

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
Monday, February 27, 2023, at 9:00 a.m.
UWCD Headquarters, Board Room
1701 N. Lombard Street, Oxnard, CA 93030

COMMITTEE MEMBERS PRESENT:

Lynn E. Maulhardt, chair
Sheldon G. Berger, director
Catherine P. Keeling, director

STAFF PRESENT:

Anthony Emmert, assistant general manager
Jackie Lozano, administrative assistant
Josh Perez, chief human resources officer
Zachary Plummer, technology systems manager
Daryl Smith, controller
Clayton Strahan, chief park ranger
Ambry Tibay, senior accountant
Brian Zahn, chief financial officer

PUBLIC PRESENT:

None.

OPEN SESSION 9:00 a.m.

Chair Lynn Maulhardt called the meeting to order at 9:00 a.m.

Committee Members Roll Call

The Clerk called roll. All Committee members were in attendance.

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 Berger; Second, Director Keeling. Voice vote, three ayes (Berger, Keeling, Maulhardt); none opposed. Motion carries, 3/0.

3. Approval of Minutes

The Committee received and reviewed the draft Committee meeting Minutes of December 5, 2022. Motion to approve the Committee meeting Minutes, Director Berger; Second, Chair Maulhardt. Voice vote, two ayes (Berger, Maulhardt); none opposed; one abstained (Keeling) as she was not present at the December 5, 2022, meeting. Motion carries, 2/0/1.

4. March 8, 2023, Board Meeting Agenda Items

The Committee reviewed and discussed the following agenda items to be considered for approval at the March 8, 2023, Board meeting:



4a. FY 2023 Second Quarter Financial Report and Request for Budget Modifications

Board Motion

The District's Chief Financial Officer Brian H. Zahn summarized the Board motion to the Committee for their consideration. After discussion among the Committee and staff, the Committee members agreed to recommend the motion to the full Board of Directors for their approval.

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

4b. January 2023 Storm Damage Cleanup, Contracts with McNabb Construction Inc., and Summer Construction Inc. for Debris Removal at the Lake Piru Recreation Area

Board Motion

Mr. Zahn continued to present this next Board motion to the Committee for their consideration. After discussion among the Committee and staff, the Committee members agreed to recommend the motion to the full Board of Directors for their approval.

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

4c. Agreement with Santa Clarita Valley Water Agency for Coordinated Delivery of State Water Project Water Supplies

Board Motion

Assistant General Manager Anthony Emmert presented the Board motion to the Committee for their consideration. He also provided background information regarding coordinated deliveries of water and mentioned there was no financial requirement on United's part at this time. Chair Maulhardt added for clarification, this request is a continuation of an earlier agreement established in 2018 and the new agreement continues to build upon this long-standing relationship with Santa Clarita Valley Water Agency. After further discussion among the Committee and staff, the Committee members agreed to recommend the motion to the full Board of Directors for their approval.

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

5. District Staff and Board Member Reimbursement Report Reimbursement Report (October 1, 2022–December 31, 2022)

Information Item

The Committee 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 2022-2023. There were no comments or questions from the Committee. No public comments or questions were offered.



6. Monthly Investment Report (January 2023)

Information Item

The Committee members received and reviewed the monthly investment 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.

7. Pipeline Delivery Report (January 2023)

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.

8. Board Requested Cost Tracking Items

Information Item

The Committee members received and 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 general environmental mandates, and CESA;
- c) in relation to litigation with the City of Ventura, Wishtoyo Foundation, Fifth Amendment takings, 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) a 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.

9. Monthly Administrative Services Update

Information Item

The financial reports for the second quarter of fiscal year 2022-23 were presented by Mr. Zahn as well as the Finance Department monthly update. Chief Human Resources Officer Josh Perez presented updates on Administration, Human Resources, Risk Management, and Information Technology (presentations attached).

There was discussion among the Committee members and staff regarding pipeline deliveries and the varying potential impacts affecting the decline in revenue, such as weather, crops, or sale of land. Mr. Zahn would take that into consideration when forecasting the fiscal year 2023-24 budget. Chair Maulhardt suggested Finance staff look at the method Fox Canyon GMA passed for their allocation.

Director Maulhardt inquired if the District had a policy in place which banned the use of Tik Tok or other apps that could pose a threat to District security. He'd like to prohibit the use of Tik Tok and those apps that pose a threat built into the District's policy so District employees know upfront those applications are not allowed because the District spent a lot of time and energy on security. Mr. Perez mentioned that Tik Tok is not an app the District currently uses but would be supportive of the Committee's request.



The Committee provided staff the following directions on what to bring to the Board. Reporting on fiscal items where the District is at on spending and revenue, potential fiscal changes that can be made, and a report on legal expenses Beneficial for Mr. Perez to present his slides, highlight what is important, and for Mr. Zahn to bring forward his slides because they won't take long and also to highlight only what is important for the Board to hear. The Committee also would like Mr. Emmert to spend time discussing relationship building with Santa Clarita Valley Water Agency when presenting his motion to the Board.

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

10. Future Agenda Items

Chair Maulhardt asked the Committee members if there were any agenda items they wished to bring forward to future meetings. None were offered but Director Berger inquired if there would be a budget workshop. Mr. Zahn answered staff will be bringing it back this year.

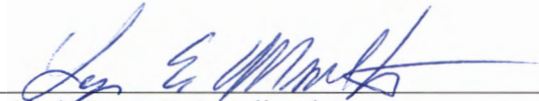
There were no further comments or questions from the Committee.

ADJOURNMENT 10:00 a.m.

Chair Maulhardt adjourned the meeting at 10:00 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 27, 2023.

ATTEST:


Chair Lynn E. Maulhardt



Second Quarter Fiscal Year 2022-2023 Financial Review

FEBRUARY 27, 2023



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Highlights

REVENUE UNFAVORABLE TO BUDGET WHILE AND OPERATING EXPENSES ARE FAVORABLE TO BUDGET



REVENUE

- Total operating revenue is \$2.0M or 14% unfavorable to budget
 - Pipeline revenues are unfavorable to budget by \$1.3M or 17%
 - Groundwater revenues are favorable to budget by \$132K
 - Taxes are favorable to budget by \$191K or 7%
 - Other Operating revenue was unfavorable to budget by \$104K or 23% due to Recreation being under budget
 - Non-Operating revenue was unfavorable to budget by \$927K or 24% primarily due to Federal Grants coming in under budget

EXPENDITURE


- Total expenditures are \$8.9M or 39% favorable to budget
- Personnel expenses are below budget \$491K or 8.0% due to salaries and benefits coming in favorable
- Professional and legal fees are below budget \$3.4M or 71% due to underspending across all departments
- Operations expenses are below budget \$2.7M or 47% with Depreciation \$1.0M, Maintenance \$524, and Capital \$337K favorable to budget

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Overview

PIPELINE VOLUME AND RECREATION REVENUE DRIVES REVENUE DOWNSIDE



in \$000's	Q2 FY22-23 Actual	Q2 FY22-23 Budget	Q2 FY21-22 Actual
Taxes	2,940	2,748	3,438
Water Delivery/Fixed Cost	6,393	7,696	6,011
Groundwater	132	-	(61)
Other Operating Revenue	354	457	582
Non-Operating Revenue	2,959	3,886	1,138
Total Revenue	\$ 12,777	\$ 14,788	\$ 11,108
Personnel Expense	5,937	6,429	4,078
Professional Fees	1,366	4,715	1,368
Operating Expense*	2,989	5,638	2,709
Allocated Overhead	2,318	3,372	2,118
Debt Service	83	1,269	294
Other	1,020	1,196	1,193
Total Expenditure	\$ 13,714	\$ 22,619	\$ 11,760

REVENUE

- Revenue is less than budget \$2.0M
 - Pipeline unfavorable \$1.3M
 - Taxes favorable \$191K
 - Other Rev unfavorable \$104K
 - Non-Op Rev unfavorable \$927K


EXPENDITURE

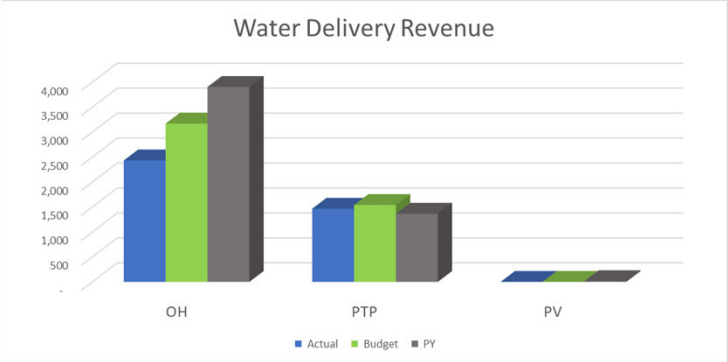
- Total expenditures are \$8.9M better than budget
 - Professional and Legal Fees are \$3.3M below budget
 - Operating Expense (w/depreciation) was \$2.7M favorable to budget

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Pipeline Revenue

EXCLUDING IN-LIEU OF PUMPING CHARGES





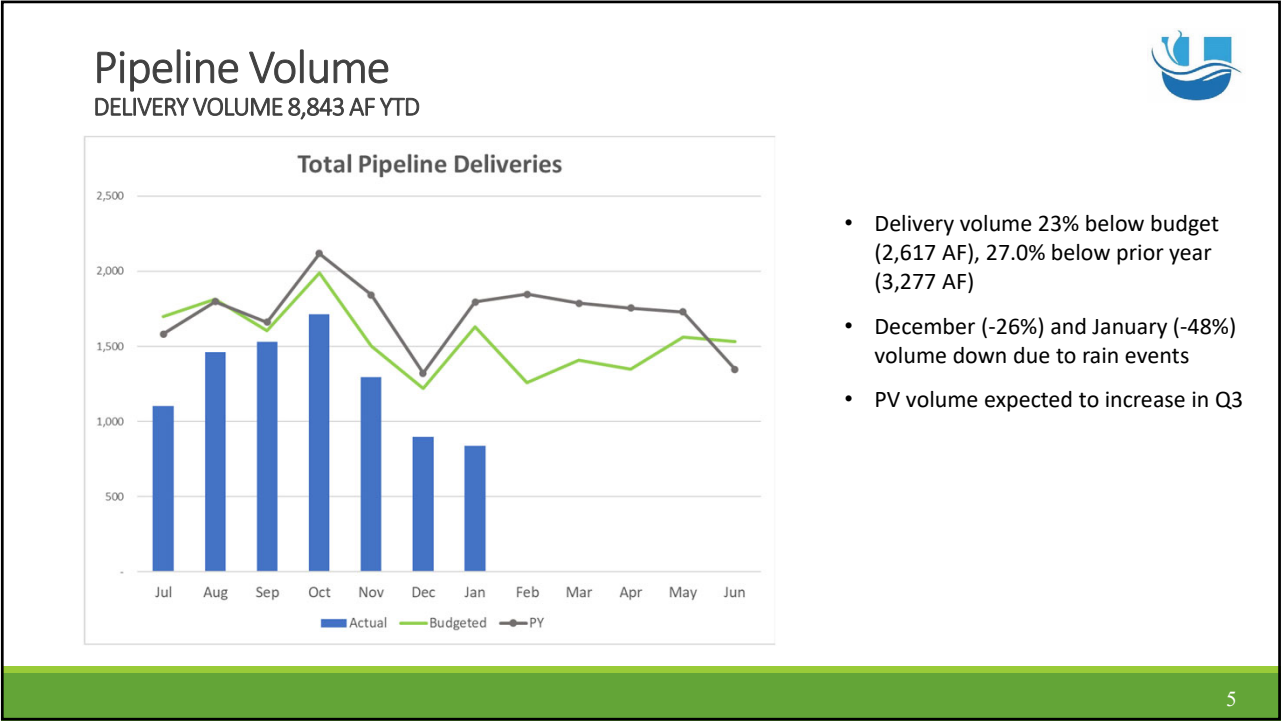
Water Delivery Revenue

The bar chart compares Actual, Budget, and PY (Previous Year) revenue for three categories: OH (Overhead), PTP (Pipeline Transfer Payment), and PV (Pipeline Volume). OH shows a significant decrease from PY to Budget and Actual. PTP shows a slight increase from PY to Budget and Actual. PV shows a slight decrease from PY to Budget and Actual.

Pipeline	Actual	Budget	PY	vs Budget	vs PY	% var Budget	% var PY
OH	2,432	3,170	3,904	(738)	(1,472)	-23%	-38%
PTP	1,466	1,540	1,365	(74)	101	-5%	7%
PV	-	-	15	-	(15)	0%	0%
Total	\$ 3,898	\$ 4,710	\$ 5,284	\$ (812)	\$ (1,387)	-17%	-26%

- Pipeline revenue down 17% from budget
- OH down 23% vs. budget
- PTP up 5% vs. budget
- PV volume forecasted to increase in Q3 2022-23

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Personnel Expenses

\$000's	Q2 2022-23 Actual	Q2 2022-23 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Regular Salary	3,451	3,674	2,202	-223	-6%	1,249	57%
Over-time Salary	81	106	55	-25	-23%	26	47%
Part-time	153	225	104	-72	-32%	49	47%
Salaries	\$ 3,684	\$ 4,004	\$ 2,361	-320	-8%	\$ 1,323	56%
Retirement- Classic	349	1,361	1,114	-1,013	-74%	-765	-69%
Retirement - PEPPRA	1,096	126	71	971	772%	1,025	1444%
Soc Sec/457b Expense	191	223	143	-32	-14%	48	34%
Medicare Expense	53	58	34	-5	-8%	19	56%
SUI Expense	1	9	1	-7	-85%	0	30%
Medical Ins Exp	381	489	249	-108	-22%	132	53%
LTD	10	11	1	-1	-6%	9	943%
Life Insurance	10	13	7	-3	-23%	3	43%
Worker's Comp Expense	93	108	97	-15	-14%	-4	-5%
401(a)	38	12	-	38	#DIV/0!	38	#DIV/0!
OPEB	31	15		16	105%	31	100%
Employee Benefits	\$ 2,253	\$ 2,424	\$ 1,717	-171	-7%	\$ 536	31%
Personnel Expenses	\$ 5,937	\$ 6,429	\$ 4,078	-491	-8%	\$ 1,859	46%


- Salaries are favorable to budget 8%
- Employee Benefits are favorable to budget 7% primarily due to:
 - Lower actuals in Medical Insurance Expense
 - Lower workers' Comp Insurance
 - Lower salaries are driving the majority of the savings

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Operating Expenses

PROFESSIONAL AND LEGAL FEES DRIVE BUDGET FAVORABILITY




\$000's	Q2 2022-23 Actual	Q2 2022-23 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Profess Fees - Engineering	134	254	41	(120)	-47%	93	226%
Prof. Fees - Environmental	244	1,168	168	(924)	-79%	76	45%
Prof. Fees - IT consulting	10	120	1	(110)	-92%	9	900%
Prof. Fees - GW Consulting	8	64	26	(56)	-88%	(18)	-71%
Prof. Fees - Other	252	830	154	(579)	-70%	98	64%
Professional Fees	\$ 647	\$ 2,437	\$ 390	\$ (1,790)	-73%	\$ 257	66%
Legal Fees	\$ 719	\$ 2,277	\$ 121	\$ (1,559)	-68%	\$ 598	495%
Utilities	797	990	604	(193)	-20%	193	32%
Maintenance	583	1,108	735	(525)	-47%	(152)	-21%
Field Supplies	23	31	151	(8)	-26%	(128)	-84%
Insurance	696	179	555	517	289%	141	25%
Office Expenses	84	169	50	(86)	-51%	34	67%
Miscellaneous	516	516	1,174	-	0%	(658)	-56%
Travel, Trainings and Meetings	35	140	26	(105)	-75%	9	36%
Gasoline, Diesel, Fuel	94	102	94	(8)	-8%	(0)	0%
Fox Canyon GMA	(81)	314	(176)	(396)	-126%	95	-54%
Safety, supplies, clothing	73	68	31	5	8%	42	100%
Telephone	33	42	3	(9)	-21%	30	998%
General Operating Expenses	\$ 2,853	\$ 3,659	\$ 3,247	\$ (806)	-22%	\$ (394)	-12%
State Water Import Costs	\$ 572	\$ 745	\$ 489	\$ (173)	-23%	\$ 83	100%
Total Operating Expenses	\$ 4,791	\$ 9,118	\$ 4,247	\$ (4,327)	-47%	\$ 544	13%

- Professional Fees are favorable to budget by \$1.8M
- Legal fees are favorable to budget by \$1.6M
- Operating expenses \$806K favorable primarily driven by Maintenance \$525K, Utilities \$193K and Fox Canyon GMA \$396K off-set by and over-run in Insurance \$517K

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Supplemental Water Purchase Fund

STATUS UPDATE



	<u>Revenue (\$000'S)</u>
Beginning Balance - July 1, 2021	\$2,740
REVENUES	
Surcharge Revenue	\$1
Water Delivery	\$94
LAIF Interest	\$1
EXPENDITURES	
Water Purchase	\$0
Ending Balance December 31, 2022	\$2,835

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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
MONTHLY UPDATE

February 27, 2023

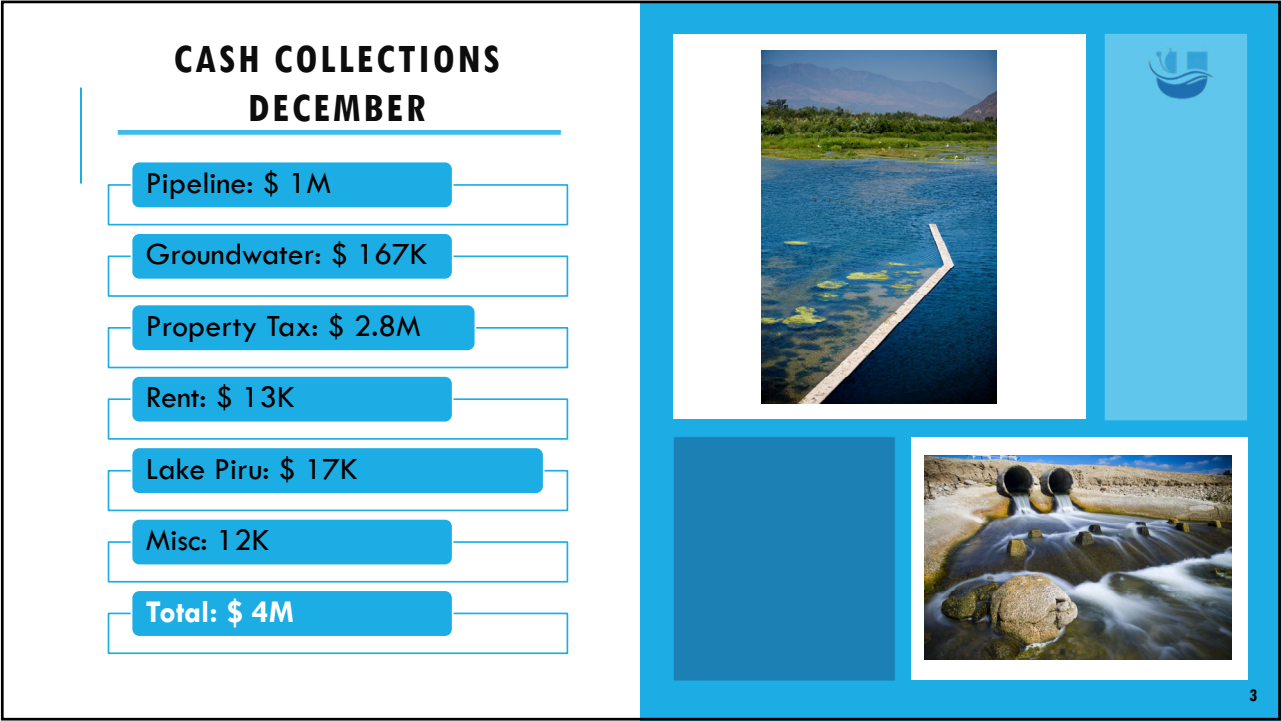
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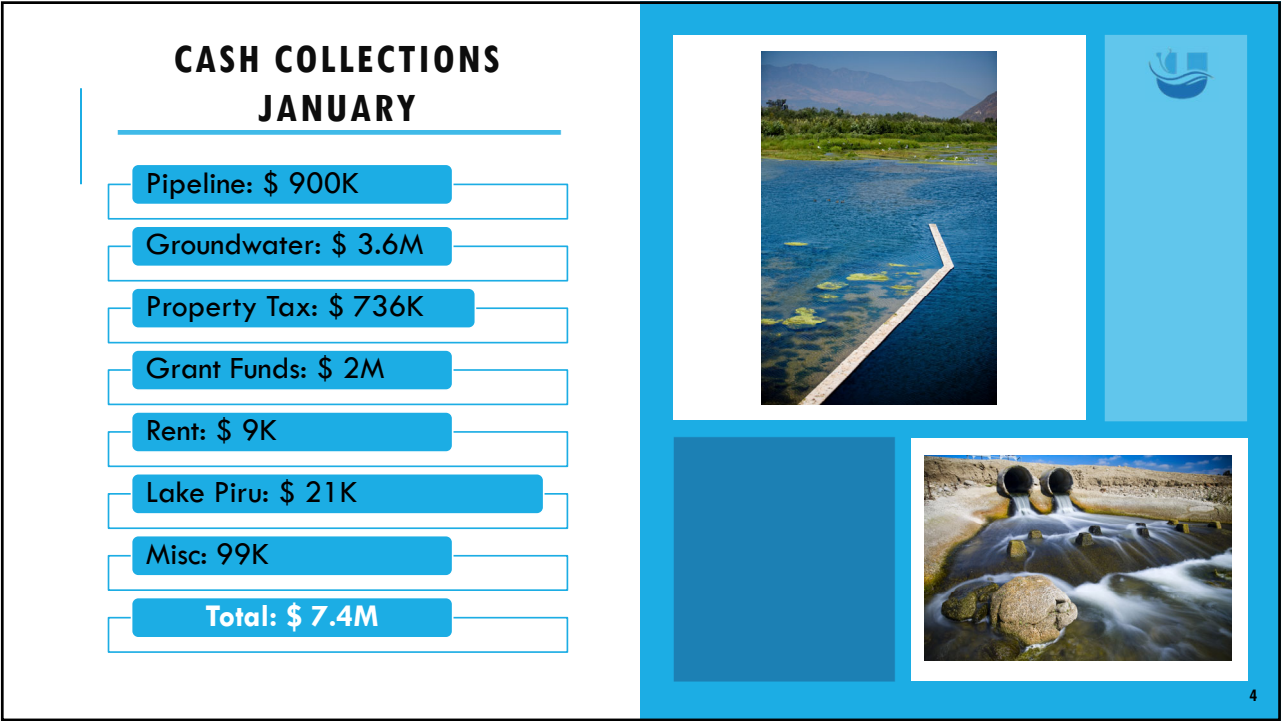
FINANCIAL UPDATE

CHIEF FINANCIAL OFFICER
BRIAN ZAHN

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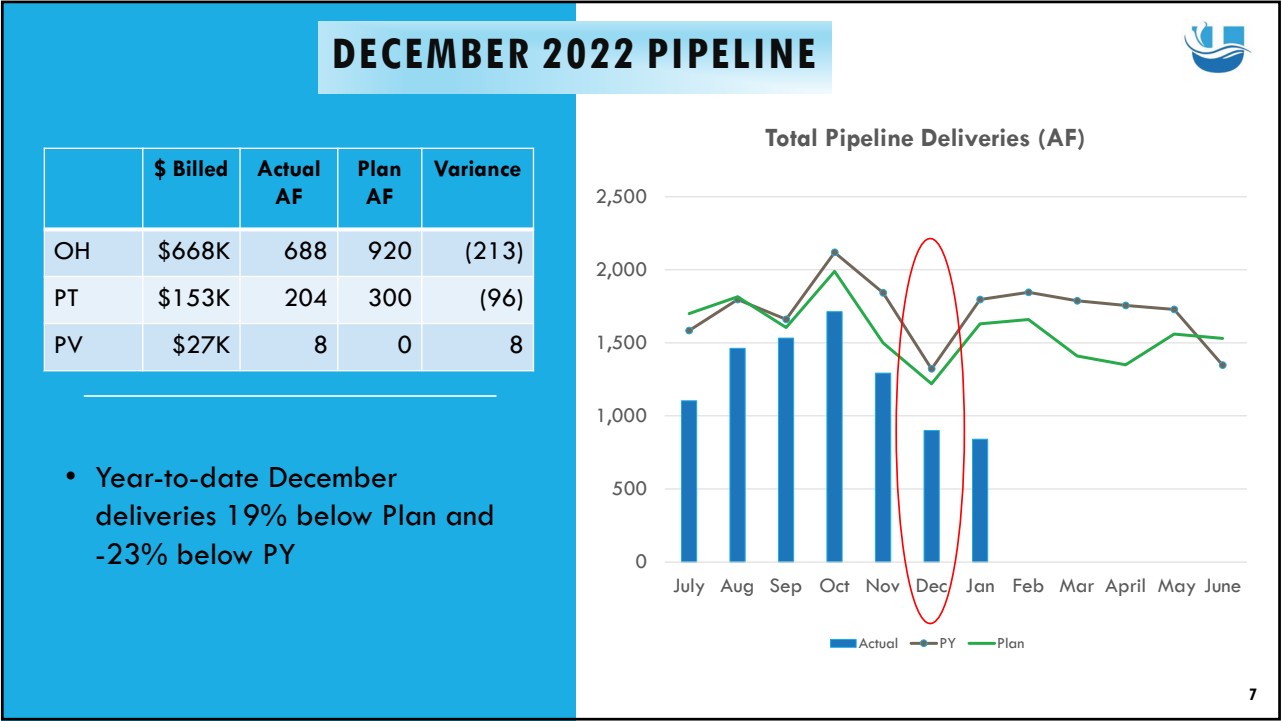


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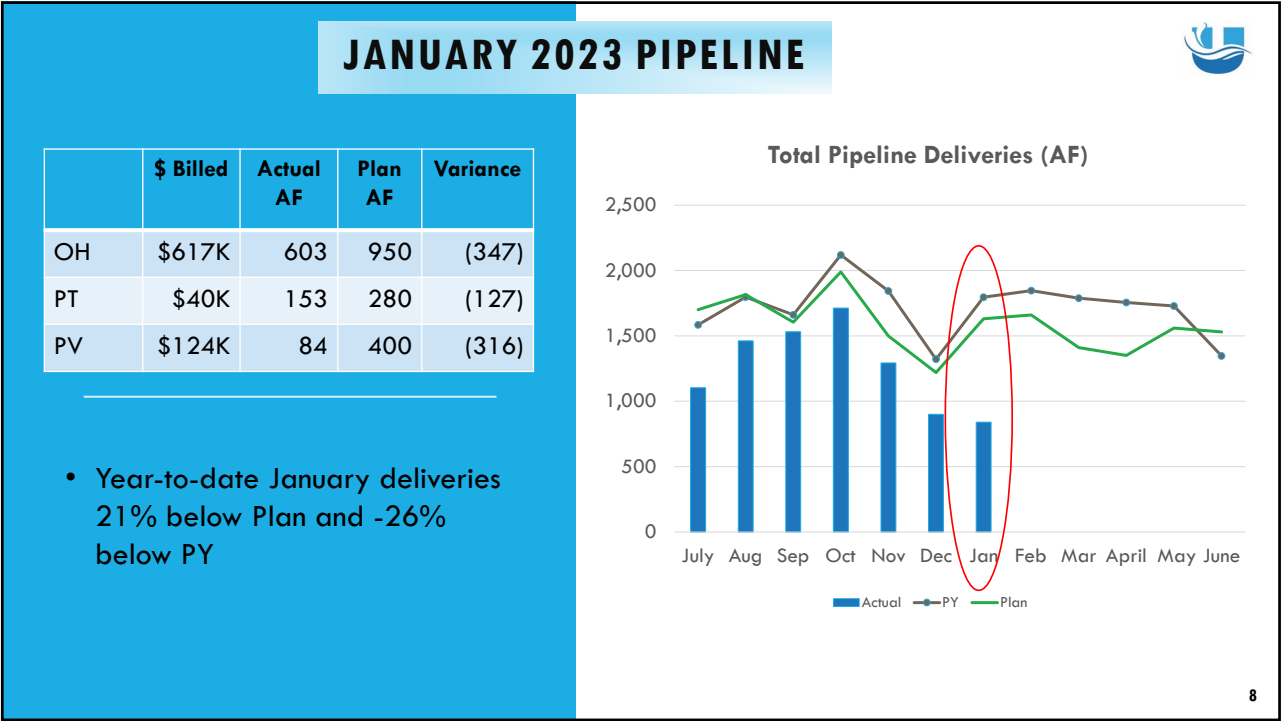


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BOARD MOTION ITEMS with FISCAL IMPACT

Motion Number	Sponsor	Description/Summary	Budget Y/N	Funding Source	Cash Impact of Approval	Other Financial Impact
##	Finance	January 2023 Storm Damage Cleanup, Contracts with McNabb Construction Inc. and Summer Construction Inc. for Debris Removal at the Lake Piru Recreation Area	N	\$1,254,400 of Designated funds being Undesignated by the Board in the 050 (General Water Conservation Fund)	\$1,254,400*	N/A
TOTAL					\$1,254,400*	

*The cash impact is anticipated to be reimbursed through FEMA/CalOES as a result of the application submitted for emergency response costs incurred by the District.

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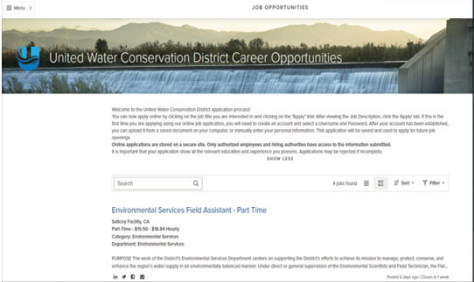

FINANCE DEPARTMENT

- Met with Department Managers to review their FY 2023-24 Budget templates and Preliminary requests. Staff is working to combine requests into a FY 2023-24 draft budget. Preliminary Budget meeting with the General Manager and Assistant General Manager is scheduled on March 6, 2023.
- Working with Human Resources reviewing FY 2023-24 Personnel requests, ensuring all Department requests are in line with the planned District’s Organizational Structure.
- Received and processed large volumes of Groundwater statements.

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- Finalizing the 2023 SDRMA Annual Renewal Questionnaire.
- Posted the OSHA Form 300A and Regulatory Compliance Poster at all District facilities.
- Developed and completed personnel and budget requests for FY23-24.
- Worked with SDRMA to coordinate claim for Marina damages related to recent storm event in January.
- Begin brown bag sessions starting February 16 (Topic: Budget Preparation and Overview).
- Successfully onboarded for following personnel:
 - Receptionist (Marylou Fulton)
 - Accountant II (Bobby Diaz selected and will start February 27)
 - Environmental Services Manager (Marissa Caringella selected and will start March 6)
 - Park Ranger Cadet (Macy Petula selected and scheduled to start on March 6)
- Hired two Park Ranger staff members and began efforts to interview and select Seasonal Park Ranger Assistant staff members to join the Lake Piru Recreation Area team.

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CURRENT EMPLOYEE RECRUITMENTS

Environmental Services Manager


Selection made – start date 3-6-2023

Environmental Scientist – Regulatory Affairs

Selection pending

Engineering and Water Resources


Postings forthcoming pending consultation with GM





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- Co-led Disaster Response Coordination efforts and submitted applications to FEMA and CalOES for disaster recovery relief grant funding.
- Responded to COVID-19 case notification.
- Led monthly safety meeting and collaborated with Chief Water Treatment Operator on Confined Space Refresher training.
- Conducted respiratory fit testing for Lake Piru Recreation Area staff.
- Supported Engineering Department’s SFD Functional Exercise, including participating as a member of the exercise planning team and evaluating the PIO role.
- Coordinated with IT and Vendor on Security Systems Enhancements.
- Supported Recreation Staff with Park Ranger Cadet physical agility test evaluations.










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- Upgraded SFD Maintenance Facilities network which included installation of upgraded network switches and rewiring SFD Shop network infrastructure to improve efficiency.
- Worked collaborative to support security gate network-based communications to the gate and intercom systems for greater efficiency.
- Outfitted SFD Shop with new computer to be utilized to interact with the camera and access control system. System replacing previous generation camera systems.
- Responded to and resolved a hard disk failure to a district’s subsystem. Worked with vendors for warranty repair and post incident and triage support. District IT staff exercised backup and recovery procedures to expedite system availability.
- UWCD HQ Multi-Purpose Board Room - Recent guests included the Farm Bureau of Ventura, the California Avocado Society, and the American Water Association of Ventura County.
- Initiated a travel kit conference and presentation system to enable online capabilities on the go.

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Questions?

United Water Conservation District
“Conserving water since 1927”

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