

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
Tuesday, February 8, 2022 – 9:00 A.M.
UWCD Headquarters, Board Room
1701 N. Lombard Street, Oxnard, CA 93030

COMMITTEE MEMBERS PRESENT:

Chair Sheldon G. Berger
Director Mohammed A. Hasan (substituting for Director Bruce Dandy)
Director Lynn E. Maulhardt

COMMITTEE MEMBERS ABSENT:

Director Bruce Dandy

STAFF PRESENT:

Mauricio E. Guardado, Jr., General Manager
Anthony Emmert, Assistant General Manager
Dr. Maryam Bral, Chief Engineer
Josh Perez, Chief Human Resources Officer
Brian Zahn, Chief Financial Officer
Zachary Plummer, Technology Systems Manager
Daryl Smith, Controller
Ambry Tibay, Senior Accountant
Jackie Lozano, Administrative Assistant

PUBLIC PRESENT:

None

OPEN SESSION 9:00 A.M.

As granted by Chair Berger, Director Maulhardt called the meeting to order at 9:00 A.M., and continued to lead the meeting.

Committee Members Roll Call

Chair Berger and Director Maulhardt were present. Director Hasan was substituting for Director Dandy.

1. Public Comment

Director Maulhardt asked if there were any public comments. None were offered.

2. Approval of the Agenda

Motion to approve the Committee meeting agenda, Director Berger; Second, Director Hasan. Voice vote, three ayes (Berger, Maulhardt, Hasan); none opposed. Motion carried, 3/0.



3. Approval of Minutes

The Committee received and reviewed the draft Committee meeting minutes of January 11, 2022. Motion to approve the Committee meeting minutes, Director Berger; Second, Director Maulhardt. Voice vote, two ayes (Berger, Maulhardt); none opposed; one absent (Dandy). Motion carried, 2/0/1.

4. February 9, 2022, Board Meeting Agenda Items

The Committee reviewed the following agenda items to be considered for approval at the February 9, 2022, Board of Directors meeting:

Agenda Item 2.9: Proposed Ordinance No. 26 - Consideration to Increase the Compensation of the Board of Directors

Board Motion

The Assistant General Manager Mr. Anthony Emmert summarized the agenda item for the Committee members, as outlined in the agenda packet. There was little discussion regarding the range of compensation. No public comments or questions were offered. No further comments or questions were offered by the Committee. Director Maulhardt stated that the Committee would recommend approval of the motion item to the full Board.

Agenda Item 3.F: Resolution 2022-07 Requesting an Amendment to the District's List of Authorized Signers on the District's Local Agency Investment Fund (LAIF) account with the California State Treasurer's Office

Board Motion

Controller Mr. Daryl Smith summarized the recommendation to the Committee members. No public comments or questions were offered. No comments or questions were offered by the Committee. Director Maulhardt stated the Committee would recommend approval of the motion item to the full Board.

Agenda Item 5.2: Approval of Application Fee for Consideration for Water Infrastructure Finance and Innovation Act (WIFIA) low interest loan (through the U.S. Environmental Protection Agency (EPA)) for the Santa Felicia Dam Safety Improvement Project

Board Motion

Chief Engineer Dr. Maryam Bral provided a presentation and overview of this this agenda item for the Committee (presentation attached). There was a question from Director Berger regarding the application fee. Dr. Bral doesn't believe that the fee is going to be included in the overall loan. It's a separate fee to pay for experts to review the application. Director Berger wondered if the fee could be covered by a loan. Dr. Bral said she believed it would not be likely, but would confirm.

No further comments or questions were offered by the Committee. No public comments or questions were offered. Director Maulhardt stated the Committee would recommend approval of the motion item to the full Board.



5. Second Quarter Fiscal Year 2021-2022 Financial Report (July 1, 2021 – December 31, 2021)
Information Item

Mr. Smith provided a presentation and summarized the second quarter fiscal year 2021-2022 financial report for the Committee members (presentation attached). There was discussion among the Committee and staff concerning legal billing, as shown on slide 8 of the presentation. Chair Berger was wondering why there was a delay of the December billing since it was not included in the total. Director Maulhardt also brought to staff's attention that *Legal Miscellaneous* was a large number and asked if it would be helpful to break down as to with whom the District was spending its legal funds. The Committee was unaware of what issues the District was paying for and due to the significance of the amount felt this needed to be addressed by providing additional detail. Director Hasan agreed.

Mr. Smith explained the process for review of legal bills and how it affects when they are paid and therefore when they are included in reports to the Committee. Internally, a legal invoice received for December 31 expenses would typically be reviewed and signed by February 1. An invoice does go through three to four people for review and approval before payment is made. The cost tracking items, agenda item 9, provides a breakdown of the legal fees. Mr. Smith posed a question to the Committee on whether it would be helpful for staff to break down the miscellaneous category into more detailed categories. After discussion, Director Berger suggested that the Committee would like to see a more detailed breakout of expenditures under the *Board Cost Tracking Items* worksheet.

No further comments or questions were offered by the Committee. No public comments were offered.

6. Second Quarter Fiscal Year 2021-2022 District Staff and Board Member Reimbursement Report (July 1, 2021 – December 31, 2021)
Information Item

The Committee members received and reviewed the expense reimbursement report for all reimbursements of business expenses to staff and board members for the second quarter of fiscal year 2021-2022, as presented in the Finance and Audit Committee agenda packet.

No comments or questions from the Committee. No public comments or questions were offered. No action was taken by the Committee.

7. Monthly Investment Report (January 2022)
Information Item

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

No comments or questions from the Committee. No public comments or questions were offered. No action was taken by the Committee.

8. Pipeline Delivery Report (January 2022)
Information Item

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



No comments or questions from the Committee. . No public comments or questions were offered.
No action was taken by the Committee

9. Board Requested Cost Tracking Items
Information Item

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 fiscal years; and
- e) motion items with a fiscal impact.

No comments or questions from the Committee. No public comments or questions were offered.
No action was taken by the Committee.

10. Monthly Administrative Services Update
Information Item

Financial updates for the month of January 2022 were provided to the Committee by Mr. Smith. Human Resources Manager Josh Perez presented updates on Administration, Human Resources, Risk Management, and Information Technology (presentation attached).

The Committee was pleased to hear of the increase of revenue at the Lake Piru Recreation Area. Staff mentioned it was attributed to an investment in public outreach, the fact that people are doing more outdoor recreational activities, and the efficiency levels increased with personnel at the lake. Mr. Perez mentioned more positive news to come with boat rentals returning to the lake as well as more inquiries being received from the filming industry.

The District's General Manager Mauricio Guardado, Jr., asked Mr. Perez to please share with the Committee members what the District had accomplished in-house with regards to safety and training. Mr. Perez highlighted that instead of sending District employees out for CPR, respiratory, or confined space training, the District sent Safety and Security Program Coordinator Mr. Tony Huynh to specialized courses so that he may provide in-house training to District employees. This was extremely cost effective and allowed for the training to be done at times most advantageous to District operations and personnel. It also eliminated the need to send employees offsite, saving in per diem costs and potentially overtime related costs in some instances. This is extremely positive for the District overall by saving the District thousands of dollars and being more efficient in ensuring the safety of its personnel which is always the District's core responsibility. In addition, the training provided always meets or exceeds the regulatory standards set by safety regulatory agencies and aligns with industry best practices.

When discussing Information Technology, there was a question by Director Hasan on the sensing equipment used by the District. Mr. Perez as well as the District's Technology Systems Manager Mr. Zachary Plummer provided a brief explanation and assessment on how the equipment works and image quality.



No further comments or questions from the Committee. No public comments or questions were offered.

11. Future Agenda Items

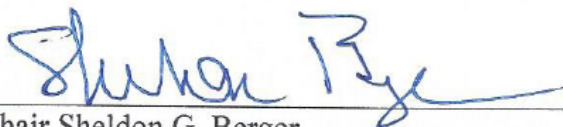
Chair Berger polled the Committee as to any future agenda items. None were offered. It was brought to the Committee members attention that a new Finance and Audit Committee meeting schedule had been proposed by now President Dandy. Going forward Finance Committee meetings would now be held nine days before every Regular Board meeting, which would allow time for modifications or adjustments to agenda items before being presenting to the Board.


ADJOURNMENT 10:04 A.M.

Chair Berger adjourned the meeting at 10:04 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 8, 2022.

ATTEST:


Chair Sheldon G. Berger



United Water

CONSERVATION DISTRICT

Approve Submission of an application to the United States Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) Loan Program and Authorize the General Manager to approve the estimated application fee of \$125,000 in support of the Santa Felicia Dam Safety Improvement Project

MOTION ITEM 5.2

ENGINEERING AND OPERATIONS DEPARTMENT

FEBRUARY 8, 2022

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WIFIA Key Terms and Conditions

✓ \$125,000 Loan Application

✓ \$62M maximum loan amount (equivalent to 49% of total project cost)

✓ Includes 20% contingency


✓ Loan amount subject to increase, if needed

✓ Spending full loan amount is not required

✓ Begin repayment five years after project completion date


✓ Interest does not accrue on unused funding

✓ Payment over 35 years




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Second Quarter Fiscal Year 2021-2022 Financial Review

FEBRUARY 8, 2022



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Highlights

REVENUE AND OPERATING EXPENSES ACTUALS CONTINUE FAVORABLE TO BUDGET

REVENUE

- Operating revenue 17% ahead of plan on pipeline deliveries
- No groundwater extraction fees have been collected through Q2

EXPENDITURE

- Personnel slightly below budget (7%) due in part to vacant staff positions in a number of departments
- Professional and legal fees, maintenance and utilities drive underrun to budget (\$2.0M)
 - Partially offset by higher insurance expense (\$554K)
- Allocated overhead below budget on lower operating expenses (\$336k)

FUND BALANCE


- Freeman Fund currently below minimum balance, however no groundwater revenue has been recorded as of 12/31/2021

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Overview

WATER VOLUMES CONTINUE TO DRIVE REVENUE UPSIDE



<i>in \$000's</i>	2Q 21-22 Actual	2Q 21-22 Budget	2Q 20-21 Actual
Taxes	3,438	2,564	2,078
Water Delivery/Fixed Cost	6,011	5,158	6,655
Groundwater	(61)	-	(18)
Other Operating Revenue	582	515	387
Non-Operating Revenue	1,138	1,232	206
Total Revenue	11,108	9,469	9,308
Personnel Expense	4,078	4,394	3,825
Operating Expense*	4,077	6,537	4,507
Allocated Overhead	2,118	2,454	1,844
Debt Service	294	1,102	1,094
Other	1,193	2,885	1,477
Total Expenditure	11,760	17,372	12,747

*Includes Depreciation

REVENUE

- Revenue is up \$853K despite the fact it does not include any groundwater extraction fees
- Tax revenue is up \$875K, 34% above budget and 65% above the prior year


EXPENDITURE

- Maintenance, Legal, Professional Fees and Utilities combined are below budget \$2.0M
- With depreciation included, total Operating Expense was \$5.6M favorable to budget

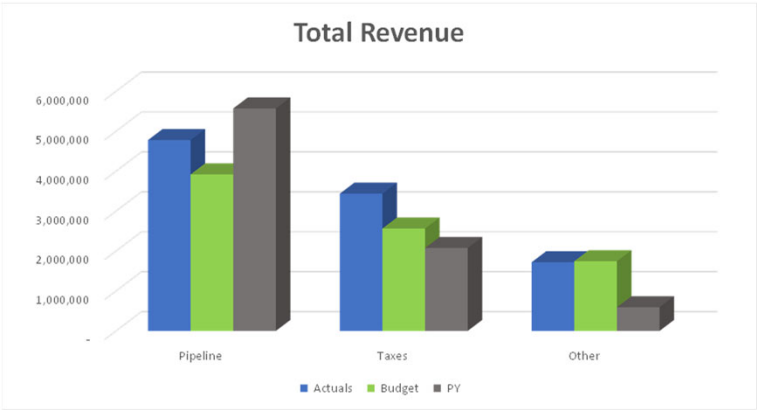
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Q2 2021-2022 Revenue

Q2 PIPELINE AND TAX REVENUE AHEAD OF BUDGET



Total Revenue

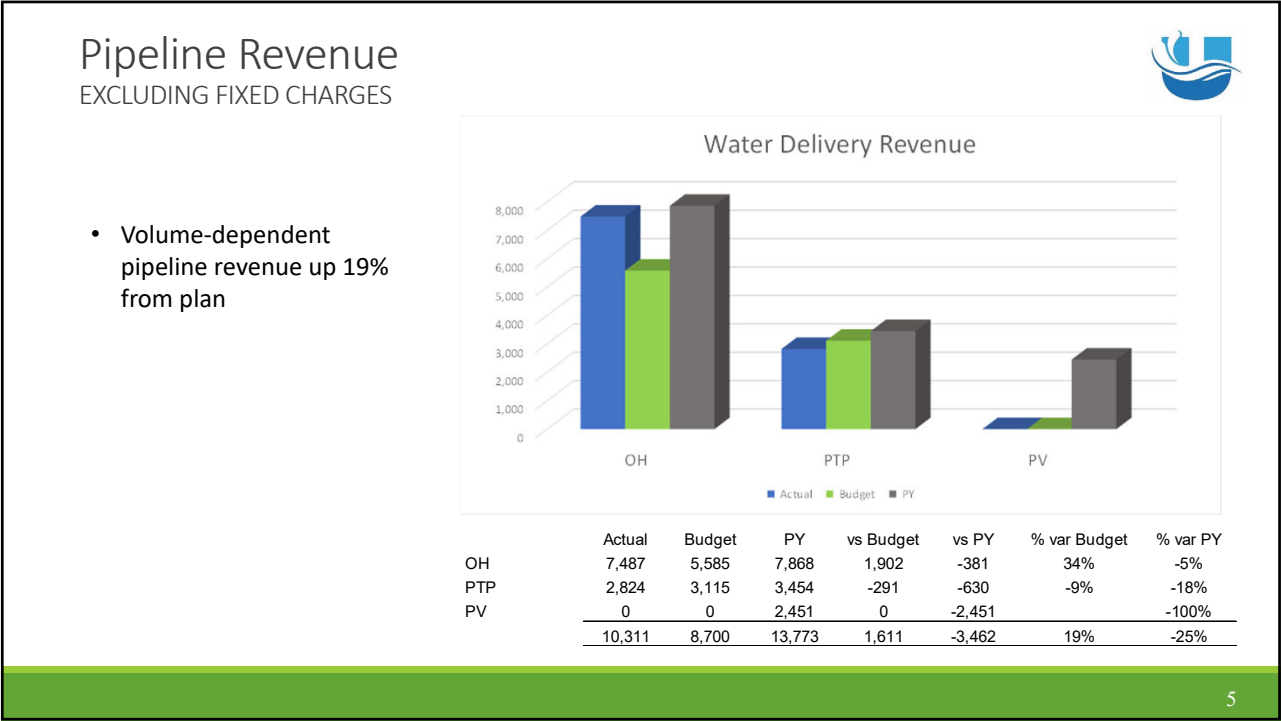


Category	Actuals	Budget	PY
Pipeline	~5,100,000	~4,200,000	~5,800,000
Taxes	~3,800,000	~2,800,000	~2,500,000
Other	~2,100,000	~2,100,000	~1,000,000

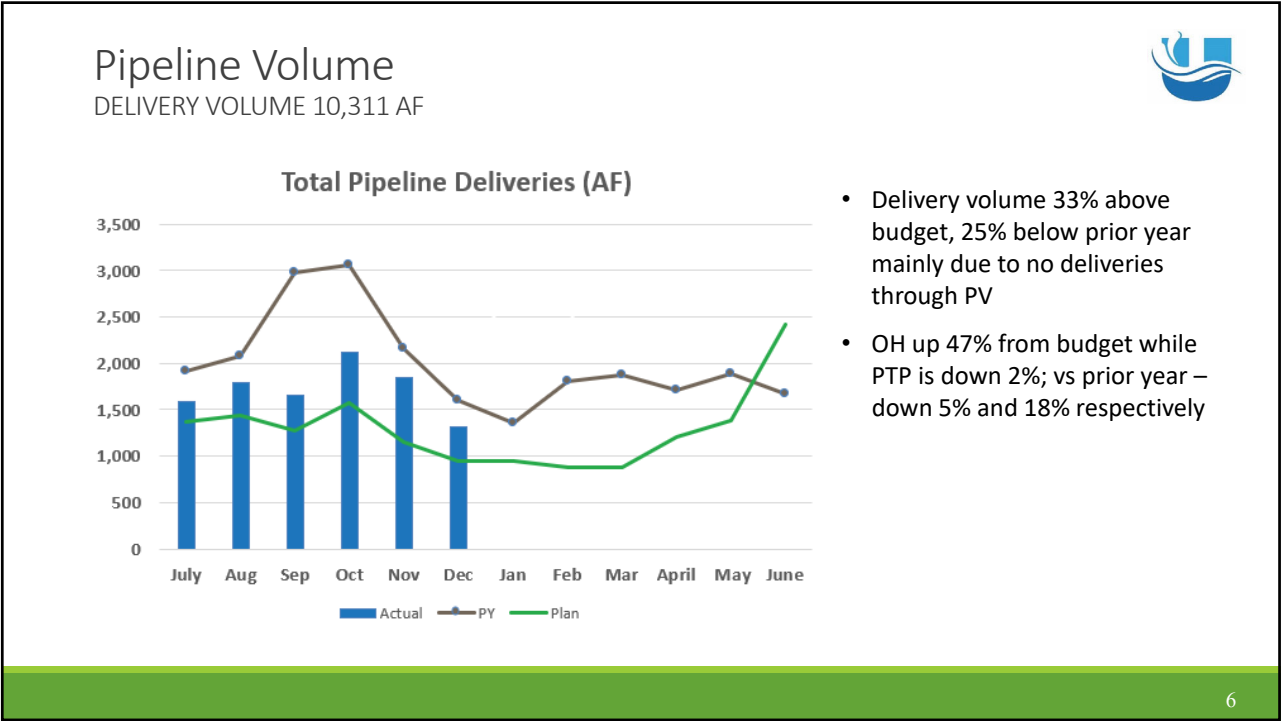
TOTAL OPERATING REVENUE \$4.9M OVER BUDGET

- Pipeline Revenue is \$940K above budget due to higher volumes delivered
- Tax revenue added to the revenue favorability as it was approximately \$875K above budget and \$1.3M above the prior year
- Other revenue is flat to budget; however, it is \$932K favorable to the prior year, mainly due to the increased revenues at Lake Piru

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UWCD Finance and Audit Committee Meeting
Item 5 2Q FY2021-2022 Financial Report

Personnel Expenses

\$316K 7% BELOW BUDGET, 7% OVER PREVIOUS YEAR



\$000's	2Q 21-22 Actual	2Q 21-22 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Regular Salary	2,202	2,340	2,079	-138	-6%	123	6%
Over-time Salary	55	85	77	-30	-35%	-22	-29%
Part-time	104	108	48	-4	-4%	56	117%
Salaries	2,361	2,533	2,204	-172	-7%	157	7%
Retirement- Classic	1,114	1,148	983	-34	-3%	131	13%
Retirement - PEPRA	71	62	58	9	15%	13	22%
Soc Sec/457b Expense	143	141	130	2	1%	13	10%
Medicare Expense	34	37	32	-3	-8%	2	6%
SUI Expense	1	8	1	-7	-88%	0	0%
Medical Ins Exp	249	356	222	-107	-30%	27	12%
LTD	1	5	2	-4	-80%	-1	-50%
Life Insurance	7	10	6	-3	-30%	1	17%
Worker's Comp Expens	97	94	95	3	3%	2	2%
OPEB	0	0	93	0	0%	-93	100%
Employee Benefits	1,717	1,861	1,622	-144	-8%	95	6%
Personnel Expenses	4,078	4,394	3,826	-316	-7%	252	7%

- Several positions in multiple departments are still vacant resulting in Regular Salaries being below budget by \$138K

- CalPERS benefits are under budget by \$25K and OT was under by \$30K

- Medical Insurance expense was below budget by \$107K, adding to the overall favorability

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Operating Expenses

PROFESSIONAL FEES AND MAINTENANCE DRIVE PLAN UNDERRUN



\$000's	2Q 21-22 Actual	2Q 21-22 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Profess Fees - Engineering	41	160	38	-119	-74%	3	8%
Prof. Fees - Environmental	168	714	173	-546	-76%	-5	-3%
Prof. Fees - IT consulting	1	60	21	-59	-98%	-20	-95%
Prof. Fees - GW Consulting	26	64	20	-38	-59%	6	30%
Prof. Fees - Other	154	420	391	-266	-63%	-237	-61%
Professional Fees	390	1,418	643	-1,028	-72%	-253	-39%
Legal Fees	978	1,299	1,255	-321	-25%	-277	-22%
Utilities	604	832	604	-228	-27%	0	0%
Maintenance	735	1,179	268	-444	-38%	467	174%
Field Supplies	151	246	172	-95	-39%	-21	-12%
Insurance	555	177	341	378	214%	214	63%
Office Expenses	50	99	57	-49	-49%	-7	-12%
Miscellaneous	1,174	2,772	2,789	-1,598	-58%	-1,615	-58%
Travel, Trainings and Meetings	26	86	3	-60	-70%	23	767%
Gasoline, Diesel, Fuel	94	93	46	1	1%	48	104%
Fox Canyon GMA	-176	314	92	-490	-156%	-268	-291%
Safety, supplies, clothing	31	41	32	-10	-24%	-1	100%
Telephone	3	20	6	-17	-85%	-3	-50%
General Operating Expenses	3,247	5,859	4,410	-2,612	-45%	-1,163	-26%
State Water Import Costs	489	901	440	-412	-46%	49	100%
Total Operating Expenses	5,104	9,477	6,748	-4,373	-46%	-1,644	-24%

- A combination of all Professional Fees are favorable to budget by \$1.0M, with a savings of \$546K in Environmental

- Miscellaneous is favorable to budget by \$1.6M and includes depreciation below budget by \$544K and Overhead that is below budget by \$336K.

- Legal fees are favorable to budget by \$321K and prior year by \$277K


- State Water import costs are favorable to budget by \$412K

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Top 10 Vendors

Excluding: SWP, Taxes, Debt Service, and CIP




Vendor	FY 21-22	FY 20-21	\$ Change
BUREAU OF RECLAMATION - REGION: LOWER COLORADO	\$ 1,458,537.60	\$ 31,080.00	\$ 1,427,457.60
SPECIAL DISTRICT RISK	\$ 1,091,646.35	\$ 474,560.22	\$ 617,086.13
QUINN COMPANY, INC	\$ 666,950.00	\$ 126,932.53	\$ 540,017.47
ATKINSON, ANDELSON, LOYA, RUUD AND ROMO	\$ 665,322.05	\$ 1,076,356.06	\$ (411,034.01)
THE DRALA PROJECT INC	\$ 614,744.41	\$ -	\$ 614,744.41
CASITAS MUNICIPAL WATER	\$ 566,878.24	\$ 605,825.08	\$ (38,946.84)
SO. CALIFORNIA EDISON	\$ 556,527.66	\$ 681,726.47	\$ (125,198.81)
R & B AUTOMATION, INC	\$ 497,388.81	\$ 2,988.34	\$ 494,400.47
OILFIELD ELECTRIC CO INC	\$ 364,020.30	\$ -	\$ 364,020.30
GEI CONSULTANTS, INC	\$ 223,528.24	\$ 1,627,560.03	\$ (1,404,031.79)
Top 10 Total	\$ 6,705,543.66	\$ 4,627,028.73	\$ 2,078,514.93

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Supplemental Water Purchase Fund

STATUS UPDATE



	<u>Revenue (\$000'S)</u>
Beginning Balance - July 1, 2021	\$1,600
REVENUES	
Surcharge Revenue	\$0
Water Delivery	\$108
LAIF Interest	\$0
EXPENDITURES	
2021 Carryover Water Purchase (2)	\$0
Ending Balance December 31, 2021	\$1,708

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United Water

CONSERVATION DISTRICT

United Water Conservation District shall manage, protect, conserve and enhance the water resources of the Santa Clara River, its tributaries and associated aquifers, in the most cost effective and environmentally balanced manner.

ADMINISTRATIVE SERVICES DEPARTMENT

DEC 2021 / JAN 2022
UPDATES

1



FINANCE DEPARTMENT UPDATE

CHIEF FINANCIAL OFFICER
BRIAN ZAHN

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UPCOMING BOARD MOTION ITEMS



Motion Number	Sponsor	Description/Summary	Budget Y/N	Funding Source	Cash Impact of Approval	Other Financial Impact
2.9	Administrative	Proposed Ordinance No. 26 – Consideration to increase the compensation of the Board of Directors	Y	District Wide	\$1,260	-
5.2	Engineering Department	Approval of application fee for consideration of a WIFIA low interest loan for the Santa Felicia Dam Safety Improvement Project	N	8002815 and 8003815	\$125,000	-
5.3	Engineering Department	Resolution 2022-06 Supporting the submission of the 2021 Sustainable SGM Grant Program application to DWR	-	-	\$0	-
5.4	Ops and Maintenance	Authorize an agreement amendment w- Bureau of Reclamation in support of Hardened Ramp physical modeling	N	710-27044	\$683,633	-
5.5	Ops and Maintenance	Authorize an agreement amendment w- Iowa Institute of Hydraulic Research in support of Vertical Slot physical modeling	N	710-27044	\$1,004,495	-
TOTAL					\$1,814 K	

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ACCOUNTS PAYABLE

430 payables processed with a total amount of \$2.1M



PAYROLL

- Paid 12 payroll-related vendors a total amount of \$519K
- Gross: \$854K
- Net: \$584K

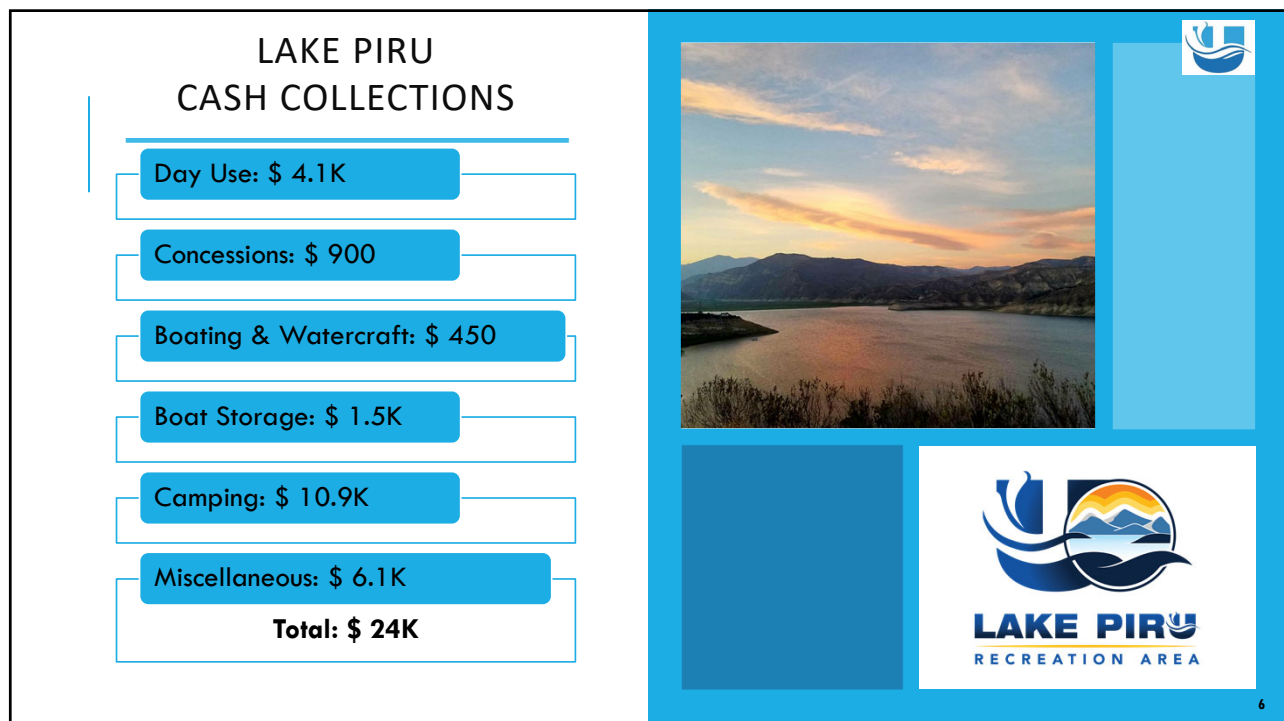


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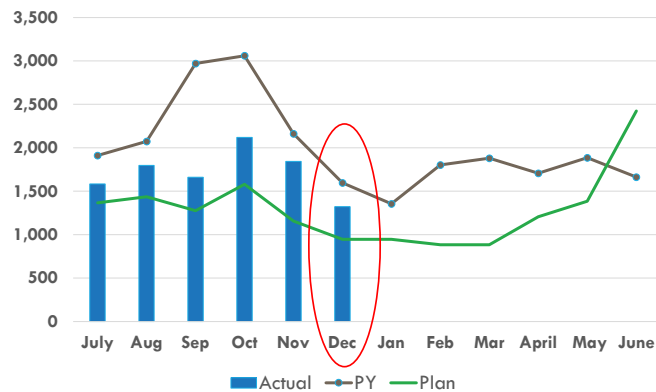
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DECEMBER 2021 PIPELINE

	\$ Billed	Actual AF	Plan AF	Variance
OH	\$759K	1,137	645	492
PT	\$136K	170	300	-130
PV	\$29K	0	0	0

- Year-to-date December deliveries 33% ahead of Plan and -9% below PY

Total Pipeline Deliveries (AF)



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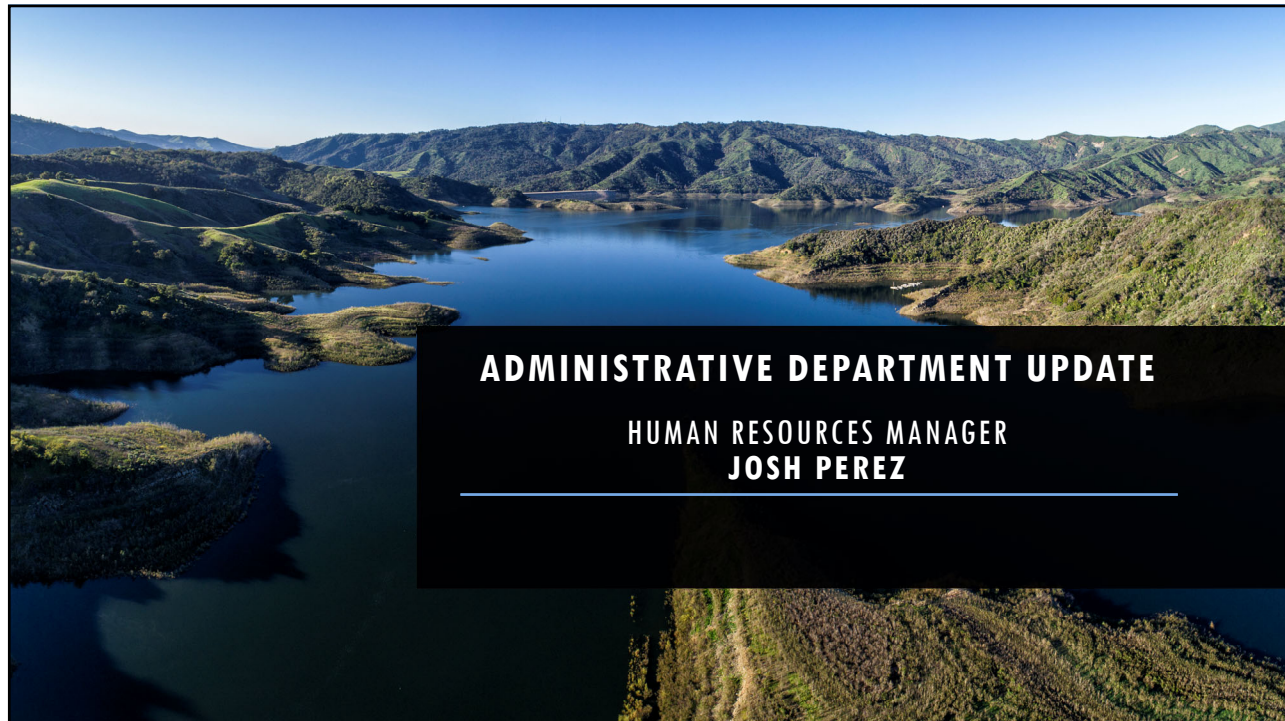
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Finance Department


- Held FY 2022-23 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 2021-22 spend.
- Continued to coordinate with auditors to complete the FY 2020-21 State Controller's Reports for UWCD and the GSAs.
- Completed final grant invoice for Brackish Water Treatment Plant.

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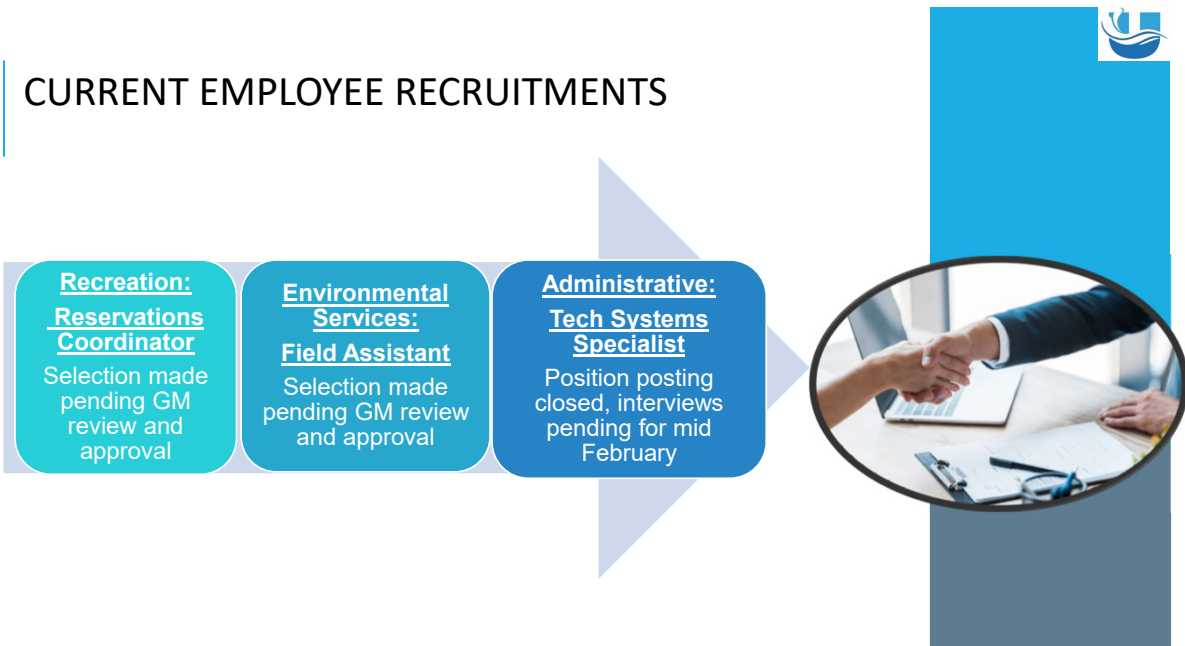


- Attended CSDA Annual Employment Law Update webinar.
- Processed 2021 1094C and 1095C for full-time employees as required by the IRS.
- Initiated SDRMA Annual Insurance Renewal submission.
- Successfully onboarded the Chief Financial Officer (started January 18).
- Continue to work on recruitments for following positions:
 - Environmental Services Field Technician interviews conducted, and selection made pending GM approval
 - Reservations Coordinator interviews conducted, and selection made pending GM approval
 - Technology Systems Specialist/Senior Technology Systems Specialist (close date 1/28)

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CURRENT EMPLOYEE RECRUITMENTS



Recreation:
Reservations
Coordinator
Selection made pending GM review and approval

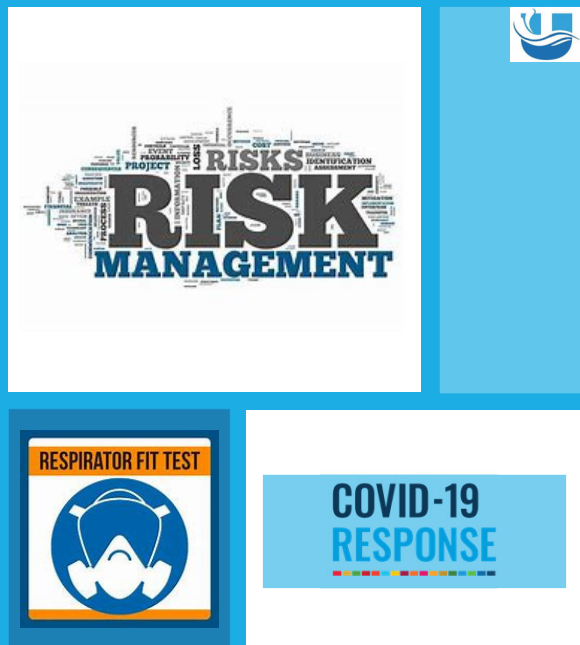
Environmental Services:
Field Assistant
Selection made pending GM review and approval

Administrative:
Tech Systems
Specialist
Position posting closed, interviews pending for mid February

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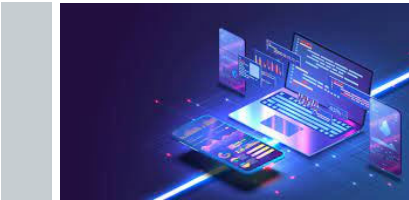
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- Prepared and posted OSHA 300A log by mandatory deadline.
- In monthly safety meeting, covered excavation and trenching safety along with COVID-19 updates for all staff in attendance.
- Advised and managed COVID-19 response efforts, including updating COVID Prevention Program Plan, communications, and procuring additional PPE and testing kits in coordination with COO Brian Collins.
- Researched and evaluated respirator fit testing equipment.
- Troubleshooted security system along with Technology Systems and the O&M Electrical and Instrumentation team.



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- Enabled equipment redundancy reducing likelihood of network interruptions due to failed hardware.
- Continued work on network upgrades and server upgrades.
- Acquired new laptops PC's.
- Purchased a new Xerox all-in-one printer which added additional printing capabilities at Oxnard HQ.
- Aided the Environmental Services staff with the development of a revised remote monitoring solution to enhance video monitoring of the Freeman fish passage.

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Future Agenda Items



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ADJOURNMENT

Thank you!

United Water Conservation District
"Conserving water since 1927"

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