

**MINUTES**  
**FINANCE AND AUDIT COMMITTEE MEETING**  
**Monday, May 2, 2022 – 8:30 a.m.**  
**UWCD Headquarters, Board Room**  
**1701 N. Lombard Street, Oxnard, CA 93030**

**COMMITTEE MEMBERS PRESENT:**

Chair Lynn E. Maulhardt  
Mohammed A. Hasan  
Sheldon G. Berger (joined meeting at 8:37 a.m.)

**STAFF PRESENT:**

Anthony Emmert, Assistant General Manager  
Josh Perez, Chief Human Resources Officer  
Brian Zahn, Chief Financial Officer  
Zachary Plummer, Technology Systems Manager  
Edward Reese, IT Systems Administrator  
Daryl Smith, Controller  
Ambry Tibay, Senior Accountant  
Jackie Lozano, Administrative Assistant

**PUBLIC PRESENT:**

None

**OPEN SESSION 8:30 a.m.**

Chair Lynn Maulhardt called the meeting to order at 8:30 a.m.

**Committee Members Roll Call**

The Clerk called roll. Chair Maulhardt as well as Director Hasan were present. Director Berger was absent.

**1. Public Comment**

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

**2. Approval of the Agenda**

Motion to approve the Committee meeting agenda, Director Hasan; Second, Director Maulhardt. Voice vote, two ayes (Hasan, Maulhardt); none opposed; one absent (Berger). Motion carried, 2/0/1.

**3. Approval of Minutes**

The Committee received and reviewed the draft Committee meeting minutes of April 4, 2022. Motion to approve the Committee meeting minutes, Director Hasan; Second, Director Maulhardt. Voice vote, two ayes (Maulhardt, Hasan); none opposed; one absent (Berger). Motion carried, 2/0/1.



**4. May 11, 2022, Board Meeting Agenda Items**

The Committee reviewed the following agenda item to be considered for approval at the May 11, 2022, Board of Directors meeting:

**4a. Agenda Item 3.E: Third Quarter FY 2021-2022 Financial Report and Budget Amendments (July 1, 2021 – March 31, 2022)**

**Board Motion**

The Committee received a report from staff as well as a presentation from Chief Financial Officer Brian Zahn on the FY 2021-2022 Third Quarter Financial Report for the period of July 1, 2021 through March 31, 2022. The presentation is attached for reference.

There was discussion among the Committee and staff on various topics such as groundwater irrigation productivities, District staffing, water conservation, and opinions of building and investing in water reserves. Director Hasan would like to know more about the water reserves and the investment strategy of the District. He requested staff's help to assist him to fully understand the details of the information provided. Mr. Zahn would follow-up with Director Hasan at the conclusion of the meeting.

There were comments and questions regarding the Supplemental Water Purchase Fund. Director Berger questioned if there were thoughts to leveling the fund or keeping the charge on. Also, if additional water becomes available in the future, what does United do on building reserves? Has the District put a cap on it to say this is as far as the District should go? Director Hasan mentioned because you can't predict the future, his feeling was the District should keep the money there and continue doing what its doing. If things change, the District should be able to jump in when water is available and felt the District was not at that point. He also mentioned staff would also need to factor in how much water the lake can take. Director Maulhardt agreed with Director Hasan to continue to monitor how the fund progresses. The Committee was in agreement to have Finance staff investigate the options if the District really wishes to set a limit and bring it back to the Committee for review and discussion.

The Committee would recommend approval of the Third Quarter FY 2021-2022 Financial Report and Budget Amendments (July 1, 2021 – March 31, 2022) to the full Board.

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

**4b. Agenda Item 5.2: FY 2022-23 Proposed Budget Workshop**

**Board Motion**

Mr. Zahn provided an overview of this motion item to the Committee. The Assistant General Manager Tony Emmert requested the Committee's approval and recommendation to the Board to host the budget workshop in conjunction with its Regular Board of Directors meeting on Wednesday, May 11, 2022. The Committee members were in agreement and would recommend this request to the full Board.

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



**5. Districts' Proposed Budget for Fiscal Year 2022-2023**

**Information Item**

Staff prepared and posted to the UWCD website the Districts' Proposed Budget for Fiscal Year 2022-2023. The document is available for viewing via this link-path: <https://www.unitedwater.org/wp-content/uploads/2022/04/UWCD-Proposed-Budget-Book-2022-23.pdf>. Director Maulhardt mentioned, the link on the staff report to the proposed Budget was inactive. The Clerk of the Committee Jackie Lozano would correct this error at the conclusion of the meeting.

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

**6. District Staff and Board Member Reimbursement Report**

**Information Item**

The Committee received and reviewed the expense reimbursement report for all reimbursements of business expenses to staff and Board members for the third quarter of FY 2021-2022.

There were 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 (March 2022)**

**Information Item**

The Committee members received and reviewed the monthly investment report as presented in the Finance and Audit Committee agenda packet. Director Hasan requested Finance staff's help with understanding the report. Mr. Zahn would meet with Director Hasan at the conclusion of the meeting.

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

**8. Pipeline Delivery Report (March 2022)**

**Information Item**

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

There were 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) summary of Board motion item(s) with fiscal impact.



There were 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 April 2022 were provided to the Committee by Mr. Zahn. Chief Human Resources Officer Josh Perez presented updates on Administration, Human Resources, Risk Management, and Information Technology (presentation attached).

Director Maulhart inquired to the timing of the audit process. Finance staff responded that the preliminary process starts in June 2022. Government code requires no more than five years with the same managing partner. Director Berger suggested, prior to the expiration of the auditor's term, to evaluate their performance (pros and cons). He would also like to hear from the firm before that time. Mr. Emmert provided that the firm is only committed to one year at a time, if staff feels a need to change firms. Director Berger appreciated the information provided from staff.

During updates on Risk Management, in particular the new AED installed in the Board Room, Director Maulhardt would like to see a directional sign added to the wall which would clearly display the location in an emergency. Mr. Perez expressed his appreciation for the suggestion.

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

## 11. **Future Agenda Items**

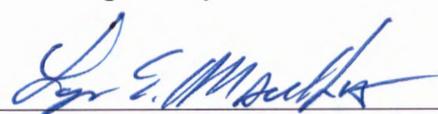
Chair Maulhardt polled the Committee as to any future agenda items. Director Hasan would appreciate a report from the Committee on the efforts or ways of reducing the legal fees. He also mentioned there were many costs that were looked at but would like to focus on legal fees. It was mentioned by Finance staff that two months ago legal fees were discussed in detail. The Committee would find, on the next budget cycle, that the legal fees would be cut in half due to the end of one of the lawsuits. Director Hasan was pleased with that news. Mr. Zahn was in agreement to discuss ways of keeping the costs down on legal fees.

No further agenda items were brought forward from the Committee.

### **ADJOURNMENT 9:31 a.m.**

Chair Maulhardt adjourned the meeting at 9:31 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 2, 2022.

ATTEST:  \_\_\_\_\_  
Chair Lynn E. Maulhardt



# Third Quarter Fiscal Year 2021-2022 Financial Review

MAY 2, 2022



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## Highlights

REVENUE AND OPERATING EXPENSES ACTUALS CONTINUE FAVORABLE TO BUDGET



### REVENUE

- Total operating revenue is approximately \$1.8M or 8% ahead of budget
- Pipeline revenues are favorable to budget by approximately \$1.6M or 22%
- Groundwater extraction fees are below budget by approximately \$1.0M or -11%

### EXPENDITURE

- Personnel expenses are slightly below budget (-8%) due in part to vacant staff positions in a couple of departments
- Professional and legal fees, maintenance and utilities drive underrun to budget (\$2.9M); however, an additional (\$1.6M) in the miscellaneous account attributable to principal reductions adds to the favorability
- Allocated overhead below budget on lower operating expenses (\$336k)

### FUND BALANCE

- OH Pipeline Fund currently below minimum balance, however, the is performing better than budgeted and a surplus is projected for 6/30/2022

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## Overview

WATER VOLUMES CONTINUE TO DRIVE REVENUE UPSIDE

<i>in \$000's</i>	3Q 21-22 Actual	3Q 21-22 Budget	3Q 20-21 Actual
Taxes	3,634	2,795	2,410
Water Delivery/Fixed Cost	9,065	7,423	9,193
Groundwater	8,847	9,888	8,585
Other Operating Revenue	2,139	1,847	422
Non-Operating Revenue	805	718	580
<b>Total Revenue</b>	<b>24,490</b>	<b>22,671</b>	<b>21,190</b>
Personnel Expense	7,799	8,425	7,342
Operating Expense*	8,714	14,005	8,212
Allocated Overhead	3,185	3,682	2,854
Debt Service	858	857	995
Other	708	2,347	500
<b>Total Expenditure</b>	<b>21,264</b>	<b>29,316</b>	<b>19,903</b>

\*Includes Depreciation

### REVENUE

- Revenue is up \$1.8M, despite the fact that groundwater extraction fees are \$1.0M (-11%) below budget
- Tax revenue is up \$839K, 30% above budget and 51% above the prior year

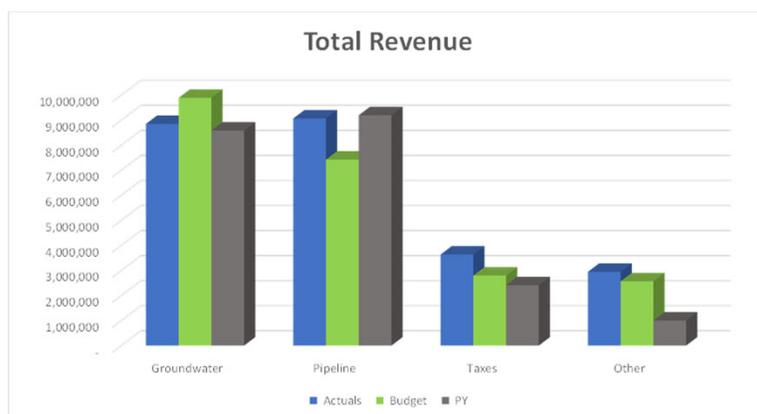
### EXPENDITURE

- Maintenance, Legal, Professional Fees and Utilities combined are below budget \$2.9M
- With depreciation included, total Operating Expense was \$5.9M favorable to budget



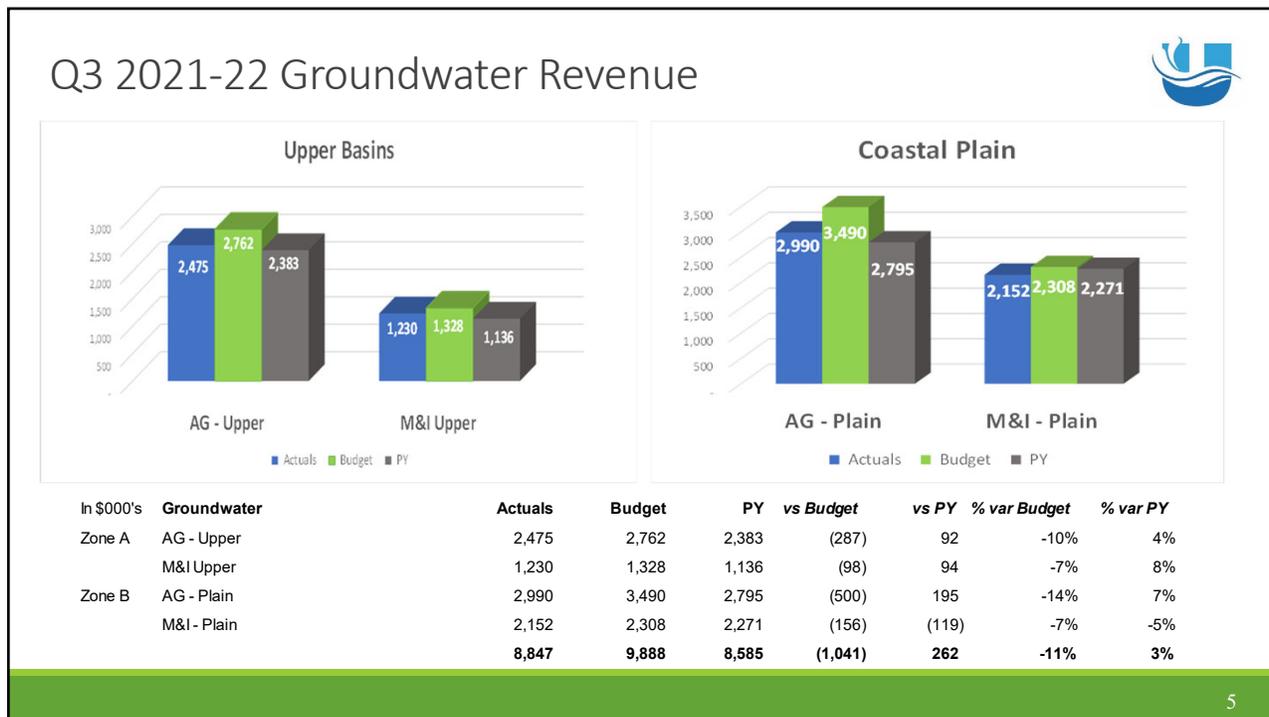
## Q3 2021-2022 Revenue

Q3 PIPELINE AND TAX REVENUE AHEAD OF BUDGET

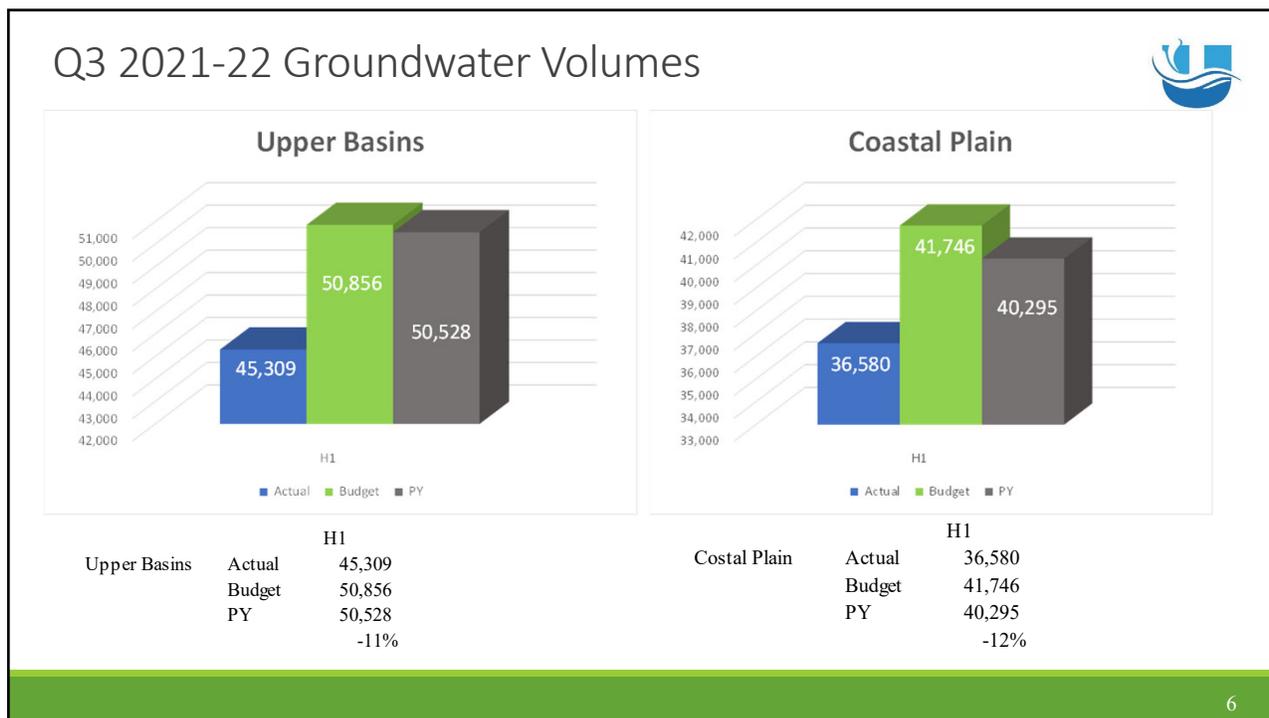


### TOTAL OPERATING REVENUE \$1.8M OVER BUDGET

- Pipeline Revenue is \$1.6M above budget due to higher volumes delivered
- Tax revenue added to the revenue favorability as it was approximately \$840K above budget and \$1.2M above the prior year
- Other revenue is slightly higher than budget, \$379K; however, it is \$1.9M favorable to the prior year, in part due to the increased revenues at Lake Piru and state grants



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## Top-10 Groundwater Pumpers AG



Customer Name	FY 21-22	FY 20-21	% Change
FARMERS IRRIGATION CO,	5,392	6,051	-11%
PLEASANT VALLEY CO WTR,	4,831	2,246	115%
FILLMORE FISH HATCHERY,	4,194	3,293	27%
SESPE AGRICULTURAL WATER,	2,752	3,860	-29%
REITER BROTHERS INC,	2,370	2,669	-11%
DUDA FARM FRESH FOODS INC	2,283	2,675	-15%
SOUTHLAND SOD FARMS,	2,040	2,736	-25%
DEL NORTE WATER COMPANY,	1,180	1,440	-18%
ALTA MUTUAL WATER CO,	1,147	1,434	-20%
NAUMANN RANCH,	959	1,040	-8%
<b>Top 10 Total</b>	<b>27,148</b>	<b>27,443</b>	<b>6%</b>
<b>% of Billed AF</b>	<b>40%</b>	<b>36%</b>	

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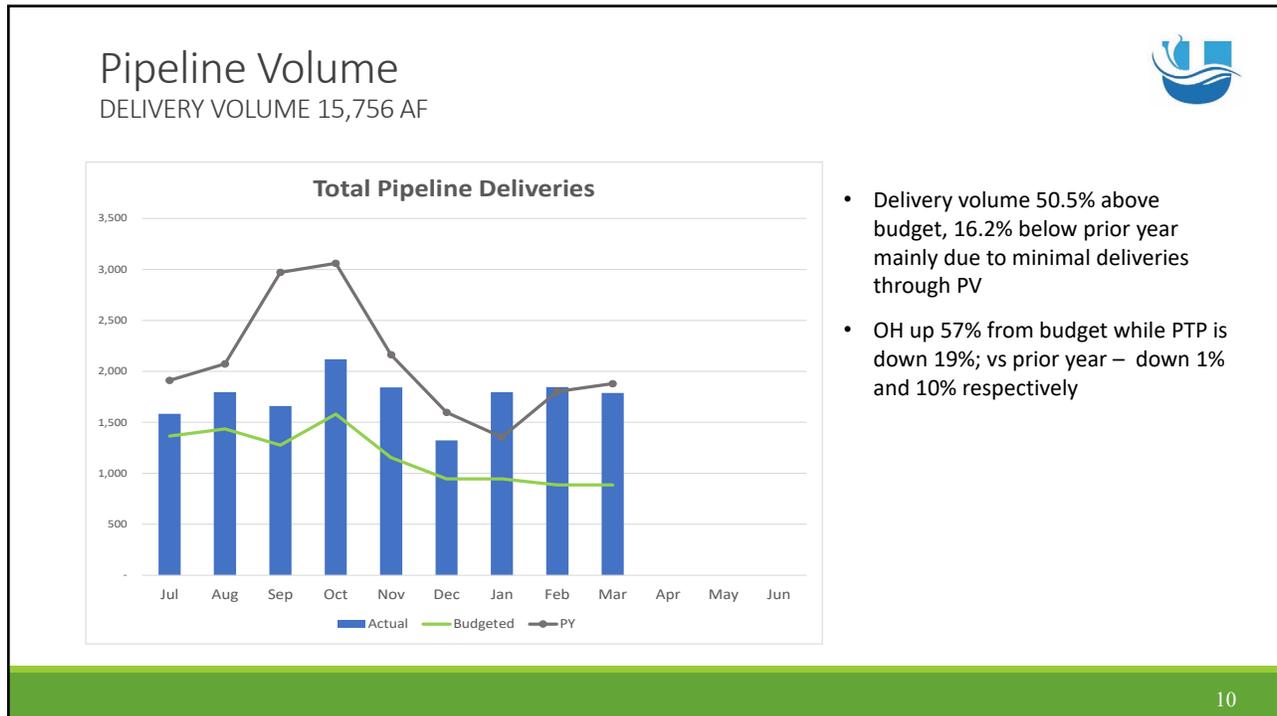
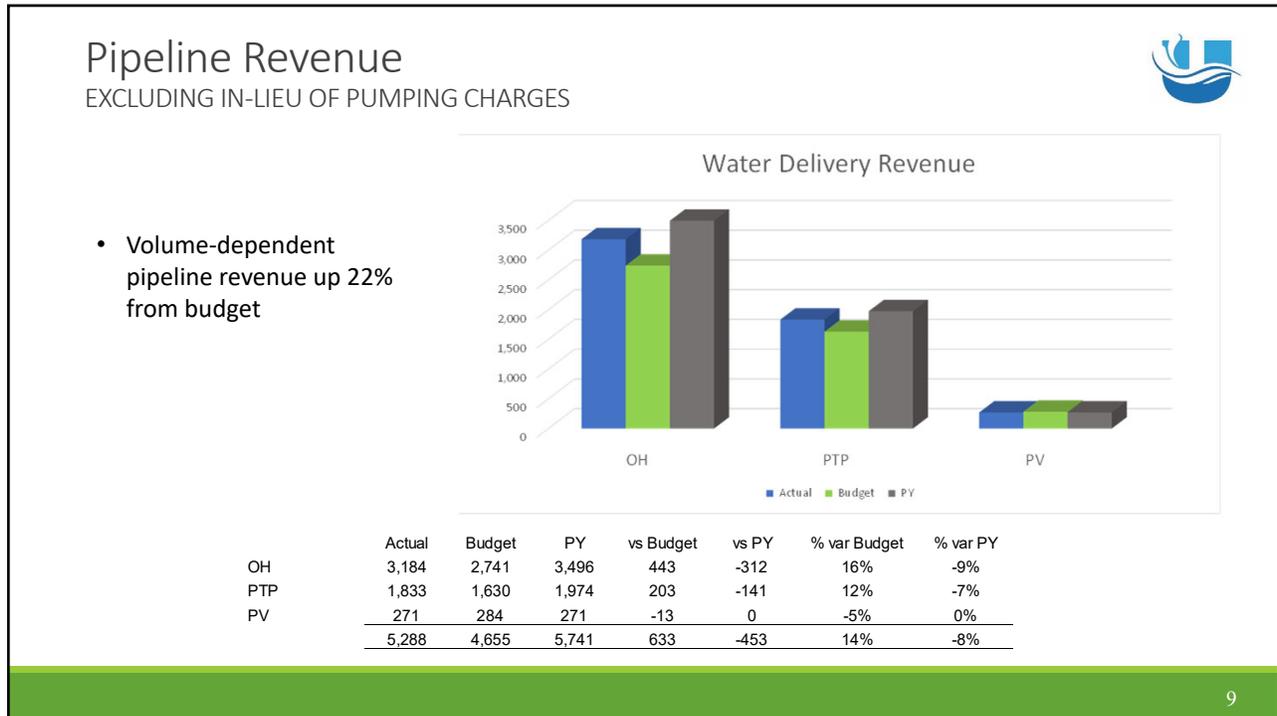
## Top-10 Groundwater Pumpers M&I



Customer Name	FY 21-22	FY 20-21	% Change
SAN BUENAVENTURA, CITY OF	4,932	4,885	1%
OXNARD - WTR DIV, CITY OF	2,329	4,351	-46%
SANTA PAULA, CITY OF	2,235	2,369	-6%
FILLMORE, CITY OF	1,160	1,131	3%
CAMARILLO (A/P), CITY OF	761	456	67%
RIVER RIDGE GOLF COURSE	361	407	-11%
WARRING WATER SERVICE,	283	254	11%
STERLING HILLS GOLF CLUB,	189	167	13%
BOSKOVICH FARMS INC,	121	152	-21%
CALIFORNIA AMERICAN WATER	112	128	-13%
<b>Top 10 Total</b>	<b>12,481</b>	<b>14,299</b>	<b>-2%</b>
<b>% of Billed AF</b>	<b>92%</b>	<b>92%</b>	

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## Personnel Expenses

\$399K 7% BELOW BUDGET, 7% OVER PREVIOUS YEAR



\$000's	3Q 21-22 Actual	3Q 21-22 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Regular Salary	4,747	5,072	4,449	-325	-6%	298	7%
Over-time Salary	96	143	120	-47	-33%	-24	-20%
Part-time	240	267	166	-27	-10%	74	45%
<b>Salaries</b>	<b>5,083</b>	<b>5,482</b>	<b>4,735</b>	<b>-399</b>	<b>-7%</b>	<b>348</b>	<b>7%</b>
Retirement- Classic	1,370	1,461	1,226	-91	-6%	144	12%
Retirement - PEPRA	154	158	140	-4	-3%	14	10%
Soc Sec/457b Expense	316	317	289	-1	0%	27	9%
Medicare Expense	73	82	68	-9	-11%	5	7%
SUI Expense	10	16	12	-6	-38%	-2	-17%
Medical Ins Exp	537	700	502	-163	-23%	35	7%
LTD	13	12	9	1	8%	4	44%
Life Insurance	15	20	14	-5	-25%	1	7%
Worker's Comp Expens	182	154	176	28	18%	6	3%
OPEB	46	23	171	23	100%	-125	100%
<b>Employee Benefits</b>	<b>2,716</b>	<b>2,943</b>	<b>2,607</b>	<b>-227</b>	<b>-8%</b>	<b>109</b>	<b>4%</b>
<b>Personnel Expenses</b>	<b>7,799</b>	<b>8,425</b>	<b>7,342</b>	<b>-626</b>	<b>-7%</b>	<b>457</b>	<b>6%</b>

- Several positions in a couple departments are still or were vacant resulting in Regular Salaries being below budget by \$325K.
- CalPERS benefits are under budget by \$91K.
- Medical Insurance expense was below budget by \$163K, adding to the overall favorability.

## Operating Expenses

PROFESSIONAL FEES AND MAINTENANCE DRIVE PLAN UNDERRUN



\$000's	3Q 21-22 Actual	3Q 21-22 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Profess Fees - Engineering	54	244	45	-190	-78%	9	20%
Prof. Fees - Environmental	452	1,071	276	-619	-58%	176	64%
Prof. Fees - IT consulting	25	122	48	-97	-80%	-23	-48%
Prof. Fees - GW Consulting	26	96	22	-70	-73%	4	18%
Prof. Fees - Other	531	1,300	906	-769	-59%	-375	-41%
<b>Professional Fees</b>	<b>1,088</b>	<b>2,833</b>	<b>1,297</b>	<b>-1,745</b>	<b>-62%</b>	<b>-209</b>	<b>-16%</b>
<b>Legal Fees</b>	<b>1,798</b>	<b>2,165</b>	<b>1,912</b>	<b>-367</b>	<b>-17%</b>	<b>-114</b>	<b>-6%</b>
Utilities	1,248	1,309	1,014	-61	-5%	234	23%
Maintenance	1,032	1,758	576	-726	-41%	456	79%
Field Supplies	266	398	279	-132	-33%	-13	-5%
Insurance	558	268	346	290	108%	212	61%
Office Expenses	284	393	255	-109	-28%	29	11%
Miscellaneous	2,292	3,901	2,246	-1,609	-41%	46	2%
Travel, Trainings and Meetings	64	193	23	-129	-67%	41	178%
Gasoline, Diesel, Fuel	130	150	71	-20	-13%	59	83%
Fox Canyon GMA	-176	472	92	-648	-137%	-268	-291%
Safety, supplies, clothing	81	100	52	-19	-19%	29	100%
Telephone	49	65	49	-16	-25%	0	0%
<b>General Operating Expenses</b>	<b>5,828</b>	<b>9,007</b>	<b>5,003</b>	<b>-3,179</b>	<b>-35%</b>	<b>825</b>	<b>16%</b>
<b>State Water Import Costs</b>	<b>827</b>	<b>1,435</b>	<b>940</b>	<b>-608</b>	<b>-42%</b>	<b>-113</b>	<b>100%</b>
<b>Total Operating Expenses</b>	<b>9,541</b>	<b>15,440</b>	<b>9,152</b>	<b>-5,899</b>	<b>-38%</b>	<b>389</b>	<b>4%</b>

- A combination of all Professional Fees are favorable to budget by \$1.7M, with a savings of \$619K in Environmental and \$190K in Engineering
- Miscellaneous is favorable to budget by \$1.6M and includes depreciation below budget by \$747K as well as \$1.4M in principal reduction in the budget
- Legal fees are favorable to budget by \$367K and prior year by \$114K
- State Water import costs are favorable to budget by \$608K



## Top 10 Vendors

Excluding: SWP, Taxes, Debt Service, and CIP

Vendor	FY 21-22	FY 20-21	\$ Change
ATKINSON, ANDELSON, LOYA, RUUD AND ROMO	\$ 1,923,191.78	\$ 1,586,291.13	\$ 336,900.65
SO. CALIFORNIA EDISON	\$ 1,852,298.86	\$ 1,054,900.10	\$ 797,398.76
GEI CONSULTANTS, INC	\$ 1,530,157.12	\$ 2,205,231.38	\$ (675,074.26)
BUREAU OF RECLAMATION - REGION: LOWER COLORADO	\$ 1,350,583.00	\$ 631,080.00	\$ 719,503.00
GSE CONSTRUCTION COMPANY INC	\$ 876,356.00	\$ -	\$ 876,356.00
UNIVERSITY OF IOWA	\$ 835,457.29	\$ -	\$ 835,457.29
OILFIELD ELECTRIC CO INC	\$ 747,154.98	\$ 1,052.00	\$ 746,102.98
QUINN COMPANY, INC	\$ 732,149.06	\$ 127,892.55	\$ 604,256.51
SPECIAL DISTRICT RISK	\$ 562,301.64	\$ 477,879.47	\$ 84,422.17
THE DRALA PROJECT INC	\$ 364,020.30	\$ -	\$ 364,020.30
Top 10 Total	\$ 10,773,670.03	\$ 6,084,326.63	\$ 4,689,343.40

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## Supplemental Water Purchase Fund STATUS UPDATE

<b>Beginning Balance - July 1, 2021</b>	<u><b>Revenue (\$000'S)</b></u> <b>\$1,600</b>
<b>REVENUES</b>	
<b>Surcharge Revenue</b>	<b>\$494</b>
<b>Water Delivery</b>	<b>\$161</b>
<b>LAIF Interest</b>	<b>-\$1</b>
<b>EXPENDITURES</b>	
<b>2021 Carryover Water Purchase</b>	<b>\$0</b>
<b>Ending Balance March 31, 2022</b>	<b>\$2,254</b>

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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

MAR-APR 2022  
UPDATES

1



**FINANCIAL UPDATE**

CHIEF FINANCIAL OFFICER  
**BRIAN H. ZAHN**

2

### CASH COLLECTIONS

Pipeline: \$ 1.4M
Groundwater: \$ 155K
Property Tax: \$ 19K
Rent: \$ 13K
Miscellaneous: \$ 73K
<b>Total: \$ 1.6M</b>



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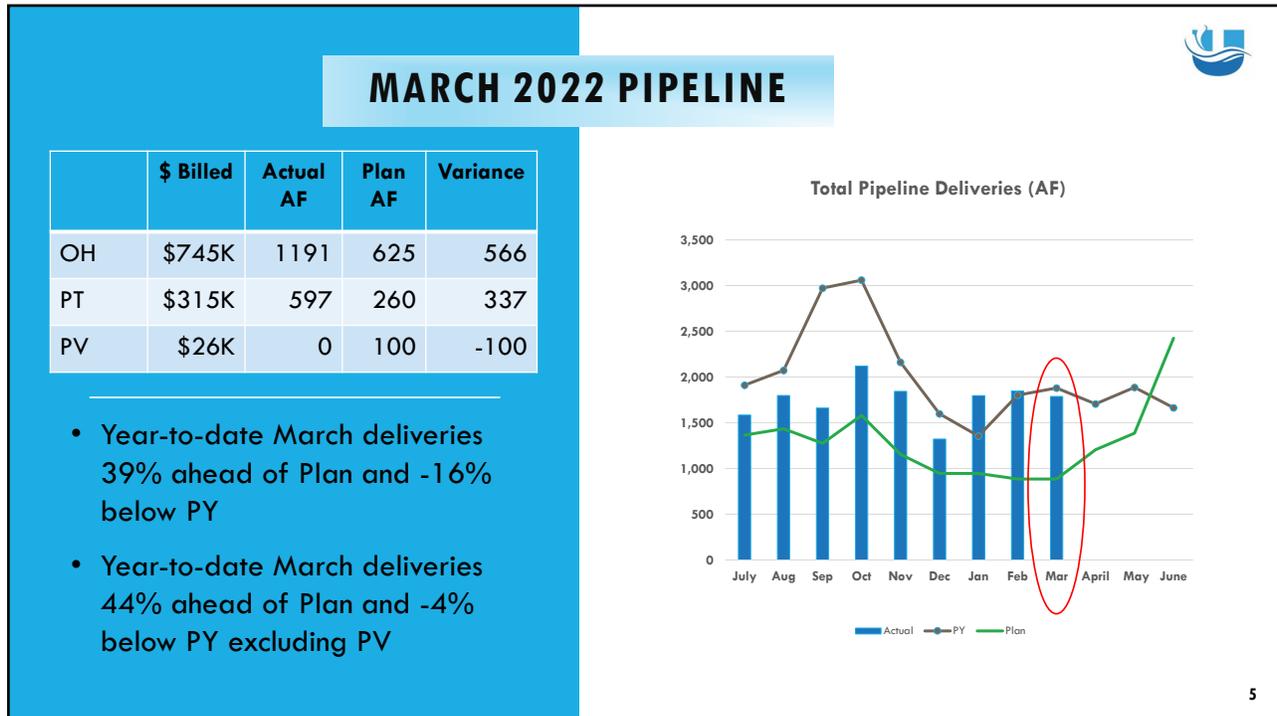
### LAKE PIRU CASH COLLECTIONS

Day Use: \$ 10K
Concessions: \$2K
Boating & Watercraft: \$ 3K
Boat Storage: \$ 2K
Camping: \$ 55K
Miscellaneous: \$ 1K
<b>Total: \$ 73K</b>



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## FINANCE DEPARTMENT

- Compiled department requests to form Preliminary Budget and calculate proposed rates for FY 2022-23. Finance staff met with Department Managers, General Manager, and Assistant General Manager to discuss new budget requests.
- Provided Proposed Budget Projections to rate analysts.
- Filed annual State Controller's Compensation Report.



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- Continue to work on recruitments and onboarding for several Recreation positions such as Seasonal Park Ranger Assistants and Camp Host Volunteers.
- Submitted claim to SDRMA regarding recent damage to district vehicle.
- Began preparation of annual administrative leave and merit pay for designated staff members.
- SEIU Local 721 requests formally reviewed and responded to.
- Working on recruitments/promotions for the following positions (see next slide).

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## CURRENT EMPLOYEE RECRUITMENTS

**Field Technician:**  
Selection made – employee will start on 6/15/2022

**Accountant II:**  
Job posted – closing date is on 5/08/2022

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- Conducted respirator fit testing for O&M staff at El Rio while minimizing operational impact.
- Evaluated feasibility of conducting Occupational Hearing Test internally and potential cost-savings and operational flexibility.
- Updated District's Cyber Incident Response Plan in collaboration with Technology Systems and O&M Control Systems teams.
- Procured AED for District headquarters, first floor, Board Room with device mounted by O&M department staff.
- Provided annual training to staff on Respiratory Protection, Valley Fever, and Protection from Wildfire Smoke in accordance with Cal/OSHA regulations.
- Evaluated Security Systems Upgrade proposal from vendor to ensure concept meets District's current and future needs.

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- Met with subject matter experts for consultation to improve the resilience of District's technology assets assigned within our Oxnard HQ data center.
- With support of O&M, developed and improved conference room camera and sound equipment were integrated in United's conference room which has a dual role as its designated EOC in the event of an emergency.
- Implemented new E-mail Anti-Phishing and Anti-Exploitation security software to protect United's subscribed cloud services.
- IT staff continued to implement additional recommendations from Federal Partners DHS/CISA who are aiding in a review of the District's Cyber Security program.
- Completed certification program provided by Genetec for Cameras and Physical Access Control systems.



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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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