

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
Monday, February 5, 2024, at 9:00 a.m.
UWCD Headquarters, First Floor, Board Room
1701 N. Lombard Street, Oxnard, CA 93030

OPEN SESSION 9:00 a.m.

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

Committee Members Roll Call

Two Committee members were present (Keeling, Maulhardt). One seat is currently vacant.

1. Public Comment

No public speakers.

2. Approval of Agenda

Motion

Per staff's request, agenda item *4.1 Authorization of the General Manager to Approve Check Point Infinity Total Protection Agreement for the District* was pulled from the agenda. Item to be discussed at a later date. Motion to approve the Committee meeting agenda as amended, Director Keeling. Seconded by Chair Maulhardt. Voice vote, two ayes (Keeling, Maulhardt); none opposed. Motion carries 2/0.

3. Approval of Minutes

Motion

Action: M/S/C (Keeling/Maulhardt) to approve the January 3, 2024, minutes.

Vote: Ayes: Keeling and Maulhardt; Noes: None; Absent: None

4. February 14, 2024, UWCD Board of Directors Meeting Agenda Items

4.1 Authorization of the General Manager to Approve Check Point Infinity Total Protection Agreement for the District

Board Motion

This agenda item was pulled for further review, as noted under agenda item 2. *Approval of Agenda*.

4.2 Approving the Purchase of Two New Vehicles for the Operations and Maintenance Department

Board Motion

Chief Financial Officer Zahn presented the motion to the Committee members for their consideration. If approved, Finance would procure two new Operations and Maintenance (O&M) vehicles in an amount not-to-exceed \$86,000 for both vehicles. After a brief discussion, the Committee members voiced their agreement to recommend this motion to the full Board of Directors for approval.



5. First Quarter Fiscal Year 2023-24 Financial Reports

Information Item

Reviewed the District's first quarter fiscal year 2023-24 financial reports and received a presentation from Mr. Zahn (presentation attached). Prompted by information provided during the pipeline portion, Director Maulhardt suggested staff highlight to users how United is correctly receiving and capturing water during wet years (i.e., operationally knowing when to release water, etc.) and believed there was a huge paradigm shift relating to ag customers who now are pumping rainfall water. General Manager Guardado added users may have concerns because they draw out water that is rainwater, then United bills users when groundwater is pumped out of the ground. Initiating discussions in the future to address their concerns and explaining aquifer return would provide clarity so users understand how the system works.

6. District Staff and Board Member Reimbursement Report (September 30–December 31, 2023)

Information Item

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 2023-2024.

7. Monthly Investment Report (December 2023)

Information Item

Received and reviewed the District's investment portfolio and cash position as of December 31, 2023.

8. Monthly Pipeline Delivery Report (December 2023)

Information Item

Received and reviewed the District's pipeline water activities as of December 31, 2023.

9. Board Requested Cost Tracking Items (December 2023)

Information Item

Received and reviewed the costs that the District has incurred through December 31, 2023:

- 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 professional fees over the past several fiscal years; and
- e) a summary of motion item(s) which have a fiscal impact.

Finance and Administrative staff were encouraged to please bring to their attention any changes they would like to make and how often the monthly reports should be presented, whether it be monthly or quarterly, to streamline things. It was determined the *Board Requested Cost Tracking Items* be presented quarterly. When staff is evaluating its reporting processes, the Committee does want to hear about pending challenges or ongoing problems, ensuring to find a balance without compromising what is required to be reported from an auditing standpoint. General Manager Guardado stated sharing the information tells the story of the value of what people are paying for and how the District is fiscally responsible. The Committee members also suggested scaling down the written information and honing on what the Board/Committee is responsible for such as fiscal information on organization, money, and policies in a way to make reporting more efficient, so as long as staff is getting its tasks accomplished. Staff was encouraged to present any changes that would make the meetings more productive.



**10. Monthly Administrative Services Department Update
Information Item**

The Finance Department monthly update was presented by Mr. Zahn, as well as an update on the costs of the repair to District well no. 12. Chief Human Resources Officer Perez presented monthly updates from Human Resources, Risk Management, and Information Technology Departments (presentation attached).

After hearing updates on the rollout of the new iPhones for the District, Chair Maulhardt raised concerns about security. He requested the General Manager and Technology Information Systems team to look at the technology being used by the Board. Mr. Perez added the District would be presenting a Brown Bag lunch presentation regarding the use of District-assigned electronic devices.

11. Future Agenda Items

There were no future agenda items requested.

ADJOURNMENT

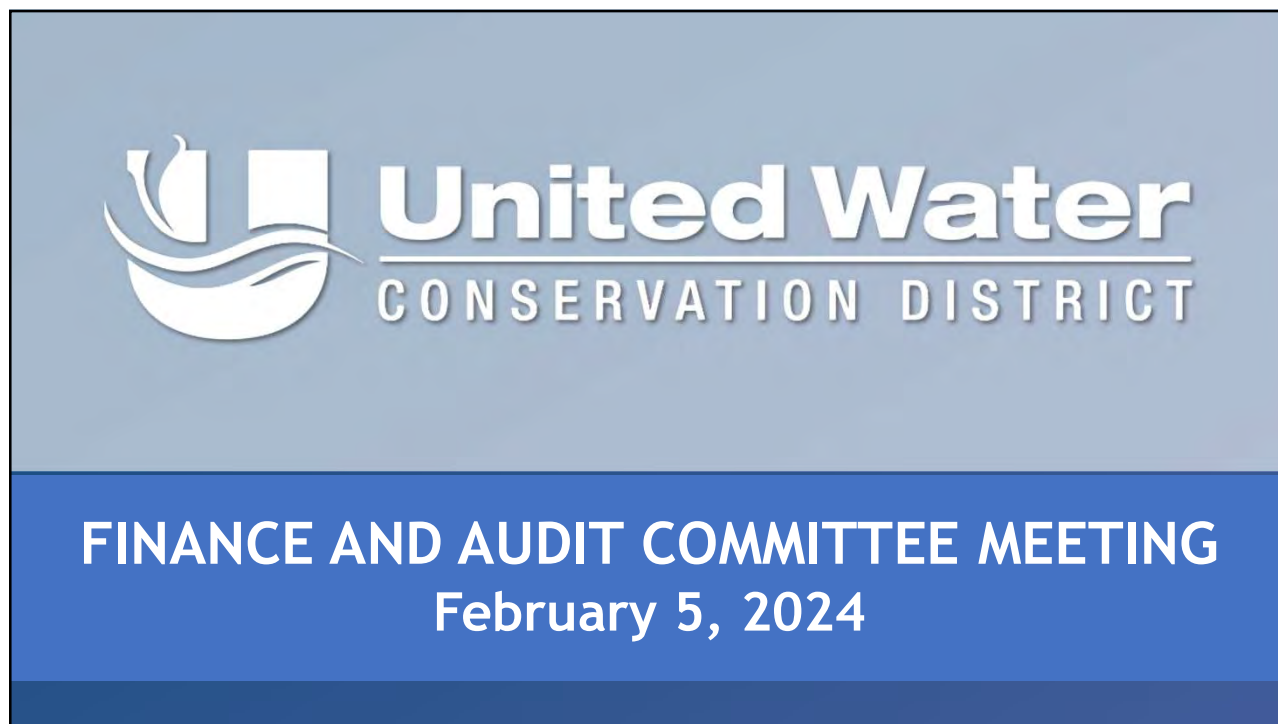
The meeting was adjourned at 9:58 a.m.

I certify that the above is a true and correct copy of the minutes of the UWCD Finance and Audit Committee Meeting of February 5, 2024.

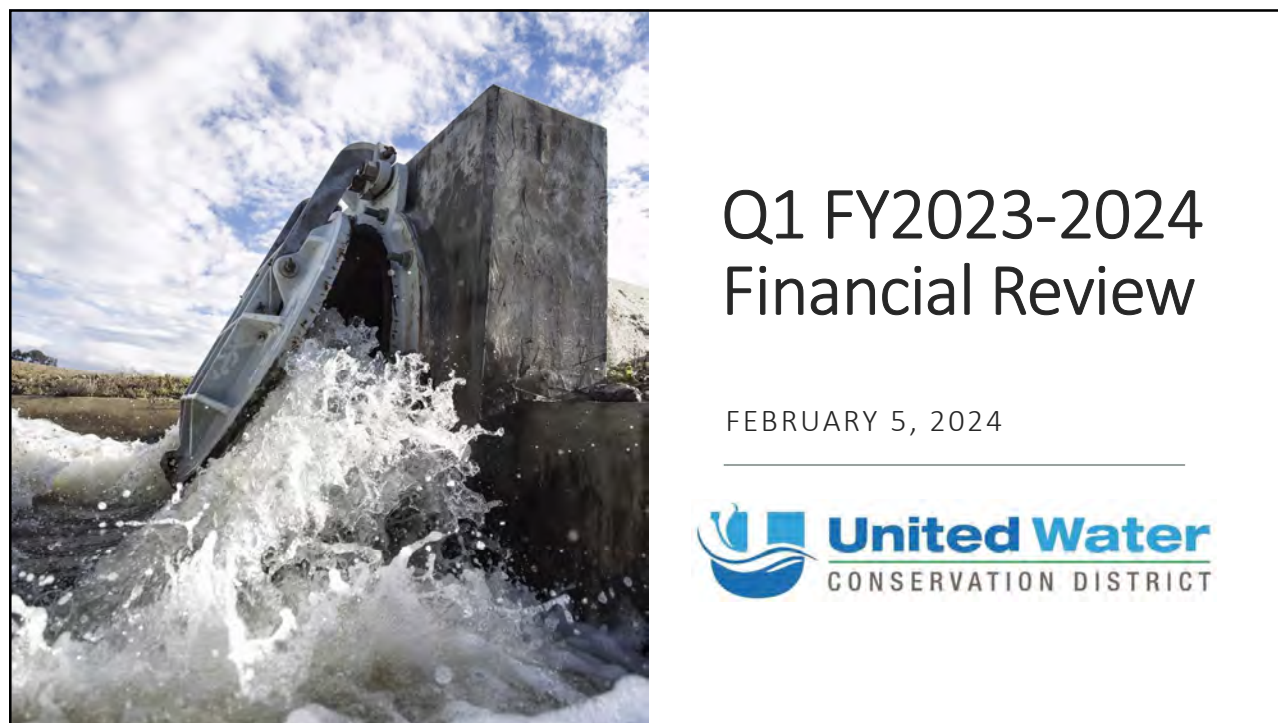
ATTEST:

A handwritten signature in blue ink, appearing to read 'Lynn E. Maulhardt', is written over a horizontal line. Below the line, the name 'Chair Lynn E. Maulhardt' is printed.

Chair Lynn E. Maulhardt



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Highlights


GRANTS REVENUE DRIVE UNFAVOURABILITY TO BUDGET

REVENUE

Total operating revenue is \$1.7M or 26% unfavorable to budget

- Pipeline revenue is favorable to budget by \$0.2M or 5%
- Groundwater revenue is flat to budget (first billing in January 2024)
- Taxes are unfavorable to budget by \$0.2K or 100%
- Other Operating Revenue is flat to budget
- Non-Operating Revenue is unfavorable to budget by \$1.6M or 63% primarily due \$2.0M in Federal Grants and \$0.3M in State Grants that did not materialize yet, which was off-set by higher interest income and unrealized gain

in \$000's	Q1 FY23-24 Actual	Q1 FY23-24 Budget	Q1 FY22-23 Actual
Taxes	0	157	36
Water Delivery/Fixed Cost	3,529	3,362	3,189
Groundwater	(118)	-	(6)
Other Operating Revenue	292	219	267
Non-Operating Revenue	950	2,570	2,484
Total Revenue	\$ 4,653	\$ 6,308	\$ 5,970



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Highlights


PROFESSIONAL FEES AND CAPITAL SPEND DRIVE FAVORABILITY TO BUDGET

EXPENDITURE

Total expenditures are \$7.9M or 39% favorable to budget

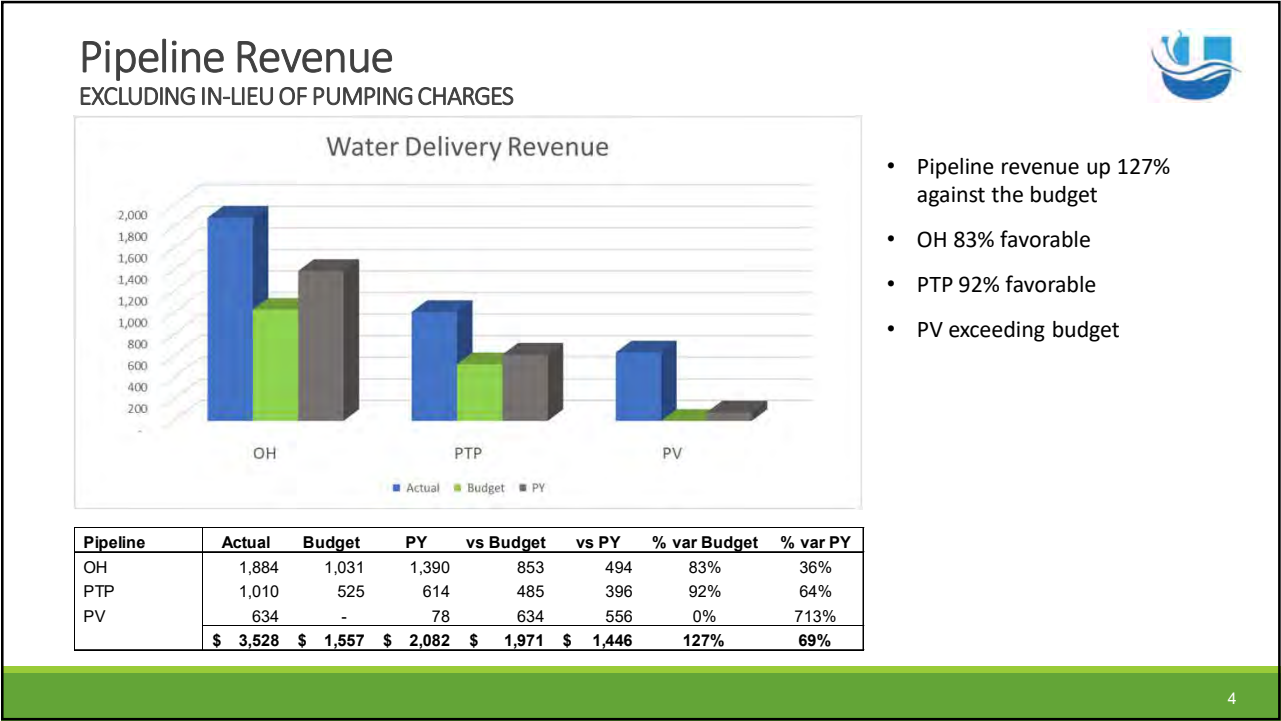
- Professional and legal fees are less than budget \$2.0M or 79% due to underspending across all departments
- Operations expenses are below budget \$5.1M or 47% due to favorable Capital spend \$6.5M

in \$000's	Q1 FY23-24 Actual	Q1 FY23-24 Budget	Q1 FY22-23 Actual
Personnel Expense	3,628	3,862	3,178
Professional Fees	507	2,455	513
Operating Expense	5,743	10,800	1,356
Allocated Overhead	1,143	1,777	1,045
Debt Service	283	757	61
Other	1,172	715	553
Total Expenditure	\$ 12,477	\$ 20,366	\$ 6,706

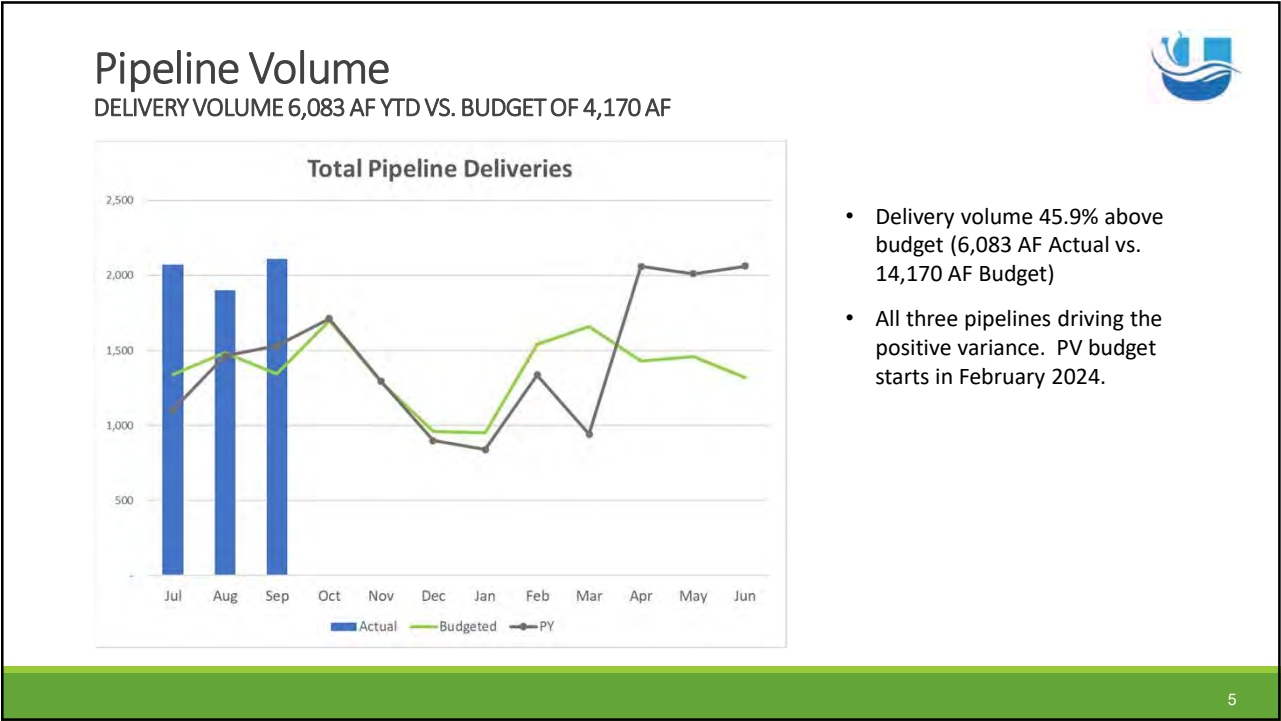


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Top AG Pipeline Customers

Top AG Users		
CUSTOMER	TOTAL AF	Total Revenue
PVCWD	297.90	\$ 180,205.67
OceanView	213.63	\$ 145,478.90
Laubacher Farms Inc	164.91	\$ 108,156.44
Reiter Brothers Inc	118.36	\$ 78,515.73
3H Custom Farming Inc	96.93	\$ 64,870.18
Sorrento Berry Farms	95.53	\$ 67,128.73
Catalinos Berry Farms	75.42	\$ 54,323.69
Chas Nakama Inc	74.12	\$ 50,345.91
Tom Vujovich	72.27	\$ 49,167.92
Laguna Farms	46.84	\$ 32,975.37
Total	1,255.91	\$ 831,168.54

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Top M&I Pipeline Customers

Total M&I Users		
CUSTOMER	TOTAL AF	Total Revenue
City of Oxnard	2,302.80	\$ 634,701.90
Port Hueneme Water Agency	1,110.40	\$ 894,125.39
Vineyard Estates	836.24	\$ 691,785.83
Dempsey Road MWC	45.15	\$ 38,408.19
Cypress Mutual	34.66	\$ 28,208.58
Saviers Road MWC	12.98	\$ 11,210.68
USNCBC (PHWA)	9.09	\$ 7,469.79
Rio Del Valle	7.74	\$ 4,846.25
E & H Land Company, LLC	1.45	\$ 8,299.42
Total	4,360.51	2,319,056.04

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Personnel Expenses




\$000's	Q1 2023-24 Actual	Q1 2023-24 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Regular Salary	1,801	2,268	1,500	468	21%	301	20%
Over-time Salary	60	64	38	5	7%	22	57%
Part-time	115	146	85	31	21%	30	35%
Salaries	\$ 1,975	\$ 2,479	\$ 1,623	503	20%	\$ 352	22%
Retirement- Classic	1,097	480	162	(616)	-128%	935	577%
Retirement - PEPRA	78	86	1,035	8	9%	-957	-92%
Soc Sec/457b Expense	113	136	92	23	17%	21	22%
Medicare Expense	28	35	24	7	20%	4	17%
SUI Expense	2	5	1	3	54%	1	136%
Medical Ins Exp	231	301	168	70	23%	63	38%
LTD	5	6	5	1	11%	0	4%
Life Insurance	5	8	4	2	32%	1	29%
Worker's Comp Expense	54	78	40	24	31%	14	35%
OPEB	9	-	7	(9)	0%	2	34%
Deferred Comp	17	6	17	(11)	-175%	-1	0%
Other	13	242	-	229	0%	13	0%
Employee Benefits	\$ 1,652	\$ 1,383	\$ 1,555	-269	-19%	\$ 97	6%
Personnel Expenses	\$ 3,628	\$ 3,862	\$ 3,178	234	6%	\$ 450	14%

- Salaries are favorable to budget \$0.5M or 20%
- Employee Benefits are unfavorable to budget \$0.3M or 19% primarily due to:
 - Higher Retirement costs


Operating Expenses

PROFESSIONAL AND LEGAL FEES DRIVE BUDGET FAVORABILITY



\$000's	Q1 2023-24 Actual	Q1 2023-24 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Profess Fees - Engineering	22	77	48	(55)	-71%	(26)	-54%
Prof. Fees - Environmental	129	635	91	(506)	-80%	38	41%
Prof. Fees - IT consulting	19	37	2	(18)	-48%	17	866%
Prof. Fees - GW Consulting	11	18	4	(7)	-38%	7	172%
Prof. Fees - Other	250	609	98	(359)	-59%	152	155%
Professional Fees	\$ 431	\$ 1,376	\$ 243	\$ (945)	-69%	\$ 188	77%
Legal Fees	\$ 76	\$ 1,079	\$ 269	\$ (1,002)	-93%	\$ (193)	-72%
Utilities	382	587	212	(205)	-35%	170	80%
Maintenance	348	555	252	(207)	-37%	96	38%
Field Supplies	19	13	65	6	43%	(46)	-71%
Insurance	776	249	695	527	212%	81	12%
Office Expenses	304	318	20	(15)	-5%	284	1418%
Miscellaneous	243	338	266	(95)	-28%	(23)	-9%
Travel, Trainings and Meetings	39	92	16	(53)	-58%	23	141%
Gasoline, Diesel, Fuel	54	56	51	(2)	-3%	3	7%
Fox Canyon GMA	0	0	(375)	-	#DIV/0!	375	-100%
Safety, supplies, clothing	25	34	43	(9)	-26%	(18)	100%
Telephone	17	20	15	(3)	-16%	2	14%
General Operating Expenses	\$ 2,207	\$ 2,264	\$ 1,260	\$ (57)	-3%	\$ 947	75%
State Water Import Costs	\$ 3,165	\$ 1,069	\$ 428	\$ 2,096	196%	\$ 2,737	100%
Total Operating Expenses	\$ 5,879	\$ 5,788	\$ 2,200	\$ 91	2%	\$ 3,679	167%

- Professional Fees are favorable to budget by \$0.9M
- Legal Fees are favorable to budget by \$1.0M
- Operating Expenses are flat to budget Key variances include:
 - Utilities \$205K favorable
 - Maintenance \$207K favorable
 - Off-set by unfavorable Insurance \$527K
- State Water Import Costs higher due to state water purchases




Top 10 Accounts Payable Vendors

Q1 Top 10 Vendors FY 23-24	
Vendor	Payment Amount
CASITAS MUNICIPAL WATER	\$ 3,442,660
US BANK NATIONAL ASSOCIATION	\$ 1,264,116
SPECIAL DISTRICT RISK	\$ 992,491
GEI CONSULTANTS, INC	\$ 569,957
GSE CONSTRUCTION COMPANY INC	\$ 512,259
SO. CALIFORNIA EDISON	\$ 507,062
ATKINSON, ANDELSON, LOYA, RUUD AND ROMO	\$ 411,222
J & H ENGINEERING GENERAL	\$ 237,409
BAKERSFIELD WELL & PUMP C	\$ 186,438
TRAVIS AGRICULTURAL	\$ 178,907

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SUPPLEMENTAL WATER PURCHASE FUND STATUS UPDATE

	<u>Revenue (\$000'S)</u>
Beginning Balance - July 1, 2023	\$3,582
Changes in Surcharge	\$408
Other	\$0
Ending Balance - September 30, 2023	\$3,990

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December Cash Collections

UWCD

Pipeline: \$ 1.2M

Groundwater: \$ 1K

Rent: \$ 14K

Lake Piru: \$ 21K

Misc.: \$ 4.9M

TOTAL: \$ 6.2M

Lake Piru

Day Use: \$ 4K

Concessions: \$ 1K

Boating/Watercraft: \$ 1K

Boat Storage: \$ 1K

Camping: \$ 12K

Miscellaneous: \$2K

Prior Year Total: \$ 21K

TOTAL: \$ 21K



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December 2023 Pipeline

	\$ Billed	Actual AF	Plan AF	Variance
OH	\$646K	814	730	84
PT	\$238K	304	230	74
PV	\$102K	314	0	314

- Year-to-date December deliveries are 60% above plan and 62% above prior year.

Total Pipeline Deliveries (AF)




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Board Motions with Fiscal Impact

Sponsor	Description/Summary	Budget Y/N	Funding Source	Cash Impact of Approval	Other Financial Impact
Eng. and Operations	Freeman Conveyance System Upgrade – Freeman to Ferro Recharge Basin – Inverted Siphon Replacement Project Construction Contract	Y	051-400-81020 Project 8018	\$891,000	None
Finance and Audit	Check Point Infinity Total Protection Agreement to provide advanced network security	Y	510-100-80410	\$160,000 (annually, for five years)	None
Finance and Audit	District purchase of two new vehicles for Operations and Maintenance Dept.	Y	2021-22 Budget	\$86,000	None
TOTAL				\$1,137,000	




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Finance Department

- Finance began calculating the 2024-25 budget on February 1
- 2022-23 Financial Audit wrapping up
- Finance met with Southside Improvements Board members on January 30



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Administrative Update

Josh Perez
Chief Human Resources Officer

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Human Resources



Promotions

- Technology Systems Specialist **Edward Reese** to Control Systems Supervisor
- Engineering Manager **Craig Morgan** to Chief Operations Officer

New Hire

- Bernard Riedel Jr. selected for Senior Park Ranger role, starts February 12

Other Human Resources Efforts

- Collaborated with IT/Risk and Safety to issue District phones for full time staff
- Coordinated employee DOT quarterly testing to comply with DOT-regulated testing requirements
- Began processing the 2024 1094C and 1095C for full time employees required by the Department of Treasury and due to employees by January 28, 2024
- Updated all employee benefit packets to reflect 2024 CalPERS compensation limits, etc.



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Current Employee Recruitments


Engineering Vacancies (2)


Back fill for Morgan and Kadah

Interviews scheduled; position posted until filled

Seasonal Park Ranger Assistant

Closed 1/30/2024







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Risk Management

- Updated Rangers Policy Manual with new state laws in partnership with HR
- Conducted onboarding hearing and respirator fit testing for new staff; conducted off-boarding/exit hearing test for departing staff (Clayton Strahan and Michel Kadah)
- Updated COVID-19 Prevention Plan with revised State Public Health Order
 - The policy update provides fewer restrictions than past orders
- Collaborated with HR and Finance to print and post Annual Summary of Work-related Injuries and Illness as required by Cal/OSHA
- Coordinated execution of Regional Radio System MOU with the County
- Delivered two courses in Adult & Pediatric CPR/AED/First Aid to additional staff in Finance Department and O&M
- Led Hand and Power Tool Safety Training at monthly safety meeting



FIRST AID / CPR
American Red Cross Certification





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Technology Systems

- Advanced network security by implementing comprehensive updates to firewall configurations and endpoint management, covering desktops, laptops, and servers.
- Conducted additional maintenance and upgrades to enhance the maturity of our cybersecurity infrastructure, thereby reinforcing the protection of our digital assets.
- Successfully managed the renewal and installation of the Exchange Server Secure Certificate.
- Continued the rollout and deployment of district-owned and managed mobile devices to operations staff, a key step in enhancing field communication and operational efficiency.
- Provided dedicated IT support to scheduled meetings and events, which played a pivotal role in the success of those in January like the Santa Felicia Improvement Project Design Workshop, annual budget kickoff meetings, and others.



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Questions



United Water
CONSERVATION DISTRICT

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