

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
Tuesday, September 5, 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:

Mauricio Guardado, Jr., general manager
Anthony Emmert, assistant general manager
Marissa Caringella, environmental services manager
Sara Guzman, senior accountant
John Lindquist, water resources supervisor
Jackie Lozano, administrative assistant
Josh Perez, chief human resources officer
Zachary Plummer, technology systems manager
Clayton Strahan, chief park ranger
Brian Zahn, chief financial officer

PUBLIC PRESENT:

Burt Handy

OPEN SESSION 9:00 a.m.

Chair Lynn Maulhardt called the meeting to order at 9:00 a.m. At that time, he led the room in a Happy Birthday song in celebration of Director Sheldon Berger's birthday.

Committee Members Roll Call

The Clerk of the Committee Jackie Lozano observed that all Committee members (Berger, Keeling, and Maulhardt) were in attendance.

1. Public Comment

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

2. Approval of the Agenda

Motion

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



3. Approval of Minutes

Motion

The Committee received and reviewed the draft Committee meeting Minutes of June 5, 2023, and July 3, 2023. Motion to approve the Committee meeting Minutes, Director Maulhardt; Second, Director Berger. Voice vote, three ayes (Berger, Keeling, and Maulhardt); none opposed. Motion carries, 3/0.

4. September 13, 2023, Board Meeting Agenda Items

The Committee reviewed and discussed the following agenda items to be considered for approval at the September 13, 2023, Board of Directors meeting:

4a. State Water Project Water Transfer Agreement with Palmdale Water District

Board Motion

Assistant General Manager Tony Emmert presented this motion to the Committee for its recommendation to the Board. If approved, this agreement would allow the transfer of 2,000 acre-feet of Table A State Water Project water to the District. Mr. Emmert mentioned there were two proposals for water transfers that are being presented to the Committee, one with Palmdale Water District and the other with Santa Clarita Valley Water District. Those transfers would need to occur within a short period of time (before January 1, 2024). During that time, the District would also be receiving water from Casitas Municipal Water District from a transfer agreement that was approved earlier this year.

There were questions and discussion between the Directors and staff regarding the availability of funds for this type of water transfer, how the water was being released, and water storage capacity when the District experiences another rainy season. Staff mentioned funds for these transfers were included in the fiscal year 2023-24 budget. General Manager Mauricio Guardado assured the Committee that staff takes into consideration the prevention of spillage and would take advantage as much as possible to draw down the lake which would make room to store water for future use. With this, the District will explore other opportunities to help people and growers in Ventura County.

All Committee members were in support of and would recommend this motion to the full Board for its approval. There were no further comments or questions from the Committee. No public comment or questions were offered.

4b. State Water Project Water Transfer Agreement with Santa Clarita Valley Water District

Board Motion

Mr. Emmert introduced the motion to the Committee for its recommendation. If approved, this agreement would allow the transfer of 2,000 acre-feet of Table A State Water Project water to the District. He added that there was sufficient budget to cover the water transfer purchase. After a brief discussion among the Committee and staff, there was a unanimous agreement by the Committee members to recommend this motion to the full Board. There were no further comments or questions from the Committee. No public comments or questions were offered.



5. FY 2022-23 Third Quarter Financial Report

Information Item

The Committee received and reviewed the FY 2022-23 Third Quarter Financial Report for the period of July 1, 2022, through March 31, 2023, as well as a presentation from the District Chief Financial Officer Brian Zahn. Upon the conclusion of the presentation, there were no comments or questions from the Committee. No comments or questions were offered by the public.

6. District Staff and Board Member Reimbursement Report (April 1 through June 30, 2023)

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 fourth quarter of fiscal year 2022-2023. There were no comments or questions from the Committee. No public comments or questions were offered.

7. Monthly Investment Report (June 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.

8. Monthly Pipeline Delivery Report (June-July 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.

9. 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; and
- d) in relation to the professional fees over the past several fiscal years.

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

10. Monthly Administrative Services Department Update

Information Item

The Finance Department monthly update was presented by Mr. Zahn (presentation attached). When presenting on Lake Piru Cash Collections (slide 4), Chair Maulhardt inquired about the recreation area's services through Tommy's Boat Rentals (Tommy's). Mr. Zahn mentioned that revenue for Tommy's was captured under "Concessions" for the Committee's awareness. Chief Park Ranger Clayton Strahan added that Tommy's is doing a really good job and there have been no customer complaints. He also mentioned that a Tommy's representative flew out from



Michigan to address a previously reported problem in person. Tommy's has on order 13 new boats for 2024. Chair Maulhardt said this is the first time he's heard that the District has a good boat rental process and was pleased to see the turnaround as compared to the number of discussions in the past about rental boats that were inoperable.

Mr. Zahn continued his presentation with an update on the District's Fleet Vehicle Program (slide 7), which he is also looking into big vehicle maintenance for heavy equipment. Chair Maulhardt felt the District's strategy made sense and agreed with staff to further their research into these vehicle programs for the District. Staff provided a correction to slide 8. The start date of the new Accountant is September 18 and not September 11. The Committee had no further comments or questions for Mr. Zahn.

Chief Human Resources Officer Josh Perez presented updates on Administration, Human Resources, Risk Management, and Information Technology (presentation attached). There were no further comments or questions from the Committee. No public comments or questions were offered.

11. Future Agenda Items

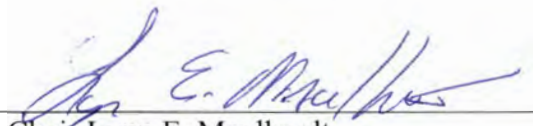
Chair Maulhardt asked the Committee members if there were any agenda items they wished to bring forward to future meetings. No requests were offered by the Committee.

ADJOURNMENT 9:51 a.m.

Chair Maulhardt adjourned the meeting at 9:51 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 September 5, 2023.

ATTEST:


Chair Lynn E. Maulhardt



Board of Directors
Bruce E. Dandy, President
Sheldon G. Berger, Vice President
Lynn E. Maulhardt, Secretary/Treasurer
Mohammed A. Hasan
Catherine P. Keeling
Gordon Kimball
Daniel C. Naumann

General Manager
Mauricio E. Guardado, Jr.

Legal Counsel
David D. Boyer

ATTENDANCE LIST

MEETING DATE: Tuesday, September 5, 2023


MEETING: UWCD Finance and Audit Committee Meeting

The signing or registering of your name on this sign-up form is not required but is voluntary. All persons may attend the meetings of the Board of Directors of United Water Conservation District without signing or registering their names on this form.

Name (Please Print)


Representing

BURT HANLEY



Third Quarter
Fiscal Year
2022-2023
Financial Review


SEPTEMBER 5, 2023



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Highlights

REVENUE FAVORABLE TO BUDGET



REVENUE

- Total operating revenue is \$1.3M or 4% unfavorable to budget
 - Pipeline revenue is unfavorable to budget by \$2.1M or 19%
 - Groundwater revenue is favorable to budget by \$1.0M or 10%
 - Taxes are favorable to budget by \$636K or 21%
 - Other Operating revenue is unfavorable to budget by \$1.8M or 32% primarily due to Recreation being under budget
 - Non-Operating revenue is favorable to budget by \$936K or 13% primarily due to Federal Grants coming in under budget

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Highlights

EXPENSES FAVORABLE TO BUDGET

EXPENDITURE

- Total expenditures are \$22.5M or 40% favorable to budget
 - Personnel expenses are below budget \$1.5M or 14.0% with Retirement \$973, and Salaries \$400K favorable to budget
 - Professional and legal fees are below budget \$5.3M or 63% due to underspending across all departments
 - Operations expenses are below budget \$12.6M or 44% with Capital spend \$11.2M favorable to budget



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Overview

PIPELINE VOLUME AND RECREATION REVENUE DRIVES REVENUE DOWNSIDE


in \$000's	Q3 FY22-23 Actual	Q3 FY22-23 Budget	Q3 FY21-22 Actual
Taxes	3,680	3,044	3,634
Water Delivery/Fixed Cost	9,061	11,147	9,065
Groundwater	11,100	10,083	8,847
Other Operating Revenue	3,932	5,747	2,139
Non-Operating Revenue	7,900	6,965	805
Total Revenue	\$ 35,673	\$ 36,985	\$ 24,490
Personnel Expense	9,244	10,789	8,402
Professional Fees	3,131	8,441	2,915
Operating Expense*	15,748	28,327	14,809
Allocated Overhead	3,489	5,059	3,185
Debt Service	862	1,903	900
Other	1,378	1,795	381
Total Expenditure	\$ 33,852	\$ 56,314	\$ 30,591

REVENUE

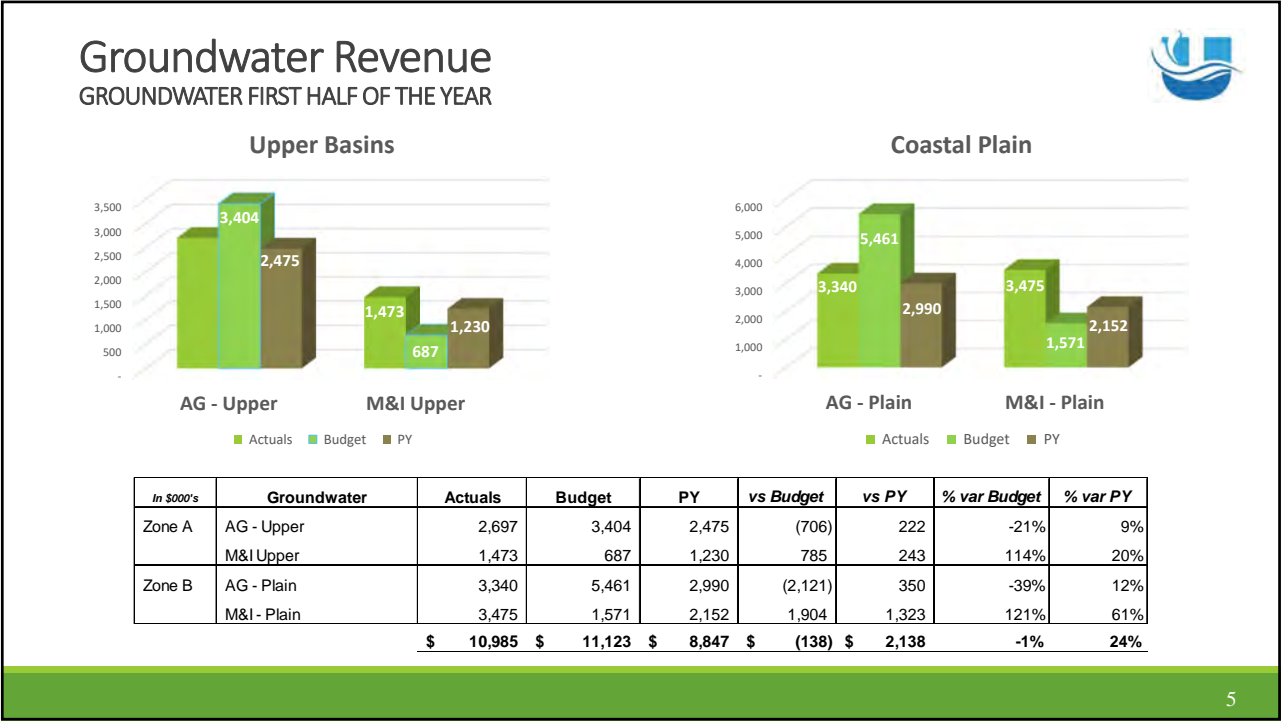
- Revenue is less than budget \$1.3M
 - Pipeline unfavorable \$2.1M
 - Taxes favorable \$636K
 - Groundwater favorable \$1.0M
 - Other Revenue unfavorable \$1.8M
 - Non-Op Revenue favorable \$936K

EXPENDITURE

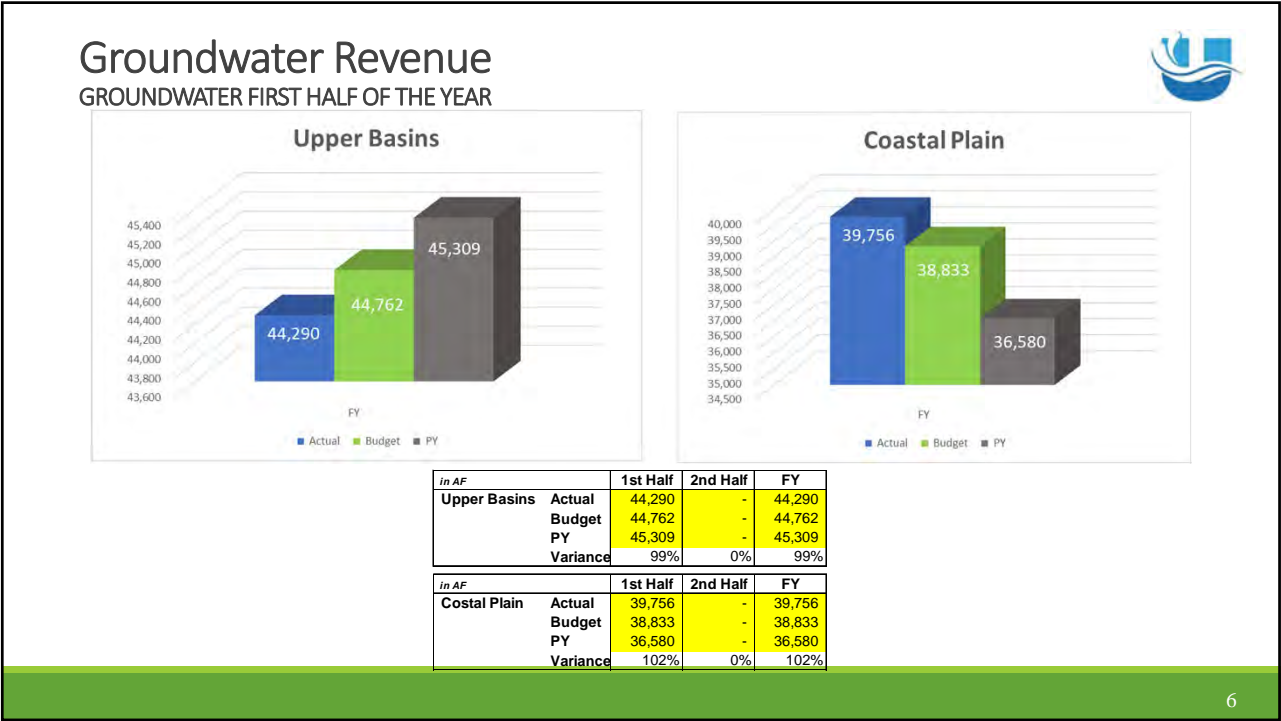
- Total expenditures are favorable \$22.5M
 - All categories favorable to budget
 - Professional and Legal Fees are favorable \$5.3M
 - Operating Expense (w/depreciation) are favorable \$12.6M



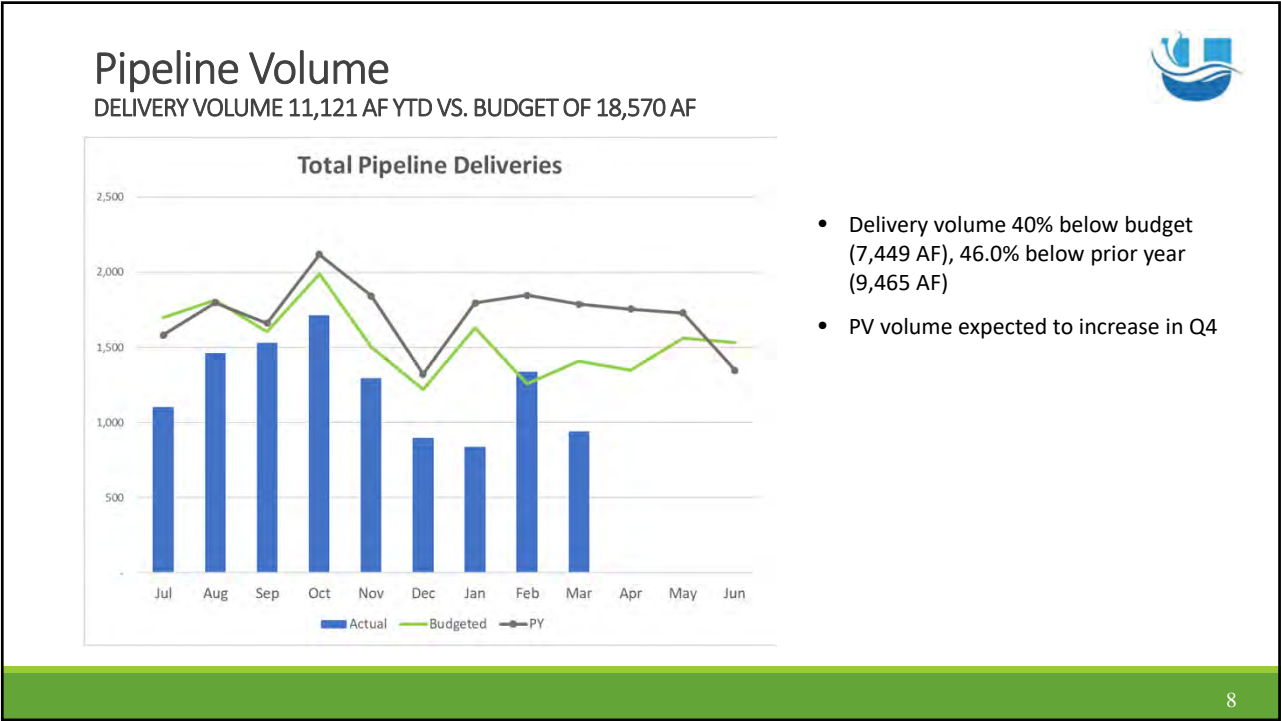
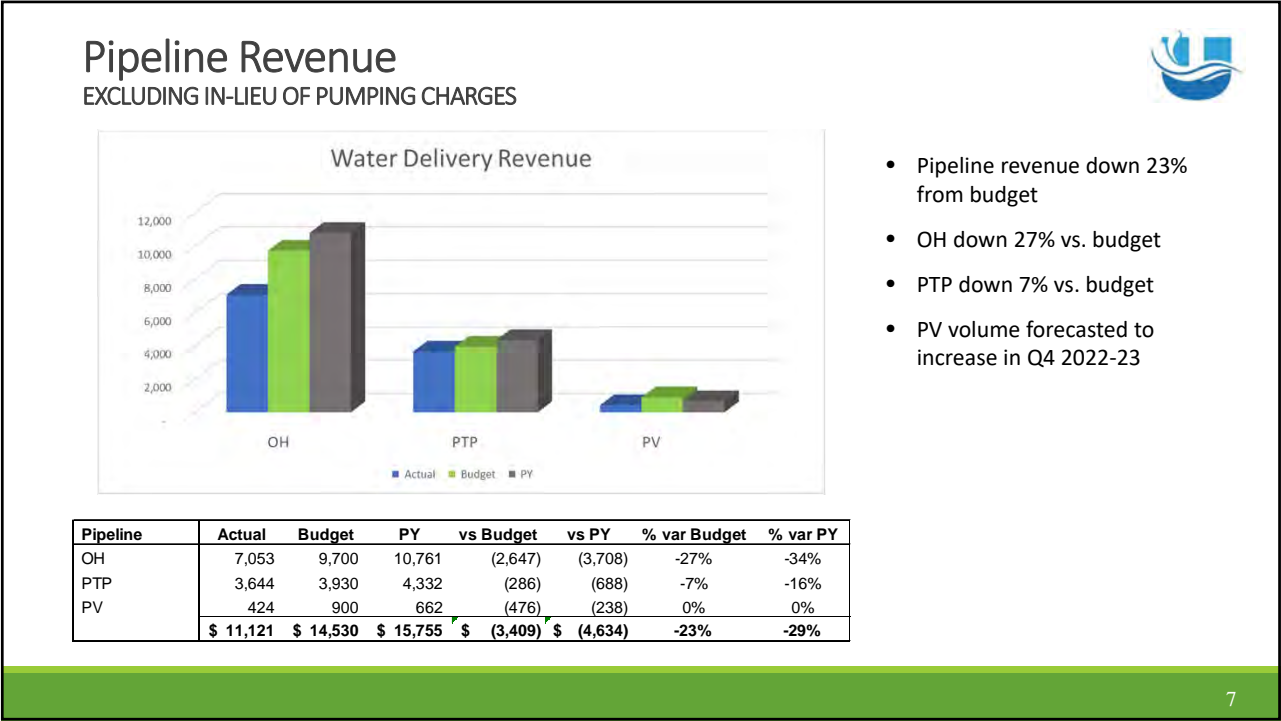
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Top 10 AG Customers



Top 10 Groundwater AG Customers - Q3 2022-23		
CUSTOMER	AG USAGE	AG Revenue
PLEASANT VALLEY CO WTR, FARMERS IRRIGATION CO.	6,389.23	\$ 722,941.39
FISH AND WILDLIFE	5,141.07	\$ 370,054.24
REITER BROTHERS INC,	4,662.98	\$ 335,641.30
SOUTHLAND SOD FARMS,	2,815.60	\$ 292,755.61
DUDA FARM FRESH FOODS INC	2,315.89	\$ 262,042.98
SESPE AGRICULTURAL WATER,	2,216.63	\$ 239,875.34
DEL NORTE WATER COMPANY,	2,173.11	\$ 156,420.48
NAUMANN RANCH	1,126.34	\$ 127,445.39
LIMONEIRA COMPANY	983.05	\$ 111,232.19
	1,326.00	\$ 95,445.49

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Top 10 M&I Customers



Top 10 Groundwater M&I Customers - Q3 2022-23		
CUSTOMER	M&I Usage	M&I Revenue
OXNARD - WTR DIV, CITY OF	5,011.2	\$ 1,700,998.32
SAN BUENAVENTURA, CITY OF	5,998.2	\$ 1,638,028.83
SANTA PAULA, CITY OF	1,829.2	\$ 394,979.17
CAMARILLO (A/P), CITY OF	1,079.0	\$ 366,255.76
FILLMORE, CITY OF	1,124.8	\$ 242,880.23
RIVER RIDGE GOLF COURSE	385.5	\$ 130,854.12
STERLING HILLS GOLF CLUB,	159.3	\$ 54,072.79
WARRING WATER SERVICE,	177.8	\$ 38,385.88
CALIFORNIA AMERICAN WATER	103.3	\$ 35,070.95
WESTERN AG GROUP, LLC	100.0	\$ 33,944.00

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Personnel Expenses



\$000's	Q3 2022-23 Actual	Q3 2022-23 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Regular Salary	5,718	5,987	4,747	269	4%	971	20%
Over-time Salary	209	337	96	128	38%	113	117%
Part-time	173	168	240	(5)	-3%	-67	-28%
Salaries	\$ 6,100	\$ 6,492	\$ 5,083	392	6%	\$ 1,017	20%
Retirement- Classic	590	1,609	1,370	1,019	63%	-780	-57%
Retirement - PEPRA	1,174	1,128	154	(46)	-4%	1,020	662%
Soc Sec/457b Expense	335	372	316	37	10%	19	6%
Medicare Expense	87	96	73	9	9%	14	20%
SUI Expense	14	14	10	1	4%	4	37%
Medical Ins Exp	653	813	537	159	20%	116	22%
LTD	16	20	13	3	17%	3	24%
Life Insurance	18	22	15	4	20%	3	18%
Worker's Comp Expense	158	182	182	24	13%	-24	-13%
OPEB	23	23	46	(0)	0%	-23	-50%
Deferred Comp	30	18	-	(12)	-69%	30	
Other	47	-	-	(47)	0%		0%
Employee Benefits	\$ 3,145	\$ 4,297	\$ 2,716	1,152	27%	\$ 382	14%
Personnel Expenses	\$ 9,244	\$ 10,789	\$ 7,799	1,544	14%	\$ 1,445	19%

- Salaries are favorable to budget 6%
- Employee Benefits are favorable to budget 27% primarily due to:
 - Lower Retirement
 - Lower actuals in Medical Insurance Expense

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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	265	381	54	(116)	-30%	211	391%
Prof. Fees - Environmental	743	1,554	452	(811)	-52%	291	64%
Prof. Fees - IT consulting	20	180	25	(161)	-89%	(5)	-22%
Prof. Fees - GW Consulting	21	96	26	(75)	-79%	(5)	-21%
Prof. Fees - Other	825	2,683	531	(1,858)	-69%	294	55%
Professional Fees	\$ 1,874	\$ 4,895	\$ 1,088	\$ (3,021)	-62%	\$ 786	72%
Legal Fees	\$ 1,257	\$ 3,546	\$ 1,798	\$ (2,289)	-65%	\$ (541)	-30%
Utilities	1,192	1,485	1,247	(293)	-20%	(55)	-4%
Maintenance	1,093	1,837	1,032	(744)	-40%	61	6%
Field Supplies	554	849	266	(295)	-35%	288	108%
Insurance	700	268	558	432	161%	142	25%
Office Expenses	369	642	284	(273)	-43%	85	30%
Miscellaneous	2,067	1,989	2,292	78	4%	(225)	-10%
Travel, Trainings and Meetings	79	260	64	(180)	-70%	15	24%
Gasoline, Diesel, Fuel	141	153	130	(11)	-7%	11	9%
Fox Canyon GMA	89	472	(176)	(383)	-81%	265	-150%
Safety, supplies, clothing	112	102	81	11	11%	31	100%
Telephone	51	62	49	(12)	-19%	2	4%
General Operating Expenses	\$ 6,447	\$ 8,118	\$ 5,827	\$ (1,671)	-21%	\$ 620	11%
State Water Import Costs	\$ 944	\$ 1,118	\$ 827	\$ (174)	-16%	\$ 117	100%
Total Operating Expenses	\$ 10,522	\$ 17,677	\$ 9,540	\$ (7,155)	-40%	\$ 982	10%

- Professional Fees are favorable to budget by \$3.0M
- Legal fees are favorable to budget by \$2.3M
- Operating expenses are \$1.7M favorable primarily driven by Maintenance \$744K, Fox Canyon GMA \$383K and Utilities \$293K and off-set by and over-run in Insurance \$432K

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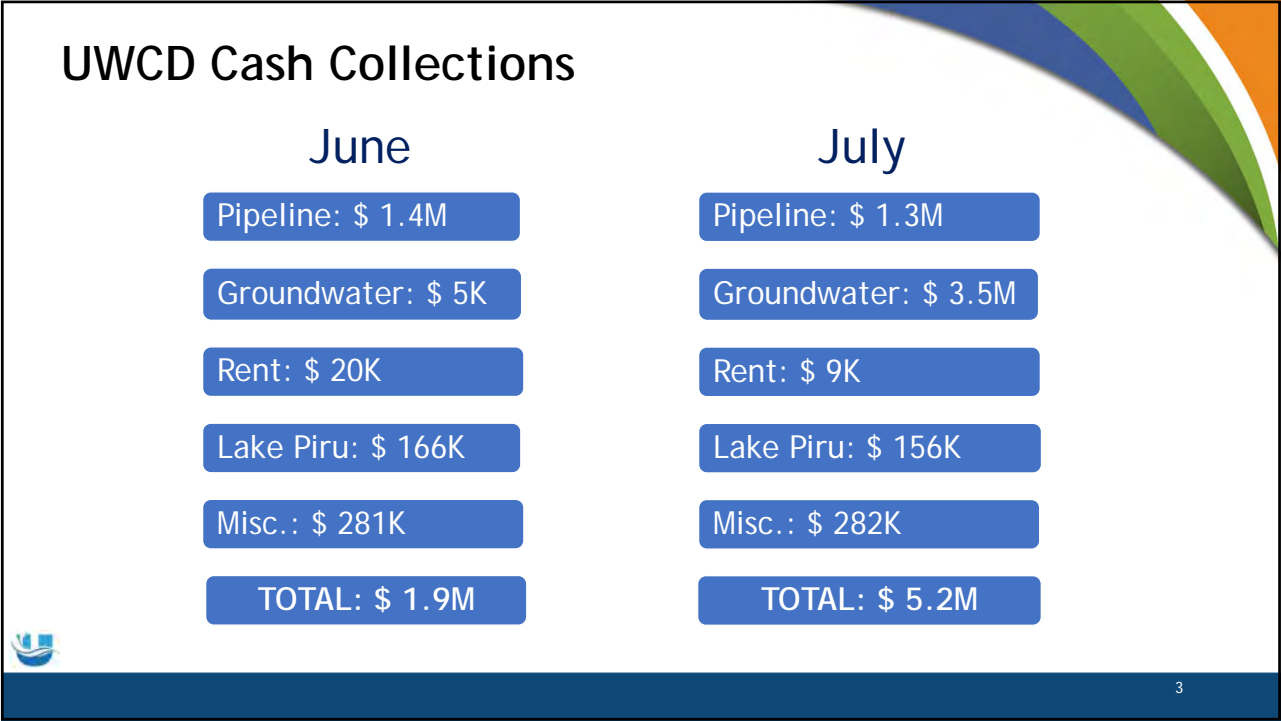
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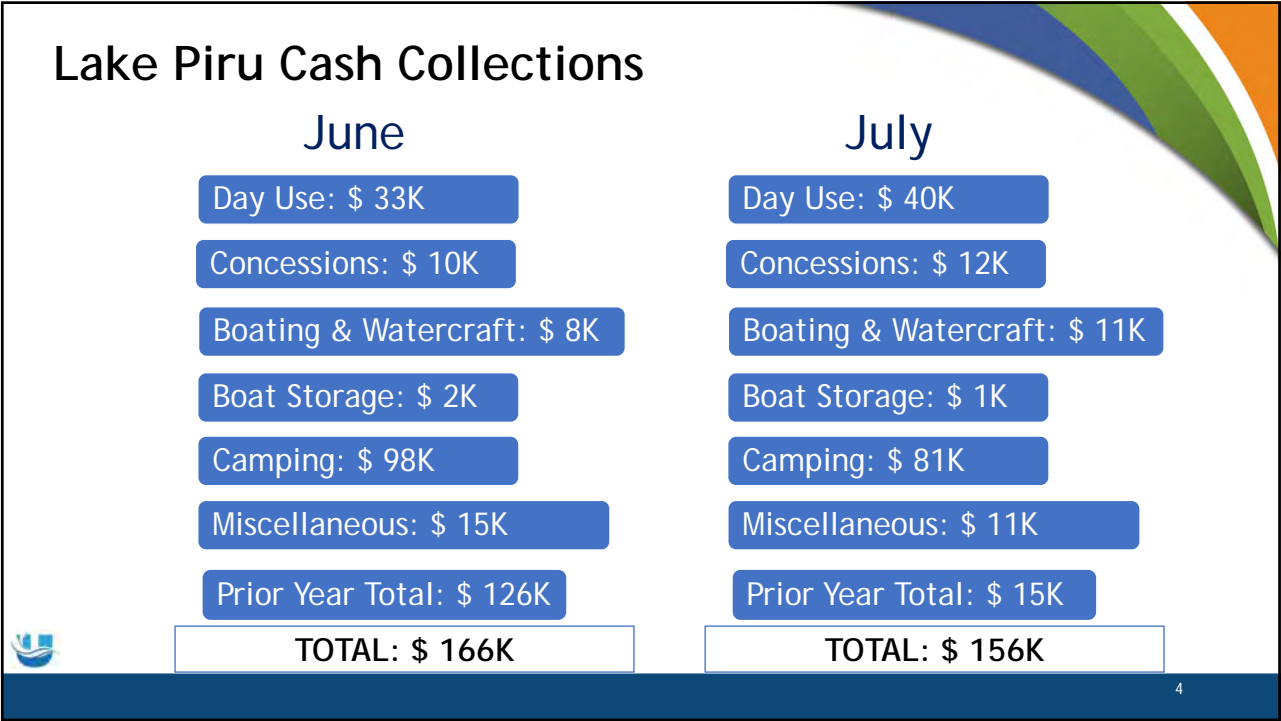
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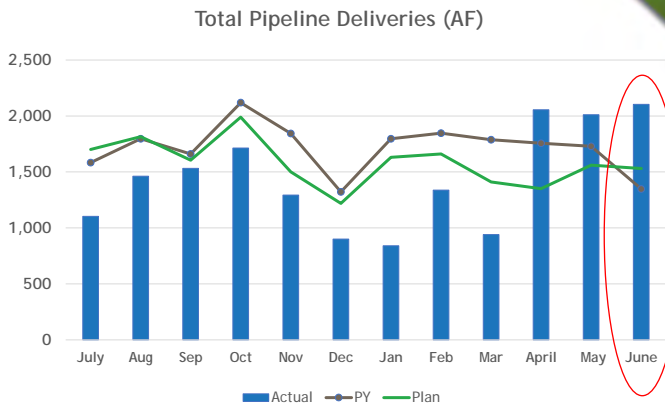


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June 2023 Pipeline

	\$ Billed	Actual AF	Plan AF	Variance
OH	\$987K	1182	1050	132
PT	\$247K	456	480	(24)
PV	\$98K	425	0	425

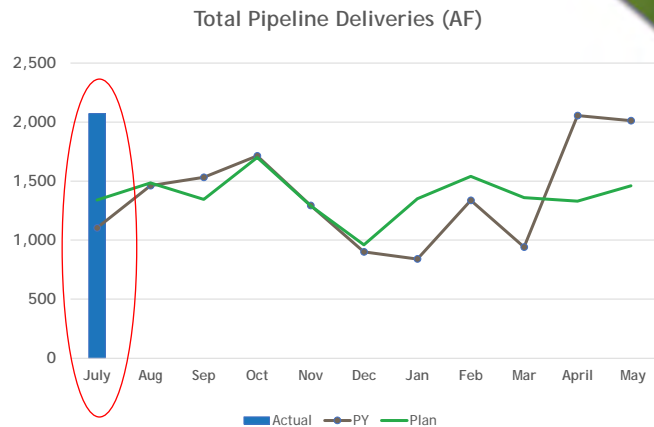
- Year-to-date June deliveries 9% below Plan and 16% below PY
- Year-to-date (excluding PV) June deliveries 13% below Plan and 22% below PY



July 2023 Pipeline

	\$ Billed	Actual AF	Plan AF	Variance
OH	\$705K	909	1010	(100)
PT	\$291K	396	330	66
PV	\$211K	766	0	766

- Year-to-date July deliveries are 55% above Plan



Fleet Vehicle Program

Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage
Mid Size SUV 4x4	3	8.8	4,700
Mid Size SUV 4x4-ERV	1	6.4	4,700
Compact Pickup Ext 4x2	1	4.4	4,500
Compact Pickup Ext 4x4	3	11.5	4,700
Compact Pickup Quad 4x2	2	20.1	4,800
Compact Pickup Quad 4x4	1	10.5	4,800
1/2 Ton Pickup Ext 4x4	8	10.5	4,800
1/2 Ton Pickup Quad 4x2	2	10.5	4,700
1/2 Ton Pickup Quad 4x4	2	3.9	4,500
3/4 Ton Pickup Reg 4x2	4	17.1	4,800
3/4 Ton Pickup Reg 4x4	4	14.5	4,800
3/4 Ton Pickup Ext 4x4	4	4.9	4,400
3/4 Ton Pickup Quad 4x4	1	6.4	4,700
Totals/Averages	36		



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Finance Department

- Current estimate for emergency work performed on OH pipeline for the blockage removal is \$275K. Once the cost is final, this will be brought to the committee and board for supplemental appropriations.
- WIFIA loan for design costs closed on August 29, 2023.
- Selection has been made for the open Accountant position and the start date is September 11, 2023.
- Year-end financials to be presented in the October committee meeting.
- Financial audit is beginning the week of September 11, 2023.



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Human Resources

- Finalized MOU with SEIU 721 and implemented policy changes in early July.
- Held an all-staff Lincoln Financial Group presentation on August 15.
- Calculated 2024 Health Insurance rates and scheduled an all-staff employee benefits presentation for September 14.
- Promotions:
 - Promoted Hydrogeologist Dr. Zachary Hanson to Water Resources Engineer.
 - Promoted Associate Engineer Adrian Quiroz to Engineer.
 - Promoted Associate Control Systems Programmer Kevin Ortega to Control Systems Programmer.



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Current Employee Recruitments

Senior Engineer
Offer accepted,
starts on 05-Sep

Senior Control
Systems
Programmer
Position posted,
closes on 04-Sep

Park Ranger
Cadet
Position posted,
closes on 01-Sep







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Risk Management

- Certified seven staff members in Adult and Pediatric First Aid/CPR/AED. In addition, added hands-on tourniquet training as part of our enhanced element of CPR training.
- Provided oversight of license plate reader security camera installation with support from Technology Systems.
- Conducted training and annual hearing exam for Operations and Maintenance, and Engineering staff as part of the District’s Hearing Conservation Program.



Red Cross First Aid/CPR/AED Training



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Technology Systems

- Phone System Upgrade Plan developed and provided an in-person demonstration to the Administrative staff.
- Provided off-site technical assistance for the Fillmore and Piru Basins Groundwater Sustainability Agency meeting held at Fillmore city hall as well as at United’s 4 million acre feet of water recharge celebration.
- Provided detailed descriptions of United’s IT processes in relationship to financial processes to new audit firm.

Technology Systems Specialist Ed Reese
providing IT support in the field



Questions

