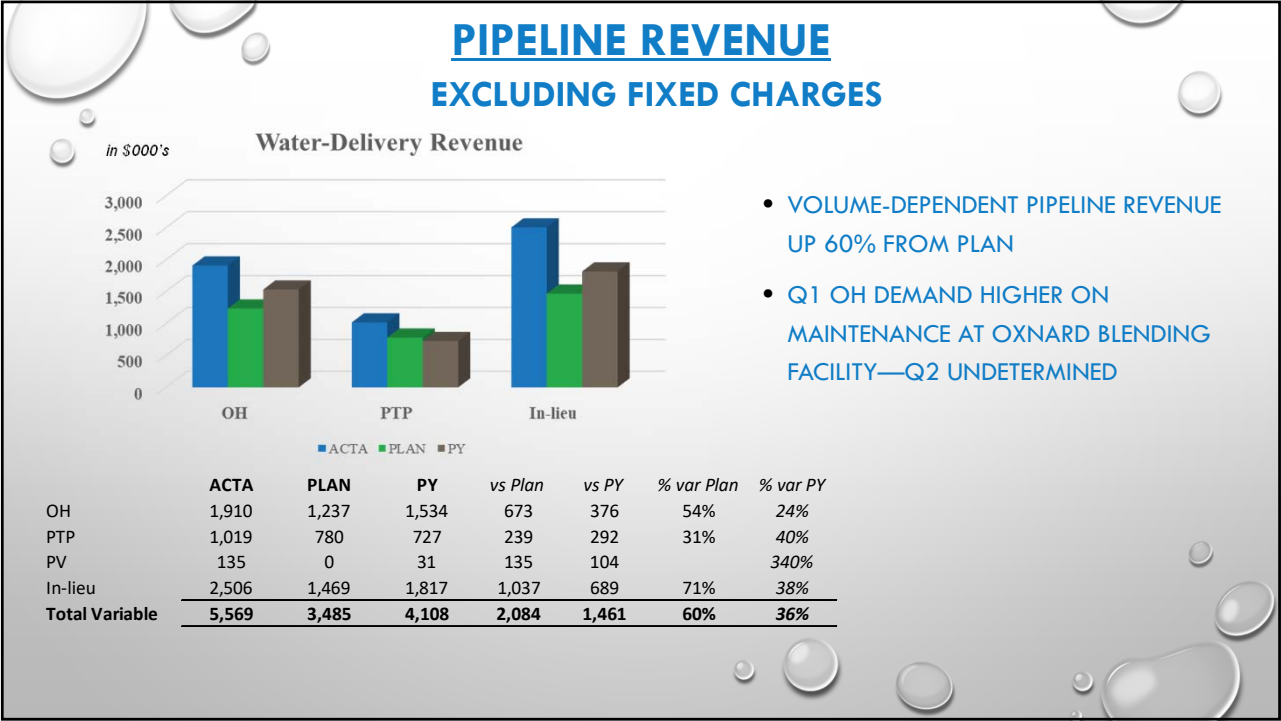
Total Revenue

Category	ACTA	PLAN	PY
Groundwater	-18	-	13
Pipeline	6718	4576	5364
Taxes	2078	1893	2517
Other	227	162	1995

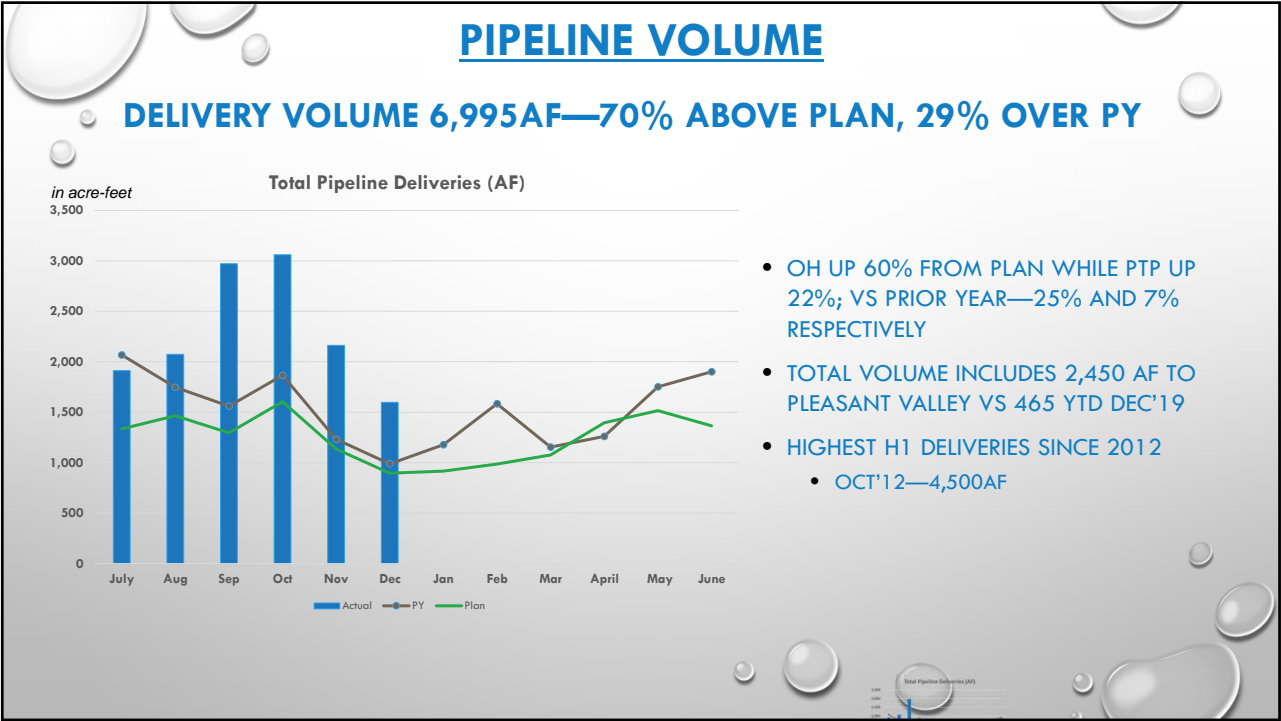
TOTAL REVENUE \$830K OVER PLAN

- PIPELINE REVENUE \$2.1M AHEAD OF PLAN ON OH & PTP VOLUMES + PV SURFACE WATER DELIVERIES
- OTHER REVENUE INCLUDES GRANTS NOT INVOICED AND GAAP ADJUSTMENT TO INVESTMENT INCOME

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PERSONNEL EXPENSES

\$100K (2%) AHEAD OF PLAN, 11% OVER PY

	2Q 20-21	2Q 20-21	PY	Var to	%Var to	Var to	%Var to
\$000's	Actual	Budget	Actual	Plan	Plan	PY	PY
Regular Salary	3,262	3,149	2,852	112	4%	410	14%
Over-time Sal	94	52	63	42	82%	31	50%
Part-time Sal	100	117	90	-17	-14%	9	10%
Salaries	3,455	3,317	3,005	138	4%	450	15%
Retirement- Classic	1,077	1,089	922	-13	-1%	154	17%
Retirement - PEPR	103	100	83	3	3%	20	25%
Soc Sec/401a/457b	190	191	168	0	0%	23	14%
OPEB Expense	14	14	13	1	5%	1	8%
Retirement PEB Expense	29	0	0	29	-	29	-
Medical Ins Exp - Coverage	341	440	343	-99	-22%	-2	-1%
Medicare Expense	50	48	43	1	2%	7	16%
LTD	6	9	5	-3	-30%	1	23%
Life Insurance	9	13	10	-4	-30%	0	-3%
SUI Expense	1	9	2	-7	-85%	-1	-41%
Worker's Comp	132	78	69	54	70%	63	92%
Employee Benefits	1,952	1,990	1,657	-38	-2%	295	18%
Total Personnel Expense	5,407	5,308	4,662	100	2%	745	16%

- SALARIES OVERRUN DUE TO THIRD PAYROLL IN DECEMBER
- OVERTIME AHEAD OF PLAN TO WEATHER/OTHER EVENTS
 - PRIMARILY SILT MANAGEMENT AT FREEMAN

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OPERATING EXPENSES

PROFESSIONAL FEES AND MAINTENANCE DRIVE PLAN UNDERRUN

	2Q 20-21	2Q 20-21	PY	Var to	%Var to	Var to	%Var to
\$000's	Actual	Budget	Actual	Plan	Plan	PY	PY
Prof. Fees - Environmental	173	458	368	-285	-62%	-195	-53%
Prof. Fees - Other	492	730	209	-238	-33%	283	135%
Profess Fees - Engineering	38	121	17	-84	-69%	21	123%
Prof. Fees - Financial	73	97	91	-24	-25%	-18	-19%
Prof Fees - GW, IT, HR	65	131	61	-66	-50%	4	7%
Professional Fees	841	1,538	746	-696	-45%	95	13%
Legal Fees	1,345	890	821	455	51%	523	64%
Utilities	617	680	666	-63	-9%	-50	-7%
Maintenance	300	774	325	-474	-61%	-25	-8%
Field Supplies	253	335	285	-81	-24%	-31	-11%
Insurance	343	355	247	-12	-3%	96	39%
Office Expenses	162	172	127	-10	-6%	35	28%
Miscellaneous	162	258	82	-97	-37%	80	98%
Travel, Meetings, Training	11	127	82	-115	-91%	-71	-86%
Gasoline, Diesel, Fuel	50	92	76	-42	-46%	-27	-35%
Fox Canyon GMA	92	5	0	87	1740%	92	97049%
Safety, Supplies, Clothing	33	42	21	-9	-22%	12	58%
Telephone	30	33	32	-2	-8%	-2	-5%
General Operating Expenses	2,052	2,873	1,943	-820	-29%	109	6%
State Water Import Costs	440	508	290	-68	-13%	149	51%
Total Operating Expenses	4,678	5,807	3,801	-1,130	-19%	877	23%

- PROFESSIONAL FEES UNDERSPEND DUE TO TIMING OF CONSULTING PROJECTS
- \$400K OF YTD LEGAL EXPENSE DUE TO STIPULATION

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CIP UPDATE						
PHYSICAL MODELLING AND I&M CONSTRUCTION WILL PICK UP CIP PACE IN H2						
Project Description	Approved		Expended and Encumbered			% FY20-21 Approved YTD Spend
	Approved FY20-21	Total Approved to Date	Total as FY 2019-20	Current FY 20-21	Total to date	
Freeman Diversion Rehab	4,735	8,966	4,231	874	5,105	18%
OHP Iron and Manganese Treatment	4,165	5,180	1,015	128	1,144	3%
SFD Outlet Works Rehab	2,371	5,041	2,670	1,866	4,535	79%
SFD PMF Containment	2,307	4,914	2,607	1,906	4,512	83%
Well Replacement Program Well #18	958	1,590	632	4	636	0%
OH System Emergency Generator	909	909		2	2	0%
PTP Turnout Metering System	817	1,609	792	197	988	24%
Ferro-Rose Recharge	753	1,909	1,156	159	1,315	21%
Lower River Invasive Species Control	690	869	179	5	184	1%
SCADA Hardware Update	660	660		16	16	2%
Other	3,649	5,172	1,522	611	2,134	17%
Total	22,014	36,818	14,804	5,767	20,571	26%

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SUPPLEMENTAL WATER PURCHASE FUND			
STATUS UPDATE			
	REVENUE	EXPENSE	BALANCE
BEGINNING BALANCE (6/30)			\$1,799K
INFLOWS			
SURCHARGE REVENUE (PIPELINE)	\$65		
OUTFLOWS		\$0	
12/31 BALANCE			\$1,864

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United Water
CONSERVATION DISTRICT

FINANCE & ADMINISTRATIVE DIVISIONS

JANUARY 2021 RECAP


1



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ACCOUNTS PAYABLE

- 362 payables processed with a total amount of \$879K
 - Includes \$1M to GEI Consultants for design services on SFD outlet and spillway




FINANCE DIVISION RECAP

PAYROLL

- Paid 19 payroll-related vendors a total amount of \$334K
- 356 hours of overtime worked
 - 3.5% of regular hours
 - 235 paid-out
 - 121 accrued as compensatory time

Gross: \$540K

Net: \$357K



UNITED WATER CONSERVATION DISTRICT 3

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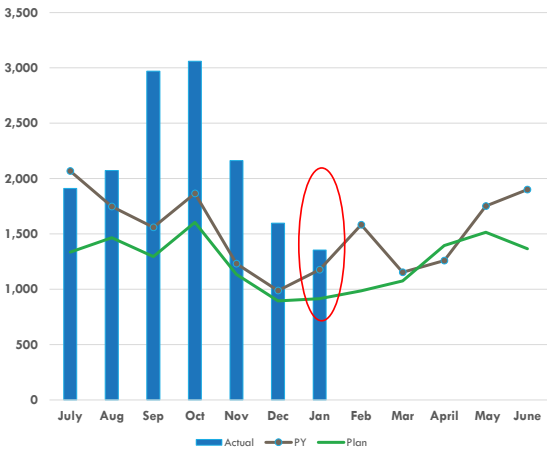
JANUARY 2021 PIPELINE

	\$ Billed	Actual AF	Plan AF	Variance
OH	\$622K	927	705	222
PT	\$220K	411	210	201
PV	\$14K	17	0	17

- Year-to-date January deliveries 75% ahead of Plan and 42% over PY
- 101% of FY Plan delivered to date
- Excluding Pleasant Valley deliveries, volumes 29%, 16% ahead of Plan & PY

FINANCE DIVISION RECAP

Total Pipeline Deliveries (AF)



UNITED WATER CONSERVATION DISTRICT 4

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CASH COLLECTIONS

- Taxes: \$292K
- Pipeline: \$904K
- Rents: \$11K
- Grants: \$21K
- Miscellaneous: \$54K
- Groundwater: \$3.8M

Total: \$5M

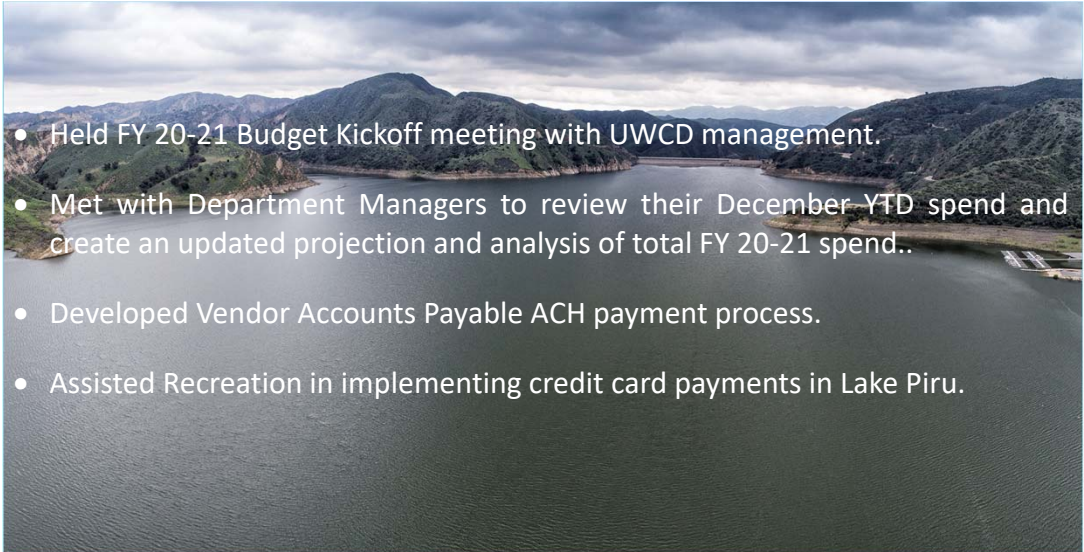


FINANCE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 5

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- Held FY 20-21 Budget Kickoff meeting with UWCD management.
- Met with Department Managers to review their December YTD spend and create an updated projection and analysis of total FY 20-21 spend..
- Developed Vendor Accounts Payable ACH payment process.
- Assisted Recreation in implementing credit card payments in Lake Piru.



FINANCE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 6

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A decorative graphic consisting of several overlapping rectangles in light blue and grey. A small inset photograph shows a person's hands with red nail polish typing on a white laptop keyboard. A pen holder with several pens is visible in the background of the photo.

- Finalized new Explore Lake Piru website.
- Continued organization of District’s first floor and “museum” files/display items.
- Organizing UWCD logo wear requests by department for FY 2021-22.
- Responding to email inquiries regarding Lake Piru Reservations and reopening for overnight camping
- Continued legislative outreach effort on behalf of General Manager
- Coordinating with CV Strategies on social media posts and presentations for the General Manager as a continuation of District’s public outreach efforts.

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 8



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- Processed employee evaluations and step increases that were scheduled for January
- Completed annual end of year updates (SDI, SUI, misc. allowances, end of year deduction allocations, PERS compensation limits into our financial and human resources management system
- Worked extensively on staffing plan reorganization updates in preparation for budget discussions
- Coordinated annual employee service awards delivery and scripts for Board meeting presentation.
- Processed promotion documents for new Chief Operations Officer position.
- Worked with Recreation Department on several job descriptions for potential new positions that will be necessary in the wake of the Lake takeover of operations.

ADMINISTRATIVE DIVISION RECAP


UNITED WATER CONSERVATION DISTRICT 9



- Processed employee payroll changes into Incode (address change, tax changes, changes in deductions, base pay, cash out requests)
- Coordinated employee DOT testing to comply with DOT-regulated testing requirements
- Completed the 2020 1094-C and 1095-C for full time employees due to IRS February 28th
- Provided SDRMA responses to specific insurance related requests on specific items as part of their annual audit.
- Processed several enrollment applications for staff to enroll in District's 457b Plan
- Preparing to complete the 2021 SDRMA Annual Renewal Questionnaire submission due on March 1st

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 10




- Updated COVID-19 Prevention Program Plan based on the latest information complying with all best practices sited by local, state, and federal regulatory agencies.
- Updated and Posted Annual OSHA 300A Log
- Earned Certified Safety Professional designation through the Board of Certified Safety Professionals
- Delivered COVID-19 Updates and Training on Excavation/Trenching during monthly safety meeting
- Supported O&M with inquiry from regulatory agency on our current emergency response plan

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 11

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- Identified and procured security needs at Lake Piru in collaboration with Chief Park Ranger
- Conducted monthly review and assignment of February Daily Training Bulletins for Park Rangers
- Develop Emergency Accountability Plan with Assistance from GIS Analyst and Human Resources personnel
- Coordinated training on SDS Management System with designated site administrators
- Procured emergency water supplies and emergency meals for preparedness repository/kit at HQ, El Rio, and Saticoy facilities

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 12

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- Provided IT Support for seven District Wide virtual meetings.
- Supported Environmental Services staff to troubleshoot fish monitoring and network video recording equipment at Freeman Diversion.
- Migrated Chief Ranger and Park Rangers cellular service to AT&T's First Responders (FirstNet) service program and issued new devices.
- Purchased and new point of sale desktop computers, printing equipment and cash drawers for accepting cash payments at Lake Piru.
- Installed networking equipment at the Lake Piru Recreation Area Rangers Office to support planned activities and communications requirements.
- Setup Point of Sale Credit Card Terminals for use at the Lake Piru Recreation Area entry area.

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 13

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- Conducted PCI compliance survey for accepting Card Payments at the Lake Gatehouse. Pending Final review and submission.
- Submitted a telecommunications service transfer from PMC to UWCD to maintain ownership of the published recreation facility land lines.
- Implemented a small managed network for use by Point-of-Sale Devices at Lake Piru with consider of Payment Card Industry Security Controls which will allow cashless transactions.
- Purchased, issued, and installed additional virtual meeting peripherals to District staff to ensure technology capabilities for all to participate in virtual meetings.

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 14

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