

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
Tuesday, May 11, 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:

Chair Sheldon G. Berger
Bruce Dandy
Lynn Maulhardt

STAFF PRESENT:

Maryam Bral, chief engineer
Brian Collins, chief operations officer
Dan Detmer, supervising hydrogeologist
Anthony Emmert, assistant general manager
Erin Gorospe, controller
Jackie Lozano, administrative assistant
Joseph Jereb, chief financial officer
Josh Perez, human resources manager
Zachary Plummer, information technology administrator
Linda Purpus, environmental services manager

PUBLIC PRESENT:

None.

OPEN SESSION 9:00 A.M.

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

Committee Members Roll Call

The Clerk called roll. Directors Dandy and Maulhardt were participating in person while Chair Berger participated via WebEx.

1. Public Comment

Chair Berger asked if there were any public comments. None were offered.

2. Approval of Minutes

The Committee received and reviewed the draft Committee meeting minutes of April 11, 2021. Motion to approve the Committee meeting minutes, Director Maulhardt; Second, Director Dandy. Roll call vote, three ayes (Dandy, Maulhardt, Berger); none opposed. Motion carried, 3/0.



3. Presentation of the Districts' Proposed Budget for Fiscal Year 2021-2022

Chief Financial Officer Joseph Jereb summarized for the Committee members the proposed budget for FY2021-2022 (presentation attached). At the conclusion of the *Legal Expense History* slide, Director Maulhardt felt it was important for staff to communicate to the constituents what is built into the proposed rate increase for them to understand what they are paying for.

General Manager Mauricio Guardado added, the presentations provided in meetings with staff for constituents outline and identify what it meant if United did not address any of the issues. He believes the real challenges the District had experienced resonated with not only the constituents but representatives within the county. Moving forward with the proposed legal reserve fund is necessary to be prepared for any legal issue that may arise. It is the right thing to do to protect the water resources. Important to note, rates were not increased last fiscal year, due to the COVID-19 pandemic.

There was discussion among the Committee and staff regarding the percentage of the current rate increase as compared to prior years. Director Maulhardt emphasized again on how important it is that United tell the backstory by sharing any of the questions received from the recent PTP and OH users' meetings, and what the drivers were for the rate increase. United staff responded that the backstory was included in the presentations at the users' meetings. There were no questions specific to the budget increase from the public and mentioned in several presentations those same factors were explained. Director Maulhardt recommends staff to keep the open communication going.

Additionally, staff and the Committee discussed the Fox Canyon GMA (FCGMA) surcharge that has yet to be passed. FCGMA is awaiting information from UWCD and guidance from other's before deciding. Anticipate October 1, 2021, to hear what the determination would be. Mr. Jereb mentioned this would have no impact on the UWCD actuals for this year because surface water deliveries did not incur those rates but do see a surcharge included in the UWCD rates for the new fiscal year.

Regarding policy-change proposals, Director Dandy mentioned rate adjustments were discussed at the Executive Committee meeting and there would be outreach to avoid potential future litigation. He asked for clarification if this is the plan for moving forward and to those who are changing the rates. Mr. Guardado responded CA supreme court acknowledged all the basins are interconnected. Upper or lower, will have an effect on United service area overall. Zones do not have to change but United's watershed does not just affect one area but an overall operation. Director Dandy's concern was that the change would not take place now but later. Director Berger commented that there was a comment made about this during the recent Executive Committee meeting. The message itself was explained in a way that the stakeholders understood what is going on. Historically, there was an issue when the users had seen a spike. Mr. Emmert added that staff had sought Director McFadden's advice regarding potential communication needed with pumpers in the Piru, Fillmore or Santa Paula basins. Mr. Jereb and Mr. Emmert discussed this with the City of Santa Paula staff. Mr. Emmert stated that United is planning to reach out to the Fillmore and Piru Basin Pumpers Associations.

Director Maulhardt respectfully asked to table this item, take no action, and continue the conversation in Executive Closed Session at the Board of Directors meeting on May 12. Director Berger agreed due to his own concerns. Mr. Guardado confirmed the item to discuss the budget was included on the Board's agenda and the Committee could continue the conversation then.



Director Berger dismissed himself from the meeting to attend an appointment with his daughter. Director Dandy facilitated the meeting on behalf of Chair Berger. No further comments or questions from the Committee.

4. Monthly Investment Report (March 2021)

The Committee members received and reviewed the monthly investment report as presented in the Finance and Audit Committee agenda packet.

Informational item. No comments or questions from the Committee. No action was taken by the Committee.

5. Pipeline Delivery Report (March 2021)

The Committee members received and reviewed the pipeline delivery report as presented in the Finance and Audit Committee agenda packet.

Informational item. No comments or questions from the Committee. No action was taken by the Committee.

6. Third Quarter FY 2020-2021 Financial Report and Budget Amendments (July 1, 2020 – March 31, 2021)

The Committee members received a presentation from Mr. Jereb that summarized the third quarter financial report for FY2020-21 and budget amendments (presentation attached). The Committee will recommend approval to the full Board of Directors.

Consent Calendar Motion Item. No comments or questions from the Committee.

7. District Staff and Board Member Reimbursement Report

The Committee members received and reviewed the expense reimbursement report for the third quarter of FY2020-21.

Informational item. No comments or questions from the Committee. No action was taken by the Committee.

8. Board Requested Cost Tracking Items

The Committee members received and reviewed the costs to date that the District has 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, and District legal costs over the past several fiscal years;
- d) in relation to the professional fees over the past several years; and
- e) motion items with fiscal impact.

Informational item. No comments or questions from the Committee. No action was taken by the Committee.



9. Monthly Administrative Services Update

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

A discussion regarding approval limits was sparked by the review of the *Upcoming Board Motion Items* tables. It was agreed to in the past that the approval limit be raised for senior managers on the approvals from last year's budget. For clarification, items going to the Board are adjustments that exceed General Manager's authority for approval. The Committee is evaluating how the approval limits help the process to become more efficient – savings of time and energy. For example, if the approval levels were not raised enough or were raised too high, and the number needs to be revisited, the Committee is willing to engage on the issue and recommend a change. Mr. Guardado responded he felt the current numbers are set at a really good level to address the current needs. He also feels more projects have been on track and on schedule. Through this process, over the course of a few years when last adjusted, the reason they are proposed the way they are today is because there were some findings which suggested the need for a budget adjustment.

Director Maulhardt inquired as to emergency response and protocols at the Lake Piru Recreation Area. He asked that this be added to Future Agenda Items. See comment below, item 10.

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

10. Future Agenda Items

Director Dandy polled the Committee as to any future agenda items.

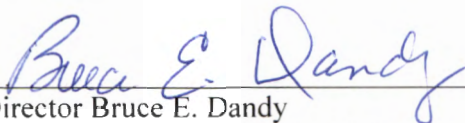
- Regarding first emergency response process on the lake, Director Maulhardt requested to have a system in place by where visitors could, 1) have access to Wi-Fi coverage on the lake; and/or 2) be given a card to show how to get in touch with lake staff in the event of an emergency. United staff commented the information is provided to visitors in a pamphlet when first checking in, and the information can be made into a card. Staff would seek advice from legal counsel on the process.

ADJOURNMENT 11:03 A.M.

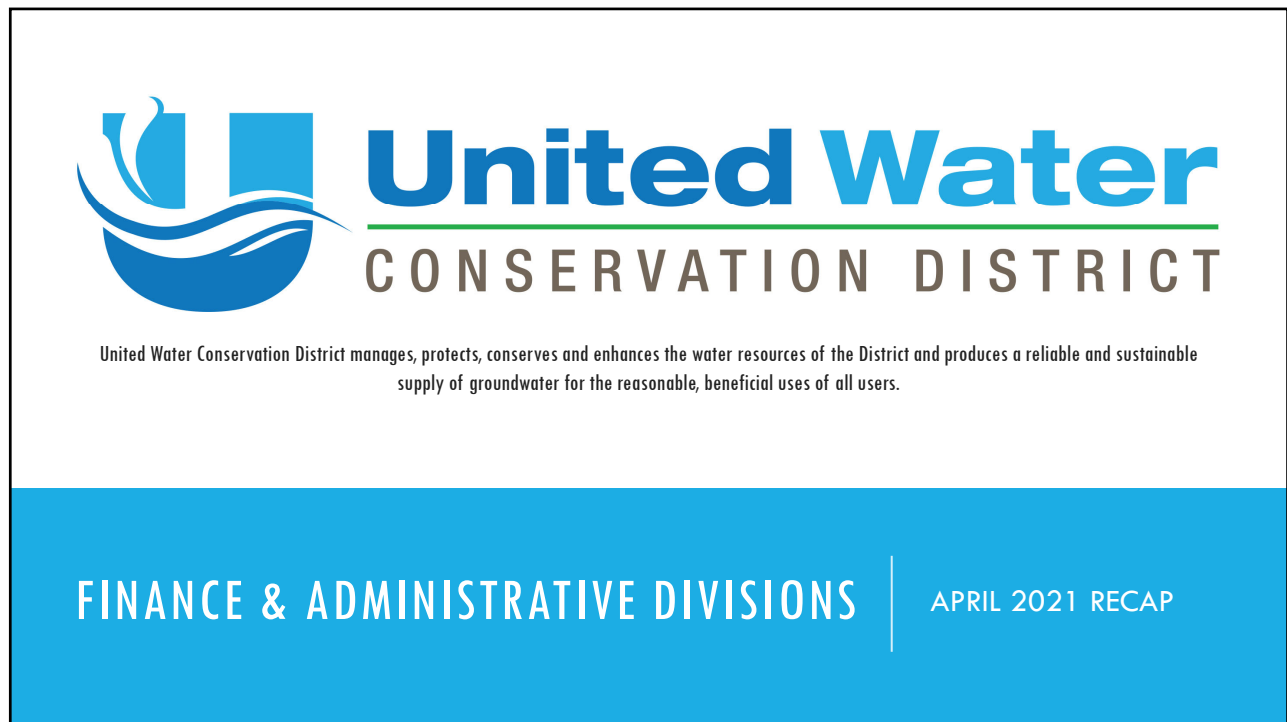
Director Dandy adjourned the meeting at 11:03 A.M.

I certify that the above is a true and correct copy of the minutes of the UWCD Finance and Audit Committee Meeting of May 11, 2021.

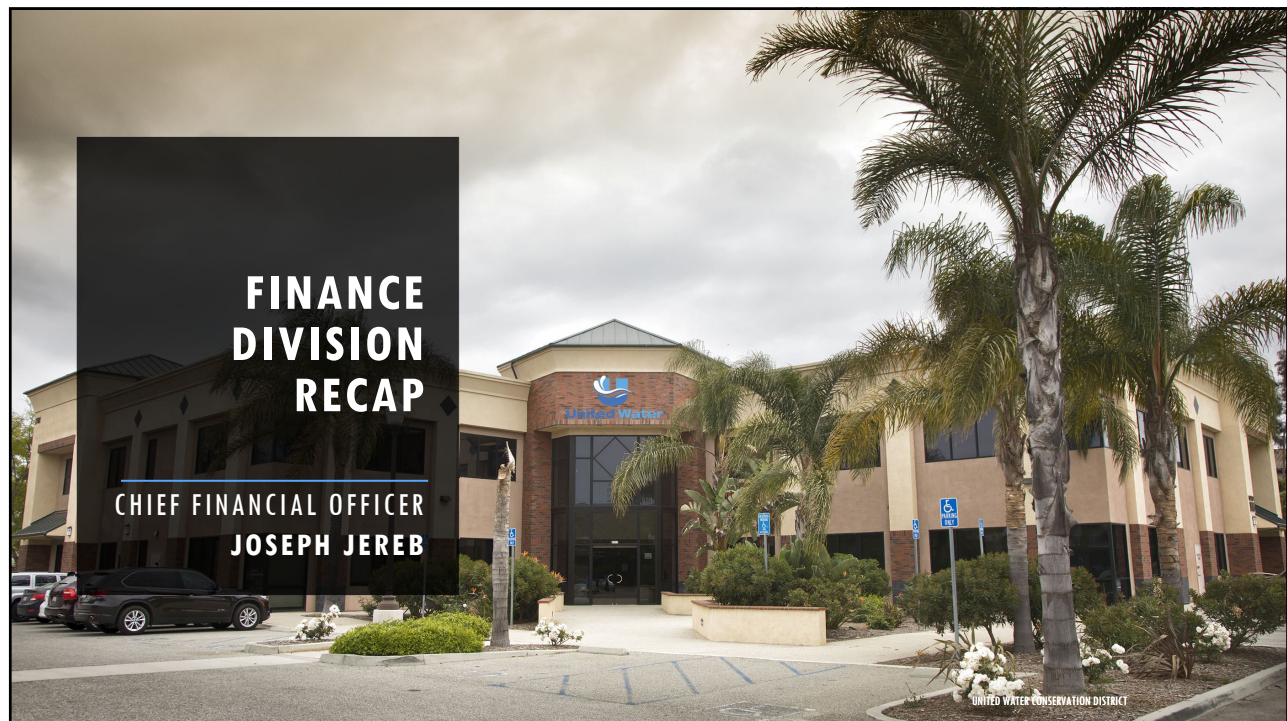
ATTEST:



Director Bruce E. Dandy
Substitute for Chair Sheldon G. Berger



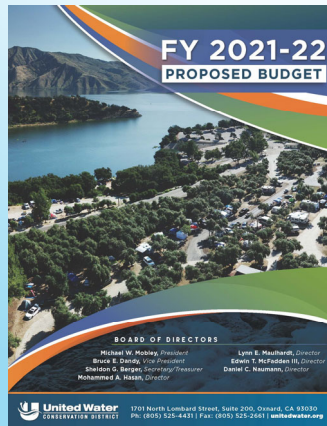
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2

3. Presentation of the Districts' Preliminary Budget for FY 2021-2022

Chief Financial Officer Joseph Jereb



UNITED WATER CONSERVATION DISTRICT 3

3

4. Monthly Investment Report

Chief Financial Officer Joseph Jereb




UNITED WATER CONSERVATION DISTRICT 4

4

ACCOUNTS PAYABLE

- 411 payables processed with a total amount of \$2.3M




PAYROLL

- Paid 12 payroll-related vendors a total amount of \$373K
- 204.5 hours of overtime worked
 - 1.93% of regular hours
 - 115 paid-out
 - 91 accrued as compensatory time

Gross: \$538K

Net: \$356K



FINANCE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 5

5

CASH COLLECTIONS

- Property Tax: \$1.34M
- Pipeline: \$883K
- Groundwater: \$89K
- Grants: \$199K
- Rents: \$16K
- Miscellaneous (Lake Piru): \$149K

Total: \$2.7M



FINANCE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 6

6

5. Pipeline Delivery Report

Chief Financial Officer Joseph Jereb

United Water
CONSERVATION DISTRICT

To: UWCD Finance and Audit Committee Members
 From: Joseph Jereb, Chief Financial Officer
 Date: April 16, 2021 (May 11, 2021 meeting)
 Agenda Item: 8 - Pipeline Delivery Report (March 2021)

Recommendation:
 Review and discuss the most current pipeline delivery report for March 31, 2021 that is enclosed.

Chief Impact:
 On Service.

Description:
 Based on the information included in the attached reports, staff will present a summary and discuss key information in an overview.

Attachments: Pipeline Delivery Report

Water Conservation District
 Water Deliveries (Acres-Foot)
 21 data thru March 31, 2021

UNITED WATER CONSERVATION DISTRICT 7

7

APRIL 2021 PIPELINE

	\$ Billed	Actual AF	Plan AF	Variance
OH	\$597K	993	925	68
PT	\$318K	648	470	178
PV	\$21K	65	0	65

- Year-to-date April deliveries 70% ahead of Plan and 40% over PY
- 137% of FY Plan delivered to date
- Excluding Pleasant Valley deliveries, volume 43% ahead of Plan & 25% ahead of PY

Total Pipeline Deliveries (AF)

FINANCE DIVISION RECAP UNITED WATER CONSERVATION DISTRICT 8

8

6. Third Quarter FY2020-21 Financial Report and Budget Amendments

Chief Financial Officer Joseph Jereb



United Water CONSERVATION DISTRICT

Staff Report

To: UWCD Finance and Audit Committee Members

Through: Mauricio E. Guadalupe, General Manager
 Anthony Emmert, Assistant General Manager

From: Joseph Jereb, Chief Financial Officer

Date: April 27, 2021 (May 11, 2021 Meeting)

Agenda Item: 6. Board Motion from July FY 2020-21 Third Quarter Financial Report and Budget Amendments
 Council Calendar Motion

Staff Recommendation:
 The Committee will receive and review the FY 2020-21 Third Quarter Financial Report for the period of July 1, 2020 through March 31, 2021 and consider recommending approval of the proposed modifications to the FY 2020-21 budget to the full Board.

Discussion:
 The District normally prepares quarterly financial reports which provide an analysis of District operations at the end of each quarter to highlight variances and for fiscal accountability. This report represents the first nine months of financial information for District operations for FY 2020-21 (or 75 percent of the total fiscal year). Included in this report are budget to actual comparisons to date for District revenues, expenditures and water deliveries, and discussion of any significant variances. This report is based on unaudited financial data and therefore is subject to revision as staff make any necessary adjustments that may occur during the year.

While some funds appear to have some savings potential, adjustment recommendations may not be made at this time because the potential savings may be as a result of delays in timing and therefore may not materialize. The following budget modifications are being recommended as of the third quarter review:

General Water Conservation Fund
 Staff recommends increasing budgeted revenue for Water Delivery by \$800,000 due to increased deliveries to all three pipelines in FY 20-21.

Staff Recommendation: decreasing Professional Fees for Environmental Services by \$350,000. The amount of funding needed for projects much has decreased with a shift away from eradication to population control. Work on PEB - Fish Passage has slowed down because of legal concerns and covid restrictions.

United Water CONSERVATION DISTRICT

April 29, 2021

Board of Directors
 United Water Conservation District

Subject: Fiscal Year 2020-21 Third Quarter Financial Report

Dear Board Members:

Included for your review is the District's FY 2020-21 Third Quarter (July 1, 2020 through March 31, 2021) financial report. This report represents nine months of financial information for District operations (75% of the total fiscal year). The report includes budget to actual comparisons for District revenues, expenditures, water deliveries, and a discussion of any significant variances. The financial data is unaudited and therefore subject to revisions.

This report focuses primarily on the operating funds of the District and corresponding Capital Improvement Project (CIP) funds.

General Water Conservation Fund

- Recreation & Ranger Activities Sub-fund
- Firewater Fund
- Channel Maintenance Pipeline (CMP) Fund
- Pennant Valley Pipeline (PVP) Fund
- Harney Valley Pipeline (HVP) Fund
- Water Waste Impact Fund

Discussion:
 Staff provides the Board's Finance & Audit Committee with monthly each position and pipeline delivery activities reports throughout the fiscal year. Quarterly financial reports are submitted to the Board to provide information on the financial status of the District and to assure the Directors and our ratepayers that staff is operating within the parameters of the annual adopted budget, including any supplemental appropriation. At the end of each fiscal year, an outside certified public accounting firm performs an independent financial audit to test staff's financial reporting accuracy and internal controls. It is a staff responsibility to ensure that the Board has received adequate financial information throughout the year so that there are no surprises, and so that (if any) specific actions can be made when the Board is asked to consider approval of budgeted and unbudgeted expenditure requests.

This report compares the revenues and budget appropriations projected for the entire fiscal year with actual data to provide the Board and our ratepayers with a preliminary financial view (subject to audit adjustments). The following discussion will provide a summary of the District's projected revenues and approved spending plan compared to that which actually occurred throughout the year. It also provides an update on approved and funded capital improvement projects.

United Water CONSERVATION DISTRICT

7. District Staff and Board Member Reimbursement Report

Chief Financial Officer Joseph Jereb



United Water CONSERVATION DISTRICT

Staff Report

To: UWCD Finance and Audit Committee Members

From: Joseph Jereb, Chief Financial Officer

Date: April 26, 2021 (May 11, 2021 Meeting)

Agenda Item: 7. Reimbursement of Expenses to District Staff Members and Members of the Board

Recommendation:
 Review and discuss the report detailing the reimbursement of expenses to District staff members and members of the Board for the third quarter of FY 2020-21 (January through March 2021).

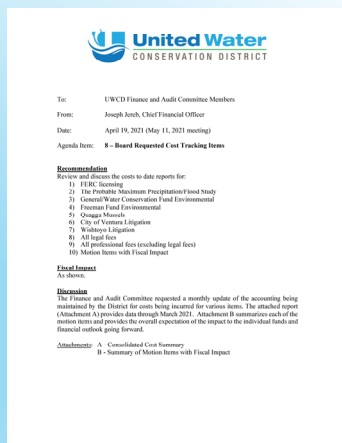
Fiscal Impact:
 As shown.

Discussion:
 The District's Expense Reimbursement Policy requires quarterly reporting of all expense reimbursements, in the amount of \$100 or more, made to Board Members or employees. In accordance with that policy, attached is the list of reimbursement payments for the Finance Committee's review.

Attachment: Disbursements Report

**UNITED WATER CONSERVATION DISTRICT
 CREDIT REPORT
 Q3 WATER DELIVERY (USD)**

Line Item	Month/Description	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue
1000-0000	General Administration	100.00	100.00	100.00	100.00	100.00	100.00
2000-0000	Water Delivery	200.00	200.00	200.00	200.00	200.00	200.00
3000-0000	Water Treatment	300.00	300.00	300.00	300.00	300.00	300.00
4000-0000	Water Distribution	400.00	400.00	400.00	400.00	400.00	400.00
5000-0000	Water Conservation	500.00	500.00	500.00	500.00	500.00	500.00
6000-0000	Water Quality	600.00	600.00	600.00	600.00	600.00	600.00
7000-0000	Water Safety	700.00	700.00	700.00	700.00	700.00	700.00
8000-0000	Water Research	800.00	800.00	800.00	800.00	800.00	800.00
9000-0000	Water Training	900.00	900.00	900.00	900.00	900.00	900.00
10000-0000	Water Other	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00
TOTAL		5000.00	5000.00	5000.00	5000.00	5000.00	5000.00

[illegible]

Motion Number	Sponsor	Description/ Summary	Budget Y/N	Funding Source (if not budgeted)	Cash Impact of Approval	Other Financial Impact
3D	Finance	Gen/WC Fund: Increase budgeted revenue by \$800K; Increase budgeted legal expense by \$1,031K; Decrease budgeted professional fees by \$350K	N	Supplemental appropriation	Increase available cash by \$119K	None
3D	Finance	Freeman Fund: Increase budgeted revenue by \$500k; Increase budgeted legal expense by \$1,020K	N	Supplemental appropriation	Decrease available cash by \$520K	None

UPCOMING BOARD MOTION ITEMS

Motion Number	Sponsor	Description/ Summary	Budget Y/N	Funding Source (if not budgeted)	Cash Impact of Approval	Other Financial Impact
3D	Finance	OH Pipeline: Increase budgeted revenues by \$600K	N	Supplemental appropriation	Increase available cash by \$600K	None
3D	Finance	PV Pipeline: Increase budgeted revenues by \$170K	N	Supplemental appropriation	Increase available cash by \$170K	None
3D	Finance	PT Pipeline: Increase budgeted revenues by \$290K	N	Supplemental appropriation	Increase available cash by \$290K	None

TOTAL **+\$659K**

UNITED WATER CONSERVATION DISTRICT 13

13

IMPACT OF BOARD MOTIONS TO FUND BALANCES

Balance Before Designations	General	Freeman	Water Purchase	OHP	PV	PT	State Water	Total
PY Actual	\$11,049K	\$1,601K	\$1,799K	\$3,095K	\$345K	\$462K	\$3,262K	\$21,613K
CY Plan	\$12,630K	\$801K	\$2,420K	\$1,228K	\$263K	\$262K	\$1,680K	\$19,284K
CY Forecast*	\$14,300K	\$1,209K	\$1,527K	\$3,037K	\$217K	\$692K	\$2,657K	\$23,639K
Forecast vs PY	\$3,251K	\$(392K)	\$(272K)	\$(58K)	\$(128K)	\$230K	\$(605K)	\$2,026K
Forecast vs Plan	\$1,670K	\$408K	\$(893K)	\$1,809K	\$(46K)	\$430K	\$977K	\$4,355K

* Also includes adjustments made earlier in the FY.

UNITED WATER CONSERVATION DISTRICT 14

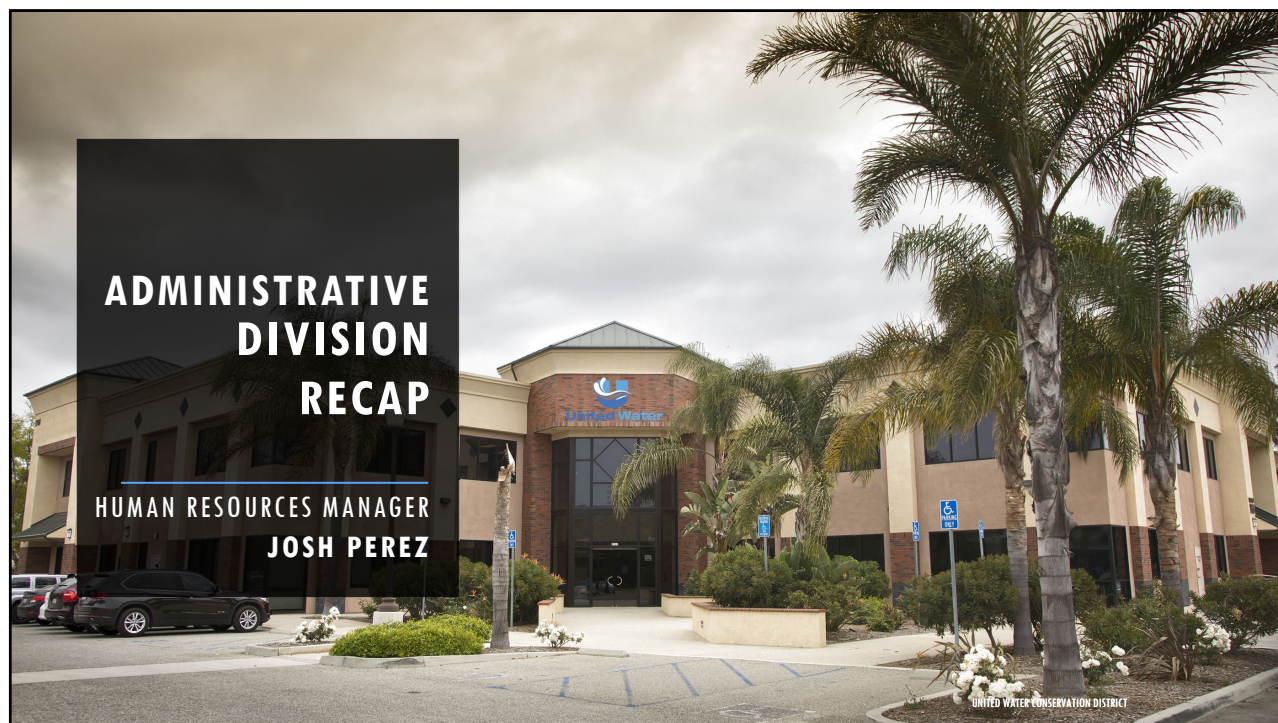
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- Compiled department requests to form preliminary budget and calculate proposed rates for FY 21-22.
- Provided Proposed Budget Projections to rate analysts and received their preliminary results.
- Met with Department Managers to review their March YTD spend and created an updated projection and analysis of total FY 20-21 spend.
- Continued to work with Lake Piru staff to improve the revenue collection and reporting process at the Recreation Area.
- Filed annual State Controller's Compensation Report.
- Two Finance staff attended a CSDA webinar on Financial Management for Special Districts.

FINANCE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 15



15



16

2 ATTACHMENT A: Supplement to Finance and Audit Committee MINUTES

UWCD Finance and Audit Committee Presentation - May 11, 2021 Monthly Administrative Services Update

- Secured UWCD sponsorship of ACWA Virtual Spring Conference "Behind the Scenes at the Monterey Aquarium" event and oversaw development of the UWCD video that opens the event (May 12 at 4pm);
- Provided administrative/clerk duties for Recreation Committee meeting (April 7), Water Resources Committee meeting (April 12), Finance Committee meeting (April 13); and Executive Committee meeting (April 26);
- Provided administrative/clerk duties for Fillmore and Piru Basins GSA Board meeting on April 15;
- Provided administrative/clerk duties for Mound Basin GSA Board meeting on April 15; and
- Continued to provide administrative/clerk duties for Ventura County Special District Association.

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 17

17






- Processed onboarding paperwork for several new seasonal Park Ranger staff members Camp Host volunteers.
- Assisted staff with several inquiries regarding District benefits.
- Coordinated all staff e-mail regarding COVID-19 Special SL leave adopted by the State Legislature.
- Processed promotion paperwork for several Field Technicians.
- Processed several staff 457b contribution changes during the month.
- Coordinated several mandated Department of Transportation specialized tests required to maintain Class A licenses in April.
- Coordinated with SDRMA to add new equipment purchased by the District to ensure sustained coverage of the equipment.

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 18

18





- Provided COVID-19 update and annual respiratory protection training to staff during monthly safety meeting.
- Disseminated COVID-19 updates to staff as well as guidance for return to work to Oxnard HQ staff.
- Coordinated and participated in FERC Security Branch Spring Webinar for Engineering, O&M, and Admin Services Departments.
- Evaluated and processed California SB 338 policy updates to Ranger's policy manual.
- Enrolled and tested Emergency Notification System with new staff, including the system's new mobile application.
- Finalized CPR/First Aid/AED Instructor Portal Configuration and Acquisition of Training Supplies; initiated/assigned blended CPR/First Aid/AED blended learning course.
- Assisted with the ongoing procurement effort of District's best-in-class iPad initiative/program.

ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 19

19





- Supported a Cyber Security Advisory originating from security alert from behavior analytics AI software. Through analysis from staff and the security engineers from product support, it was determined to be a false positive and corrective changes were implemented.
- Setup IT Accounts, e-mails, and provided proper IT equipment as necessary to Recreation staff that joined the District in the month of April.
- Provided support for five Board/Committee meetings in April.
- Provided IT Support of the Lake Piru Recreational Area Public accessible Wi-Fi. As of April 30, six of the planned potential wireless access points have been deployed in the campground and are operational. These areas include the following: Restroom areas, Gatehouse, and the Rangers Station.
- Two supplementary access points are planned for the storefront area and the perimeter to enhance the experience of our guests.


ADMINISTRATIVE DIVISION RECAP

UNITED WATER CONSERVATION DISTRICT 20

20





- Upgraded Water Resources Supervisor with refreshed laptop and docking station equipment.
- Facilitated various network activities at Lake Piru. One example was the consolidation of Lake Piru sub-networks in anticipation adding upgraded point to point radio and the updated Firewall appliances.
- Improved the download and uplink bandwidth capabilities at the SFD Maintenance Shop from 10 to 150+ Mbps. Teams and other virtual meetings now viable communication options.



Monthly ticket type overview - 2021													
Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
🔔 Alerts and Advisories	0	2	1	1	0	/	/	/	/	/	/	/	4
🔧 Fix a Account Problem Password Reset	0	0	0	1	0	/	/	/	/	/	/	/	1
🔄 IT Projects and Change Management	0	2	2	0	0	/	/	/	/	/	/	/	4
📁 IT Purchase Request	6	5	0	0	0	/	/	/	/	/	/	/	11
👤 IT Services and Support	10	14	17	2	0	/	/	/	/	/	/	/	43
📶 Network Port patching	0	1	0	0	0	/	/	/	/	/	/	/	1
👤 New employee	0	2	2	3	0	/	/	/	/	/	/	/	7
Total	16	26	22	7	0	/	/	/	/	/	/	/	71

10. Future Agenda Items

Chair Sheldon Berger



UNITED WATER CONSERVATION DISTRICT 22

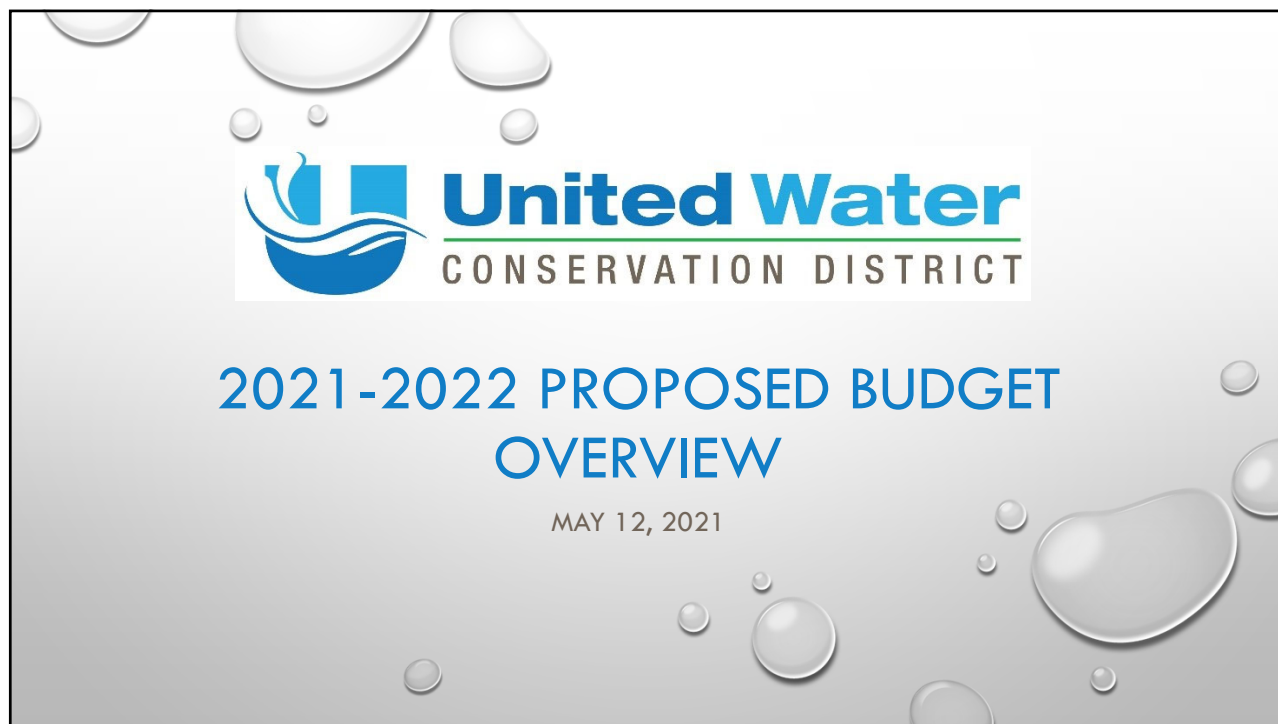
ADJOURNMENT
Chair Sheldon Berger



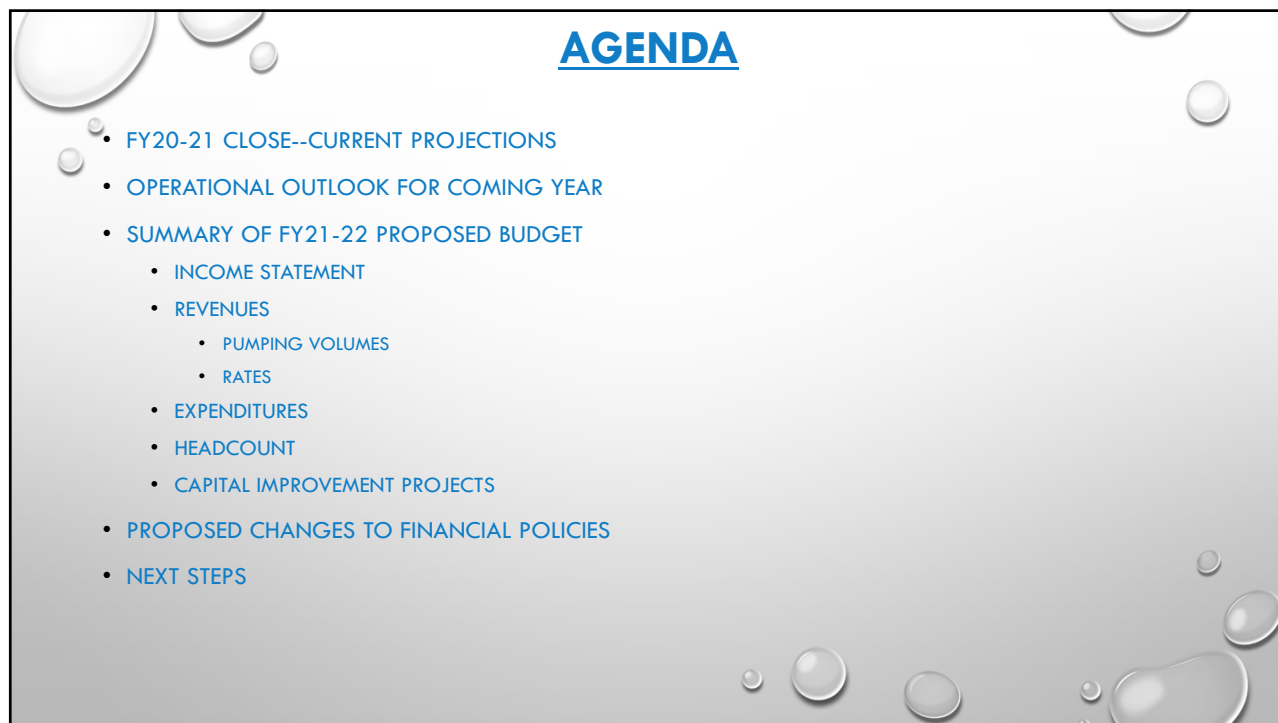
Thank you!

United Water Conservation District
"Conserving water since 1927"

UNITED WATER CONSERVATION DISTRICT 23



1



2

FY20-21 PROJECTED FINISH					
OPERATING REVENUE AHEAD OF PLAN ON PUMPING AND DELIVERY VOLUMES—OPEX IN LINE WITH PLAN					
<i>in \$000's</i>	FY19-20 Actual	FY20-21 Budget	FY20-21 Projected Finish	Projection vs Budget	Projection vs PY
Taxes	1,911	3,547	3,547	0%	86%
Water Delivery/Fixed Cost	10,223	9,024	11,421	27%	12%
Groundwater	13,880	13,820	14,595	6%	5%
Other	15,500	9,771	9,746	0%	-37%
Water Purchase Surcharge	526	505	566	12%	8%
Total Revenue	41,514	36,667	39,875	9%	-4%
Personnel Expense	6,654	6,822	7,073	4%	6%
Operating Expense	13,237	12,297	12,229	-1%	-8%
Allocated Overhead	4,356	4,638	4,638	0%	6%
Debt Service	859	2,853	1,466	-49%	71%
Other	16,800	13,848	14,321	3%	-15%
Total Expenditure	41,905	40,459	39,727	-2%	-5%

- H1 ACTUAL AND H2 PROJECTED PUMPING VOLUMES 12% ABOVE PLAN;
- FY VOLUME VS PLAN INCREASES PROJECTED REVENUE BY \$0.8M
- HIGHER PIPELINE VOLUMES, ADD \$2.4M TO PIPELINE AND IN-LIEU PUMPING REVENUE
- INCREASED LEGAL EXPENSE OFFSET BY UTILITIES AND MAINTENANCE SAVINGS KEEP OPEX AT PLAN
- DEBT SERVICE UNDER PLAN OVER PY ON TERMS OF NOV'20 DEBT ISSUE

3

FY21-22 OPERATIONAL OUTLOOK	
LEGAL AND REGULATORY ISSUES CONTINUE TO DEMAND FINANCIAL RESOURCES AND MANAGEMENT TIME	
<ul style="list-style-type: none"> • REGULATORY REQUIREMENTS AT FREEMAN DIVERSION DRIVE CIP, LEGAL EXPENSE <ul style="list-style-type: none"> • CIP—PHYSICAL MODELS OF FISH LADDER--\$3.2M • LEGAL—CONTINUED HEARINGS ON INJUNCTION - \$1.3M • FERC, DSOD OCCUPY ENGINEERING AND EPCD RESOURCES <ul style="list-style-type: none"> • ENGINEERING—LICENSE COMPLIANCE—\$200K OPEX + \$3.3M CIP OUTLET WORKS AND PMF CONTAINMENT • EPCD—SFD FISH PASSAGE STUDY--\$500K; OTHER FERC-RELATED COMPLIANCE--\$375K; • INCREASED LEGISLATIVE OUTREACH AND PUBLIC INFORMATION EFFORTS TO MANAGE DYNAMIC LEGAL/REGULATORY ENVIRONMENT <ul style="list-style-type: none"> • FEDERAL AND STATE ADVOCACY--\$300K; PUBLIC EDUCATION AND OUTREACH--\$375K • LEGAL EXPENSE, EXCLUDING FREEMAN COMPLAINT--\$1.2M • HEADCOUNT—NET INCREASE 6 FTES <ul style="list-style-type: none"> • 2% COLA INCREASE AS MANDATED BY MOU • OVERALL PERSONNEL COST INCREASE 10% 	

4

FY21-22 BUDGET HIGHLIGHTS

MOVING FORWARD

- **PROGRESS ON SUSTAINABILITY PROJECTS**
 - INCREASED GROUNDWATER RATES FOR ZONE A&B
 - OH PIPELINE FUND BALANCES RESULT IN HIGHER FIXED, LOWER VARIABLE RATES, PTP RATES FLAT
 - CURRENT YEAR MAINTENANCE MOVES PV RATES BACK TO FY19-20 LEVELS
 - BUDGETED CIP \$11.4M + \$11.4M IN CARRY-OVER FROM FY'20-21
 - +3 FTE IN ENVIRONMENTAL SERVICES (2 TEMP-PERM), +1 AT LAKE PIRU, +1 IT MANAGER, +1 HR CLERK, +1 WATER RESOURCES TECH
 - -1 ASSISTANT GM
- **ADDRESSING REGULATORY ENVIRONMENT**
 - **MANAGING LEGAL CHALLENGES**

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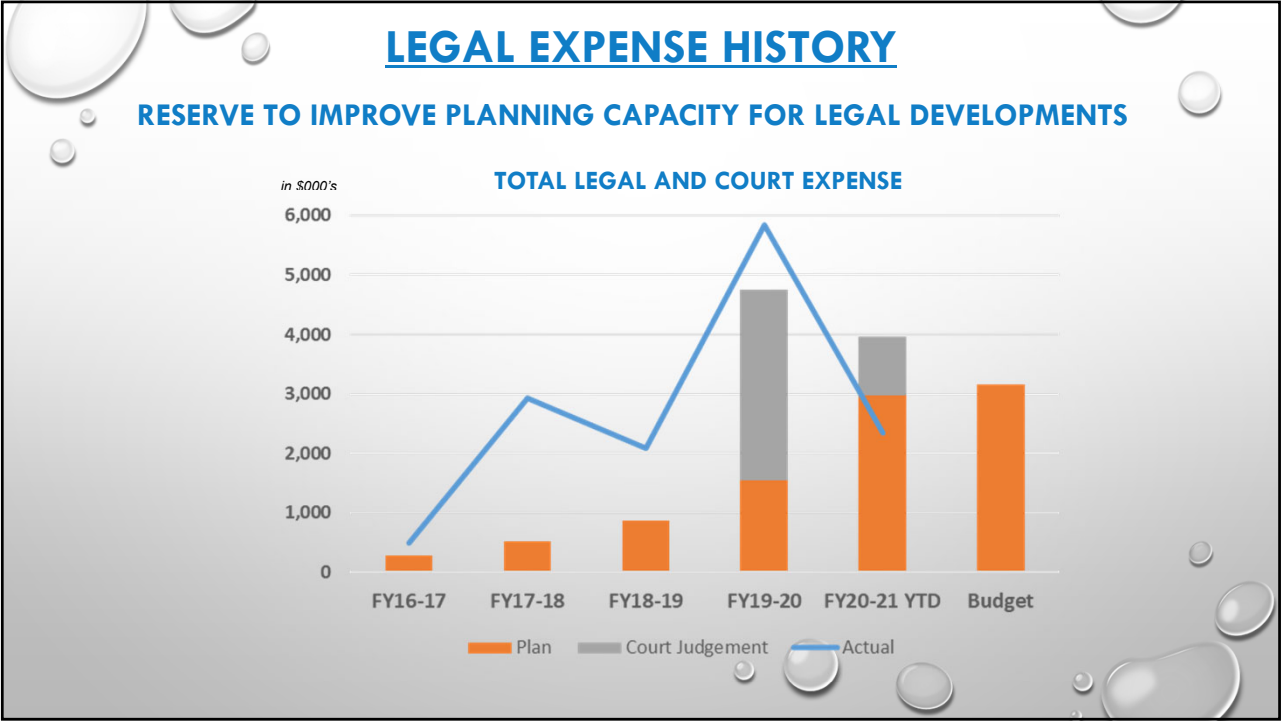
FY21-22 BUDGET OVERVIEW

REVENUE FLAT ON LOWER VOLUMES—OPEX UP 10%

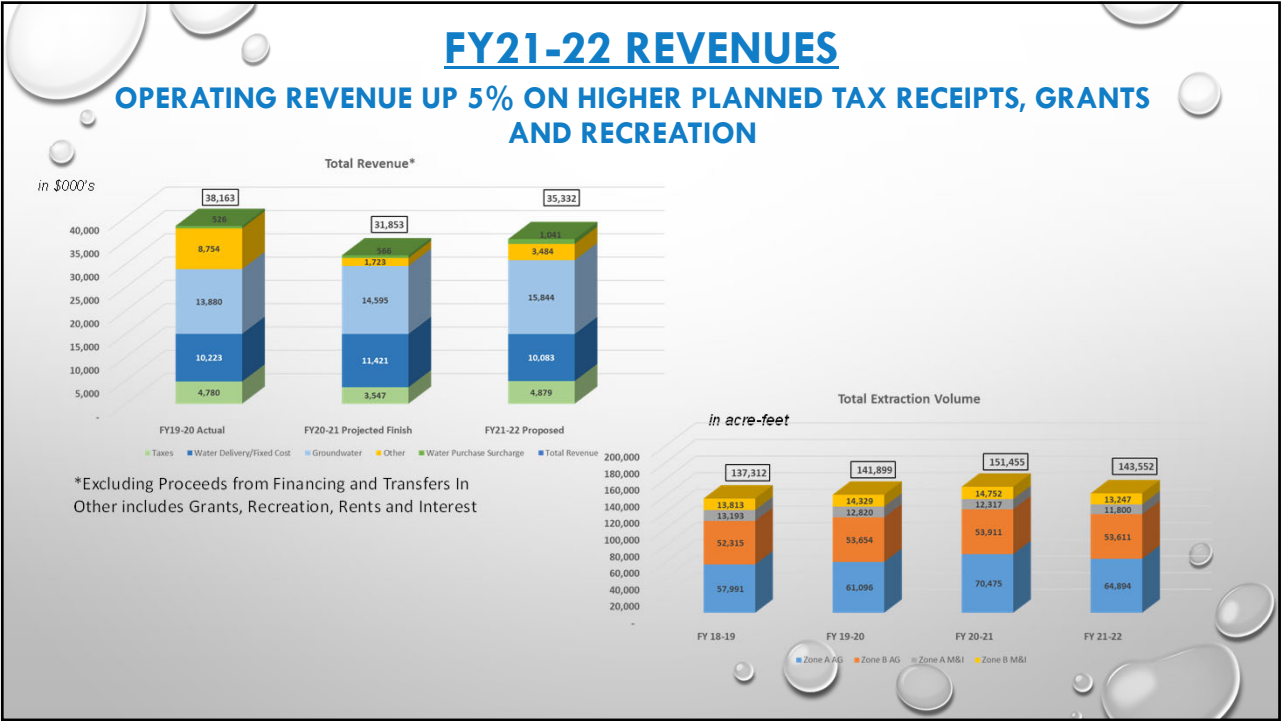
<i>in \$000's</i>	FY19-20 Actual	FY20-21 Projected Finish	FY21-22 Proposed	<i>Budget vs CY Projection</i>	<i>Budget vs FY19-20</i>
Beginning Balance	20,440	19,814	23,639	19%	16%
Taxes	1,911	3,547	4,879	38%	155%
Water Delivery/Fixed Cost	10,223	11,421	10,083	-12%	-1%
Groundwater	13,880	14,595	15,844	9%	14%
Other	15,500	9,746	10,291	6%	-34%
Water Purchase Surcharge	526	566	1,041	84%	0%
Total Revenue	41,514	39,875	42,139	6%	2%
Personnel Expense	6,654	7,073	7,909	12%	19%
Operating Expense	13,237	12,229	13,694	12%	3%
Allocated Overhead	4,356	4,638	4,941	7%	13%
Debt Service	859	1,466	3,181	117%	270%
Other	16,800	14,321	14,905	4%	-11%
Total Expenditure	41,905	39,727	44,629	12%	6%
Ending Balance	21,613	23,639	23,643	0%	9%

- **PLANNED PUMPING VOLUMES 5% BELOW FY20-21 TO REDUCE LIKELIHOOD OF REVENUE DEFICITS**
- **PIPELINE VOLUMES IN LINE WITH HISTORIC AVERAGES—LOWER THAN CURRENT YEAR**
- **PERSONNEL EXPENSE UP ON FTE ADDS**
- **OPEX INCREASE ON EQUIPMENT REPLACEMENT AND FCGMA FEES**
- **LEGAL FEES DRIVE INCREASED OVERHEAD ALLOCATION**
- **FY20-21 ALL FUNDS TO REMAIN AT/ABOVE MINIMUM BALANCE**

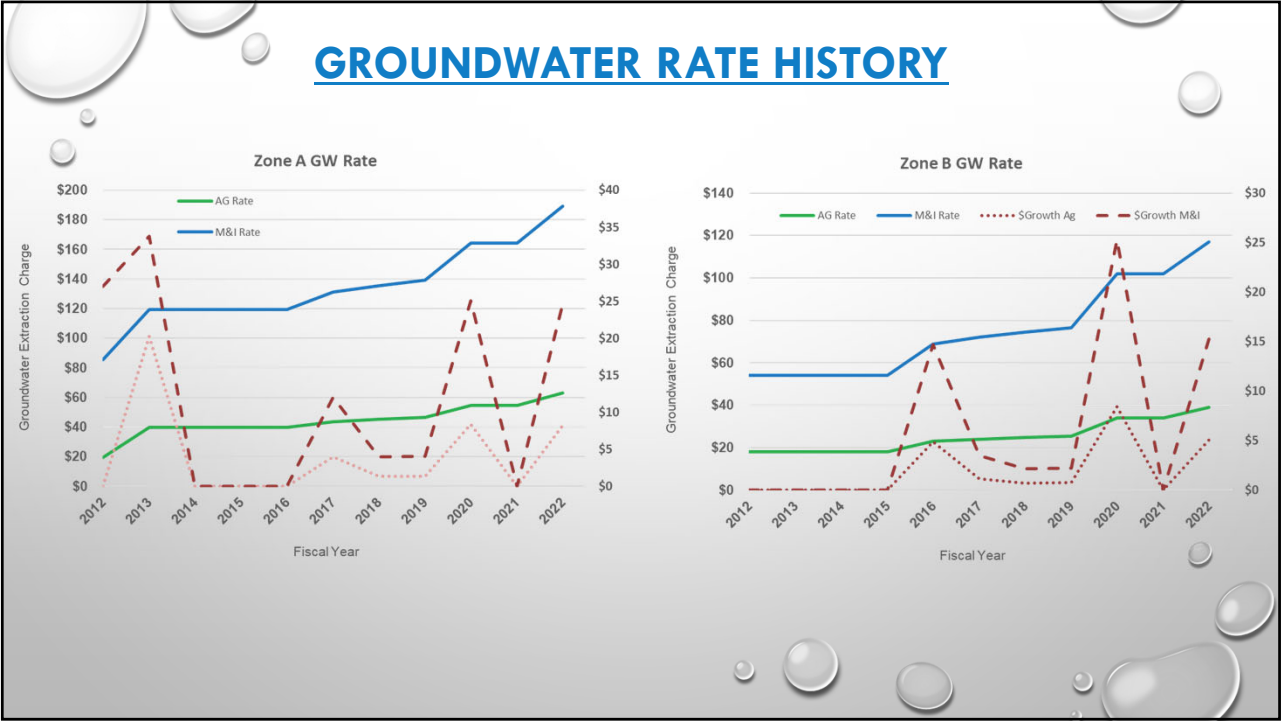
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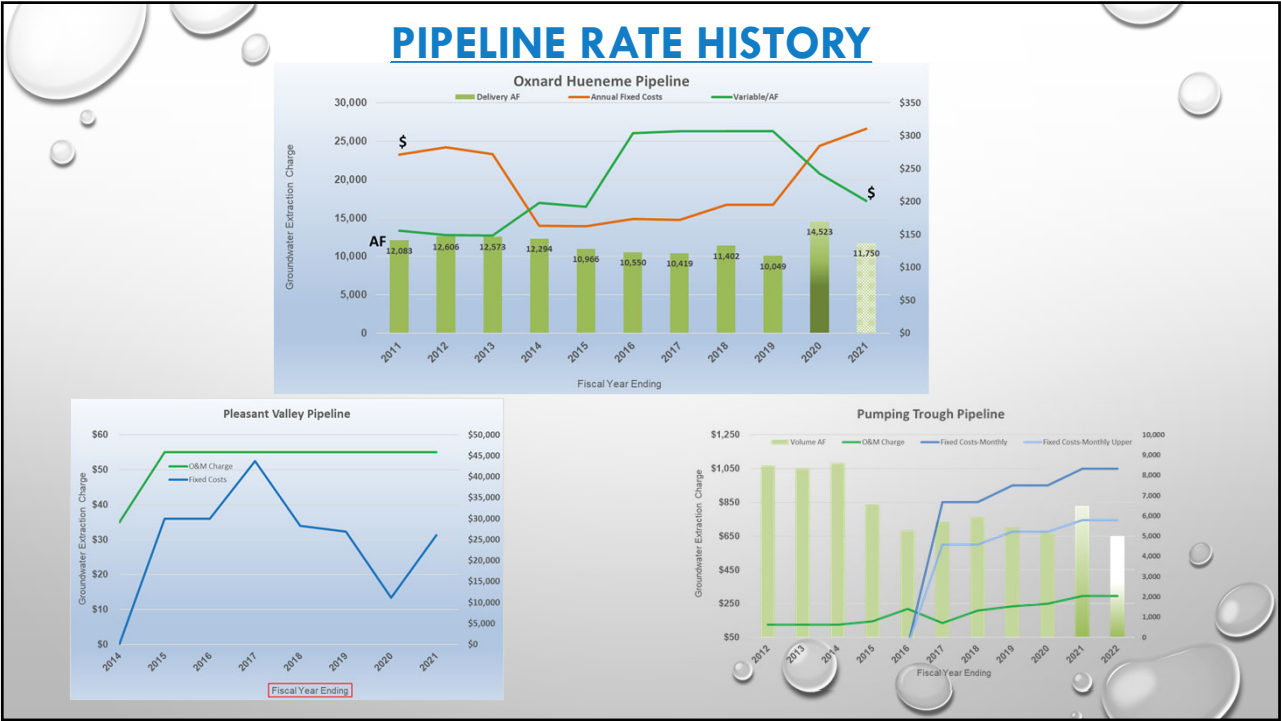
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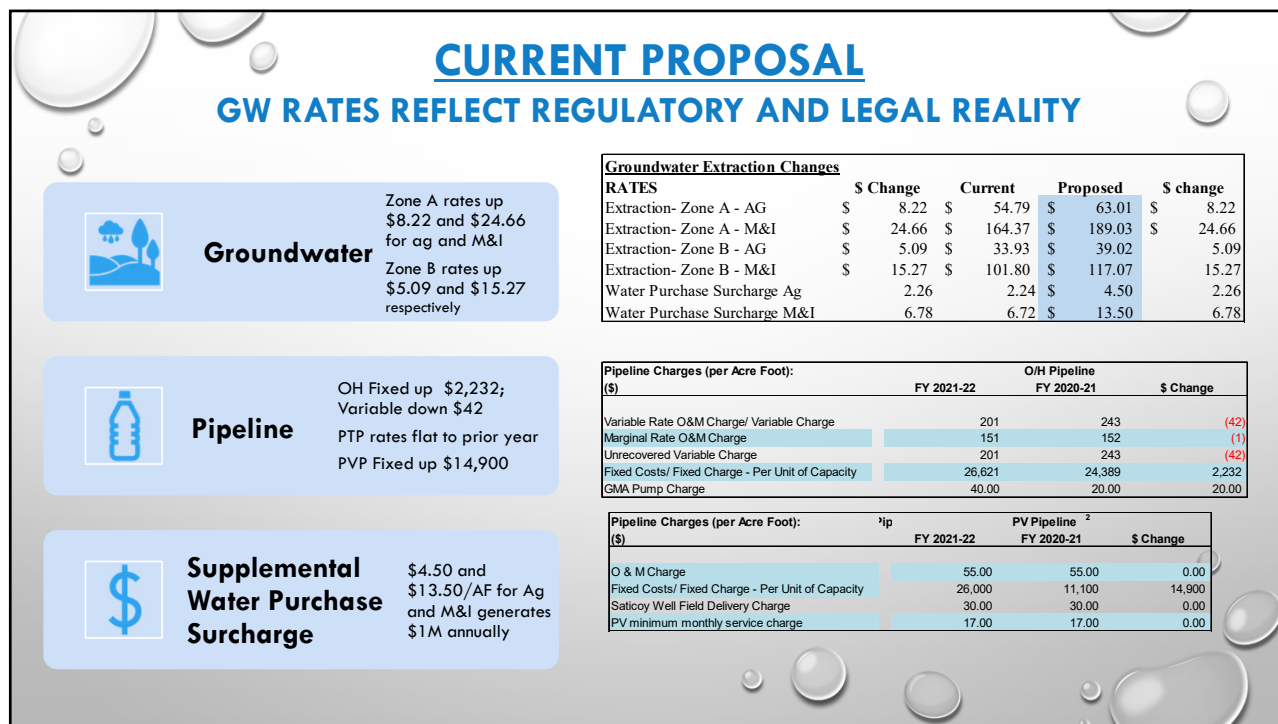
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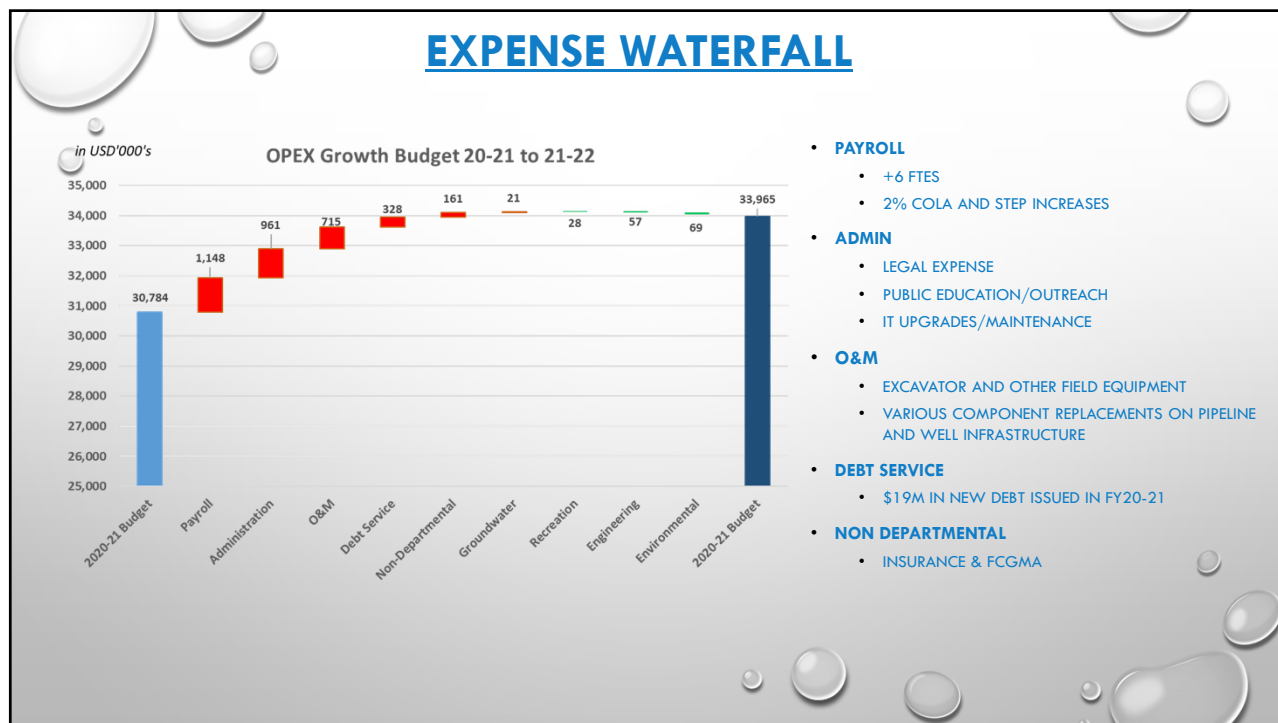
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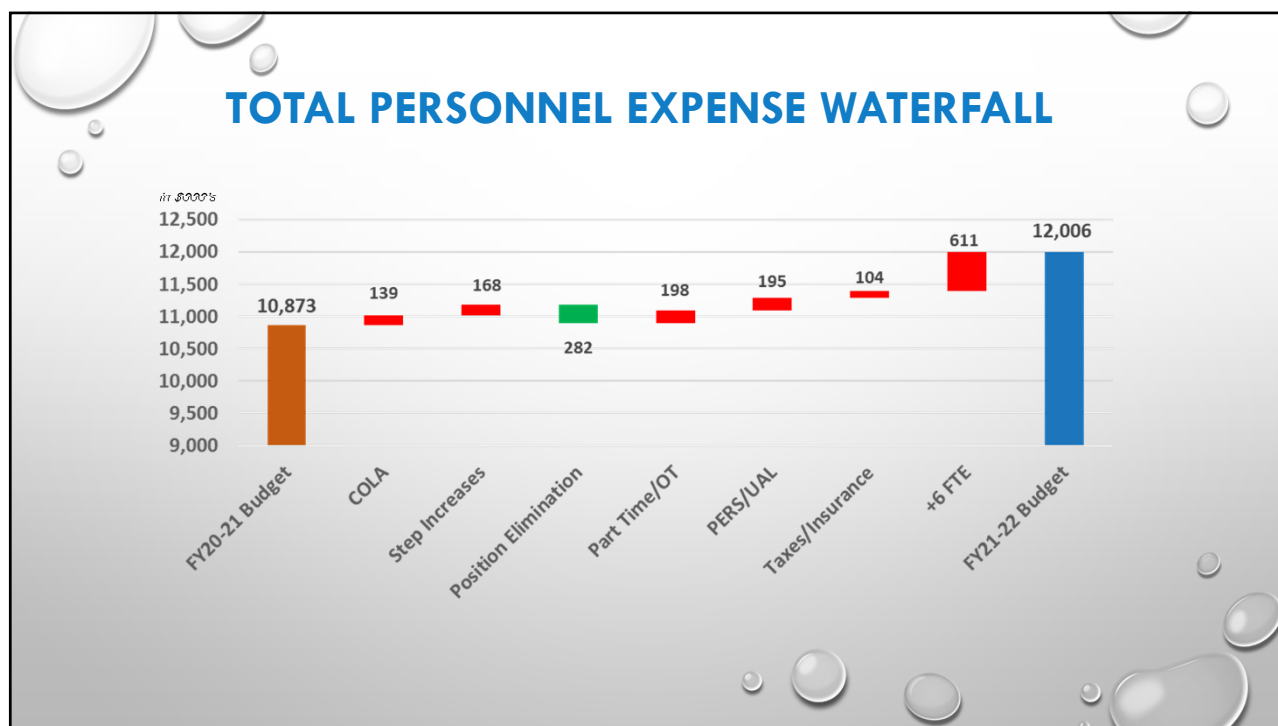
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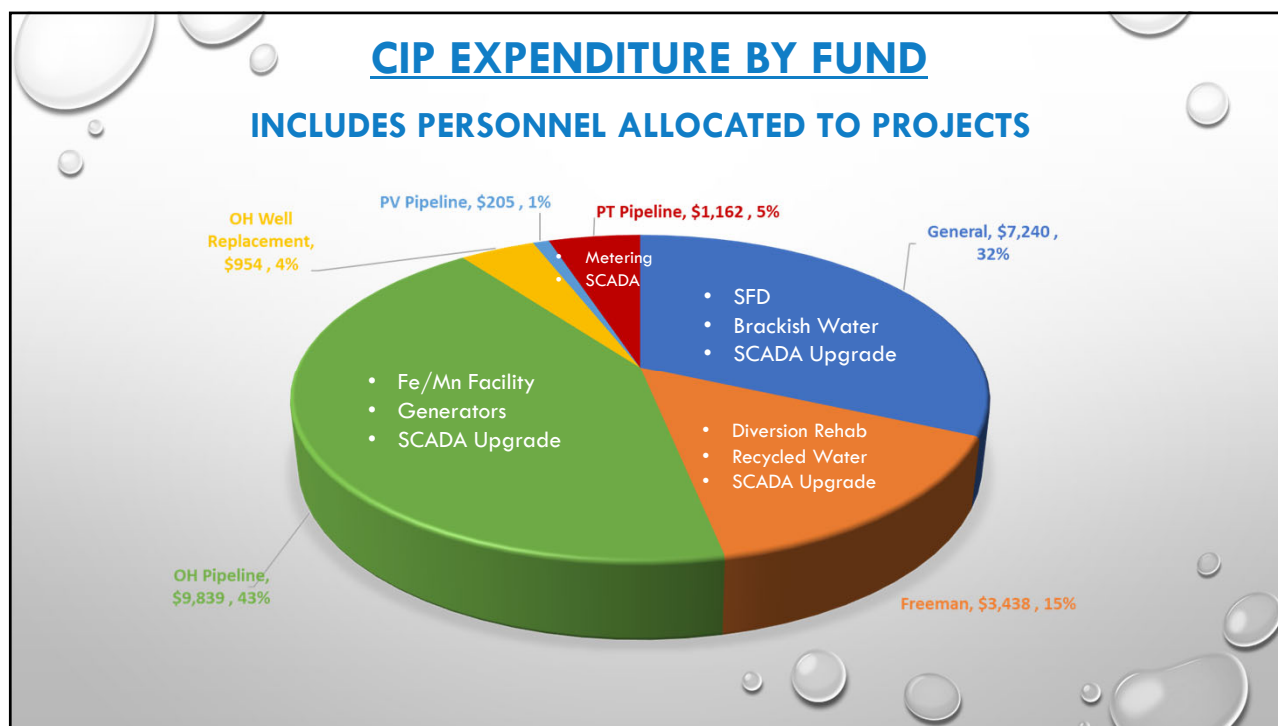
CIP EXPENDITURE BY PROJECT

INCLUDES PERSONNEL ALLOCATED TO PROJECTS

(\$ thousands)

Description	Prior Year Carryover	Budget FY 2021-22	Est FY2021-22 Spend	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-thereafter	Total Project Cost
OHP Iron and Manganese Treatment Removal	3,941	4,443	8,384	2,948	-	-	-	16,511
Freeman Diversion Rehab	2,451	671	3,122	1,050	9,700	-	106,400	129,238
SFD Outlet Works Rehab	477	1,504	1,981	1,480	1,230	16,035	32,070	57,836
SFD PMF Containment	386	894	1,280	2,205	1,010	750	39,275	49,433
Well Replacement Program	926	27	954	-	-	-	-	2,544
OH System Emergency Generator	(11)	876	865	-	-	-	-	1,133
Ferro-Rose Recharge	578	256	834	3,880	3,600	2,375	26,750	39,349
Coastal Brackish Water Treatment Plant	268	585	853	2,114	3,247	13,011	177,316	196,940
Lake Piru Improvements (Multiple Projects)	99	709	807	-	-	-	-	909
All Other Projects	1,649	1,322	2,972	777	2,131	-	-	9,662
TOTAL AMOUNT PER YEAR	11,409	11,427	22,837	14,454	20,918	32,171	381,811	505,002

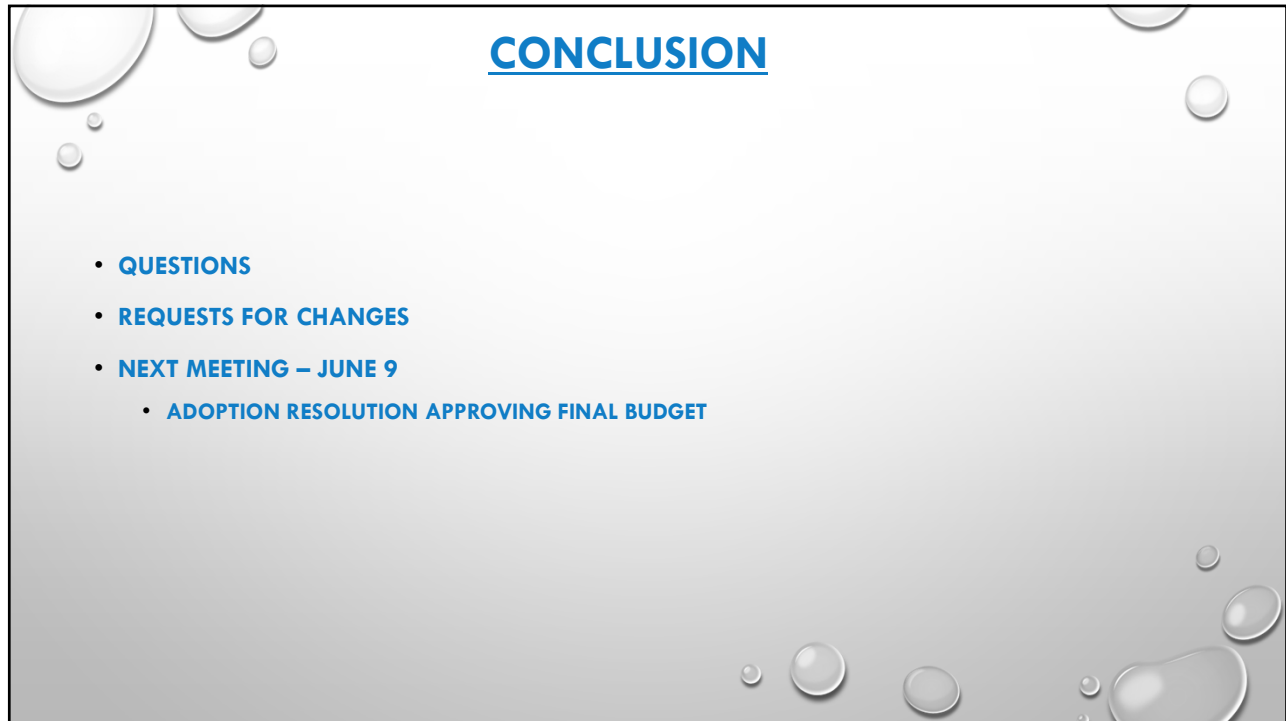
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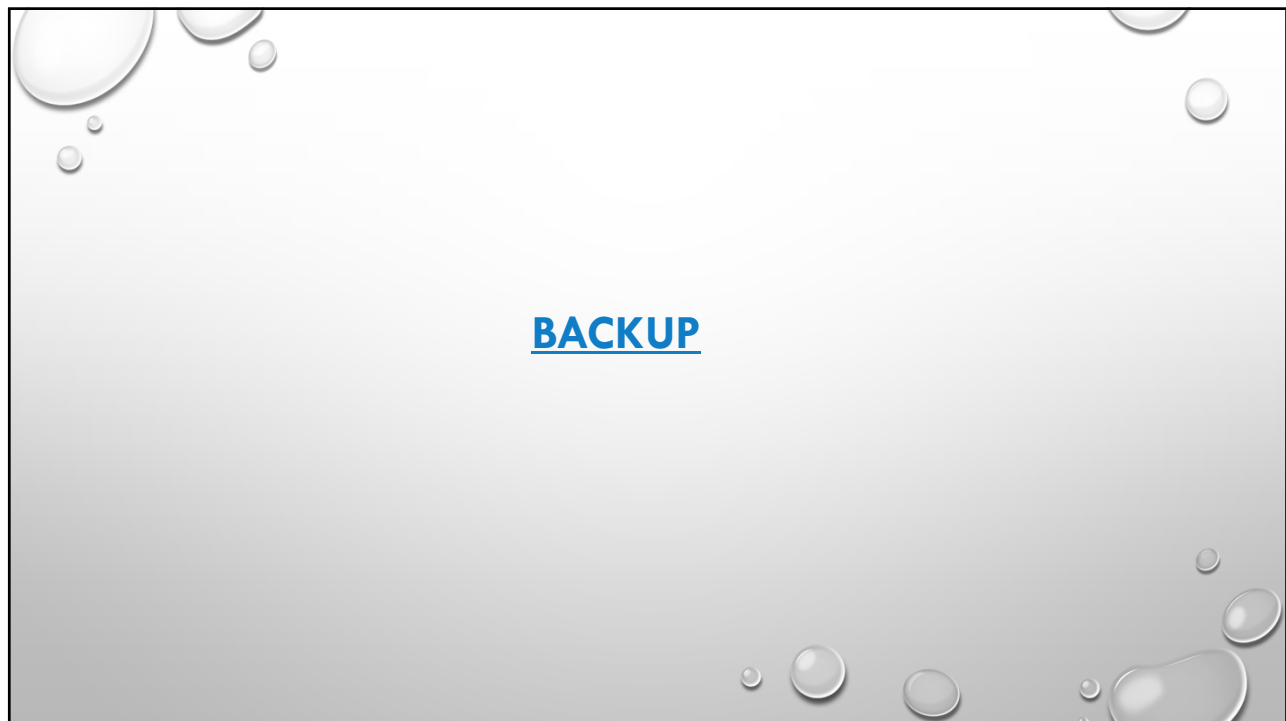
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- ### POLICY-CHANGE PROPOSALS
- **PRIMARY CHANGES—CLARIFICATION**
 - LIMITED AS MUCH AS POSSIBLE TO PRESCRIPTIVE POLICY STATEMENTS
 - REDUCED LENGTH OF POLICY MANUAL
 - **ALLOCATION OF LEGAL EXPENSE**
 - WISHTOYO-RELATED EXPENSE 75% WATER CONSERVATION/25% FREEMAN FUND
 - REPRESENTS CHANGE IN NATURE OF COMPLAINT
 - RETROACTIVE TO IMPLEMENTATION OF NOVEMBER 2018 ORDER
 - **RAISED PURCHASING AUTHORITY FOR CHIEF OF OPERATIONS AND CHIEF ENGINEER**
 - \$50K—BETTER SUPPORTS SIZE/SCOPE OF WORK
 - **CFO BUDGET TRANSFER AUTHORITY**
 - UP TO \$10K FOR OPERATIONAL EFFICIENCY

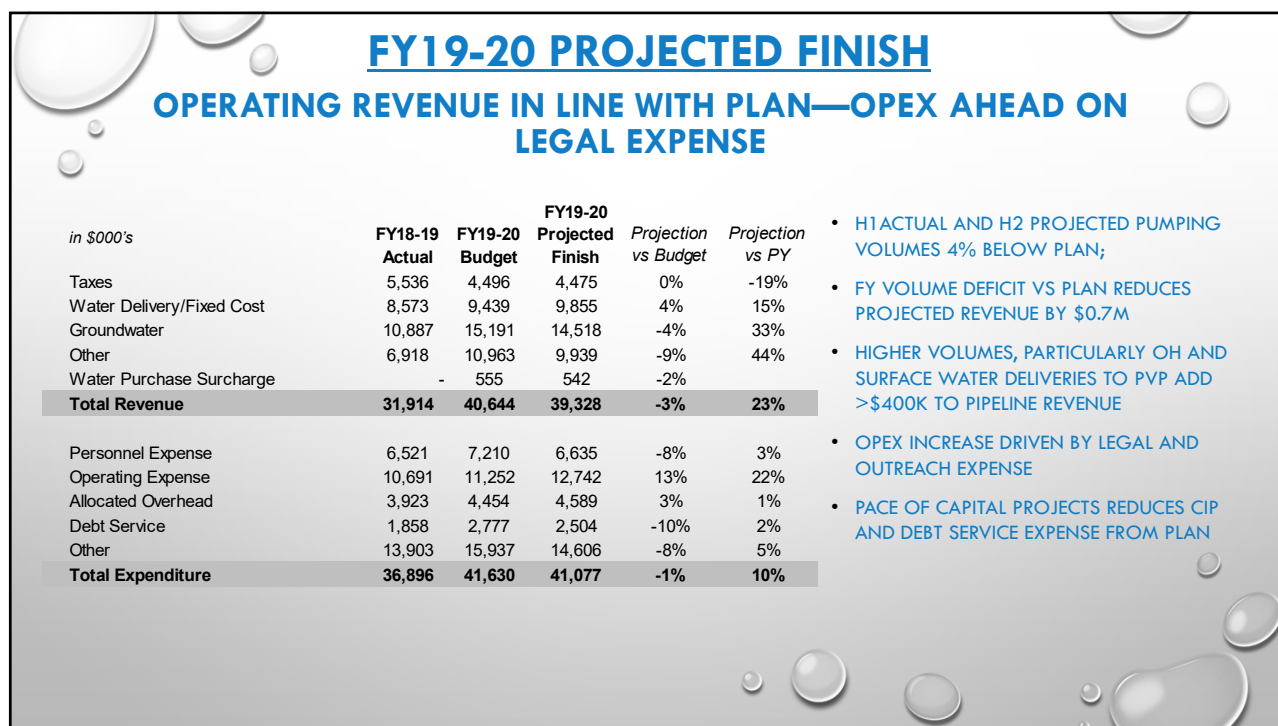
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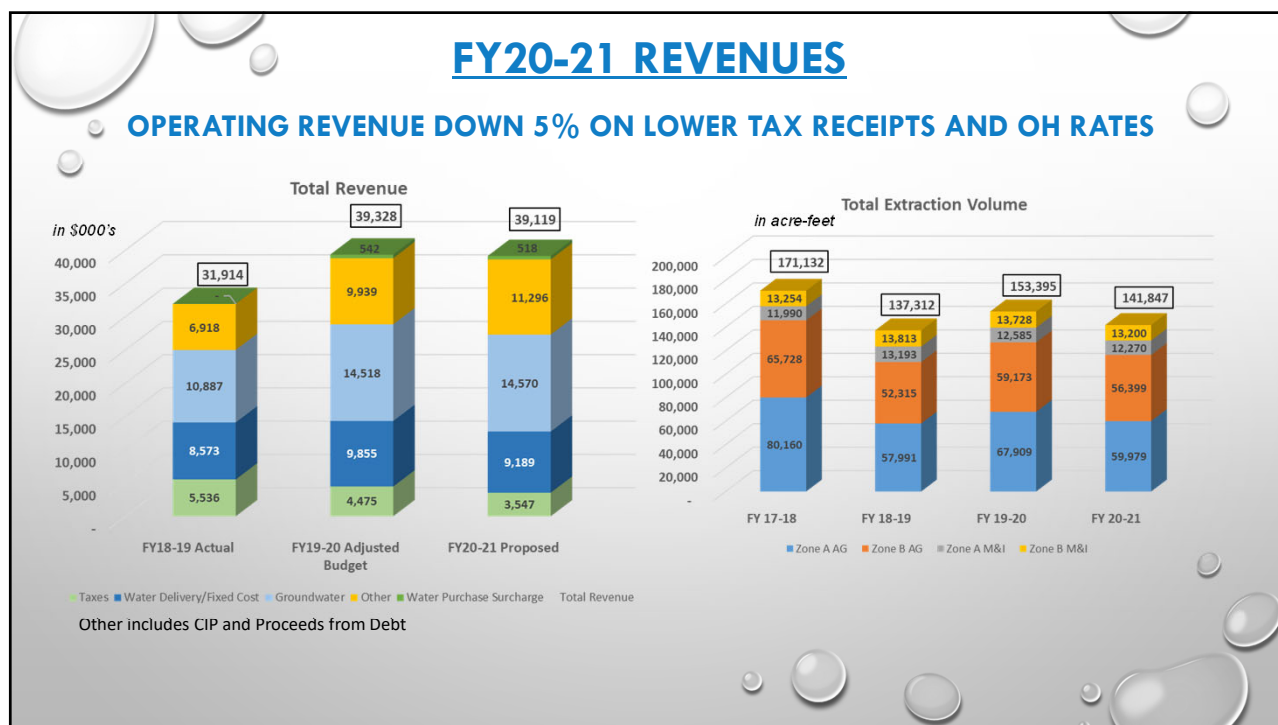
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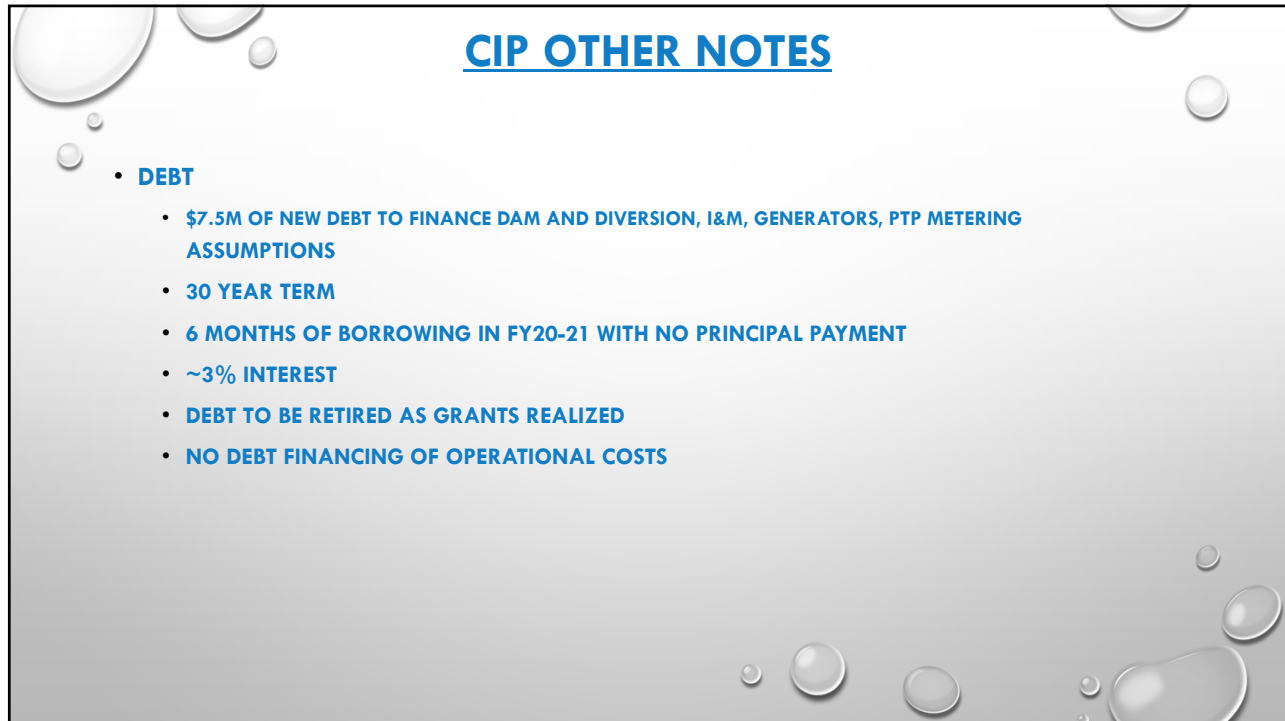
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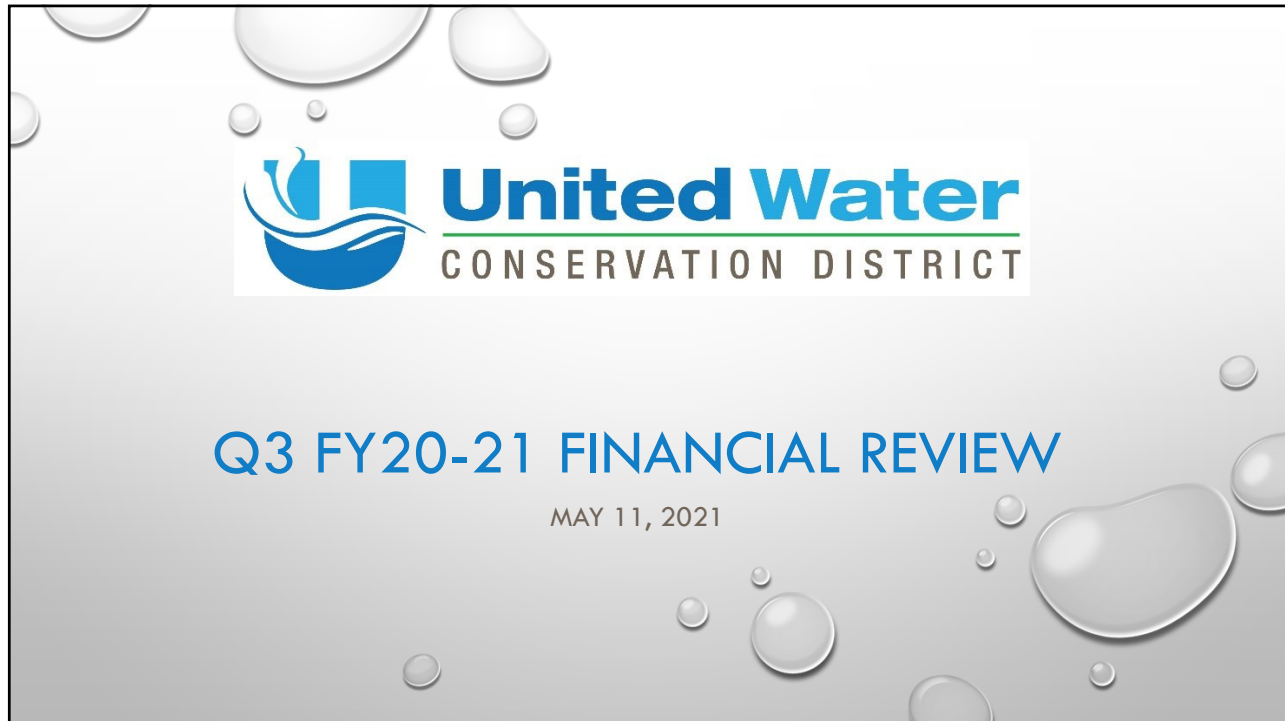


20



CIP OTHER NOTES

- **DEBT**
 - **\$7.5M OF NEW DEBT TO FINANCE DAM AND DIVERSION, I&M, GENERATORS, PTP METERING ASSUMPTIONS**
 - **30 YEAR TERM**
 - **6 MONTHS OF BORROWING IN FY20-21 WITH NO PRINCIPAL PAYMENT**
 - **~3% INTEREST**
 - **DEBT TO BE RETIRED AS GRANTS REALIZED**
 - **NO DEBT FINANCING OF OPERATIONAL COSTS**



1

Q3 HIGHLIGHTS

REVENUE AND OPEX ACTUALS CONTINUE FAVORABLE TO PLAN

REVENUE

- OPERATING REVENUE 25% AHEAD OF PLAN ON GW EXTRACTION AND PIPELINE DELIVERIES

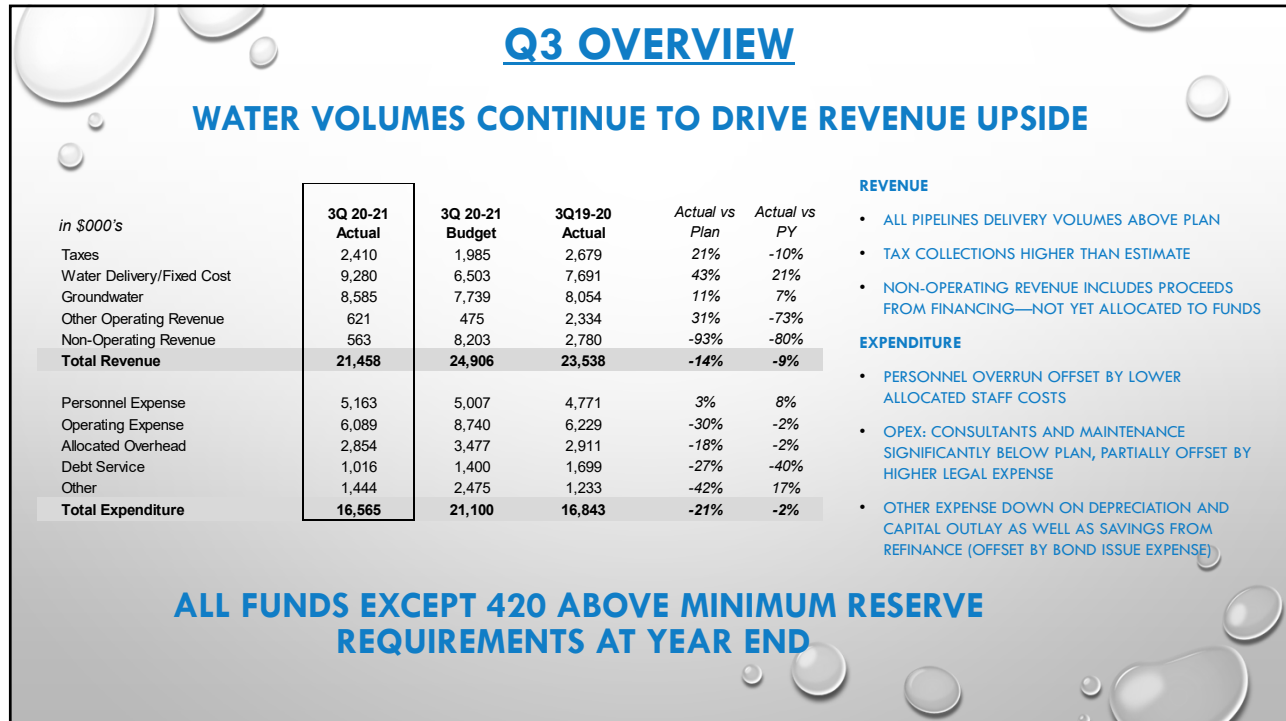
EXPENDITURE

- PERSONNEL SLIGHTLY BELOW PLAN ON VACANCIES
- PROFESSIONAL FEES, MAINTENANCE AND TRAVEL DRIVE UNDERRUN TO PLAN
 - PARTIALLY OFFSET BY HIGHER LEGAL FEES
- ALLOCATED OVERHEAD BELOW PLAN ON LOWER OPEX
- 38% OF APPROVED CIP SPENT YEAR TO DATE

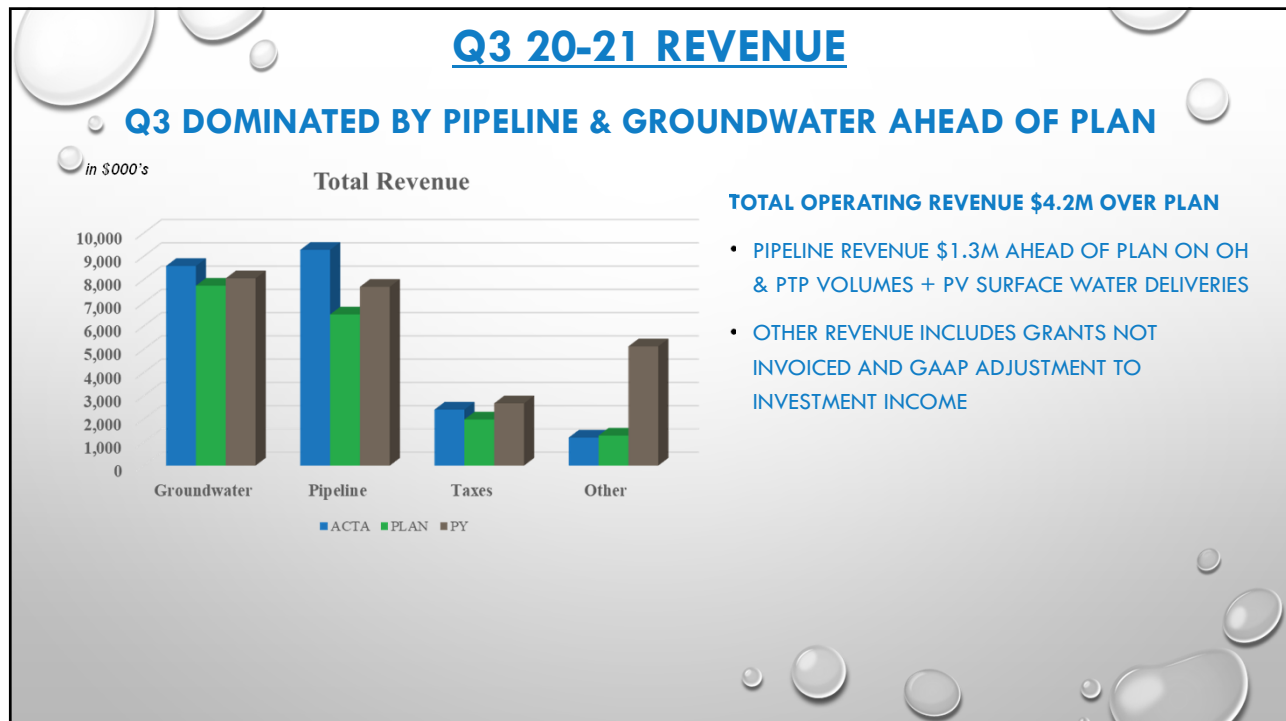
FUND BALANCE

- FREEMAN FUND BELOW MINIMUM BALANCE—PLAN FOR REMEDIATION IN DEVELOPMENT

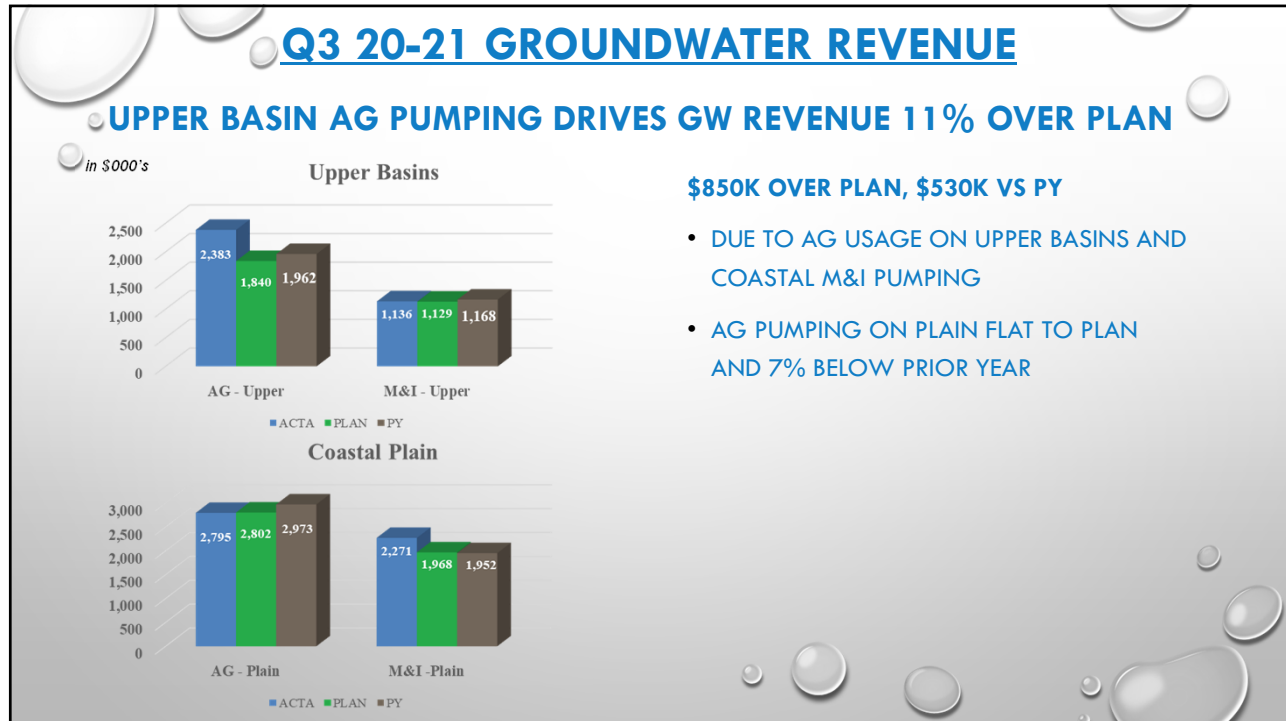
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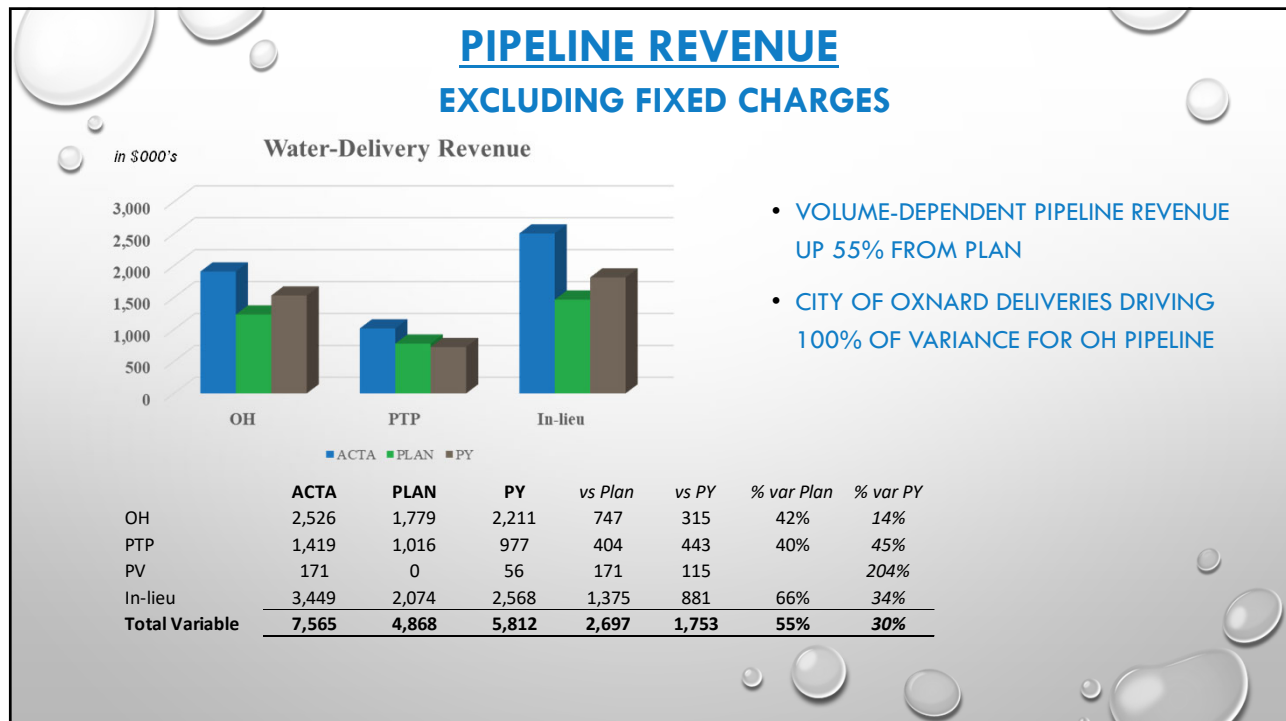
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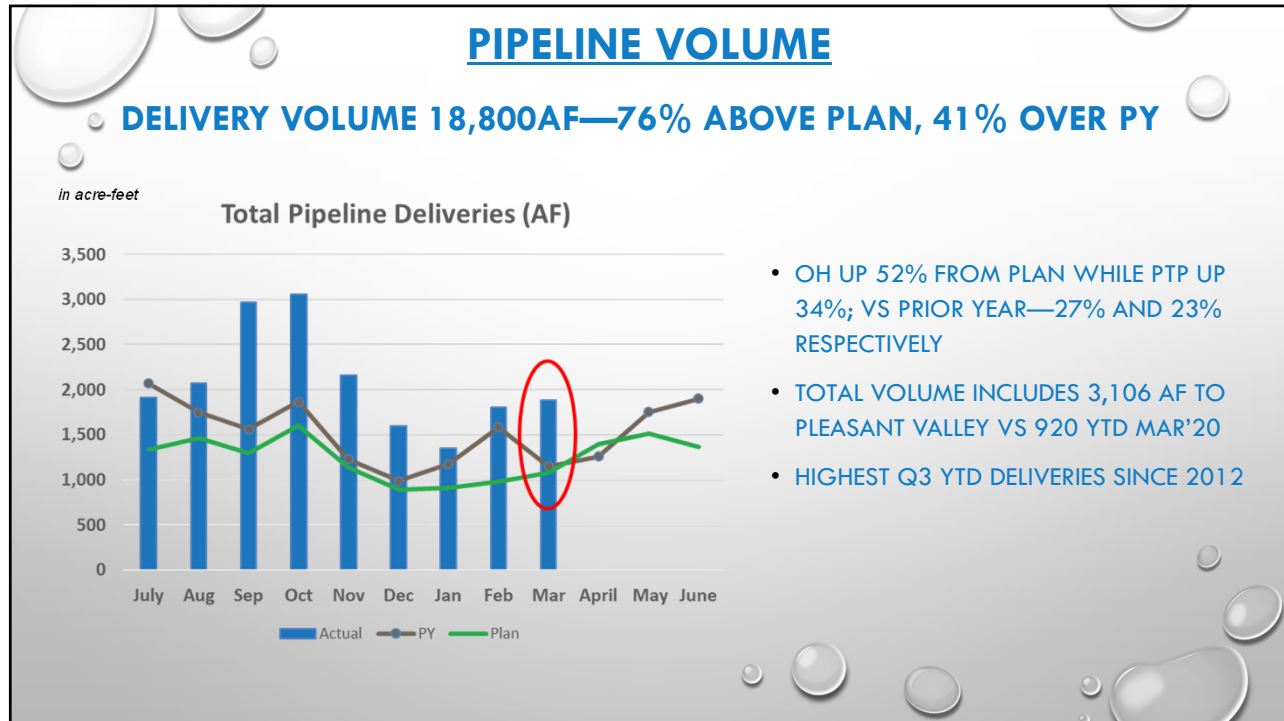
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PERSONNEL EXPENSES

\$250K (3%) BELOW PLAN, 7% OVER PY

	3Q 20-21 Actual	3Q 20-21 Budget	PY Actual	Var to Plan	%Var to Plan	Var to PY	%Var to PY
\$000's							
Regular Salary	4,792	4,987	4,565	-196	-4%	227	5%
Over-time Sal	124	82	120	42	52%	3	3%
Part-time Sal	167	185	131	-17	-9%	36	28%
Salaries	5,083	5,253	4,816	-171	-3%	267	6%
Retirement- Classic	1,256	1,293	1,106	-38	-3%	149	13%
Retirement - PEPR	155	158	136	-3	-2%	20	14%
Soc Sec/401a/457b	296	301	284	-5	-2%	12	4%
OPEB Expense	22	21	20	1	6%	2	9%
Retirement PEB Expense	29	0	26	29	-	3	11%
Medical Ins Exp - Coverage	539	660	541	-121	-18%	-2	0%
Medicare Expense	73	77	69	-4	-5%	4	6%
LTD	9	13	9	-4	-29%	1	6%
Life Insurance	15	20	16	-5	-24%	0	-3%
SUI Expense	13	14	14	-1	-7%	-1	-10%
Worker's Comp	193	123	111	70	57%	82	74%
Employee Benefits	2,599	2,679	2,331	-80	-3%	268	11%
Total Personnel Expense	7,682	7,932	7,147	-250	-3%	535	7%

- SALARIES SLIGHTLY UNDER PLAN DUE TO ELIMINATION OF POSITION AND VACANCIES
- OVERTIME AHEAD OF PLAN TO WEATHER/OTHER EVENTS
 - PRIMARILY SILT MANAGEMENT AT FREEMAN
 - Q3 OT AT PLAN

8

OPERATING EXPENSES

PROFESSIONAL FEES AND MAINTENANCE DRIVE PLAN UNDERRUN

	3Q 20-21	3Q 20-21	PY	Var to	%Var to	Var to	%Var to
\$000's	Actual	Budget	Actual	Plan	Plan	PY	PY
Prof. Fees - Environmental	264	687	788	-423	-62%	-524	-67%
Prof. Fees - Other	693	1,095	402	-402	-37%	291	72%
Profess Fees - Engineering	45	182	29	-137	-75%	16	54%
Prof. Fees - Financial	117	145	119	-28	-19%	-1	-1%
Prof Fees - GW, IT, HR	165	197	149	-33	-17%	16	11%
Professional Fees	1,284	2,306	1,487	-1,022	-44%	-203	-14%
Legal Fees	1,912	1,779	1,225	133	7%	687	56%
Utilities	1,016	1,096	900	-80	-7%	116	13%
Maintenance	476	1,162	593	-685	-59%	-117	-20%
Field Supplies	378	502	369	-125	-25%	8	2%
Insurance	346	355	249	-9	-3%	97	39%
Office Expenses	253	258	194	-5	-2%	58	30%
Miscellaneous	210	387	196	-178	-46%	14	7%
Travel, Meetings, Training	23	190	125	-167	-88%	-102	-81%
Gasoline, Diesel, Fuel	70	138	103	-68	-50%	-34	-33%
Fox Canyon GMA	92	155	144	-64	-41%	-52	-36%
Safety, Supplies, Clothing	52	64	38	-12	-19%	14	37%
Telephone	48	49	48	-1	-1%	0	0%
General Operating Expenses	2,963	4,357	2,960	-1,394	-32%	3	0%
State Water Import Costs	775	1,352	1,468	-578	-43%	-693	-47%
Total Operating Expenses	6,934	9,794	7,141	-2,860	-29%	-206	-3%

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

9

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	2,231	6,462	47%
OHP Iron and Manganese Treatment	4,165	5,180	1,015	146	1,161	4%
SFD Outlet Works Rehab	2,371	5,041	2,670	1,877	4,547	79%
SFD PMF Containment	2,307	4,914	2,607	1,918	4,525	83%
Well Replacement Program Well #18	958	1,590	632	487	1,119	51%
OH System Emergency Generator	909	909		293	293	32%
PTP Turnout Metering System	817	1,609	792	232	1,024	28%
Ferro-Rose Recharge	753	1,909	1,156	159	1,315	21%
Lower River Invasive Species Control	690	869	179	5	185	1%
SCADA Hardware Update	660	660		55	55	8%
Other	3,649	5,172	1,522	1,032	2,554	28%
Total	22,014	36,818	14,804	8,435	23,239	38%

10

<u>SUPPLEMENTAL WATER PURCHASE FUND</u>			
STATUS UPDATE			
	<u>REVENUE</u>	<u>EXPENSE</u>	<u>BALANCE</u>
BEGINNING BALANCE (06/30/20)			\$1,799K
INFLOWS			
SURCHARGE REVENUE (PIPELINE & GW)	\$372		
OUTFLOWS		\$166	
03/31 BALANCE			\$2,005