CRESCENTA VALLEY WATER DISTRICT

2700 Foothill Boulevard
La Crescenta, California

Agenda for the
Adjourned Regular Meeting of the Board of Directors
of the Crescenta Valley Water District
to be held on Tuesday, June 27, 2023, at 7:00 p.m.

Posted: Friday, June 23, 2023 at 4:30 p.m.

This meeting will be conducted in person at the address listed above. Members of the public may also participate virtually by using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)

(669) 900-6833	**(346) 248-7799**	**(929) 205-6099**
(253) 215-8782	**(301) 715-8592**	**(312) 626-6799**

Then, enter Access Code: 828 4385 6783

Those members of the public who are able to and would like to additionally participate through computer may access the Zoom audio & video conferencing tool available at the following link:

https://us02web.zoom.us/j/82843856783

If there is a disruption of service, this meeting will continue without remote participation. The remote participation option is provided as a convenience to the public and is not required.

Public comment may be made either by emailing comments ahead of the meeting or by speaking over the phone. Emailed comments will be sent to the Board of Directors prior to the meeting and posted on the District's website. Comments may be sent to Christy Colby, Regulatory and Public Affairs Manager, at (818) 248-3925 or customerservice@cvwd.com by 3pm on June 27, 2023.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting the District by phone or in writing at the above email address. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

Any written materials distributed to the Board in connection with this agenda will be made available at the same time for public inspection at the District office located at the above address and posted on the District's website.

Call to Order and Determination of Quorum

Pledge of Allegiance

Adoption of Agenda

Public Comments

At this time, the public shall have an opportunity to comment on any non-agenda item relevant to the subject matter jurisdiction of the Board. This opportunity is non-transferable, and speakers are limited to one three-minute (3) comment. Under the provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda, except under certain circumstances.

Foothill Municipal Water District Report

1. Report on activities at Foothill Municipal Water District.

Consent Calendar

1. Consideration and approval of the Minutes of the Regular Board Meeting on June 13, 2023.

Action Calendar

The public shall have an opportunity to comment on any action item as each item is considered by the Board. This opportunity is non-transferable, and speakers are limited to one two-minute (2) comment.

1. **Resolution No. 786** – Consideration and motion to authorize Resolution No. 786 approving the annual report of capital charges on the property tax roll to fund the pipeline replacement and associated costs for the fiscal year 2023/24, and directing the filing of capital charges for collection by the County Tax Collector pursuant to Health and Safety Code Section 5470 et seq.

2. **FY 2023-24 Water and Wastewater Fund Budgets** – Consideration and motion to approve the FY 2023-24 Water and Wastewater Fund budgets and associated items consistent with Action Item #1.

3. **Selection of Firm for Independent Financial Audits** – Consideration and motion to select an accounting firm to perform the District's independent financial audits for FY 2023-25.

Information Items

Written Communications to District/Board of Directors – Prop 218 protest letters received after 6/8/23.

General Manager's Report

Attorney Report

Reports of Committees

- **Engineering Committee**
- **Finance Committee**
- **Employee Relations Committee**
- **Policy Committee**
- **Community Relations/Water Conservation Committee**
- **Emergency Planning Committee**
- **Technology Committee**

Directors' Oral Reports – Reports on issues, meetings, or activities attended by Directors.

Board Members' Request for Future Agenda Items

Closed Session

Public Employment

Position: General Manager

Adjournment

g:\management\agenda\regular\22-23\06272023ra.doc

CRESCENTA VALLEY WATER DISTRICT
REGULAR MEETING, BOARD OF DIRECTORS
June 13, 2023

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District made at the Adjourned Regular Meeting on May 23, 2023, a Regular Meeting was held on June 13, 2023, at 7:55 p.m. at the District office at 2700 Foothill Blvd., La Crescenta, California and through audio and video conference. A call-in number was clearly noted on the meeting Agenda, posted in accordance with the Brown Act, with President Sharon Raghavachary presiding.

At roll call, the following Directors and staff members were present or online:

Directors:	**James D. Bodnar** **Kerry D. Erickson** **Jeffery W. Johnson** **Sharon S. Raghavachary** **Judy L. Tejeda**
Attorney:	**Thomas Bunn**
Interim General Manager:	**James Lee**
Interim Director of Engineering and Operations:	**Brook Yared**
Staff Members:	**Arturo Montes, Finance & Administration Manager** **Kellen Boyce, System Operations Manager** **Darlene Telles, Operations & Maintenance Manager** **Adam Sutphin, Analyst** **Jennifer Bautista, Project Coordinator** **Elias Sebhatu, Senior Engineer** **Pam Leddy, Administrative Assistant**
Guests:	**Frank Colcord**

PLEDGE OF ALLEGIANCE
Director Erickson opened the meeting by leading the Directors and staff in reciting the Pledge of Allegiance.

ADOPTION OF AGENDA
It was moved by Director Bodnar, seconded by Director Johnson, and carried by a 5-0 vote that the Agenda for the Regular Meeting of June 13, 2023, be adopted as presented.

PUBLIC COMMENTS – None

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – Director Colcord had no report but stated that before the next CVWD Board meeting, FMWD will have approved its budget and that he plans to provide a report including the breakdown of the water rates with responses to questions pertaining to how FMWD contains costs.

CONSENT CALENDAR

It was moved by Director Bodnar, seconded by Director Erickson to approve the Minutes of the Adjourned Regular Board Meeting held on May 23, 2023.

ACTION CALENDAR

FY 2023-24 Water and Wastewater Fund Budgets – Mr. Lee announced that an option of lowering the amount of the capital charge on the property tax roll was discussed at the May 23 Board Meeting. Mr. Lee shared that staff had presented a budget scenario at the June 1, 2023 Finance Committee meeting that balances a lower capital charge, pursues bond financing, and long-term sustainability in terms of PayGo and debt service. Mr. Lee emphasized the significant value of a potentially higher credit rating (lower interest cost) when funding bonds by implementing the property tax roll. Mr. Lee stated that staff would provide several scenarios to the Board at the next Board meeting.

Public Comments – Mr. Colcord stated that the significant peak in aging pipelines will require a lot of years to raise the money required to solve this long-term problem. Mr. Colcord stressed that pipeline replacement is a long-term project and that CVWD should have a long-term plan in place. Ms. Tyler asked the Board if they had received the letter she submitted regarding the Proposition 218 notice.

INFORMATION ITEMS – CV Weekly, June 1, 2023 "CVWD Proposes Capital Charge on Property Tax Roll", CV Weekly, June 3, 2023 "Another Water Main Break on Pennsylvania", CV Weekly, "Notice of Public Hearing, and CV Weekly "Public Urged to Attend Meetings".

WRITTEN COMMUNICATIONS TO DISTRICT – Proposition 218 protest letters received by 6/8/23 at 4:00PM

GENERAL MANAGER – Mr. Lee reported that negotiations were completed with LCID to fund a portion of the repairs needed at the LCID inter-connection. Ms. Telles provided highlights of the May 2023 Field Maintenance & Operations Report. Mr. Yared provided highlights of the May 2023 Engineering Report.

ATTORNEY REPORT – No report.

REPORTS OF COMMITTEES

Engineering & Operations Committee – Director Erickson reported that the Committee had not met; however, a meeting is scheduled for July 10, 2023.

Finance Committee – Director Raghavachary reported that the Committee had met on June 1 to discuss the property tax roll and level payment plan. A meeting will be scheduled as needed.

Employee Relations Committee – Director Bodnar reported that the Committee had not met; however, a meeting will be scheduled as needed.

Policy Committee – Director Raghavachary reported that the Committee had met not met; however, a meeting will be scheduled as needed.

Community Relations/Water Conservation Committee – Director Johnson reported that the Committee had not met; however, a meeting will be scheduled as needed.

Emergency Planning Committee – Director Tejeda reported that the Committee had not met; however, a meeting is scheduled for July 10, 2023.

Executive Committee – Director Raghavachary reported that the Committee had met on June 9, 2023 to discuss the plan for the Public Hearing, updating the name of the Engineering Committee, a plaque recognizing the names of past and present Board members, Board room updates, and staff retention planning. A meeting will be scheduled as needed.

Technology Committee – Director Bodnar reported that the Committee had not met; however, a meeting will be scheduled as needed.

DIRECTORS' ORAL REPORTS

Director Bodnar – No report

Director Erickson – No report

Director Johnson – No report

Director Raghavachary – No report

Director Tejeda – No report

BOARD MEMBERS REQUESTS FOR FUTURE AGENDA ITEMS – None

CLOSED SESSION – No reportable items

ACTION CALENDAR

ADJOURNMENT

There being no other business to come before the Board, at 9:11 p.m., the meeting was adjourned to June 27, 2023, at 7:00 p.m.

APPROVED

Sharon S. Raghavachary President	James Lee Interim General Manager

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1
June 27, 2023

To: Honorable President and Members of the Board of Directors

From: James Lee – Interim General Manager

Subject: **Resolution No. 786 – Approval of the Annual Report of Capital Charges on the Property Tax Roll to Fund the Pipeline Replacement and Associated Costs for the Fiscal Year 2023/24, and Directing the Filing of Capital Charges for Collection by the County Tax Collector Pursuant to Health and Safety Code Sections 5470 Et Seq.**

ACTION ITEM:

Consideration and motion to adopt a resolution approving the annual report of capital charges on the property tax roll to fund the pipeline replacement and associated costs for the fiscal year 2023/24, and directing the filing of capital charges for collection by the County Tax Collector pursuant to Health and Safety Code Sections 5470 et seq.

BACKGROUND:

The District is considering collecting fees on the property roll to ensure infrastructure reliability, specifically pipeline replacement. This is as authorized by the California Health and Safety Code Sections 5470 et seq., which requires a resolution adopted by at least two-thirds of the directors of the Board of Directors (an affirmative vote of 4 of its 5 directors). Resolution No. 785, which established the intent to set and collect such fees, elects to have those fees collected on the property tax roll, and opens an account with Los Angeles County for that purpose, was authorized by the Board during the April 25, 2023 Board meeting.

Collection of fees requires that an annual report detailing the capital charges for each property be approved by the Board and filed with the County. Resolution No. 786 approves the report and the filing of it. If the Board decides to move forward, two of the available options for the Board are: 1) authorize and implement the full proposed amount – $404 annually for most properties; or 2) authorize the full amount and implement a lower amount for the year. The associated report would be adjusted accordingly before being sent to the County. Two versions of the subject resolution are enclosed to accommodate for either decision.

RECOMMENDATION

Adopt Resolution No. 786.

Prepared by:

Arturo Montes
Finance & Administration Manager

Submitted by:

James Lee
Interim General Manager

Attachment(s):
1. Resolution No. 786

g:\management\board meeting staff reports\2023\06-27-23 Board Memo - Reso No. 786 - County Filing for Property Roll.docx

<u>RESOLUTION NO. 786</u> A

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT APPROVING THE ANNUAL REPORT OF CAPITAL CHARGES ON THE PROPERTY TAX ROLL TO FUND THE PIPELINE REPLACEMENT AND ASSOCIATED COSTS FOR THE FISCAL YEAR 2023/24, AND DIRECTING THE FILING OF CAPITAL CHARGES FOR COLLECTION BY THE COUNTY TAX COLLECTOR PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 5470 *ET SEQ*.

WHEREAS, California Health and Safety Code ("***HSC***") section 5471 authorizes the Crescenta Valley Water District's ("***District***") Board of Directors ("***Board***") to establish fees and other charges for services and facilities furnished by it in connection with funding its water, sanitation, storm drainage, or sewerage system (collectively, "***Capital Costs***"); and

WHEREAS, on April 25, 2023, pursuant to HSC section 5471, two-thirds of the Board's directors adopted Resolution No. 785, setting capital charges to fund Capital Costs for pipeline replacements and associated costs, to replace aging infrastructure to keep the District's distribution system operational and flowing with safe and reliable water (collectively, "***Charges***"); and

WHEREAS, in that same Resolution No. 785, pursuant to HSC section 5471, the Board set service charges ("***Private Fire Protection Charges***") to fund Capital Costs for furnishing standby quantities and pressures of water for private fire protection services it provides to the premises or property of each District customer that maintains a private fire protection line; and

WHEREAS, in that same Resolution No. 785, pursuant to HSC section 5473, the Board elected to have the (i) Charges for each water account holder and (ii) Private Fire Protection Charges for each District customer that maintains a private protection line (each, a "***Capital Charge***," collectively, "***Capital Charges***") collected annually on the Los Angeles County ("***County***") property tax roll ("***Tax Roll***"); and

WHEREAS, the District caused a written report (the "***Report***") to be prepared containing (i) a description of each parcel of real property receiving the service or services subject to each of the Capital Charges, (ii) the reason for each Capital Charge, and (iii) the amount of the Capital Charge for each parcel identified in the Report for fiscal year 2023/24, computed in conformity with Resolution No. 785, pursuant to HSC section 5473 and the applicable requirements of Section 6 of Article XIIID of the California Constitution ("***Section 6***"); and

WHEREAS, pursuant to HSC section 5473, that Report, which is incorporated herein by reference, has been filed with the District at its District office, where it is available for public inspection, and posted to the District's website for accessing and viewing via the internet; and

WHEREAS, HSC section 5473.2 requires the District to hold a public hearing ("***Public Hearing***") to consider any objections or protests to the Report and, if a majority protest is *not* made, HSC section 5473.3 provides that upon the conclusion of the Public Hearing, the District's Board may (for purposes of collection on the Tax Roll) adopt, revise, change, reduce, or modify any Capital

Charge, or overrule all objections and make a determination upon each Capital Charge described in the Report, and that determination shall be final; and,

WHEREAS, more than 45 days before the Public Hearing, the District caused written notice of the Public Hearing concerning the Capital Charges it intends to collect on the Tax Roll to be mailed to the address of record for each District parcel of property and customer described in the Report as assessed in the last equalized assessment roll available on the date the Report was prepared, at the address shown on the assessment roll or as known to the District's clerk; and

WHEREAS, pursuant to HSC section 5473.1 and Government Code section 6066, notice of the (i) filing of the Report stating the Capital Charge amount per connection and (ii) time and place of the Public Hearing on the Report was published for two consecutive weeks in the Crescenta Valley Weekly newspaper, a newspaper of general circulation within the boundaries of the District; and

WHEREAS, toward the end of May 2023, the District caused a written notice to be mailed to the address of record for each District parcel of property and customer described in the Report concerning the (i) filing of the Report and (ii) Public Hearing to consider all objections to the Capital Charges for each parcel set forth in that Report; and

WHEREAS, following the mailing and publishing of the written notices described above, pursuant to HSC section 5473.1, the District held a full and fair Public Hearing at the noticed time and location with respect to the Report. The Board heard and considered all protests and objections to the Capital Charges for the forthcoming fiscal year 2023/24 stated in the Report; and

WHEREAS, the District's Board desires to approve (i) the full and maximum amount of Capital Charges authorized under Resolution No. 785 and set forth in the Report as submitted, and (ii) the amended Capital Charges described in the resolutions below, which will be submitted to the County for collection on the fiscal year 2023/24 Tax Roll.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CRESCENTA VALLEY WATER DISTRICT RESOLVES AS FOLLOWS:

1. The Public Hearing on the Report was duly noticed and held at 6 p.m. on June 13, 2023, at the District's office located at 2700 Foothill Blvd, La Crescenta-Montrose, California 91214, in accordance Section 6, the Proposition 218 Omnibus Implementation Act (Section 53750 *et seq*. of the California Government Code), and applicable law.

2. As of the conclusion of the Public Hearing concerning the Report, a majority protest, as defined by Section 6(a), was not made by the owners of a majority of separate parcels of property subject to the Capital Charges described in the Report.

3. The Board hereby overrules all protests and objections to the Report and the Capital Charges identified therein and confirms and approves (i) the Report and (ii) each Capital Charge in the Report as submitted.

4. The Capital Charges for fiscal year 2023/24 adopted in this resolution are calculated based on meter size and, pursuant to Resolution No. 785, will be used to collect capital charges to fund Capital Costs for pipeline replacements and associated costs, to keep the District's distribution system operational and flowing with safe and reliable water.

5. The revenues derived from the Capital Charges will be used only for the purposes stated in Resolution No. 785, and each Capital Charge (i) is established at a rate that does not exceed the proportional cost of service or amounts permissible under Section 6 and (ii) is not a tax.

6. Although the Board has elected to adopt the full and maximum amount of Capital Charges set forth in the Report as submitted, the Board hereby elects (i) to place amounts that are less than the maximum amount of Capital Charges authorized by this resolution and stated in the Report on the Tax Roll for fiscal year 2023/24, and (ii) to fund the remaining amounts needed to pay for the Capital Costs through bond financing for (a) fiscal year 2023/24, as well as (b) any future years it may elect to place less than the maximum amount of Capital Charges it is authorized to place on the Tax Roll to fund these same Capital Costs.

7. Accordingly, pursuant to HSC section 5473.3, the Board hereby adopts the Charges in the Report, amended to show that (i) the proposed annual Capital Charge associated with the 3/4" meter size under the "Proposed Capital Charges by Meter Size for the Fiscal Year 2023/24" heading in the Report is __________, and (ii) the annual Capital Charges associated with all other meter sizes in the Report are adjusted in the same proportion.

8. District Staff is instructed to and authorized to prepare or commission an amended Report with updated figures in the "Meter Rate" and "Proposed FY 23/24 Levy" columns of the Report based on the amendments described in the preceding paragraph.

9. The Board hereby reserves the right in future years to place on the Tax Roll up to the maximum amount of annual Capital Charges authorized by and adopted in this resolution.

10. The District Secretary shall certify the adoption of this resolution with a statement endorsed on the amended Report over his signature indicating the Report, as amended, has been adopted by the District's Board.

11. District Staff is instructed and authorized to (i) transmit the endorsed Report to the County on or before August 10, 2023, and to prepare and file all necessary documents required to have the amended Capital Charges in the amended Report included on the Tax Roll for fiscal year 2023/24, and (ii) the County Auditor-Controller shall enter on the County assessment roll opposite each lot or parcel of land, as they appear on the current County assessment roll, the amount of each Capital Charge stated in the Report, and those Capital Charges shall then be collected by the County Tax Collector at the same time and in the same manner as the County taxes are collected for fiscal year 2023/24.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of the Crescenta Valley Water District held on June 27, 2023. Resolution No. 786 was adopted by the following vote:

AYES:	**Director Bodnar** **Director Erickson** **Director Johnson** **Director Raghavachary** **Director Tejeda**
NOES:	**None**

ATTEST:

President, Board of Directors
Crescenta Valley Water District

Secretary of the Board of Directors

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, James K. Lee, Secretary to the Board of the Crescenta Valley Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 786 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on June 27, 2023, and that the same has not been amended or repealed.

Secretary of the Board of Directors
Crescenta Valley Water District

DATED: June 27, 2023 **(S E A L)**

<u>RESOLUTION NO. 786</u> B

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT APPROVING THE ANNUAL REPORT OF CAPITAL CHARGES ON THE PROPERTY TAX ROLL TO FUND THE PIPELINE REPLACEMENT AND ASSOCIATED COSTS FOR THE FISCAL YEAR 2023/24, AND DIRECTING THE FILING OF CAPITAL CHARGES FOR COLLECTION BY THE COUNTY TAX COLLECTOR PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 5470 *ET SEQ*.

WHEREAS, California Health and Safety Code ("***HSC***") section 5471 authorizes the Crescenta Valley Water District's ("***District***") Board of Directors ("***Board***") to establish fees and other charges for services and facilities furnished by it in connection with funding its water, sanitation, storm drainage, or sewerage system (collectively, "***Capital Costs***"); and

WHEREAS, on April 25, 2023, pursuant to HSC section 5471, two-thirds of the Board's directors adopted Resolution No. 785, setting capital charges to fund Capital Costs for pipeline replacements and associated costs, to replace aging infrastructure to keep the District's distribution system operational and flowing with safe and reliable water (collectively, "***Charges***"); and

WHEREAS, in that same Resolution No. 785, pursuant to HSC section 5471, the Board set service charges ("***Private Fire Protection Charges***") to fund Capital Costs for furnishing standby quantities and pressures of water for private fire protection services it provides to the premises or property of each District customer that maintains a private fire protection line; and

WHEREAS, in that same Resolution No. 785, pursuant to HSC section 5473, the Board elected to have the (i) Charges for each water account holder and (ii) Private Fire Protection Charges for each District customer that maintains a private protection line (each, a "***Capital Charge***," collectively, "***Capital Charges***") collected annually on the Los Angeles County ("***County***") property tax roll ("***Tax Roll***"); and

WHEREAS, the District caused a written report (the "***Report***") to be prepared containing (i) a description of each parcel of real property receiving the service or services subject to each of the Capital Charges, (ii) the reason for each Capital Charge, and (iii) the amount of the Capital Charge for each parcel identified in the Report for fiscal year 2023/24, computed in conformity with Resolution No. 785, pursuant to HSC section 5473 and the applicable requirements of Section 6 of Article XIIID of the California Constitution ("***Section 6***"); and

WHEREAS, pursuant to HSC section 5473, that Report, which is incorporated herein by reference, has been filed with the District at its District office, where it is available for public inspection, and posted to the District's website for accessing and viewing via the internet; and

WHEREAS, HSC section 5473.2 requires the District to hold a public hearing ("***Public Hearing***") to consider any objections or protests to the Report and, if a majority protest is *not* made, HSC section 5473.3 provides that upon the conclusion of the Public Hearing, the District's Board may (for purposes of collection on the Tax Roll) adopt, revise, change, reduce, or modify any Capital

Charge, or overrule all objections and make a determination upon each Capital Charge described in the Report, and that determination shall be final; and,

WHEREAS, more than 45 days before the Public Hearing, the District caused written notice of the Public Hearing concerning the Capital Charges it intends to collect on the Tax Roll to be mailed to the address of record for each District parcel of property and customer described in the Report as assessed in the last equalized assessment roll available on the date the Report was prepared, at the address shown on the assessment roll or as known to the District's clerk; and

WHEREAS, pursuant to HSC section 5473.1 and Government Code section 6066, notice of the (i) filing of the Report stating the Capital Charge amount per connection and (ii) time and place of the Public Hearing on the Report was published for two consecutive weeks in the Crescenta Valley Weekly newspaper, a newspaper of general circulation within the boundaries of the District; and

WHEREAS, toward the end of May 2023, the District caused a written notice to be mailed to the address of record for each District parcel of property and customer described in the Report concerning the (i) filing of the Report and (ii) Public Hearing to consider all objections to the Capital Charges for each parcel set forth in that Report; and

WHEREAS, following the mailing and publishing of the written notices described above, pursuant to HSC section 5473.1, the District held a full and fair Public Hearing at the noticed time and location with respect to the Report. The Board heard and considered all protests and objections to the Capital Charges for the forthcoming fiscal year 2023/24 stated in the Report; and

WHEREAS, the District's Board desires to approve the Report and submit the Capital Charges described in the Report to the County for collection on the fiscal year 2023/24 Tax Roll.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CRESCENTA VALLEY WATER DISTRICT RESOLVES AS FOLLOWS:

1. The Public Hearing on the Report was duly noticed and held at 6 p.m. on June 13, 2023, at the District's office located at 2700 Foothill Blvd, La Crescenta-Montrose, California 91214, in accordance Section 6, the Proposition 218 Omnibus Implementation Act (Section 53750 *et seq*. of the California Government Code), and applicable law.

2. As of the conclusion of the Public Hearing concerning the Report, a majority protest, as defined by Section 6(a), was not made by the owners of a majority of separate parcels of property subject to the Capital Charges described in the Report.

3. The Board hereby overrules all protests and objections to the Report and the Capital Charges identified therein and confirms and approves (i) the Report and (ii) each Capital Charge in the Report as submitted.

4. The Capital Charges for fiscal year 2023/24 adopted in this resolution are calculated based on meter size and, pursuant to Resolution No. 785, will be used to collect capital charges to

fund Capital Costs for pipeline replacements and associated costs, to keep the District's distribution system operational and flowing with safe and reliable water.

5. The revenues derived from the Capital Charges will be used only for the purposes stated in Resolution No. 785, and each Capital Charge (i) is established at a rate that does not exceed the proportional cost of service or amounts permissible under Section 6 and (ii) is not a tax.

6. The District Secretary shall certify the adoption of this resolution with a statement endorsed on the Report over his signature indicating the Report has been adopted by the District's Board.

7. District Staff is instructed and authorized to (i) transmit the endorsed Report to the County on or before August 10, 2023, and to prepare and file all necessary documents required to have the amended Capital Charges in the amended Report included on the Tax Roll for fiscal year 2023/24, and (ii) the County Auditor-Controller shall enter on the County assessment roll opposite each lot or parcel of land, as they appear on the current County assessment roll, the amount of each Capital Charge stated in the Report, and those Capital Charges shall then be collected by the County Tax Collector at the same time and in the same manner as the County taxes are collected for fiscal year 2023/24.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of the Crescenta Valley Water District held on June 27, 2023. Resolution No. 786 was adopted by the following vote:

AYES: **Director Bodnar**
Director Erickson
Director Johnson
Director Raghavachary
Director Tejeda

NOES: **None**

ATTEST:

President, Board of Directors
Crescenta Valley Water District

Secretary of the Board of Directors
STATE OF CALIFORNIA)

) ss.

COUNTY OF LOS ANGELES)

I, James K. Lee, Secretary to the Board of the Crescenta Valley Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 786 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on June 27, 2023, and that the same has not been amended or repealed.

Secretary of the Board of Directors
Crescenta Valley Water District

DATED: June 27, 2023 **(S E A L)**

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 2
June 27, 2023

To: Honorable President and Members of the Board of Directors

From: James Lee – Interim General Manager

Subject: **FY 2023-24 Water and Wastewater Fund Budgets**

ACTION ITEM:

Consideration and motion to approve the District's FY 2023-24 Water and Wastewater Fund Budgets and related items.

BACKGROUND:

The FY 2023-24 Water and Wastewater Fund Budgets were previously discussed through committee and Board meetings. Consensus was met in terms of all revenues, operating expenses, and capital expenses. The outstanding components of the budget to determine were the levels of bond proceeds from financings and their associated debt service, and this would be determined by the balance between the revenue from the capital charge and the amount of bonds issued. At the June 13, 2023 Board meeting, the Board directed staff to develop a "sensitivity analysis" for the balance between a reduced capital charge and one or more bond issuances in the near future.

Six scenarios are enclosed, illustrating how that balance is determined by factors such as cash used, bonds issued (and used), and a Pipeline Fund that would be established if a sufficient revenue stream for pipelines was established through a mix of a capital charge and bond financings.

If action were taken to authorize and implement a capital charge on the property roll in Action Item #1, then the Board can approve the Water Fund Budget and direct staff to finalize it with the economics associated with one of the six (or other) scenarios. If not, the Board can approve the budget with minimized CIP as presented during the May 23, 2023 Board meeting. It is enclosed again for reference.

Consensus has previously been met for the Wastewater Fund budget. This has been enclosed again for reference as well.

RECOMMENDATION

Determine a scenario and approve the District's FY 2023-24 Water and Wastewater Fund Budgets and related items.

Prepared by:

Arturo Montes
Finance & Administration Manager

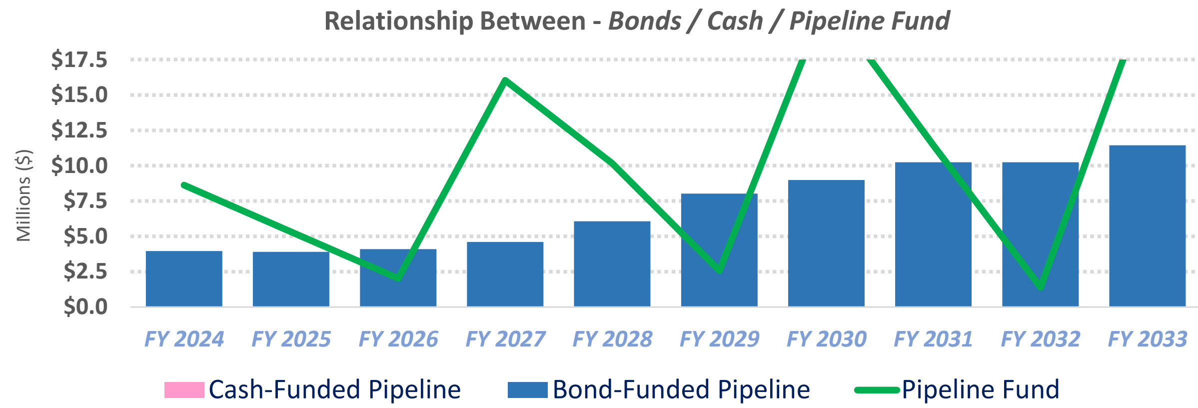
Submitted by:

James Lee
Interim General Manager

Attachment(s):
1. Sensitivity analysis of six scenarios – balance between a capital charge and future bond issuances
2. Water Fund Budget – Without Proposed Capital Charge
3. Wastewater Fund Budget

g:\management\board meeting staff reports\2023

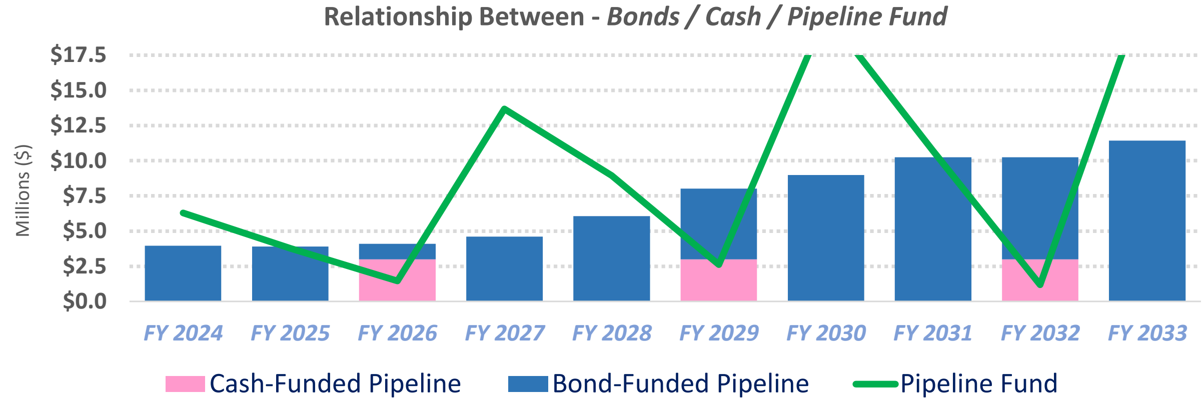
Scenario "Red" – Very low tax revenue; no cash



		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Pipeline Revenue & Inflows										
1	Capital Charge Revenue	$986,298	$1,300,000	$1,500,000	$1,750,000	$2,000,000	$2,250,000	$2,250,000	$3,500,000	$3,750,000	$3,945,000
2	Bond Proceeds	$11,934,255	$0	$0	$18,693,863	$0	$0	$29,460,000	$0	$0	$33,963,737
		$101	*$133*	*$154*	*$179*	*$205*	*$231*	*$231*	*$359*	*$384*	*$404*
	Pipeline Costs										
3	Bond-Funded Pipeline	$3,949,300	$3,895,100	$4,089,855	$4,608,900	$6,064,963	$8,020,000	$8,980,000	$10,240,000	$10,240,000	$11,433,737
4	Cash-Funded Pipeline	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	Debt Service	$353,793	$707,586	$707,586	$1,815,952	$1,815,952	$1,815,952	$3,562,646	$3,562,646	$3,562,646	$5,576,368
		35.9%	*54.4%*	*47.2%*	*103.8%*	*90.8%*	*80.7%*	*158.3%*	*101.8%*	*95.0%*	*141.4%*
	Balances										
6	Bond Proceeds Remaining	$7,984,955	$4,089,855	$0	$14,084,963	$8,020,000	$0	$20,480,000	$10,240,000	$0	$22,530,000
7	Pipeline Fund	**$8,617,460**	**$5,314,774**	**$2,017,332**	**$16,036,343**	**$10,155,429**	**$2,569,477**	**$21,736,831**	**$11,434,185**	**$1,381,539**	**$22,280,171**
8	**Issue Bond?**	Yes	No	No	Yes	No	No	Yes	No	No	Yes
9	Cash Input		-	-		-	-		-	-	-
10	Bond Issuance	11,934,255	-	-	18,693,863	-	-	29,460,000	-	-	33,963,737
11	Interest Rate	4.25%			4.25%			4.25%			4.25%

- Lowest tax revenue ($101/household, 75% lower than the $404 that was noticed)
- No cash used (cannot be used without the Pipeline Fund going below zero)
- $94M in bonds for 4 issuances, totaling $182M in debt service over the life of the bonds

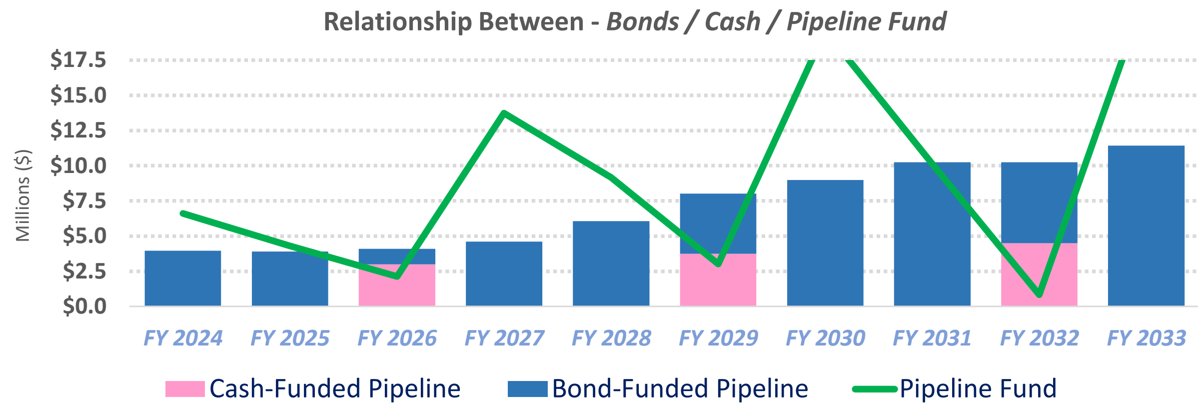
Scenario "Orange" – Low tax revenue; low cash



		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Pipeline Revenue & Inflows										
1	Capital Charge Revenue	**$1,578,077**	$1,900,000	$2,300,000	$2,600,000	$2,800,000	$3,150,000	$3,400,000	$3,500,000	$3,750,000	$3,945,000
2	Bond Proceeds	$8,934,255	$0	$0	$15,693,863	$0	$0	$26,460,000	$0	$0	$33,963,737
		$162	*$195*	*$236*	*$266*	*$287*	*$323*	*$348*	*$359*	*$384*	*$404*
	Pipeline Costs										
3	Bond-Funded Pipeline	$3,949,300	$3,895,100	$1,089,855	$4,608,900	$6,064,963	$5,020,000	$8,980,000	$10,240,000	$7,240,000	$11,433,737
4	Cash-Funded Pipeline	$0	$0	$3,000,000	$0	$0	$3,000,000	$0	$0	$3,000,000	$0
5	Debt Service	$264,858	$529,715	$529,715	$1,460,210	$1,460,210	$1,460,210	$3,029,033	$3,029,033	$3,029,033	$5,042,755
		16.8%	*27.9%*	*23.0%*	*56.2%*	*52.2%*	*46.4%*	*89.1%*	*86.5%*	*80.8%*	*127.8%*
	Balances										
6	Bond Proceeds Remaining	$4,984,955	$1,089,855	$0	$11,084,963	$5,020,000	$0	$17,480,000	$7,240,000	$0	$22,530,000
7	Pipeline Fund	**$6,298,174**	**$3,773,359**	**$1,453,789**	**$13,678,542**	**$8,953,369**	**$2,623,159**	**$20,474,127**	**$10,705,094**	**$1,186,061**	**$22,618,307**
8	**Issue Bond?**	Yes	No	No	Yes	No	No	Yes	No	No	Yes
9	Cash Input	1,000,000	-	-	1,000,000	-	-	1,000,000	-	-	-
10	Bond Issuance	8,934,255	-	-	15,693,863	-	-	26,460,000	-	-	33,963,737
11	Interest Rate	4.25%			4.25%			4.25%			4.25%

- Higher but still lower tax revenue ($162/household, 60% lower)
- A low amount of cash can be used (Note: each amount is for each year – e.g., $1,000,000 is $3,000,000 over a three-year cycle
- $85M in bonds for 4 issuances, totaling $151M in debt service over the life of the bonds

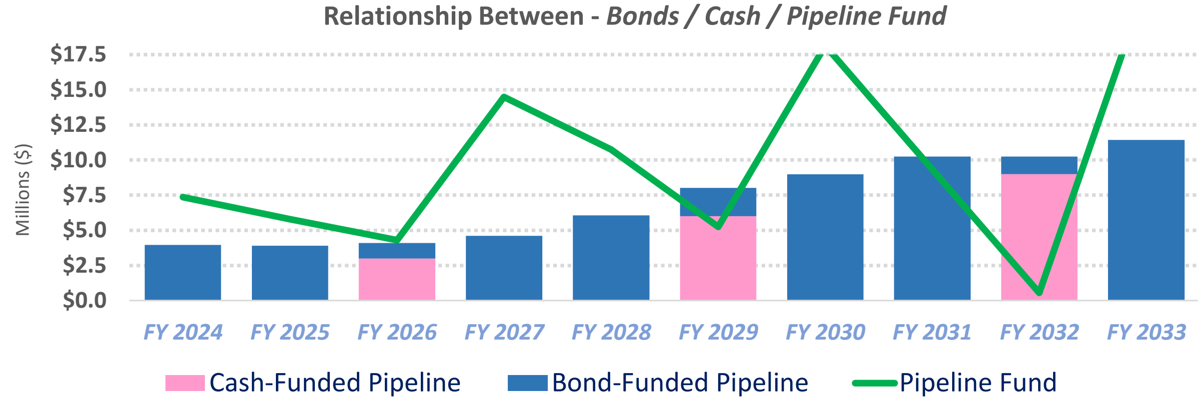
Scenario "Green" – Modest tax revenue; lower cash



		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Pipeline Revenue & Inflows										
1	Capital Charge Revenue	**$1,893,692**	$2,100,000	$2,450,000	$2,700,000	$2,900,000	$3,300,000	$3,500,000	$3,650,000	$3,850,000	$3,945,000
2	Bond Proceeds	$8,934,255	$0	$0	$14,943,863	$0	$0	$24,960,000	$0	$0	$33,963,737
		$194	*$215*	*$251*	*$277*	*$297*	*$338*	*$359*	*$374*	*$395*	*$404*
	Pipeline Costs										
3	Bond-Funded Pipeline	$3,949,300	$3,895,100	$1,089,855	$4,608,900	$6,064,963	$4,270,000	$8,980,000	$10,240,000	$5,740,000	$11,433,737
4	Cash-Funded Pipeline	$0	$0	$3,000,000	$0	$0	$3,750,000	$0	$0	$4,500,000	$0
5	Debt Service	$264,858	$529,715	$529,715	$1,415,742	$1,415,742	$1,415,742	$2,895,629	$2,895,629	$2,895,629	$4,909,351
		14.0%	*25.2%*	*21.6%*	*52.4%*	*48.8%*	*42.9%*	*82.7%*	*79.3%*	*75.2%*	*124.4%*
	Balances										
6	Bond Proceeds Remaining	$4,984,955	$1,089,855	$0	$10,334,963	$4,270,000	$0	$15,980,000	$5,740,000	$0	$22,530,000
7	Pipeline Fund	**$6,613,790**	**$4,288,974**	**$2,119,404**	**$13,738,625**	**$9,157,920**	**$3,022,178**	**$19,606,549**	**$10,120,919**	**$835,290**	**$22,400,939**
8	**Issue Bond?**	Yes	No	No	Yes	No	No	Yes	No	No	Yes
9	Cash Input	1,000,000	-	-	1,250,000	-	-	1,500,000	-	-	-
10	Bond Issuance	8,934,255	-	-	14,943,863	-	-	24,960,000	-	-	33,963,737
11	Interest Rate	4.25%			4.25%			4.25%			4.25%

- Higher but still low tax revenue ($194/household, 52% lower)
- A low amount of cash can be used, but a bit higher than the last scenario
- $83M in bonds for 4 issuances, totaling $145M in debt service over the life of the bonds

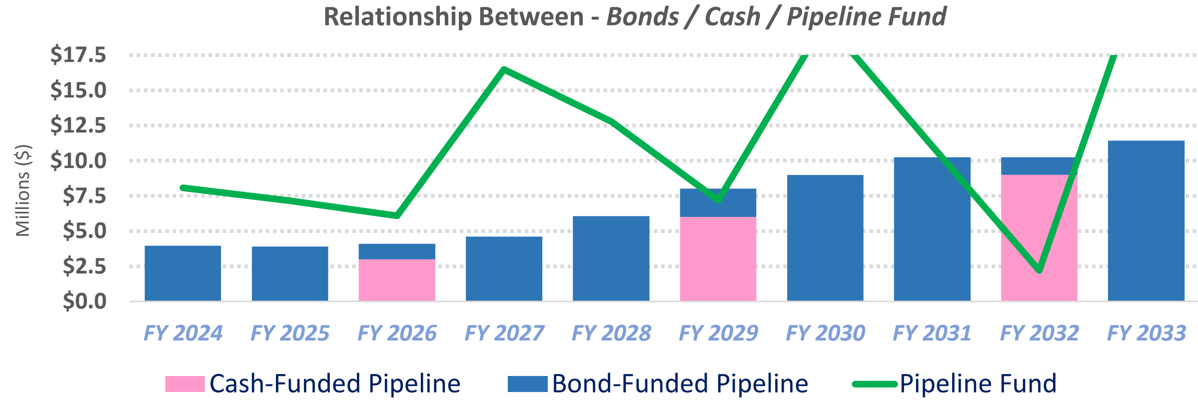
Scenario "Blue" – Higher tax revenue; modest cash



		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Pipeline Revenue & Inflows										
1	Capital Charge Revenue	$2,643,279	$2,850,000	$3,125,000	$3,400,000	$3,600,000	$3,800,000	$3,900,000	$3,945,000	$3,945,000	$3,945,000
2	Bond Proceeds	$8,934,255	$0	$0	$12,693,863	$0	$0	$20,460,000	$0	$0	$33,963,737
		$271	*$292*	*$320*	*$348*	*$369*	*$389*	*$400*	*$404*	*$404*	*$404*
	Pipeline Costs										
3	Bond-Funded Pipeline	$3,949,300	$3,895,100	$1,089,855	$4,608,900	$6,064,963	$2,020,000	$8,980,000	$10,240,000	$1,240,000	$11,433,737
4	Cash-Funded Pipeline	$0	$0	$3,000,000	$0	$0	$6,000,000	$0	$0	$9,000,000	$0
5	Debt Service	$264,858	$529,715	$529,715	$1,282,339	$1,282,339	$1,282,339	$2,495,419	$2,495,419	$2,495,419	$4,509,141
		10.0%	*18.6%*	*17.0%*	*37.7%*	*35.6%*	*33.7%*	*64.0%*	*63.3%*	*63.3%*	*114.3%*
	Balances										
6	Bond Proceeds Remaining	$4,984,955	$1,089,855	$0	$8,084,963	$2,020,000	$0	$11,480,000	$1,240,000	$0	$22,530,000
7	Pipeline Fund	**$7,363,376**	**$5,788,561**	**$4,293,991**	**$14,496,615**	**$10,749,313**	**$5,246,974**	**$18,131,555**	**$9,341,136**	**$550,716**	**$22,516,575**
8	**Issue Bond?**	Yes	No	No	Yes	No	No	Yes	No	No	Yes
9	Cash Input	1,000,000	-	-	2,000,000	-	-	3,000,000	-	-	-
10	Bond Issuance	8,934,255	-	-	12,693,863	-	-	20,460,000	-	-	33,963,737
11	Interest Rate	4.25%			4.25%			4.25%			4.25%

- Higher tax revenue ($271/household, 33% lower)
- A healthy amount of cash can be used
- $76M in bonds for 4 issuances, totaling $129M in debt service over the life of the bonds

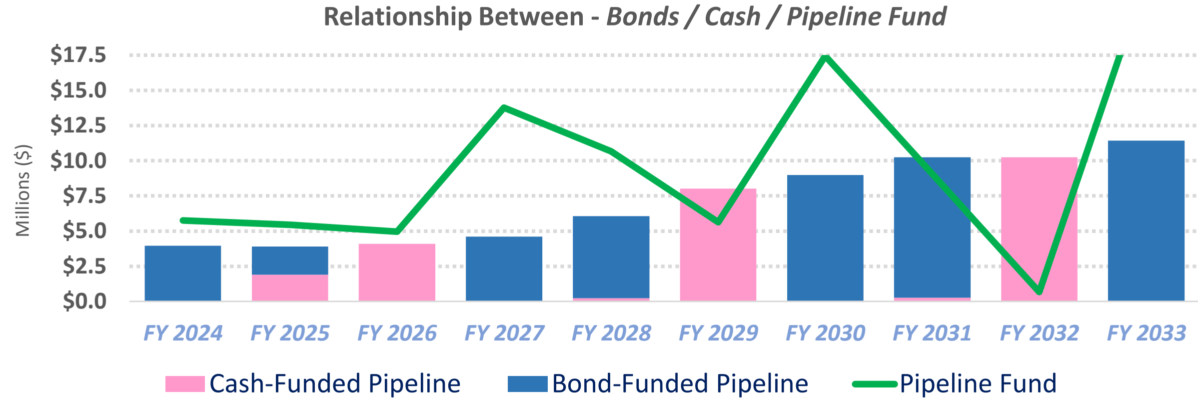
Scenario "Purple" – High tax revenue; modest cash



		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Pipeline Revenue & Inflows										
1	Capital Charge Revenue	$3,353,413	$3,500,000	$3,550,000	$3,600,000	$3,650,000	$3,700,000	$3,750,000	$3,850,000	$3,900,000	$3,945,000
2	Bond Proceeds	$8,934,255	$0	$0	$12,693,863	$0	$0	$20,460,000	$0	$0	$33,963,737
		$344	*$359*	*$364*	*$369*	*$374*	*$379*	*$384*	*$395*	*$400*	*$404*
	Pipeline Costs										
3	Bond-Funded Pipeline	$3,949,300	$3,895,100	$1,089,855	$4,608,900	$6,064,963	$2,020,000	$8,980,000	$10,240,000	$1,240,000	$11,433,737
4	Cash-Funded Pipeline	$0	$0	$3,000,000	$0	$0	$6,000,000	$0	$0	$9,000,000	$0
5	Debt Service	$264,858	$529,715	$529,715	$1,282,339	$1,282,339	$1,282,339	$2,495,419	$2,495,419	$2,495,419	$4,509,141
		7.9%	*15.1%*	*14.9%*	*35.6%*	*35.1%*	*34.7%*	*66.5%*	*64.8%*	*64.0%*	*114.3%*
	Balances										
6	Bond Proceeds Remaining	$4,984,955	$1,089,855	$0	$8,084,963	$2,020,000	$0	$11,480,000	$1,240,000	$0	$22,530,000
7	Pipeline Fund	**$8,073,511**	**$7,148,696**	**$6,079,125**	**$16,481,750**	**$12,784,448**	**$7,182,109**	**$19,916,690**	**$11,031,270**	**$2,195,851**	**$24,161,709**
8	**Issue Bond?**	Yes	No	No	Yes	No	No	Yes	No	No	Yes
9	Cash Input	1,000,000	-	-	2,000,000	-	-	3,000,000	-	-	-
10	Bond Issuance	8,934,255	-	-	12,693,863	-	-	20,460,000	-	-	33,963,737
11	Interest Rate	4.25%			4.25%			4.25%			4.25%

- High tax revenue ($344/household, 15% lower)
- A healthy amount of cash can be used
- $76M in bonds for 4 issuances, totaling $129M in debt service over the life of the bonds

Scenario "Gray" – Highest tax revenue; high cash



		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Pipeline Revenue & Inflows										
1	Capital Charge Revenue	$3,945,192	$3,945,192	$3,945,192	$3,945,192	$3,945,192	$3,945,192	$3,945,192	$3,945,192	$3,945,192	$3,945,192
2	Bond Proceeds	$5,934,255	$0	$0	$10,443,863	$0	$0	$18,960,000	$0	$0	$33,963,737
		$404	*$404*	*$404*	*$404*	*$404*	*$404*	*$404*	*$404*	*$404*	*$404*
	Pipeline Costs										
3	Bond-Funded Pipeline	$3,949,300	$1,984,955	$0	$4,608,900	$5,834,963	$0	$8,980,000	$9,980,000	$0	$11,433,737
4	Cash-Funded Pipeline	$0	$1,910,145	$4,089,855	$0	$230,000	$8,020,000	$0	$260,000	$10,240,000	$0
5	Debt Service	$175,922	$351,844	$351,844	$971,064	$971,064	$971,064	$2,095,210	$2,095,210	$2,095,210	$4,108,932
		4.5%	*8.9%*	*8.9%*	*24.6%*	*24.6%*	*24.6%*	*53.1%*	*53.1%*	*53.1%*	*104.2%*
	Balances										
6	Bond Proceeds Remaining	$1,984,955	$0	$0	$5,834,963	$0	$0	$9,980,000	$0	$0	$22,530,000
7	Pipeline Fund	**$5,754,225**	**$5,452,473**	**$4,955,966**	**$13,765,056**	**$10,674,221**	**$5,628,349**	**$17,458,331**	**$9,068,313**	**$678,296**	**$23,044,556**
8	**Issue Bond?**	Yes	No	No	Yes	No	No	Yes	No	No	Yes
9	Cash Input	2,000,000	-	-	2,750,000	-	-	3,500,000	-	-	-
10	Bond Issuance	5,934,255	-	-	10,443,863	-	-	18,960,000	-	-	33,963,737
11	Interest Rate	4.25%			4.25%			4.25%			4.25%

- Highest tax revenue ($404/household, no reduction)
- A high amount of cash can be used
- $69M in bonds for 4 issuances, totaling $102M in debt service over the life of the bonds

Crescenta Valley Water District
Water Enterprise Budget
FY 2023-24

Water Summary (OVERVIEW)

Water Fund Budget Category	Proposed FY24 WITHOUT Capital Charge
Revenues	
Water Sales - Fixed	$ 3,938,400
Water Sales - Metered	10,990,000
Interest Income Water	170,000
Tax Roll Capital Charge	-
Other Income Water	370,921
Construction/Grant Revenue	475,000
Revenues:	**$ 15,944,321**
Expenses	
Labor & Benefits	3,757,997
Imported Water (Foothill)	3,530,000
Imported Water (Glendale)	68,000
Affordability Program	150,000
Power Cost	910,000
Operating Cost	3,667,806
Expenses:	**$ 12,083,803**
Debt Service	**$ 580,781**
CIP & OPEB	
Pipeline	979,700
All Other CIP	2,018,500
Capital Outlays & Equip	240,000
OPEB	-
Total (CIP, Outlays, OPEB:	**3,238,200**
Change (draw from) in Reserves:	**41,537**
Summary of Impact on Water Fund	
Water Reserve Fund	
Beginning Balance (July 1, 2023)	$ 6,400,000
Changes to Reserves (during FY)	41,537
Restricted Cash (Bond Proceeds)	-
Ending Balance (June 30, 2024)	**6,441,537**
Target (per Reserve Policy)	5,760,000
Above (below) Target:	**$ 681,537**

Crescenta Valley Water District
Wastewater Enterprise Budget
FY 2023-24

Wastewater Summary (OVERVIEW)

Wastewater Fund Budget Category	Proposed Budget FY 24
Revenues	
Wastewater - User Charges	$ 3,734,795
Interest Income Wastewater	1,000
Other Income Wastewater	26,800
Construction Revenue	24,000
Revenues:	**$ 3,786,595**
Expenses	
Labor & Benefits	1,520,307
City of LA Treatment Services	1,850,000
Operating Cost	948,893
Expenses:	**$ 4,319,200**
CIP & OPEB	
Infrastructure	-
Capital Outlays & Equip	160,000
OPEB	-
CIP & OPEB:	**160,000**
Change in Reserve	**(692,605)**
Summary of Impact on Wastewater Fund	
Wastewater Reserve Fund	
Beginning Balance (July 1, 2023)	$ 2,628,000
Changes to Reserves (during FY)	(692,605)
Ending Balance (June 30, 2024)	**1,935,395**
Target (per Reserve Policy)	3,007,600
Above (Below) Target:	**$ (1,072,205)**

* Wastewater fund beginning balances are based on unaudited FY2022 financial statements.

** Target reserve levels are calculated using the reserve policy adopted on 7/28/2020.

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 3
June 27, 2023

To: Honorable President and Members of the Board of Directors

From: Arturo Montes – Finance & Administration Manager

Subject: **Selection of Firm for Independent Financial Audits**

ACTION ITEM:

Consideration and motion to select an accounting firm to perform the District's audit services for FY 2023-25.

BACKGROUND:

The District maintains a commitment to fiscal accountability, responsibility and transparency. The District undergoes an annual audit of its financial statements and internal controls (fraud, misstatements, processes). This serves the public in terms of accountability and transparency, and it is also a legal requirement, with the audited financial statements forwarded to stakeholders such as creditors and the State Controller's Office.

The key factor for annual audits is independence. To this end, the auditor reports to the Board as opposed to staff. Additionally, a best practice is to replace auditors every six years or, at minimum, rotate the audit's "engagement partner" within the same firm.

At the May 15 Finance Committee Meeting, the Finance Committee directed staff to develop and distribute a request for proposals (RFP) for audit services. Staff were instructed to collate any received proposals and summarize results for the board.

Proposals were received from three (3) firms: 1) Moss, Levy & Hartzheim LLP (Moss); 2) Clifton Larson Allen LLP (CLA); and 3) SingerLewak LLP (SingerLewak).

Staff has reviewed all the proposals for compliance with the mandatory elements and technical quality required in the RFP. The mandatory elements include audit team qualifications, no conflict of interest concerning the District or any employee, adherence to the instructions in the RFP, and submittal of a copy of their last external quality control review report. The technical quality areas included expertise and experience in performing audits comparable to the District's audit and per Governmental Accounting Standards Board (GASB) standards and practices, presenting a thorough understanding of the objectives and scope of the audit requested, adequacy of staffing plan for the audit, timeliness of completing the audit, and references. All three firms showed that they are capable of performing the audit services requested in a satisfactory manner. Only Moss and SingerLewak submitted proposals with the requirements detailed in the RFP. CLA, which has been the District's auditors for the past six years, submitted a proposal with the same engagement partner as previously assigned, which as mentioned above is not a best practice in terms of independence.

The decision is the Board's to make, and staff is prepared to provide input as requested.

The table below summarizes the proposing firms' qualifications.

	Moss, Levy & Hartzheim	Clifton Larsen & Allen	SingerLewak
3-Year Engagement Cost [1]	$77,273	$89,880	$52,050
Annualized Cost	$25,758	$29,960	$17,350
Experience	46 years of experience with local governments and non profits, with 117 Special Districts as clients	Over 25 years of experience in the industry with over 4000 clients nationwide	Over 50 years of experience with local governments
Proposed Engagement Staff	4	3	3
Estimated Completion	December	December	December
Local, Regional or National	Regional	National	Regional
Special District Experience	Yes	Yes	Yes
Licensed in CA	Yes	Yes	Yes
Top 150 Firm CalCPA [2]	No	Yes	Yes
Notable Clients	LA County Sanitation District, LA County flood control, FMWD	CVWD, did not provide other references	Tillamook County, Palo Verde Irrigation
Completeness of Responses	Provided responses to all RFP requests	Provided a standard proposal, not specific to RFP	Provided responses to all RFP requests

1 - This cost is typically considered an estimate, as there are costs, usually minimal, associated with adjusting journal entries, accommodating new Governmental Accounting Standards Board (GASB) pronouncements, etc.

2 - California CPA association

RECOMMENDATION

Discuss the proposals and award a three-year contract to the auditors best fit for the District.

Prepared and submitted by:

Arturo Montes
Finance & Administration Manager

Attachment(s): 1. Proposal from Moss, Levy, Hartzheim LLP
2. Proposal from Clifton Larson Allen LLP
3. Proposal from SingerLewak LLP

g:\management\board meeting staff reports\2023

Proposal 1

Submitted By:
Moss, Levy & Hartzheim, LLP
5800 Hannum Avenue, Suite E
Culver City, California 90230
Phone: (310) 670-2745
Fax: (310) 670-1689
CA License No. 6998
Email: bzeng@mlhcpas.com
Website: www.mlhcpas.com
Submitted On:
June 1, 2023
Contact Person:
Craig A. Hartzheim, CPA: Partner
Hadley Y. Hui, CPA: Partner
Wilson Lam, CPA, CFE, CGFM: Partner
Bin Zeng: Principal

CRESCENTA VALLEY WATER DISTRICT
PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

For the Fiscal Years Ending June 30, 2023, 2024, and 2025

TABLE OF CONTENTS

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9465 WILSHIRE BOULEVARD, 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVENUE, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

Crescenta Valley Water District
Arturo Montes
Finance and Administration Manager
2700 Foothill Blvd.
La Crescenta, CA 91214

To Whom It May Concern,

We are pleased to respond to the Crescenta Valley Water District RFP for independent auditing services. We have prepared our proposal to address each of the specifications included in the District's Request for Proposal.

After sixty-six (66) years in public accounting and forty-six (46) years of performing local governmental and non-profit audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim, LLP. The firm is a regional full-service public accounting firm with offices in Culver City, Beverly Hills, and Santa Maria, and clients throughout the State of California, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements, and that is why we strive to constantly improve the quality of our professional services. This degree of dedication, coupled with our ability to inform our clients of any new accounting and auditing issues, is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our engagements in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

At Moss, Levy & Hartzheim, LLP, our commitment to professionalism and timely completion of engagements sets us apart as the top choice for this audit engagement. Our experienced and knowledgeable staff, particularly in governmental audits, will bring a wealth of expertise to the table, ensuring a thorough and efficient audit. With our track record of delivering results and exceptional client service, you can trust that choosing our firm will be the right decision for your audit needs.

It is our understanding that we will perform an audit of the District's basic financial statements all in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, with the objective to express an opinion of the fair presentation of the District's Government-Wide and Fund Financial Statements, which will be in full compliance with the Governmental Accounting Standards Board (GASB) Statements, and the Government Finance Officers Association's (GFOA) Blue Book.

We will express an "in-relation-to" opinion on the government-wide financial statements and the fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements We will also perform, if applicable, a single audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and test compliance with the Single Audit Act as amended in 1996 and applicable laws and regulations, and provide an "in-relation-to" report on the schedule of federal financial assistance.

In addition to the procedures deemed necessary to express our opinion on the basic financial statements of the District, we understand that we will also be responsible for performing certain limited procedures involving the management's discussion and analysis (MD&A) and the required supplementary information (RSI), as mandated by auditing standards generally accepted in the United States of America.

Ten (10) bound copies of the final Audited Financial Statements and Management Letter will be provided to the Finance and Administration Manager one week before the Board of Meeting.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States, including all applicable auditing standards issued by the American Institute of Certified Public Accountants; the provisions of the Single Audit Act Amendments of 1996; if applicable; the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and all relevant Governmental Accounting Standards Board (GASB) Statements, and Governmental Auditing Standards (GAO).

It is our understanding that we will be responsible for preparing the ACFR and issuing the following reports: an independent auditor's report on the fair presentation of the District's basic financial statements, in conformity with accounting principles generally accepted in the United States of America; an independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the District performed in accordance with *Government Auditing Standards;* and management letter which includes Statement on Auditing Standards (SAS) No. 114 and No. 115 letters. In addition, we will prepare and submit the District's State Controller's Report. Additionally, a special report will be presented to the Board of Directors, which identifies significant audit findings.

Our firm is open to performing additional work as long as it does not compromise our independence; this includes any agreed-upon procedures requested by the District's staff.

All noncompliance and significant deficiencies found during the audit will be communicated in writing. In the required reports on compliance and internal controls, we shall communicate any significant deficiencies and noncompliance issues found during the audit. Significant deficiencies that are also material weaknesses will be identified as such in the report. Non-reportable conditions discovered will be reported in a separate letter to management, which will be referred to in the reports on internal controls. All irregularities and illegal acts or indications of illegal acts of which we become aware of during our audit will be immediately reported, in writing, to the Board of Directors.

We will ensure the District is correctly implementing all required Accounting Pronouncements in accordance with Government Accounting Standards. We are also available to the District to discuss any issues or provide assistance as needed.

We will also be responsible for retaining all working papers and reports, at our expense, for a minimum of five (5) years, unless our firm is notified in writing by the District of the need to extend the retention period. We will make available all work papers for examination, upon request, to the District or any federal and state agencies designated by the District.

Moss, Levy & Hartzheim, LLP will perform the audit work within the specified time, pending no unforeseen circumstances which the District imposes on our work.

This proposal for auditing services is an irrevocable offer for a period of sixty (60) calendar days from the submission date.

This proposal is valid for ninety (90) days from the submission date.

Thank you for your consideration and please do not hesitate to contact the authorized representatives listed below with any questions, problems, or concerns.

Craig A. Hartzheim, CPA – Partner
Hadley Y. Hui, CPA – Partner
Wilson Lam, CPA, CFE, CGFM – Partner
Bin Zeng – Principal

5800 Hannum Ave. Ste. E
Culver City, CA 90230
(310) 670-2745
Mlhbh@mlhcpas.com

Sincerely,

Bin Zeng
Principal

INTRODUCTION

Name of Firm:	Moss, Levy & Hartzheim, LLP
Address:	5800 Hannum Avenue, Suite E
City, State, Zip:	Culver City, California, 90230
Email:	mlhbh@mlhcpas.com
Phone:	(310) 670-2745
Contact Name:	Bin Zeng, Principal
Email:	bzeng@mlhcpas.com

Moss, Levy & Hartzheim, LLP is a regional firm that performs audits of governmental and non-profit entities throughout the State of California, from the Oregon border to the Mexico border. For most of our governmental clients, we also prepare their Annual Comprehensive Financial Report (ACFR). Our firm also performs review and compilation engagements as well as tax and consulting services to clients throughout the United States. The firm currently employs twenty-eight (28) professionals, all of whom are trained in governmental auditing, and has annual gross revenues in excess of $4 million dollars. The firm has three offices in California: Culver City, Beverly Hills, and Santa Maria.

The audit work will be completed by staff from our Culver City office.

The Culver City office is currently staffed by six (6) certified public accountants (three partners, two managers, and one senior accountant). In addition, the Culver City office employs additional managers, senior accountants, and staff accountants. All certified public accountants, managers, senior accountants, and staff accountants are part of the governmental and non-profit audit practice.

The District will have one partner and one manager assigned to the audit on a full-time basis. In addition, a supervising senior and one to two staff accountants will be assigned to the audits on a full-time basis. These employees will not be changed except due to unforeseen circumstances.

LICENSE TO PRACTICE IN CALIFORNIA

Moss, Levy & Hartzheim, LLP is a properly licensed certified public accounting firm in the State of California. No. 6998. All certified public accountants engaged in the audit of the District are licensed to practice in the State of California and have received at least the minimum number of governmental continuing professional education hours required by the State Board of Accountancy and *Government Auditing Standards* to perform governmental audits.

Please see *Appendix A – License to Practice in California.*

- There will be no subcontractors. All work will be performed by MLH, LLP.
- Our firm Moss, Levy & Hartzheim, LLP has not had a professional relationship with the District for the past five (5) years.
- Our firm has never filed for bankruptcy.

Please see *Appendix D – Resumes* for each individual's qualifications and experience.

INDEPENDENCE

Moss, Levy & Hartzheim, LLP is independent of the Crescenta Valley Water District and its component unit, defined by auditing standards generally accepted in the United States of America, the U.S. General Accounting Office's *Government Auditing Standards,* the U.S. Securities and Exchange Commission, and all other authoritative bodies with standard or rule making authority over the auditing profession.

FIRM QUALIFICATIONS AND EXPERIENCE

The following are the most significant engagements performed in the last five (5) years that are similar to the engagement described in the Request for Proposal (RFP):

COUNTY SANITATION DISTRICT OF LOS ANGELES COUNTY
Audit of basic Financial Statements (all 25 Districts)- Comprehensive Annual Financial – GFOA Certificate of Achievement – GASB Standards, State Controller's Report, and Single Audit
2003 to Present
Engagement Partner – Hadley Y. Hui, CPA
Contact: Alan Nyberg (562) 908-4288, ext. 1103
Email: alannyberg@lacsd.org

TRIUNFO SANITATION DISTRICT
Audit of basic Financial Statements – GASB Standards
2015 to 2019
Engagement Partner: Craig A. Hartzheim, CPA
Contact: Tina Rivera (805) 658-4646
trivera@vrsd.com, or
triunfowastewater@vrsd.com.

FOOTHILL MUNICIPAL WATER DISTRICT
Audit of basic Financial Statements – GASB Standards
2007 to Present
Engagement Partner: Craig A. Hartzheim, CPA
Contact: Karen Oblak (818) 790-4036
Email: Koblak@fmwd.com

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

Our firm offers a comprehensive range of services to meet the needs of our clients, including:

Audits:
- Water Districts
- Governmental (cities, special districts, single audits, and school districts)
- Non-Profit
- Commercial
- Compliance
- Transient Occupancy Tax
- Employee Benefit Plans

Accounting Services:
- Reviews
- Compilations
- Bookkeeping
- Payroll Taxes

Management Advisory Services (Non-Audit Clients):
- Data Processing Services
- Business Consultation
- Pension and Profit-Sharing Plan Assistance
- Acquisition and Mergers

Income Tax Services:
- Preparation
- Planning
- Tax Audits and Negotiations with Internal Revenue Service and Other Taxing Authorities

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

The firm's recent local similar auditing experience includes the following:

1. CSMFO and GFOA Award Programs

The firm has or is currently auditing the following entities that have participated in and have received the CSMFO and/or GFOA Award:

City of Alhambra
City of Arcadia
City of Bellflower
City of Calabasas
City of Covina
City of Culver City
City of El Centro
City of Eureka
City of Lompoc
City of La Palma
City of La Mirada
City of Paso Robles
City of San Gabriel
City of Santa Maria
City of Westlake Village
County Sanitation Districts of Los Angeles County
Encina Wastewater Authority
Los Angeles County Flood Control District

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

The firm's recent local similar auditing experience includes the following: (Continued)

2. **Uniform Guidance**

   We have performed compliance audits in accordance with Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards* (Uniform Guidance), for our Municipal clients who are required to have compliance audits (which is the majority of our municipal clients) and for all of our School District clients.

3. **Federal and State Grant Programs and the Single Audit**

   Each of our municipal clients, the majority of our Special District clients, and all of our School District clients receive Federal and State Grants, which require compliance audits. Some of our most commonly audited programs are as follows:

   Municipal Major Programs:
   ARPA Act (2021)
   Cares Act Programs
   Community Development Block Grant Funds (CDBG)
   Federal Emergency Management Act Funds (FEMA)
   Section 8 Housing Assistance Payments
   Transportation Enhancement Act (TEA)
   Airport Improvement Program (AIP)
   Economic Development Grants (EDG)
   Home Investment Partnerships Program (HOME)
   Capitalization Grants for State Revolving Funds
   Surveys, Studies, Investigations, and Special Purpose Grants

   Other Common Municipal Programs:
   COPS Grants (including LLEBG)
   Asset Seizure Funds
   Retired Senior Volunteer Program

   Other Major Programs:
   Senior Nutrition Programs
   Child Nutrition Programs
   Title I
   Title VI
   Migrant Education
   Vocational Education
   Special Education

4. **Non-profit Agencies**

   We have audited numerous non-profit agencies and have also prepared their federal and state tax returns. Currently, our firm performs audit and/or tax preparation services for sixty non-profit agencies.

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

The firm's recent local similar auditing experience includes the following: (Continued)

5. **State Controller's Report and Street Reports**

   We have prepared State Controller's Reports, Transit, and Street Reports for numerous Cities, Special Districts, and Redevelopment Agencies. We feel this experience allows us to assist our clients in their preparation of the State Controller's Reports or prepare the reports as a separate engagement for our clients.

6. **Investment Compliance**

   In addition to financial statement audits, we also review our clients' compliance with their investment policies and examine investment types, including, but not limited to, an evaluation of maturity dates (short-term or long-term), types and category, and collateral to ensure proper disclosure of risk in the basic financial statements.

7. **Bond Reporting**

   The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator).

8. **TOT, Refuse and Other Audits**

   The firm has recently concluded auditing lease agreements between the County of Los Angeles and a lessee for a period of 15 years. The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator). The firm has also performed franchise audits of Comcast, AT&T, a local sports park, and others for Municipal clients who have requested them.

9. **School Districts**

   Currently, our firm audits twenty-two (22) school districts and related schools throughout the State of California, including three Charter Schools. We have also performed audits of student bodies for nearly all of our school district clients.

10. **Special Districts**

   Currently, our firm audits in excess of one hundred and seventeen special districts including sanitary districts, an open space district, the County Sanitation Districts of Los Angeles County (all 25 Districts), water districts, recreation districts, utility districts, cemetery districts, community services districts, fire districts, ambulance services districts, airport districts, and vector control districts.

FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

The firm's recent local similar auditing experience includes the following: (Continued)

11. Joint Powers Authorities

We have audited the following Joint Powers Authorities (JPAs):

County of San Diego – Emergency Services Organization
Encina Wastewater Authority
Gateway Cities Council of Governments
North Coast Emergency Medical Services
San Diego Geographic Information System
Santa Barbara County Special Education Local Plan Area Joint Powers Agency
Santa Barbara Water Purveyors Joint Powers Agency
Tracy Area Public Facilities Financing Authority
Transportation Authority of Marin
West Cities Council of Governments
West Contra Costa Integrated Waste Management Authority

In addition to the joint powers authorities listed above, the vast majority of our governmental clients are members of joint powers authorities. As such, our firm has experience in reviewing JPA statements and disclosing the appropriate JPA information in the financial statements for each governmental client.

<u>Culver City Office - Current Municipal Audit Clients</u>

City of Alhambra	City of El Centro	City of Imperial	City of Taft
City of Arcadia	City of Eureka	City of La Mirada	City of Westlake Village
City of Artesia	City of Healdsburg	City of La Palma	City of Wheatland
City of Bellflower	City of Holtville	City of Lindsay	City of Willits
City of Duarte	City of Hughson	City of San Gabriel	

Our firm has never been the object of any disciplinary action from any federal or state regulatory body or professional organization, nor is there any disciplinary action pending.

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

The engagement team at our firm has extensive experience and a proven track record of successfully completing single audits of governmental agencies. Our team is well-versed in the various requirements of single audits, including the Uniform Guidance, the Government Auditing Standards, and the requirements of the Single Audit Act Amendments of 1996. All team members have a thorough understanding of the Uniform Guidance, the OMB Circulars, and the A-133 Compliance Supplement. Additionally, the engagement team is highly proficient in the use of data analytics, which is essential when performing single audits on governmental agencies. The team is experienced in assessing the internal control framework and assessing the risk of material misstatement of the financial statements. The team also has the experience necessary to properly identify and test compliance with applicable laws and regulations. Our team is well-equipped to provide single audit services that meet the highest professional standards.

PEER REVIEW QUALITY REPORT

Please see *Appendix C – Peer Quality Review Report* for a copy of our firm's July 16, 2022, quality review report, which includes a review of governmental and non-profit engagements.

PROJECT ASSIGNED PERSONNEL

It is the firm's policy to have our partners and audit managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the District to receive immediate response to questions about accounting and audit topics, concerns, and findings.

It is expected that Mr. Hadley Hui, CPA would be the technical (concurring) partner in charge of the audits of the District. He will be responsible for reviewing the District's basic financial statements and all other required statements and reports. He may also be responsible for addressing any of the District's questions or concerns that arise during the year. He has assisted numerous municipal clients and has prepared award-winning ACFRs.

Mr. Craig A. Hartzheim, CPA will be the engagement partner assigned to the audits. As engagement partner, he will oversee the day-to-day operations of the audits, review all audit areas, and be on-site for a majority of the fieldwork. He has assisted many municipal clients and has also prepared numerous award-winning ACFRs. It is the firm's policy during the first year on the audit engagement to have a partner on-site for a majority of the fieldwork. This policy enables the partner to become acquainted with the District's daily operations and key personnel.

Mr. Terry Robertson, CPA, or Bin Zeng will be the manager assigned to the audit. He will oversee the day-to-day operations of the audits and perform more difficult audit sections.

The supervising senior assigned to the audit will be responsible for overseeing the staff accountants, do preliminary reviews of audit sections, and perform more difficult audit sections. **Our firm will ensure to schedule more experienced staff for this engagement.**

Mr. David Ortiz will be the computer specialist assigned to the audits, when needed. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz may also perform the statistical sampling procedures for the audit and also document and test the internal control structure of the computer systems.

PROJECT ASSIGNED PERSONNEL (CONTINUED)

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audits. All staff accountants have degrees from accredited colleges or universities, have received in-house governmental audit training, and at present, have at least one year of governmental auditing experience. All staff accountants will be directly supervised by the supervising senior accountant and manager assigned to the audits at all times. All partners, managers, and staff members have worked on numerous governmental engagements together. They have been consistently working together and will provide the District with a stable, knowledgeable, proficient, and efficient audit team.

Please see *Appendix D – Resumes* for each individual's qualifications and experience.

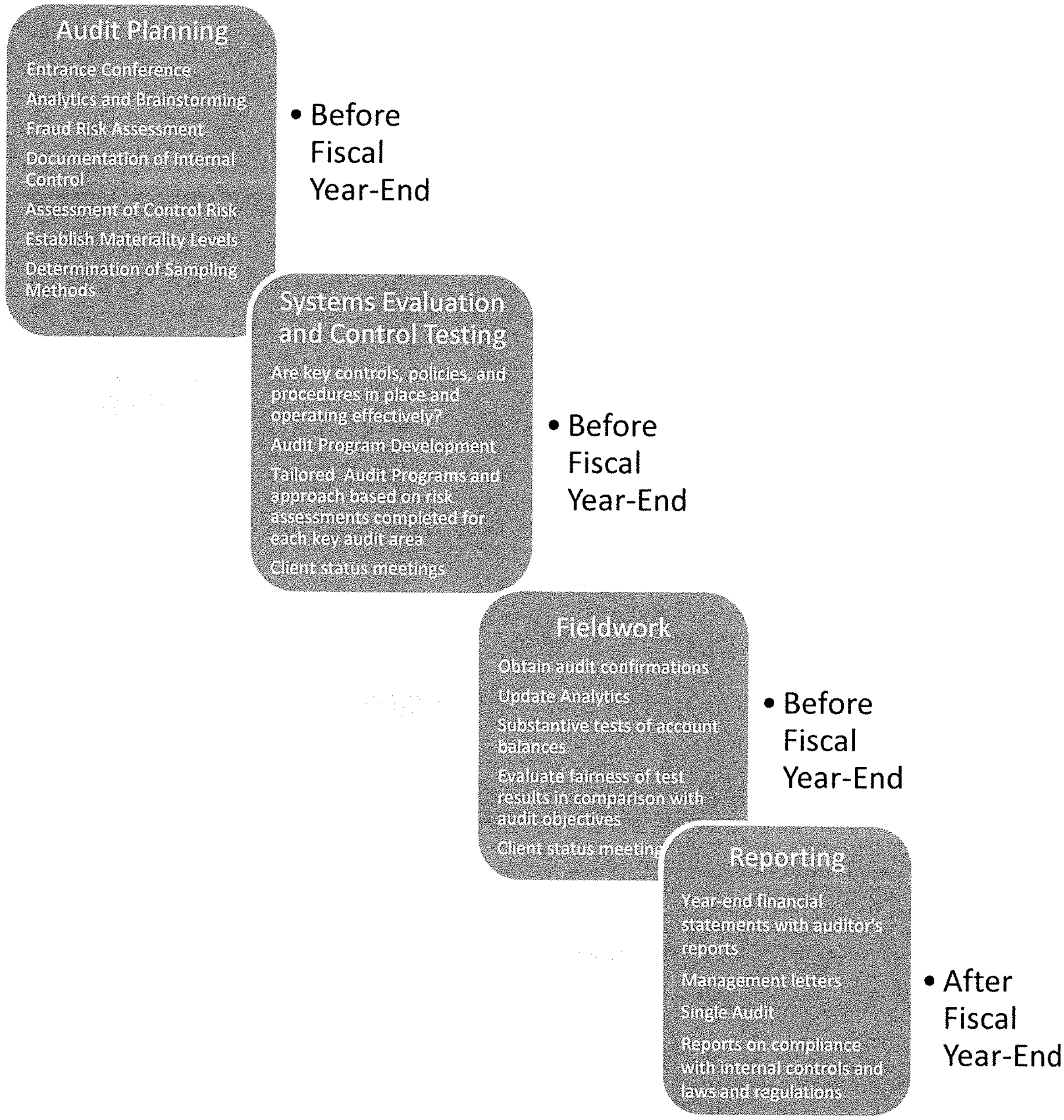
The firm conducts an annual firm-wide two-day training seminar to update all governmental auditors on new pronouncements and improved audit techniques. In addition to this firm sponsored seminar, each governmental auditor attends the annual governmental accounting conference and many other continuing education courses and is updated on current accounting/auditing issues through our journals and supplements, which we receive on a regular basis.

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances (departure from the firm, promotion, or assignment to another office). At the written request of the District, any Moss, Levy & Hartzheim, LLP employee assigned to the audits can be removed and replaced by another qualified employee. The District retains the right to approve or reject replacements.

All our scheduled staff are very experienced in handling numerous types of governmental engagements, especially water districts. We are a well-trained and diverse firm with extensive experience at all levels of our team members.

WORK PROGRAM, METHODOLOGY, & PROJECT MANAGEMENT

Overview of the MLH Audit Process



WORK PROGRAM, METHODOLOGY, & PROJECT MANAGEMENT(CONTINUED)

During the first year of the engagement, we will utilize the prior year's financial statements, the current year's budget, and our knowledge and understanding of the District's systems to determine materiality for the different audit sections. Each year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure and the results of our assessment in accordance with *Government Auditing Standards*.

Please see *Appendix E – Segmentation and Audited Hours by Segment* for a schedule of the level of staff and number of hours to be assigned to each segment of the engagement.

The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all of the following requirements of AICPA: Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS No. 78; SAS No. 99, *Consideration of Fraud in a Financial Statement Audit;* SAS No. 106, *Audit Evidence*; SAS No. 107, *Audit Risk and Materiality in Conducting an Audit*; SAS No. 108, *Planning and Supervision*; SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*; and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained.* SAS. No. 120, *Misstatement Due to Fraud.*

It is estimated that the sampling size for transaction testing for compliance with systems as actually implemented would be as follows:

- I. Minimum of 40 - 60 disbursement items, including automatic and manual checks and bank debits
- II. Minimum of 25 – 40 payroll checks, including direct deposits for payroll testing, depending on the number of employees
- III. Minimum of 40 – 60 receipt items

We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting software and database business systems. This assistance has provided our firm with a thorough background in computer systems with respect to both the software applications aspect and also insight into auditing such systems. It is our policy to have a computer specialist as part of the audit team and to be used on an as-needed basis. This individual assists the audit team in documenting the computer system internal control structure and highlighting strengths and weaknesses relating to the computer structure of the District.

In addition, all of our staff is equipped with networked laptop computers. These computers are equipped with not only word processing and spreadsheet capabilities, but also various functional software, such as PPC Audit – e-Tools, Adobe Acrobat, random sampling software, Lacerte Tax Program, and Easy Accounting Software, which contain amortization programs and depreciation programs, and other applications as well.

We will perform expectation analytics and preliminary analytical review procedures using the prior fiscal year's audited statements and the current fiscal year's budget. In the preliminary stage, we will adopt ratio analysis procedures to compare the relationships between account balances and classes of transactions between prior periods and against budgets and industry statistics. This may include budgets, trial balances, and/or draft financial statements to help us identify the source of individual fluctuations. We will then adopt trend analysis to compare current data with prior periods, which is particularly useful for analyzing revenue and expenditures. Any unexpected trends or deviations will be discussed with relevant District staff to obtain explanations.

WORK PROGRAM, METHODOLOGY, & PROJECT MANAGEMENT(CONTINUED)

The chart below shows some of MLH's preliminary audit procedures:

Documents	Strategy	Procedure
None	Go over timing and planning with Management	Set meeting
Letter	Discuss any matters with predecessor	Standard required communications
Internal control memos	Set location site visits	Visit sites and go through internal controls, such as cashiers at parks and recreation, fire, police, transit, etc..
Policies and procedures	Review and start risk assessment	Set visitation of locations such as Courts, Parks and Rec, Transit, etc. Cash and other controls testing
Obtain budget and budget amendments	Ensure budgetary compliance	Analyze budget-to-actual variances. Look at capital projects, status of property tax assessments as part of the focus
Obtain grant documents, any service concession agreements	Ensure grant compliance	Analyze grants
Obtain policies and procedures	Evaluate effectiveness of policies, updates and relate to key compliance matters	Analyze policies and procedures
Obtain client internal control memos of client if they exist	Evaluate internal controls Short interviews of accounting and selected operating personnel for documentation of process	Analyze internal controls, including computer controls
Obtain prior year financials	Determine which items are important for testing	Set preliminary "materiality" limits
Obtain appropriate schedules	Ensure effective procedures	Testing of cash receipts, cash disbursements, and payroll transactions
Obtain Council minutes	Ensure knowledge of key government communication, Look for major agreements and key decisions	Analyze important events highlighted in Council meetings, test and inquire as necessary
Draft confirmations – third party letters for independent verification of cash, property taxes, attorney, etc. for client to sign and auditor to mail	Independent verification of selected balances	Client to prepare letters and auditor to send letters
Develop document request list for client to review and agree upon	To clarify client – auditor requests	Meet with client and agree upon document request list for audit
Preliminary trial balance	Ensure preliminary results make sense	Perform selected testing on balances such as receipts, disbursements, and payroll
Obtain updates on retirement plans	Discuss GASBS and any changes	Audit selected components of any new reports and changes for compliance
Request screen view access only for computer analysis	Minimize client interruptions and view transactions	Scan ledgers and accounts for accounting propriety
Consider site visitations on areas where there are significant cash, card, deposits and billing controls, internet site controls	Focus on controls where the risk assessment of material misstatement of cash, card and internet transactions could occur	Site visitations
Legal bills, key litigation	Look for commitments, contingencies, and disclosure	Discuss with client, prepare attorney letters for confirmation and response
Obtain long-term debt	Analyze for disclosure and compliance	Obtain and prepare long term debt schedules
Commitments and Contingencies	Ensure auditing standards are applied for proper accrual and disclosure	Send legal letters, talk with client, review disclosures

WORK PROGRAM, METHODOLOGY, & PROJECT MANAGEMENT(CONTINUED)

As part of our audit procedures, we usually request a working trial balance in excel format (if possible) and access to view general ledger detail directly from the software system.

We will also review the following documents in order to determine compliance with applicable laws and regulations:

1. Minutes of the governing body with special attention to: indications of new revenue sources, including federal and state grants; expense authorizations and related appropriations, including any special or restrictive provisions; appropriation transfers; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines, or fees; authorization for fund balance commitments or assignments; and authorization for significant new employees hired.
2. New agreements and amendments to agreements including, but not limited to grant agreements; debt and lease agreements; labor agreements; joint venture agreements; disposition and development agreements; and other miscellaneous agreements.
3. Administrative Code
4. Investment Policy

The main extent of our work would be what is required to enable us to express an opinion on the basic financial statements in accordance with:

1. *AICPA Industry Audit Guide for State and Local Governmental Units*
2. *AICPA Audit Standards*
3. *National Committee on Governmental Accounting, Auditing and Financial Reporting (Amended) Publication*
4. Laws of the State of California
5. Government Auditing Standards
6. Requirements of Title 2 U.S Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards* (Uniform Guidance).
7. *GAO Standards for Audit of Governmental Organizations, Activities and Functions, the Guidelines for Financial and Compliance Audits of Federally Assisted Programs*
8. Our firm's own additional standards and procedures

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America. The primary purpose of the audit is to express opinions on the basic financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the District.

If convenient for the District's staff, the approximate target dates for the fiscal year 2023 audit would be as follows:

1. Entrance Conference with the District- No later than June 16th.
2. Written audit plan and list of schedules for fieldwork – No later than June 16th.
3. Entrance conference and interim fieldwork – Week of July 24th.
4. Progress conference with the District – July 28th.
5. Entrance conference and year-end fieldwork – Week of September 4th.
6. Exit conference – No later than September 8th.
7. Draft management letter, financial statements, and other audit reports – No later than November 27st.
8. Final management letter, financial statements, and other audit reports – No later than December 6th.
9. Presentation to the Board- Open

WORK PROGRAM, METHODOLOGY, & PROJECT MANAGEMENT(CONTINUED)

On June 16th, we will contact the Finance Director to provide our detailed audit plan for the audit fieldwork. We will also discuss with the Finance Director any matters that may impact our audit procedures or your financial reporting. Before the year-end fieldwork, we will discuss with the District any assistance the District may need with the year-end closing.

Our audit would begin when it is convenient for the District's staff. We estimate that in the first week of June, we will perform interim work. Each year, the partner or manager of the firm will contact the Finance Director. The purpose of this contact will be to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, and to address any of the District's personnel concerns about the impending audit.

We will schedule approximately one week of interim work for the first year. During the first year, we will prepare narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will gain this information through discussions with appropriate District staff and the review of available documented policies, organizational charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate the systems of internal controls and revise our standard governmental audit programs. We will also meet with two members of the Finance Committee during our interim fieldwork, to discuss our audit procedures and to ascertain if there are any areas of concern of the Finance Committee members.

Our year-end fieldwork would begin on September 4th. The year-end audit work would begin with an analytical review of all significant balance sheet and revenues and expenditures/expense accounts for each fund, which includes substantive tests on all balance sheet accounts. **Analytical procedures will be used to supplement the substantive tests, not supplant them.** We will perform analytical procedures during interim and year-end fieldwork on all balance sheet and revenue and expense/expenditure accounts.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the District's basic financial statements. Our fieldwork would also consist of procedures required under SAS No.99 *Consideration of Fraud in a Financial Statement Audit,* and SAS. No. 120, *Misstatement Due to Fraud.*

We will perform procedures such as:

(a) Confirmations by positive and negative circularization including but not limited to all cash and investment accounts; selected receivable and revenue balances; all bonds, loans, notes payable, and capital leases; all notes receivable; all insurance carriers; all legal firms employed on the District's business; and other miscellaneous confirmations deemed necessary
(b) Physical verifications and observations
(c) Analysis and review of evidential material
(d) Interviews and investigative efforts
(e) Electronic data processing testing for computer and software reliability
(f) Numerous other procedures

During the entire engagement, our audit team will be determining whether a Single Audit is required and if it is in compliance with Uniform Guidance; if applicable, through review of the Board minutes, examination of the general ledger, and discussion with finance personnel. If a compliance audit is required, we would perform tests of specific requirements; claims for advances and reimbursements; and amounts claimed or used for matching in compliance with the Single Audit Act. The compliance audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the GAO *Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*, and the GAO *Guidelines for Financial and Compliance Audits of Federally Assisted Programs.*

The year-end fieldwork will commence within a reasonable time after the year-end when the District has closed its books and records as requested.

WORK PROGRAM, METHODOLOGY, & PROJECT MANAGEMENT(CONTINUED)

Document	Strategy	Procedure
None	Set Timing	Entrance conference
Obtain updated general ledger	Ensure proper closing of books	Analyze records and update analytical procedures
Obtain internal control memos if there are any changes- all key locations	Re-evaluate internal controls. Assess risk and dollar significance, brainstorm, look at IT controls	Update understanding of internal controls and document key changes
Obtain prior GFOA ACFR comments	Ensure improvement in financial reporting	Implement significant changes in financial reporting methods
Obtain and further agree upon audit schedules as agreed upon in the contract and RFP	To commence audit properly on final numbers	Apply auditing procedures
Obtain/prior year GASB 34 conversion entries /prepare GASB 34 Entries	Ensure that all GASB 34 conversion entries are proper	Work on current year GASB 34 presentations
Analyze capital asset ledgers and lease contracts	Review or updates from preliminary and analyze for impairment	Obtain capital asset documents and update for impairments
Contracts and agreements	Analyze credit agreements	Test schedules of credit agreements
Journal entries and post-closing	Look for proper accruals and revenue payments	Look at selected billings and revenue agreements
Risk Management	Determine coverage	Confirm balances and analyze for proper accruals as necessary
Cost allocations	Internal service allocation propriety	Discuss and analyze internal service cost allocations
Allocation agreements	Ensure agreement compliance	Analyze allocations as necessary from client calculations and documents
Obtain OPEB and PERS documents	Review for any needed updates, GASB 68 and 75	Read documents and necessary update
Bond agreements	Bond compliance	Test bond compliance and obtain bond ratings
Contributions	Compliance	Analyze significant contributions for compliance
Third party letters	Independent verification of accounts	Match to year-end books and records and reconcile to accounts
None	Ensure proper audit process	Hold timely status meetings with the client
Adjusting entries, and any possible management points	Obtain client agreement	Post as necessary with client
None	Compliance with contract and governance	Attend finance and board meetings
MD&A, prepare financials, reports and supplementary information	Ensure documents match, are consistent and appropriately completed	Read MD&A, prepare financials, reports and read supplementary information

Our firm utilizes a comprehensive library of current American Institute of Certified Public Accountants (AICPA), Governmental Auditing Standards (GAS), Government Finance Officers Association (GFOA), and Governmental Accounting Standards Board (GASB) publications and pronouncements when preparing and reviewing the financial statements of our governmental clients. Additionally, the Governmental Accounting, Auditing and Financial Reporting (GAAFR), commonly referred to as the "Blue Book", issued by the GFOA is often employed as a supplementary tool in our audit process.

We will issue all of our final audit reports by December 6th. All our reports are prepared by in-house auditors (usually the partner or manager) who have worked on the District's engagement, so they are familiar with the District and the way in which it operates. Our draft reports go through four reviews, including one by a senior auditor for calculations and footing, one by the technical partner, one by another senior or staff auditor for calculations and footing, and a final review by the engagement partner.

WORK PROGRAM, METHODOLOGY, & PROJECT MANAGEMENT(CONTINUED)

In order to assist our clients in improving their internal control and accounting procedures, we provide management letters as part of our audit engagements. These letters contain any observations or recommendations that we feel should be brought to management's attention. Our approach to the management letter is collaborative and constructive, with the aim of helping, not criticizing. Before issuing the final management letter, we present a draft to management for open discussion.

The work papers generated during this engagement are the property of Moss, Levy & Hartzheim, LLP and contain confidential information. In the case of a request from a Cognizant Agency, as authorized by law or regulation, we may make specific work papers available under the supervision of Moss, Levy & Hartzheim, LLP's staff. On demand, we can also provide photocopies of selected work papers to the Cognizant Agency. It is possible that the Cognizant Agency may choose to share the photocopies or information contained therein with other organizations, including other government agencies.

We do not anticipate any problems with the audit except for items listed in past management letters. In the event of a problem, the appropriate level of management and/or Board of Directors will be immediately notified in writing of any fraud, other illegal acts, or indications of illegal acts found during the course of our audit work. All other discrepancies or weaknesses in the internal control system that we become aware of will be communicated to management through discussion, the management recommendation letter, and/or if it is a significant deficiency, as part of the single audit report, if necessary.

Our firm will comply will all terms and conditions set in the District's RFP.

It is the firm's policy to have our partners and managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the District to receive immediate response to questions about accounting and audit topics, concerns, and findings.

PRICING

Our firm is always willing to perform additional work, as long as this does not impede our independence as the District's Auditors. No work will be performed without the District's approval.

Progress payments will be made based on the hours of work completed during the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than one calendar month.

Please see *Appendix F – Pricing.*

INSURANCE

Please see *Appendix G – Insurance Coverage.*

STATEMENT OF PROPRIETARY

MLH understands that nothing contained in this submitted proposal will be proprietary. Our proposal shall become the property of the District once submitted.

SUBCONTRACTORS

There will be no subcontractors to be used during the audit.

CONFLICT OF INTEREST

The nature of this project requires an impartial unbiased approach on the part of the consultant team. This proposal shall include a statement declaring that the consultants and subconsultants are not currently, and will not, during the performance of these services, participate in any order similar work involving a third party with interests currently in conflict or likely to be in conflict with the District's interest.

The firm uses checklists and questionnaires to determine that staff members are independent of each client being audited. We also have each staff member sign a personal independence declaration prior to commencing work on an audit client. The partner in charge of the audit reviews all independence work papers prior to staffing each audit.

Under penalties of perjury, I declare that I am an authorized signer and that there are no and have never been any financial interests between any officials or employees of the District and Moss, Levy & Hartzheim, LLP.

Respectfully submitted,

Bin Zeng
Principal

Moss, Levy & Hartzheim, LLP is an Equal Opportunity Employer

Moss, Levy & Harzheim, LLP

BOARD OF ACCOUNTANCY

LICENSING DETAILS FOR: 6998

NAME: MOSS, LEVY, HARTZHEIM LLP

LICENSE TYPE: CPA - PARTNERSHIPS

LICENSE STATUS: CLEAR

ADDRESS

9465 WILSHIRE BLVD 3RD FL
BEVERLY HILLS CA 90212
LOS ANGELES COUNTY

ISSUANCE DATE

JULY 28, 2005

EXPIRATION DATE

JULY 31, 2023

CURRENT DATE / TIME

JANUARY 18, 2023
11:9:21 AM

CITIES AND REDEVELOPMENT AGENCIES
- Alhambra, CA
- Arcadia, CA
- Arroyo Grande, CA
- Atascadero, CA
- Bellflower, CA
- Buellton, CA
- Calabasas, CA
- Duarte, CA
- El Centro, CA
- Eureka, CA
- Greenfield, CA
- Grover Beach, CA
- Healdsburg, CA
- Holtville, CA
- Hughson, CA
- Imperial, CA
- La Mirada, CA
- La Palma, CA
- Lindsay, CA
- Ojai, CA
- Paso Robles, CA
- San Gabriel, CA
- Santa Maria, CA
- Taft, CA
- Westlake Village, CA
- Wheatland, CA

PUBLIC FINANCING AUTHORITIES
The majority of our Municipalities issue debt and do so through an established Public Financing Authority.

OTHER SCHOOL ENTITIES
- Academia Semillas del Pueblo Charter School
- Albert Einstein Academy
- Antelope Valley Schools Transportation District
- Bright Star Secondary Charter Academy
- East Bay Regional Occupational Program
- Garr Academy of Mathematics and Entrepreneurial Studies
- Pacoima Charter School
- The Accelerated Schools
- Southern California Regional Occupational Center
- Santa Ynez Valley Charter School
- Tri-Valley Regional Occupational Program

SCHOOL DISTRICTS
- Acton-Agua Dulce Unified School District
- Ballard School District
- Bellflower Unified School District
- Beverly Hills Unified School District
- Blochman Union School District
- Bradley Elementary School District
- Buelton Union School District
- Carpinteria Unified School District
- Casmalia School District
- Castaic Union School District
- Cayucos Elementary School District
- Coast Unified School District
- Cold Springs School District
- College Elementary School District
- Eastside School District
- Garvey School District
- Goleta Union School District
- Graves School District
- Hughes-Elizabeth Lakes Union School District
- Keppel Union School District
- Lancaster School District
- Manhattan Beach Unified School District
- Mission School District
- Montecito Union School District
- Orcutt Union School District
- Pacific Unified School District
- Palmdale School District
- Pleasant Valley Union School District
- Rosemead School District
- San Ardo Elementary School District
- San Lucas School District
- San Miguel Joint Union School District
- Santa Maria Joint Union High School District
- Shandon Unified School District
- Solvang Elementary School District
- Torrance Unified School District
- Vallecito Union School District
- Wilsona School District

COUNTIES
- Los Angeles County, CA (Master List)
- San Diego County, CA (Master List)

SANITATION DISTRICTS
- Carpinteria Sanitation District, CA
- Cayucos Sanitation District, CA
- County Sanitation Districts of Los Angeles County, CA – All 25 Districts
- Encina Wastewater Authority, CA
- Montecito Sanitation District, CA
- Orange County Sanitation District, CA – Internal Audits

UTILITY DISTRICTS
- Georgetown Divide Public Utility District

WATER/IRRIGATION DISTRICTS
- Aldercroft Heights County Water District, CA
- Foothill Municipal Water District, CA

AMBULANCE SERVICES DISTRICT
- Cambria Community Healthcare District
- North Coast Emergency Medical Services

CEMETERY DISTRICTS
- Arroyo Grande Cemetery District, CA
- Atascadero Cemetery District, CA
- Gridley-Biggs Cemetery District, CA
- San Miguel Cemetery District, CA
- Santa Maria Cemetery District, CA

COMMUNITY SERVICES DISTRICTS
- Cambria Community Services District, CA
- Cuyama Community Services District, CA
- Heritage Ranch Community Services District, CA
- Los Alamos Community Services District, CA
- Nice Community Services District, CA
- Santa Ynez Community Services District, CA
- Vandenberg Village Community Services District, CA

RECREATION AND PARK DISTRICTS
- Conejo Recreation and Park District, CA
- Isla Vista Recreation and Park Districts, CA
- Mountains Recreation and Conservation Authority, CA
- Rancho Simi Recreation and Park District, CA
- Hayward Recreation and Park District, CA

BUILDING AUTHORITY
- County of San Diego Regional Building Authority, CA

FIRE PROTECTION DISTRICTS
- Cayucos Fire Protection District, CA
- Lakeport Fire Protection District, CA
- Orcutt Fire Protection District, CA

OTHER DISTRICTS
- County of San Diego Emergency Services Organization
- County of San Diego First 3 Commission
- County of San Diego In-Home Supportive Services Public Authority
- County of San Diego Health and Human Services Agency Child Development Program Grant
- County of San Diego MIOCR Grant
- County of San Diego RLETC Grant
- County of Los Angeles Delta Sigma Theta, Head Start Program Inc.
- County of San Diego DA Office of Auto Ins. Fraud Grant, Urban Auto Fraud Grant, WC Ins Fraud Grant
- Los Angeles County Flood Control District
- San Diego Geographic Information Source
- Tracy Area Public Facilities Financing Agency

TRANSPORTATION DEVELOPMENT ACT
- Arroyo Grande, CA
- Brawley, CA
- Calexico, CA
- El Centro, CA
- Grover Beach, CA
- Holtville, CA
- Paso Robles, CA
- San Luis Obispo County and Cities Area Planning Council:
    - Local Transportation Fund
    - State Transit Assistance Fund
- South County Area Transit, CA
- South County/San Luis Obispo Transit, CA
- Transportation Agency for Monterey County, CA
- Transportation Authority of Marin
- Association of Monterey Bay Area Governments
- Santa Cruz Regional Transportation Commission

TRANSIENT OCCUPANCY TAX AUDITS
Represented the following municipalities and/or counties in the audit of the hotel "bed tax" records:

- Arroyo Grande, CA
- Bellflower, CA
- Bishop, CA
- Calexico, CA
- Carmel, CA
- Pismo Beach, CA
- Santa Maria, CA
- South Lake Tahoe, CA
- Whittier, CA
- Ojai, CA

Our Peer Review included reviews of governmental (including municipalities, school districts, special districts) and non-profit engagements. In the past three (3) years, our firm has not been required to submit under any Federal or State desk review or field review of our audits.

SPAFFORD & LANDRY

Report on the Firm's System of Quality Control

To Moss, Levy & Hartzheim, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP (the firm) in effect for the year ended December 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures addressing engagement performance requires a review of all engagements prior to issuance. Although this review took place, the Firm should consider a more thorough review of the files prior to completion and lockdown. This contributed to audit engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, not conforming to professional standards in all material respects in the areas of audit planning, risk assessment, and documentation of testing specific to major program compliance. A similar finding was noted on the Firm's previous peer review.

Opinion

In our opinion, except for the deficiency previously described the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Moss, Levy & Hartzheim, LLP has received a peer review rating of *pass with deficiency*.

Spafford & Landry, Inc.

July 26, 2022

Craig A. Hartzheim, C.P.A. – Partner (Engagement)

- California licensed C.P.A. with 38 years of audit experience with governmental, non-profit, and commercial entities

- Engagement partner for governmental and non-profit audits (Culver City office) including 25 municipal audits, 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation Districts of Los Angeles County), and 12 school districts and related audits

- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning Annual Comprehensive Financial Reports, and preparation of State Controller's Reports

- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022, 2021, and 2020 Governmental Accounting Conference
  2022, 2021, and 2020 School District Conference
  2022, 2021, and 2020, GAAS Update
  Single Audits of Governmental Entities
  Preparing Governmental Financial Statements
  Yellow Book, Government Auditing Standards
  GAAS Guide
  Other Comprehensive Basis of Accounting (OCBOA) Statements
  Audit Standards update
  Fraud in Audits
  Auditing update

- Bachelor of Science degree in Accounting from Marquette University, was conferred in 1982

- Member of the following:

  American Institute of Certified Public Accountants
  California Society of Certified Public Accountants

- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

Hadley Y. Hui, C.P.A. – Partner (Technical)

- California licensed C.P.A. with 24 years of audit experience with governmental, non-profit, and commercial entities

- Partner in charge of 20 municipal audits, 26 special districts audits, 8 special audits for the County of San Diego, and 20 school districts and related audits

- Partner for the CSS and DPSS Monitoring Projects for Los Angeles County

- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022, 2021, and 2020 Governmental Accounting Conference
  2022, 2021, and 2020 School District Conference
  2022, 2021, and 2020, GAAS Update
  Yellow Book, Governmental Auditing Standards
  Fraud in Audits
  GAAS Guide
  Risk-Based Auditing Part 1, Part 2
  Accounting and Auditing Update
  Guide to Auditing Control Course 1, Course 2

- Extensive knowledge of database systems, networking, and various accounting software

- Bachelor of Arts degree in Economics with a minor in Accounting from University of California – Los Angeles, was conferred in 1997

- Member of the following:

  American Institute of Certified Public Accountants
  California Society of Certified Public Accountants

- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

Wilson Lam, CPA, CFE, CGFM – Partner (Manager)

- California licensed C.P.A. with 14 years of audit experience with governmental and commercial entities

- Manager for 13 municipal audits, 4 special district audits, and 9 school districts audits

- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022, 2021, and 2020 Governmental Accounting Conference
  2022, 2021, and 2020 Single Audit Compliance
  GASB 34 Training Seminars
  Internal Control and Fraud in Governmental Engagements
  Government Auditing Standards – Yellow Book
  Advanced Fraud Techniques
  Risk-Based Auditing Part 1, Part 2
  2019 Accounting and Auditing Update
  Guide to Auditing Control Course 1, Course 2

- Bachelor of Arts in Accounting and Finance from California State University Fullerton, conferred in 2005

Bin Zeng – Principal (Supervisor)

- Manager with 14 years of audit experience with governmental and commercial entities

- Manager for 12 municipal audits and 14 special district audits

- Has met or exceed all continuing education requirements including recent courses in the following:

  2022, 2021, and 2020 Governmental Accounting Conference
  2022, 2021, and 2020 Single Audit Compliance
  2022, 2021, and 2020, Accounting and Auditing Standards Update: Risk Assessment Standards
  2022 Advanced Audit Standards Workshops: Understanding Risk Assessment
  2022, 2021, and 2020, GAAS Update
  Auditors' Responsibilities for Detection of Fraud
  Internal Control and Fraud in Governmental Engagements
  Governmental Auditing Standards - Yellow Book
  Implementing SAS 112 & 114
  Advanced Fraud Techniques
  Grants Management

- Bachelor of Arts Degree in Business Economics from the University of California – Los Angeles, conferred in 2007

Terry Robertson, C.P.A – Manager

- Audit Manager for the City of Los Angeles
- Manager with 19 years of audit experience with governmental, non-profit, and commercial entities
- Manager for 12 municipal audits, 8 joint power authority audits, and 21 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022, 2021, and 2020 Governmental Accounting Conference
  2022, 2021, and 2020 Single Audit Compliance
  2022, 2021, and 2020, GAAS Update
  GASB 34 Training Seminars
  Auditors' Responsibilities for Detection of Fraud
  Internal Control and Fraud in Governmental Engagements
  Government Auditing Standards – Yellow Book
  Implementing SAS 112 & 114
  Advanced Fraud Techniques
  Grants Management

- Bachelor of Science degree in Accounting from University of Quinnipiac, was conferred in 1998

Cody Hartzheim – Senior Accountant

- Senior Accountant with 8 years of audit experience with governmental, non-profit, and commercial entities
- Senior Accountant for 16 municipal audits and 6 school district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022, 2021, and 2020 Governmental Accounting Conference
  Governmental Auditing Standards – Yellow Book
  2022 Accounting and Auditing Standards Update: Risk Assessment Standards
  2022, 2021, and 2020 Single Audit Compliance
  Implementing SAS 112 & 114
  Advanced Fraud Techniques
  Grants Management

- Bachelor of Science in Accounting and Finance from Marquette University, conferred in 2014

Xi Long – Staff Accountant

- Staff Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022 Governmental Accounting Conference
  2022 School District Conference
  2022 Sing Audit Compliance
  Government Auditing Standards – Yellow Book

- Bachelor of Arts in Business Economics with emphasis in Accounting from University of California, Los Angeles, was conferred in 2022

Don Mojica – Staff Accountant

- Staff Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022 Governmental Accounting Conference
  2022 School District Conference
  2022 Single Audit Compliance
  Government Auditing Standards – Yellow Book

- Bachelor of Arts in Economics with emphasis in Accounting from University of California, Riverside, was conferred in 2022

Kristy Deng – Staff Accountant

- Staff Accountant with audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022 Governmental Accounting Conference
  2022 School District Conference
  2022 Single Audit Compliance
  Government Auditing Standards – Yellow Book

- Bachelor of Arts in Economics from University of California, Irvine, was conferred in 2022.

Susan Chin – Staff Accountant

- Staff Accountant with 8 years of audit experience with governmental and school districts entities
- Staff Accountant for 11 municipal audits, 16 special district audits, and 13 school district audits
- Staff Accountant for the Los Angeles County DMH Monitoring Projects
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2021, 2020, and 2019 Governmental Accounting Conference
  2021, 2020, and 2019 School District Conference
  Single Audit Compliance
  GASB 34 Training Seminars

- Bachelor of Science in Business Administration with an emphasis in Accounting from California State University – Los Angeles, was conferred in 2005

Sara Yusupov – Staff Accountant

- Staff Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022 Governmental Accounting Conference
  2022 School District Conference
  2022 Single Audit Compliance
  Government Auditing Standards – Yellow Book

- Bachelor of Science in Accounting from San Diego State University, was conferred in 2020.

Nickolas Hartzheim – Staff Accountant

- Staff Accountant with 2 years of audit experience with governmental and special districts
- Staff Accountant for 6 municipal audits, non-profit, and 4 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

  2022, 2021, and 2020 Governmental Accounting Conference
  2022 and 2021 GAAS Update
  Auditors' Responsibilities for Detection of Fraud
  Government Auditing Standards (GAO) Updates and Changes
  Internal Control and Fraud in Governmental Engagements
  Government Auditing Standards – Yellow Book
  Implementing SAS 112 & 114

- Bachelor of Science from San Jose University, was conferred in 2018

David Ortiz – Computer Specialist

- Auditor with 22 years of audit experience with governmental and commercial entities
- Computer specialist – with emphasis in fund accounting software
- Extensive knowledge of database systems, networking, and accounting software
- Bachelor of Science degree in Business Administration with an emphasis in Accounting from California Polytechnic State University San Luis Obispo, was conferred in 1995

Estimated Hours

AUDIT SEGMENTS	**Clerical**	**Staff**	**Senior**	**Manager**	**Partner**	**Total**
Planning		3	3	3	4	13
Risk Assessment		2	4	3	2	11
Audit Conferences (Preliminary, Progress, and Exit)				3	2	5
Correspondence	4	4	3			11
Review/Documentation of Internal Controls:						
Documentation of systems		8	8	3	2	21
Testing of systems		13	12	3	2	30
Compliance Testing (includes Single Audit)		10	10	6		26
Year End Balances Testing		10	10	5		25
Revenue and Expense Analysis (Analytical Procedures)		10	10	4	6	30
Preparation, Review, and Findings	6	20	20	15	17	78
GRAND TOTAL*	10	80	80	45	35	250

* - Includes all services required in the RFP, some may not be applicable every fiscal year.

CRESCENTA VALLEY WATER DISTRICT – RFP PROFESSIONAL AUDITING SERVICES						
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE						
	No. of Hours	**Hourly Rates ****	**2023**	**2024**	**2025**	**TOTAL**
Fees:						
Partner	35	175	$ 6,125	$ 6,309	$ 6,498	$ 18,932
Manager	45	135	$ 6,075	$ 6,257	$ 6,445	$ 18,777
Senior	80	115	$ 9,200	$ 9,476	$ 9,760	$ 28,436
Staff	80	95	$ 7,600	$ 7,828	$ 8,063	$ 23,491
Clerical	10	60	$ 600	$ 618	$ 637	$ 1,855
Subtotal Fees			$29,600	$30,488	$31,403	$ 91,491
Other (specify): **Discount**			$(4,600)	$ (4,738)	$ (4,880)	$(14,218)
Total Maximum Cost			$25,000	$25,750	$26,523	$ 77,273

** Hourly rates increase 3% every year

Moss, Levy & Hartzheim, LLP has provided a more favorable pricing for this engagement.
Therefore, we are reducing our blended hourly rate and maximum price.

CRESCENTA VALLEY WATER DISTRICT – RFP PROFESSIONAL AUDITING SERVICES

TOTAL MAXIMUM AUDIT COST				
FOR THE FISCAL YEAR ENDING JUNE				
	2023	2024	2025	TOTAL
District Audit and Related Communications	$22,500	$23,175	$23,870	$69,545
SCO Report	$ 2,500	$ 2,575	$ 2,653	$ 7,728
Total	$25,000	$25,750	$26,523	$77,273

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 03/01/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER WORLDWIDE FACILITIES INSURANCE SERVICES LLC PO BOX 12279 SANTA ROSA, CA 95406 (888) 661-3938	CONTACT NAME: PHONE (A/C, No, Ext): (888) 661-3938 FAX (A/C, No): (877) 872-7604 E-MAIL ADDRESS: service.center@travelers.com
	INSURER(S) AFFORDING COVERAGE — NAIC #
	INSURER A : TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA
INSURED MOSS,LEVY & HARTZHEIM, LLP 5800 HANNUM AVE STE E CULVER CITY, CA 90230	INSURER B : TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA
	INSURER C :
	INSURER D :
	INSURER E :
	INSURER F :

COVERAGES — CERTIFICATE NUMBER: 861673921081940 — REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
B	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC [ ] OTHER:	X	X	680-8G690184-22	03/05/2022	03/05/2023	EACH OCCURRENCE	$2,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$300,000
							MED EXP (Any one person)	$5,000
							PERSONAL & ADV INJURY	$2,000,000
							GENERAL AGGREGATE	$4,000,000
							PRODUCTS - COMP/OP AGG	$4,000,000
								$
B	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY	X	X	BA-8L534181-22	03/05/2022	03/05/2023	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
A	[X] UMBRELLA LIAB [X] OCCUR [ ] EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [X] RETENTION $0			CUP-8G692478-22	03/05/2022	03/05/2023	EACH OCCURRENCE	$1,000,000
							AGGREGATE	$1,000,000
								$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	X	UB-3K867175-22	03/05/2022	03/05/2023	[X] PER STATUTE [ ] OTH-ER	
							E.L. EACH ACCIDENT	$1,000,000
							E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000
B	PRINTERS ERRORS AND OMISSIONS			680-8G690184-22	03/05/2022	03/05/2023	$500	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Michael J Mulligan

Proposal 2

CliftonLarsonAllen LLP
2210 East Route 66
Glendora, CA 91740

phone 626.857.7300 **fax** 626.857.7302
CLAconnect.com

June 12, 2023

Board of Directors and Management
Crescenta Valley Water District
Attn: Mr. Arturo Montes, Finance and Administration Manager
2700 Foothill Blvd.
La Crescenta, CA 91214

Dear Board of Directors and Management:

Thank you for inviting us to provide a quote for our audit services to you. We gladly welcome the opportunity to share our approach to continue helping Crescenta Valley Water District (CVWD) meet its need for professional services. We are providing this fee quote to outline the pricing for CVWD's audit services, beginning with the year-ended June 30, 2023, through June 30, 2025.

We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for CVWD's consideration:

CliftonLarsonAllen LLP (CLA) is a top ten professional services firm with an exceptional level of knowledge, insight, and industry experience. You can depend on CLA for several advantages:

- **Industry-specialized insight and resources**. As one of the nation's leading professional services firms, and one of the largest firms who specialize in regulated industries, CLA has the experience and resources to assist CVWD with their audit needs. In addition to your experienced local engagement team, CVWD will have access to one of the country's largest and most knowledgeable pools of regulated industry resources.

- **Strong methodology and responsive timeline**. Our local government clients are included amongst the more than 4,100 governmental organizations we serve nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. Our work plan takes into consideration your unique needs as a governmental entity in California. The work plan also minimizes the disruption of your staff and operations and provides a blueprint for timely delivery of your required reports.

- **Communication and proactive leadership**. CVWD will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at CVWD and take an active role in addressing them.

- **A focus on providing consistent, dependable service**. We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, CVWD will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

Board of Directors and Management
Southern California Community College District Joint Powers Authority

We are confident that our technical approach, insight, and resources will result in unsurpassed client service for CVWD.

We are eager to continue our work with you and welcome the chance to present our fee quote to the Board of Directors and the management team. If you have any questions about our offerings, please do not hesitate to contact me via the information below.

Sincerely,

CliftonLarsonAllen LLP

Gema Ptaskinski
Gema Ptasinski, CPA
Principal
(626) 387-8217
Gema.Ptasinski@CLAconnect.com

Leslie Ward
Leslie Ward, CPA
Signing Director
(626) 387-8267
Leslie.Ward@CLAconnect.com

Firm Overview

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 8,500 people, nearly 130 U.S. locations, and a global affiliation, we bring a wide array of approaches to help clients in all markets, foreign and domestic.

Industry focus

Governmental experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides CVWD the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 4,100 governmental clients nationwide. Regulated industry clients represent approximately one-quarter of all firm-wide revenue, and each of the government services team members are well versed in the issues critical to state and local governmental entities. Our professionals have deep, technical experience in serving governmental entities. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.

Services approach

Seamless assurance advantage: a different way to audit

Many organizations view an audit as a requirement that does not contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that gives you insight into your organization, allowing you to take advantage of opportunities and improve your operations.

Our industry experience makes it easier – CLA auditors are industry aligned, making our audit process fast and smooth. We focus on operational efficiency and leverage our industry experience to bring you meaningful insights that go beyond compliance requirements. A dedicated team of professionals will listen to your goals and concerns, then work with you to navigate industry pressures, changing markets, and complex standards, all with a common goal to drive your business toward success.

Your time has value – We recognize that you and your teams' day is filled with competing priorities and constant distractions. We elevate your experience by utilizing a variety of communication mediums, such as a web-based document portal, video conferencing, email, and phone calls, to keep everyone informed and on track. These mediums provide ultimate flexibility so that you can choose where and how your audit is performed. In contrast to a traditional engagement, where a team spends weeks on site at your location, our Seamless Assurance Advantage focuses on having the right team members on your engagement and is not dependent upon any physical locations.

No transition issues. As your current auditor of choice, the transition into the new fiscal year can be entirely seamless.

Engagement timetable

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain that the services are completed based on your requirements. The plan may also be amended during the year based on input from the Board of Directors and management.

We will perform an audit of CVWD's financial statements in accordance with Generally Accepted Auditing Standards (GAAS) and the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts. Our audit will also be performed in accordance with the standards applicable to financial audits contained in Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States.

We will prepare a management letter, if necessary, with statements, observations, opinions, comments, or recommendations with regards to the financial statements of CVWD and its systems of internal control.

At the conclusion of the audit and final acceptance of the audit report, we will file the final audit report with the State and County offices.

Significant Milestones	Target Dates (following each fiscal year under audit)
Entrance conference/ Internal preparation	Mid to Late September
Field audit work begins	Early October
Draft reports	Early November
Presentation to board/management	Not Later than November 20
File Audit Report with State and County	Not later than Mid December

Service team

The CLA team outlined includes leaders and staff focused in the industry. This team is able to provide the full range of services, supported by national resources.

Engagement Team	Role	Years' Experience
Gema Ptasinksi	Principal	25+
Leslie Ward	Signing Director	25+
Melissa Suraya	Senior In-Charge	5+

Professional fees

At CLA, our fees are based on the timely delivery of the services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines. We estimate our professional fees to be as follows:

Professional Services	FY 2023	FY2024	FY2025
Audit of the Financial Statements in accordance with GAAS and GAGAS	$25,600	$27,000	$28,500
Out of Scope Services as requested for assistance with adjusting journal entries for pension, OPEB, fixed asset, investment, leases**	$2,500-$3,500	$2,700-$3,800	$3,000-$4,000
Assistance in implementing the new accounting standard Subscription-Based Information Technology Arrangements (SBITA $800 per agreement) ***	$-	$-	$-
Implementation of the New Risk Auditing Standards which includes an increase in information technology testing ****	$-	$2,000	$2,500
Technology and Client Support Fee (5%)	%- (5% on all professional fees for services rendered)		

**Estimated range. Services will be billed based upon the actual hours spent at our standard rates.
***Dependent upon number of agreements, if any.
****(SAS 143-145 for 6/30/2024 and 2025)

We have found over the years that our clients do not like fee surprises. Neither do we. We commit to you, as we do all of our clients, that:

- We will be available for brief routine questions at no additional charge, a welcome investment in an on-going relationship.
- Like most firms, we are investing heavily in technology to enhance the client experience, protect our data environment, and deliver quality services. We believe our clients deserve clarity around our Technology and Client Support Fee, and we will continue to be transparent with our fee structure.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front.
- We will always be candid and fair in our fee discussions, and we will avoid surprises.

Our last word on fees — we are committed to serving you. Therefore, if fees are a deciding factor in your selection of an accounting firm, we would appreciate the opportunity to discuss our scope of services.

At CLA, it's more than just getting the job done.

Proposal 3

PROPOSAL TO

CRESCENTA VALLEY WATER DISTRICT, CALIFORNIA

FOR PROFESSIONAL AUDIT SERVICES
JUNE 30, 2023, 2024 AND 2025

PREPARED BY

SingerLewak
Accountants & Consultants

1650 Iowa Avenue, Suite 200 Riverside, CA 92507; T.424.320.3385

Contact: Orlando R. Torres, Partner
otorres@singerlewak.com;
Proposal Date: June 7, 2023

TABLE OF CONTENTS

June 7, 2023

Crescenta Valley Water District
Attn: Arturo Montes, Finance and Administration Manager
2700 Foothill Blvd.
La Crescenta, CA 91214

SingerLewak, LLP is pleased to submit this proposal to provide professional auditing services for the fiscal years ending June 30, 2023, 2024, and 2025 as described in your request for proposal (RFP). We are excited about the possibility of building a working relationship with the District. We are committed to delivering the highest level of responsive and quality audit services possible.

Why SingerLewak?

As the District continues to expand and grow, we understand your need for a hands-on approach firm to assist you. You want a service provider that truly partners with you and acts not only as an advisor, but also as an advocate, thinking proactively and guiding you through accounting, federal and state compliance requirements, and technical matters. As trusted advisors to many local governments, we understand this at the highest level. SingerLewak is well equipped to take this journey with you to help you succeed. We have the people, resources, and desire to not only meet your needs, but demonstrate a clear difference in our service.

You can expect a strong collaborative working relationship with SingerLewak, including:

Communication and collaboration

- Speedy responsiveness, attention to deadlines and honest communication
- Significant partner involvement
- Answers and research on issues related to accounting matters that may impact the District
- Use of technology to streamline the audit process and be environmentally sensitive

Oregon governmental experience and expertise

- Over 50 years providing audits to local governments
- A partner on the Oregon Society of CPA's Governmental Accounting and Auditing Committee
- Annual educational seminar for municipalities on new GASB standards, cybersecurity, fraud, Uniform Guidance compliance, and more

Municipal Seminar

Annually, we provide a four to six hour seminar at no-charge to our local government audit clients. The seminar is designed for individuals who hold positions of fiscal and administrative responsibility. Attendants have told us that this seminar is useful because it provides information on issues of current interest and a forum to exchange ideas with others who are actively involved in fiscal operations.

The technical resources available to us help us assist our clients with new accounting pronouncements as they become effective. In addition, the number of governmental entities we serve enables us to share ideas throughout our community of clients.

We are pleased to be considered for this engagement. Our Firm can provide quality auditing services at a competitive price in a timely, efficient manner.

Understanding of the Work to be Done

Our understanding of the services to be provided include the following:

- An audit of the District's financial statements in accordance with:
  - Generally Accepted Auditing Standards, as set forth by the American Institute of Certified Public Accountants
  - Governmental Auditing Standards, issued by the Comptroller General of the United States
  - State Controller's Minimum Audit Requirements and Reporting Guidelines

- Additional services:
  - Present the audit result to the Board of Directors at the end of the audit
  - Assistance with the preparation of the District's Annual Report

- Other deliverables:
  - Letter of communications to those charged with governance as required under AU-C 260
  - Management letter and/or letter of internal control deficiencies as required under AU-C 265

This is a firm and irrevocable offer for 90 days.

I am entitled to represent SingerLewak, to submit this proposal, and I am authorized to sign a professional service contract with the District on behalf of the Firm. I have read the RFP and I'm committed to work with your team towards the deadlines established in the RFP. If you have any questions after you have had an opportunity to review our proposal, I would be pleased to answer them.

Very truly yours,

Orlando R. Torres, Partner

SingerLewak LLP
1650 Iowa Ave, Suite 200 Riverside California 92507
Tel: 424.320.3385 E-mail: otorres@singerlewak.com

1. **License to Practice in California**
   SingerLewak, LLP is properly registered to practice in California. We have different offices in California and other states. All key professionals assigned to this audit are certified public accountants licensed either in the states of California, New York, or Florida. Orlando R. Torres, the lead audit partner, is a certified public accountant licensed to practice in California, among other jurisdictions. Nicole Ryan, the engagement manager, is licensed in New York and has submitted the application for reciprocal licensing as a certified public accountant with the state of California. It is expected that Nicole will be licensed in the state of California by the time that we begin the field work for this audit. Marlene Frazier, the lead audit senior, is licensed to practice in California.

2. **Independence**
   SingerLewak, LLP is independent of the District as defined by auditing standards generally accepted in the United States of America and the General Accountability Office's Government Auditing Standards, and as required by the State Controller under the Minimum Audit Requirements and Reporting Guidelines for Special Districts. Those standards require that, in all matters relating to the audit work, the firm and the individual auditors should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance. Based upon our policy of documenting firm and employee independence with respect to continuing clients and prospective clients, we believe we are independent with respect to the District.

3. **Firm Qualifications and Experience**
   Since 1959, SingerLewak has built a reputation for excellence by providing expertise in accounting, tax and advisory services. We are headquartered in California, and currently have 14 offices located throughout California, Colorado, Georgia, Nevada, Oregon, and Texas. The government practice of SingerLewak is composed of approximately seventeen (17) professionals. Since the inception of the Single Audit Act in 1984, we have been performing audits that comply with the Act, even as it evolved under the Uniform Guidance. The combination of our resources, experience and professional involvement will be available to you when the time comes to implement any new pronouncements.

   Along with financial statement audits and reviews, we have also provided drafting of financial statements, internal control evaluations, agreed-upon procedures for grant compliance, reconciliations, and audits of subrecipients. Following is a list of our current municipal clients:

City of Albany
Albany Revitalization Agency
Benton County
Benton County Agricultural Extension Service District
Benton County Library Service District
City of Brownsville
City of Detroit
City of Florence
Florence Urban Renewal Agency
City of Happy Valley
Happy Valley Urban Renewal Agency
City of Idanha
City of Lebanon
Lebanon Urban Renewal Agency
City of Madras
Madras Redevelopment Commission
City of Molalla
Molalla Urban Renewal Agency
City of Newberg
City of Silverton
Silverton Urban Renewal Agency
City of Stayton
City of Scotts Mills
City of Tillamook
Tillamook Urban Renewal Agency
Clackamas Fire District
Grand Ronde Sanitary District
Kaiser Fire District
Fairview Water District

Lyons-Mehama Water District
Mill City Rural Fire Protection District
Netarts Water District
Northwest Senior & Disability Services
Oceanside Water District
Oregon State Fair Council
Palo Verde Irrigation District
Palo Verde Cemetery District Polk County
Polk County
Polk County Extension Service District
Salem Suburban Rural Fire Protection District
Tillamook County Soil and Water Conservation District
Tillamook County
Tillamook County 4-H and Extension Service District
Cove Orchard Sewer Service District
Solid Waste Service District
Tillamook County Transportation District
Yamhill Communications Agency
Yamhill County
Yamhill Extension Service District

The professional services for the District will be performed primarily from our Riverside office located at 1650 Iowa Ave, Suite 200 Riverside California 92507. We anticipate that the staff assigned to the different stages of this engagement will be full-time personnel.

Person Authorized to Answer Questions

Any questions on this proposal should be directed to the attention of Orlando R. Torres, the engagement partner, using the contact information provided in the cover page of this proposal.

Disciplinary or Corrective Actions

Within the last three (3) years, SingerLewak has not been subject to, and has no pending, disciplinary action by state regulatory bodies or professional organizations, or has settled any litigation.

4. Peer Review

SingerLewak has successfully completed an independent peer review of its assurance practice. The reviewers concluded in their report that the firm complies with the stringent quality control standards set by the American Institute of Certified Public Accountants, the national professional organization of CPAs. The reviewers made an independent assessment of the firm's quality control policies and procedures and inspected the working papers and reports on a representative sample of assurance engagements. They also inspected the firm's administrative files and records and interviewed professional personnel. Our latest peer review report has been included as Appendix A.

5. Engagement Team

The significant factors which influence the assignment of personnel for professional audit service engagements include proper measurement of the scope of services to be performed, planning and control of the engagement, and careful matching of the skills and experience levels of professional personnel with the requirements of the engagement.

Senior Level Personnel

Key personnel chosen specifically for the requirements/scope of this engagement will include the following:

Orlando R. Torres, CPA, Engagement Partner

Orlando began his career in public accounting in 1995. He has been a CPA since 1999 and is currently licensed as a CPA in California, Florida, Hawaii, Puerto Rico and the U.S. Virgin Islands.

He spent most of his 20+ year career in big-4 firms dedicated primarily to audit state & local governments. Orlando has served organizations of different sizes and governmental structures that include departments, agencies, state level general-purpose governments, power and water utilities, and retirement systems. He has performed also singled audits with multiple major programs. He has been a speaker on state & local government forums and on related technical topics.

Orlando is a member of the following organizations:

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)
- Government Finance Officers Association (GFOA)
- California Society of Municipal Financial Officers (CSMFO)

Orlando will be the engagement partner with overall responsibility over the audit. He will be responsible for approving the audit strategy and providing oversight of the audit throughout the process. He will also review the final report and assist with complex issues as necessary.

Nicole L. Ryan, Engagement Manager

Nicole began her career in public accounting in 2004 and has been licensed as a CPA with the State of New York since 2010. She is in the process of applying for the reciprocal license with the State of California and is expected to be licensed in the state of California by the time that we begin the field work for this audit.

As a Senior Assurance Manager, Nicole is responsible for performing and reviewing audits of cities, counties, and special districts. Nicole has been auditing local municipalities for 18 years, including drafting ACFR's and performing Single Audits. Nicole specializes in governments and audits performed in accordance with *Government Auditing Standards* and the provisions of the Single Audit Act in accordance with Uniform Guidance. At her prior firm, she was the principal of the governmental services practice unit. She is a member of the Governmental Committee for the New York Society of CPAs and holds the Advance Single Audit Certification issued by the AICPA.

Nicole is a member of the following organizations:

- AICPA
- New York Society of Certified Public Accountants
- GFOA

Nicole, as the engagement manager, will have supervision and project management responsibilities over the entire audit.

Staff Personnel

Marlene Frazier, CPA, Engagement Senior Auditor

Marlene has over 39 years of experience in public and private accounting, and is a CPA licensed in the state of California.

As a supervising senior, Marlene is responsible for performing fieldwork, including supervision of staff for audits of cities, counties, and special districts. Marlene has been auditing special districts for the past 13 years including drafting the State of California Special Districts Financial Transactions Report. Marlene specializes in audits of non-profits and governmental entities including compliance testing. Experience includes audits performed in accordance with *Government Auditing Standards* and the provisions of the Single Audit Act in accordance with Uniform Guidance.

Marlene is a member of the following organizations:

- AICPA
- CalCPA

As the lead senior auditor, Marlene will be responsible for executing most audit procedures, and for directing and supervising the work of other staff assigned to the engagement.

Quality of the Audit Work

Marlene will conduct the audit, and may supervise the work of any lower level staff assigned to her. Nicole, as the engagement manager, will be responsible for project management and for supervising the work of the staff. Nicole is responsible for reviewing the audit documentation and for getting involved in technical matters. Orlando has overall responsibility over the engagement. He will be primarily involved in the planning and risk assessment stage, will be involved in technical issues, and will be involved in the completion and reporting stages of the engagement. Orlando also will be involved in if any issue arises during the audit. In addition, a quality review partner will be involved in the review of the financial statements, and on any issues that arise during the audit.

6. Prior Engagements with the District

SingerLewak has no records of serving the District in the past.

7. Work Plan

SEGMENT	OBJECTIVES	TIME FRAME
Pre-Engagement Activities	• Pre-audit conversation • Provide detailed list of schedules to be supplied by the District • Engagement letter and contract	June
PLANNING/INTERIM FIELDWORK	• Provide detailed list of schedules to be supplied by the District • Gain an understanding of the nature of operations and internal controls and tests of controls as deemed appropriate • Formulate audit strategy • Perform risk assessments • Begin tests of compliance with laws and regulations	July
POST YEAR-END FIELDWORK	• Substantive tests of transactions or account balances • Test compliance with laws and regulations • Analytical procedures • Review of workpapers • Exit conference with District staff	August/ September
DRAFT AND REVIEW REPORTS	• Review financial statements • Draft auditor's reports and management and governance communications • Partner review of workpapers, reports, and financial statements • Technical review of reports and management and governance communications • Printing and delivery of financial statements and reports	October/ November
PRESENTATION	• Presentation of audit reports, required communications, and recommendations to the Finance Committee and/or Board of Directors	TBD by the District

8. All-Inclusive Maximum Fees

Our all-inclusive audit fee will be as stated below. This fee includes the cost of providing paper and PDF copies of the final audit report, any out-of-pocket expenses, and year-round advice on accounting, reporting, or internal control issues.

	For the year ended 2023		
	Estimated Hours	Hourly Rate	Costs
Engagement Partner	12	$ 250	$ 3,000
Engagement manager	35	$ 140	$ 4,900
Staff	83	$ 100	$ 8,300
Clerical	6	$ 50	$ 300
	136		$ 16,500

<u>Three Year Fee Schedule</u>

	For the fiscal years ending June 30th		
Service	2023	2024	2025
Audit services, and annual report preparation assistance	$16,500	$17,350	$18,200

The time budget for the audit services is assumed to be the same for each fiscal year presented in the table. Annual fee increase is 5% or CPI, whichever is greater.

9. References

We have served the following governmental entities during the last 5 years:

ENTITY / SERVICE	Fees	CONTACT / PHONE	EMAIL
Fairview Water District / Financial Statements Audit	$15,800	David Pace, Superintendent 403 Marlof Loop Rd Tillamook, OR 97141 503-801-1005	davidpace@fairviewwater.com
Oceanside Water District / Financial Statements Audit	$18,000	Henry Wheeler, Chairman P.O. Box 36 Oceanside, OR, 97134 503-842-9405	oceansidewaterdistrict@gmail.com
Netarts Water District / Financial Statements Audit	$11,100	Patricia Penney, Office Manager P.O. Box 50 Netarts, OR 97143 503-842-9405	office@netartswaterdistrict.com

10. Nonproprietary Content:

The content of this proposal is non-proprietary.

11. Potential Conflicts of Interest:

Based upon our policy of documenting firm and employee independence with respect to continuing clients and prospective clients, we believe we (SingerLewak and the engagement team) are independent, and are aware of no conflicts, with respect to the District.

12. Insurance Coverage:

Please refer to Appendix B for a copy of our Insurance Coverage

.

13. Proposal Validity Period:

This is a firm and irrevocable offer for 90 days. Refer to the transmittal letter for the engagement partner's signature.

APPENDIX A

Report on the Firm's System of Quality Control

April 16, 2020

To the Parters of SingerLewak, LLP and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of SingerLewak, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended September 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations
Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, audits of employee benefit plans, an audit of a broker-dealer, and an examination of a service organization (SOC 1).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion
In our opinion, the system of quality control for the accounting and auditing practice of SingerLewak, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended September 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. SingerLewak, LLP has received a peer review rating of *pass.*

RW Group, LLC

400 Old Forge Lane
Suite 401
Kennett Square, PA 19348-1914

Phone: 610-713-8208
Fax: 610-807-0370
www.rwgroupllc.com

APPENDIX B

SINGLLP-01 TKARUNA

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 3/3/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0757776
HUB International Insurance Services Inc.
PO Box 20005
Encino, CA 91436

CONTACT NAME: Lauren Najjarpour
PHONE (A/C, No, Ext): (818) 465-9151 FAX (A/C, No):
E-MAIL ADDRESS: lauren.najjarpour@hubinternational.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Travelers Casualty Insurance Company of Americ	19046
INSURER B : Travelers Property Casualty Company of America	25674
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
SingerLewak, LLP
10960 Wilshire Bl
Suite 1100
Los Angeles, CA 90024

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; X OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY; PRO-JECT; LOC; OTHER:	X		680003G76011623	3/1/2023	3/1/2024	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
							TOTAL AGGREGATE	$ 10,000,000
A	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; X HIRED AUTOS ONLY; X NON-OWNED AUTOS ONLY			BA-8L473969-23-42-G	3/1/2023	3/1/2024	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB; X OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; X RETENTION $ 0			CUP-0623Y572-23-42	3/1/2023	3/1/2024	EACH OCCURRENCE	$ 5,000,000
							AGGREGATE	$ 5,000,000
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

XTEND ENDORSEMENT FOR SMALL BUSINESSES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to this Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

A. Who Is An Insured – Unnamed Subsidiaries

B. Who Is An Insured – Employees And Volunteer Workers – Bodily Injury To Co-Employees And Co-Volunteer Workers

C. Who Is An Insured – Newly Acquired Or Formed Limited Liability Companies

D. Incidental Medical Malpractice

E. Blanket Waiver Of Subrogation

PROVISIONS

A. WHO IS AN INSURED – UNNAMED SUBSIDIARIES

The following is added to **SECTION II – WHO IS AN INSURED**:

Any of your subsidiaries, other than a partnership or joint venture, that is not shown as a Named Insured in the Declarations is a Named Insured if:

a. You are the sole owner of, or maintain an ownership interest of more than 50% in, such subsidiary on the first day of the policy period; and

b. Such subsidiary is not an insured under similar other insurance.

No such subsidiary is an insured for "bodily injury" or "property damage" that occurred, or "personal and advertising injury" caused by an offense committed:

a. Before you maintained an ownership interest of more than 50% in such subsidiary; or

b. After the date, if any, during the policy period that you no longer maintain an ownership interest of more than 50% in such subsidiary.

For purposes of Paragraph **1.** of Section **II** – Who Is An Insured, each such subsidiary will be deemed to be designated in the Declarations as:

a. A limited liability company;

b. An organization other than a partnership, joint venture or limited liability company; or

c. A trust;

as indicated in its name or the documents that govern its structure.

B. WHO IS AN INSURED – EMPLOYEES AND VOLUNTEER WORKERS – BODILY INJURY TO CO-EMPLOYEES AND CO-VOLUNTEER WORKERS

The following is added to Paragraph **2.a.(1)** of **SECTION II – WHO IS AN INSURED**:

Paragraphs **(1)(a)**, **(b)** and **(c)** above do not apply to "bodily injury" to a co-"employee" while in the course of the co-"employee's" employment by you or performing duties related to the conduct of your business, or to "bodily injury" to your other "volunteer workers" while performing duties related to the conduct of your business.

C. WHO IS AN INSURED – NEWLY ACQUIRED OR FORMED LIMITED LIABILITY COMPANIES

1. The following replaces the first sentence of Paragraph **3.** of **SECTION II – WHO IS AN INSURED**:

Any organization you newly acquire or form, other than a partnership or joint venture, and of which you are the sole owner or in which you maintain an ownership interest of more than 50%, will qualify as a Named Insured if there is no other similar insurance available to that organization.

2. The following replaces the last sentence of Paragraph **3.** of **SECTION II – WHO IS AN INSURED**:

   For the purposes of Paragraph **1.** of Section **II** – Who Is An Insured, each such organization will be deemed to be designated in the Declarations as:

   a. A limited liability company;

   b. An organization other than a partnership, joint venture or limited liability company; or

   c. A trust;

   as indicated in its name or the documents that govern its structure.

D. INCIDENTAL MEDICAL MALPRACTICE

1. The following replaces Paragraph **b.** of the definition of "occurrence" in the **DEFINITIONS** Section:

   b. An act or omission committed in providing or failing to provide "incidental medical services", first aid or "Good Samaritan services" to a person, unless you are in the business or occupation of providing professional health care services.

2. The following replaces the last paragraph of Paragraph **2.a.(1)** of **SECTION II – WHO IS AN INSURED**:

   Unless you are in the business or occupation of providing professional health care services, Paragraphs **(1)(a)**, **(b)**, **(c)** and **(d)** above do not apply to "bodily injury" arising out of providing or failing to provide:

   (a) "Incidental medical services" by any of your "employees" who is a nurse, nurse assistant, emergency medical technician, paramedic, athletic trainer, audiologist, dietician, nutritionist, occupational therapist or occupational therapy assistant, physical therapist or speech-language pathologist; or

   (b) First aid or "Good Samaritan services" by any of your "employees" or "volunteer workers", other than an employed or volunteer doctor. Any such "employees" or "volunteer workers" providing or failing to provide first aid or "Good Samaritan services" during their work hours for you will be deemed to be acting within the scope of their employment by you or performing duties related to the conduct of your business.

3. The following replaces the last sentence of Paragraph **5.** of **SECTION III – LIMITS OF INSURANCE**:

   For the purposes of determining the applicable Each Occurrence Limit, all related acts or omissions committed in providing or failing to provide "incidental medical services", first aid or "Good Samaritan services" to any one person will be deemed to be one "occurrence".

4. The following exclusion is added to Paragraph **2.**, **Exclusions**, of **SECTION I – COVERAGES – COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

   Sale Of Pharmaceuticals

   "Bodily injury" or "property damage" arising out of the violation of a penal statute or ordinance relating to the sale of pharmaceuticals committed by, or with the knowledge or consent of, the insured.

5. The following is added to the **DEFINITIONS** Section:

   "Incidental medical services" means:

   a. Medical, surgical, dental, laboratory, x-ray or nursing service or treatment, advice or instruction, or the related furnishing of food or beverages; or

   b. The furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances.

6. The following is added to Paragraph **4.b.**, **Excess Insurance**, of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**:

   This insurance is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to any of your "employees" for "bodily injury" that arises out of providing or failing to provide "incidental medical services" to any person to the extent not subject to Paragraph **2.a.(1)** of Section **II** – Who Is An Insured.

E. BLANKET WAIVER OF SUBROGATION

The following is added to Paragraph **8.**, **Transfer Of Rights Of Recovery Against Others To Us**, of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of:

a. "Bodily injury" or "property damage" that occurs; or

b. "Personal and advertising injury" caused by an offense that is committed;

subsequent to the execution of the contract or agreement.

'We want you to keep your hands off our property tax!'

By CV Weekly on June 15, 2023 · 0 Comments

Resident Kim Mattersteig expressed her disapproval with The District's intent to tax property owners to fund its Pipeline Replacement Program.
Photos by Lynn SHER

Residents let loose with similar sentiments on the Crescenta Valley Water District.

By Lynn SHER

Crescenta Valley Water District (CVWD/The District) hosted a public hearing on Tuesday night regarding a proposed capital charge on the property tax roll. People arrived in disgruntled droves, with attendees spilling out in two different directions toward the street.

Distrust and animosity by most of those attending the public hearing was apparent before the meeting began as Christy Colby, The District's Regulatory & Public Affairs manager, tried to make general announcements and introductions and review the processes of the hearing. People were concerned that the Zoom link wasn't adequately circulated for people wanting to attend the hearing virtually. Attendees were also concerned that notices for the public hearing weren't mailed out as widespread as they should have been.

Concern was voiced on what many felt was the way The District intentionally kept information from the public regarding Proposition 218. Under Prop. 218, "in order to raise a new tax, assessment, or property-related fee, or to increase an existing one" a majority of the affected property owners must agree to the increase. For an extensive explanation regarding Prop 218, which was approved in 1996 by voters, visit the information on the Legislative Analyst's Office website at
https://tinyurl.com/ysusccjd.

To put it plainly, most of the people at the meeting were not pleased with The District. Most at Tuesday's meeting felt like something wasn't "right" with their current water bills and that they were being charged too much. Now, The District wants to impose a charge on property tax bills in order to fund its "Pipeline Replacement Program."

Resident Kyle Studebaker, a 40-year homeowner, said, "I gave up my lawn six years ago … but my bill has not changed. If anything, it has continued to increase."

Another homeowner of 30 years said, "This is just too much." She continued, "My water bill for the last two months was $49, my actually water usage … however I was charged over 120 bucks from that bill … $60 a month more for infrastructure." She emphasized, "You can't keep burdening the residents and expect them not to break."

James Lee, director of Finance and Administration, emphasized the need for the Pipeline Replacement Program.

James Lee, director of Finance and Administration speaking to the frustrated residents.

“[We need] to ensure water service reliability and fire safety, which are critical,” he said. He cited a handful of reasons why the charge on their customers’ property tax is critical.

“CVWD experienced more than a 15% reduction in metered revenues due to its customers’ response to a historic drought,” he said. “The historically wet winter last year further compounded the downward pressure on revenues by reducing water demand.”

According to the “Supplemental Study for Determining a Capital Charge for the District’s Long-Term Pipeline Replacement Program” on the CVWD website, “Roughly 86% of the District would see an [additional] annual charge of $404.30.” The District does plan to offer for those who qualify some kind of economic hardship assistance for this increase.

Residents at Tuesday’s meeting made it clear that they are not ready to accept this tax. Many accused the board of directors of being overpaid and of mishandling the amount of money collected from its customers. Many concerned residents called for a public audit of The District’s finances. One homeowner said, “We need to know how much money these board of directors are making every year … what we need next is injunction.”

Jonas Williams was a member of an advisory board in 2022 that was formed with The District.

“To help improve the relationship between the community and the water board,” explained Williams of the purpose of the advisory board. “There seemed to be a lot of problems, and they worked together [to solve them].”

There have been some successes and solutions found for infrastructure funding, like floating bonds.

"You guys ended up with an 8% increase for three years," he said, "and that was supposed to cover part of the infrastructure. Three years later…and nothing's improved." He challenged the board by saying, "Put your cards on the table."

Lee then explained The District didn't receive enough protest letters to override the decision of the board. Proposition 218 states, "the local government must tabulate the ballots [protest letters], weighing them in proportion to the amount of the assessment each property owner would pay. The assessment may be imposed only if 50% or more of the weighted ballots support the assessment."

The proposition defines an assessment as, "A charge levied on property to pay for a public improvement or service that benefits property. Assessments are usually collected on the regular property tax bill."

"The board is not going to take action tonight because [the board needs] to deliberate," Lee said adding answers to attendees' questions from the public hearing will eventually be posted to the CVWD website.

But this assurance seemed to add to the attendees' questions and tempers continued to flair even as people began to filter out the hearing.

Brook Yared, right, senior engineer for the water district, was on hand.

An overflow crowd spilled into the water district's courtyard.

"Do you care what we're saying?" It was hard to tell, from the set faces of the board members.

Concerned homeowners gathered at CVWD to express their concerns about the impending tax roll.

Christy Colby, The District's Regulatory & Public Affairs manager, making announcements as the public hearing began.

A homeowner expresses his concerns.

CVWD Board President Sharon Raghavachary tries to explain the board's silence during the proceedings.

'We want you to keep your hands off our property tax!' added by **CV Weekly** *on June 15, 2023*

View all posts by CV Weekly →

Hi Tom,

Marilyn Tyler here.

(FYI - signed copy given to CVWD)

To: CVWD Board of Directors
CC: Tom Bunn, Attorney for CVWD
From: Marilyn Tyler, Property Owner
Date: June 12, 2023
Subj: Protest Letter and Potential Legal Challenge: Proposed Property-Related Fee

I protest the proposed property-related fee to fund pipeline replacement because it violates Proposition 218 (ref. "KCSFV I, LLC v. Florin County Water District (2021) 64 Ca.App.5th 1015").

The Public Notice I received in May 2023 states: "The Crescenta Valley Water District (CVWD) Board of Directors will conduct a public hearing to consider a capital charge on the property tax roll to fund pipeline replacements." While the Public Notice states the proposed fee by meter size, nowhere does it provide evidence or analysis that the proposed fee amounts are not excessive.

The proposed fee amounts are estimated to provide approximately $4M in revenue for pipeline replacements in FY2023/2024. But the desired $4M in revenue was arrived at to satisfy the Roadmap/Pyramid Pipeline Replacement Schedule, a working document never formally approved by the CVWD Board and intended to be aspirational, not necessarily realistic. The aspirational goal of the Roadmap/Pyramid Pipeline Replacement Schedule is to replace all aging pipes as they reach 75-years of age.

In support of the proposed property-related fee, CVWD provided to the public a document entitled "Subject: Supplemental Study for Determining a Capital Charge for the District's Long-Term Pipeline Replacement Program" by James Lee, CVWD Director of Finance and Administration, dated April 18, 2023. The document states in part *"...external factors have combined to significantly alter the trajectory of the District's ability to commit to its 'Roadmap' plan going forward. The 'Roadmap' refers to the Infrastructure Funding and Reliability plan which was developed between the Board, the community, and staff over several years, the primary result for which was a commitment to proactive pipeline replacement and a 20-year plan for ramping up then ramping down replacement..."* i.e., the aspirational Pyramid Pipeline Replacement Schedule.

Evidence that the Pyramid Pipeline Replacement Schedule is aspirational rather than realistic can be seen when the Pyramid Pipeline Replacement Schedule is examined in detail (refer to CVWD Engineering Packet 04202021 Information Item No. 1, "Discussion of Long-Term Pipeline Replacement Schedule" by David Gould, P.E., CVWD Director of Engineering). Mr. Gould himself has previously stated in my hearing that the community is seriously disturbed if more than 2 miles of pipe is replaced in one year, yet the Pyramid Pipeline Replacement Schedule proposes replacing more than 2 miles of pipe per year in twelve of its twenty year schedule. The reason for this disconnect is that Mr. Gould was asked to come up with a schedule which met the goal of replacing all aging pipe as they reached 75-years of age (aspirational), he was not asked if the resulting schedule was reasonable or realistic.

The barrier to increasing the amount of aging pipe replaced per year has not been revenue but reality. CVWD has made multiple attempts to increase revenue, each time using the argument that the money was needed to replace aging pipelines: in 2020 a $5M bond was approved, and in 2021 a 3-year schedule of rates increases was approved which increased rates 8% each year resulting in a cumulative rate increase of 25%. But for each year, I believe the actual amount of pipe replaced fell short of the budgeted goal for reasons other than revenue. I believe CVWD has not been able to replace more than 1.3 miles of pipe per year, nor spend more than $2.3M per year for pipeline replacement even though $2.5M was budgeted.

In conclusion, CVWD's attempt to impose a property-related fee for pipeline replacement based on aspirational goals, rather than on an accurate analysis of what can realistically be accomplished with respect to pipeline replacement in FY2023/2024, violates Proposition 218 because CVWD has failed to prove that the $4M revenue which would be generated for pipeline replacement for FY2023/2024 is realistic and not excessive (ref. "KCSFV I, LLC v. Florin County Water District (2021) 64 Ca.App.5th 1015").

ATTACHMENT: HOW DOES CVWD DERIVE AND JUSTIFY THE DESIRED $4M YEARLY REVENUE FOR PIPE LINE REPLACEMENT? --- OMISSIONS AND FALSE STATEMENTS

[1] APRIL 18, 2023: In support of the proposed property-related fee, CVWD provided to the public a document entitled "Subject: Supplemental Study for Determining a Capital Charge for the District's Long-Term Pipeline Replacement Program" by James Lee, CVWD Director of Finance and Administration, dated April 18, 2023. But this extensive document provides NO detailed derivation or justification of the desired $4M yearly revenue for pipeline replacement. In the entire 9-page document I could only find two statements: Page 2--- qualitative reference mentioned earlier to the District's desire to commit to the 'Roadmap' plan; and a single sentence at the bottom of Page 6 top of Page 7, which says in essence "CVWD needs $4M in yearly revenue for pipeline replacement because CVWD needs $4M in yearly revenue for pipeline replacement." If a tautology is sufficient argument to satisfy Proposition 218, why stop there? Why not say CVWD needs $10M, or $100M?

So I looked looked further back and examined the CVWD Board Agenda Packets prior to April 18, 2023 (which are posted on the CVWD website). I discovered the following:

[2] APRIL 11, 2023 FALSE STATEMENTS: In the Agenda Packet for the April 11, 2023 CVWD Board Meeting, under Action Item 3 ("Property Tax Roll") I found the charts which CVWD presented at the Virtual Town Hall Meeting on April 4, 2023. In the section entitled "Plan For the Future" I found two charts entitled "Pipeline Replacement Requirements" and "Updated Pipeline Replacement Requirements" which state "Roadmap Plan to ramp up: Board-approved June 2021" and "Revised Plan: November 2022." Both statements are FALSE: I could find NO evidence in the Board Agendas and Minutes for the entire calendar year of 2021 that the CVWD Board formally approved the Roadmap Plan or the "Roadmap Plan to ramp up" in June 2021 or in any other month in 2021. Similarly, I could find NO evidence that the Roadmap Plan was revised in the Board Agendas and Minutes for November 2022 or in any other month in 2022. I also examined the Engineering Commitee Agenda Packets for the entire year of 2022 and could find no discussion of revising the Roadmap Plan to the numbers shown in the Town Hall chart.

The Roadmap Plan appears to be the basis for the proposed property base fee, so where is the documentary evidence that the Roadmap Plan was formally approved in June 2021 or formally revised in November 2022? Were those desired revenue numbers, purported to be from a "Revised Plan" and which also match the unidentified numbers at the bottom of page 6 in [1] above, pulled out of thin air?

[3] MARCH 28, 2023 OMISSIONS: In the Agenda Packet for the March 28, 2023 CVWD Board Meeting, under Action Item 3 ("Revenue Requirements for Infrastructure Funding on the Property Tax Roll"), charts for the "Roadmap Plan" and the revised "Roadmap Plan" appear for the first time (they appear for the second time in the Town Hall charts in [2] above). But in their first appearance on March 28, 2023 the charts come with important information not mentioned in [1] or [2] above, specifically: The costs presented for the "Roadmap Plan" and the revised "Roadmap Plan" "*Includes assumption of 4.5% inflation on cost/linear foot*" for FY2023-24, FY2024-25, FY2025-26, FY2026-27 and FY2027-28. The assumptions for the "Baseline Financial Scenario" are also presented, such as 3% rebound in water sales, rate increases, O&M increasing by 5% per year and CIP expenditure (including Pipeline Replacement) averages $6.9M per year.

Why were these important assumptions about inflation and the baseline financial scenario omitted from [1] and [2] above?

CONCLUSION: Rather than providing a sound derivation and justification for the desired $4M/year revenue for pipeline replacement, CVWD has adopted the strategy of providing false statements and less and less information as time went on (March 28, 2023 to April 11, 2023 to April 18, 2023) until, *reductio ad absurdum,* CVWD is reduced to the tautology: CVWD needs $4M/year for pipeline replacement because CVWD needs $4M/year for pipeline replacement.

To: CVWD Board of Directors
Tom Bunn
From Marilyn Tyler
Date: 6/18/2023

BROWN ACT VIOLATION: CVWD Public Hearing Held 6/13/2023
COMPLAINT AGAINST INTERIM GENERAL MANAGER

By arbitrarily deciding to withhold protest letters received from the Public between 6/9/2023 and 6/13/2023 at 4pm and not provide them to CVWD Board Members prior to the Public Hearing/Special Meeting on 6/13/2023, even though the letters clearly pertained to Agenda Item 1 of the Public Hearing/Special Meeting, CVWD has violated the right of those letter-writers to directly address, via their letters, the CVWD Board on an item on the agenda of the Public Hearing/Special Meeting (Brown Act Section 4954.3).

For example, I submitted my protest letter on June 12, 2023 to exercise my right to directly address the Board via my protest letter at the Public Hearing on June 13, 2023, NOT at the subsequent Board Meeting on June 27, 2023. By failing to provide my protest letter to the Board prior to the Public Hearing on June 13, 2023, and arbitrarily intending to provide my protest letter to the Board at the subsequent Board Meeting on June 27, 2023 instead, CVWD has obstructed my right to directly address the Board via my protest letter AT A MEETING OF MY CHOOSING.

CVWD claims it's right to do so based on the wording of the Proposition 218 Notice sent out in May 2023: "*All protests must be received ... no later than Tuesday, June 13, 2023 by 4pm.* ***Protest letters received prior to Thursday, June 8, 2023 at 4:00pm will be included in the agenda packet distributed to the Board of Directors and posted online..."*** (emphasis added by me).

CVWD's argument is invalid and violates the precedent set by previous General Manager Nem Ochoa and other previous general managers upon which the Public has come to rely.

For example, under previous General Manager Nem Ochoa, a Proposition 218 Notice was sent out in August 2021 which contained wording similar to the current Proposition 218 Notice, i.e.: "*All protests must be received by September 21, 2021 at 6:00pm.* ***Protest letters received prior to September 16, 2021 at noon will be included in the agenda package distributed to the Board of Directors and posted online***" (emphasis added by me).

For the Sept. 21, 2021 CVWD Public Hearing, the above words DID NOT mean that ONLY the protest letters received by September 16, 2021 would be distributed to the CVWD Board prior to the Public Hearing. In fact, previous General Manager Nem Ochoa was scrupulous in making sure that ALL protest letters received by the Public Hearing on Sept. 21, 2021 at 6pm were distributed to the Board prior to the Public Hearing, via the agenda packet and supplemental material over time leading up to the Public Hearing. The supplemental material was also posted on the CVWD website with the titles "Written Comments Received 9/14/21", "Protest Letters as of September 13, 2021", "Protest Letters as of September 21, 2021".

Previous General Manager Nem Ochoa recognized that public letters about an agenda item were the Public's way of exercising their right to directly address the Board, so he made sure that ALL public letters were presented to the Board prior to the meeting, whether the meeting was a Board Meeting or a Public Hearing.

COMPLAINT AGAINST INTERIM GENERAL MANAGER

For no stated good reason, the new Interim General Manager James Lee has chosen to arbitrarily break with this well-established precedent upon which the Public has come to rely. I can speculate on the reason: My 2-page protest letter which I hand-delivered to CVWD on June 12, 2023 could be interpreted as critical of his actions as Director of Finance, because I point out the omissions and false statements made by Mr. Lee in his arguments for the proposed property-based fee. Mr. Lee may have feared that the CVWD Board, upon reading this, may question their confidence in Mr. Lee and the soundness of the property-based fee itself. My protest letter also provides a legal basis for challenging the proposed property-based fee. Mr. Lee may have feared this would fuel more effective Public protest against the proposed property-based fee.

By withholding all protest letters submitted between June 9, 2023 and June 13, 2023 from the CVWD Board and Public at the Public Hearing on June 13, 2023, Interim General Manager James Lee effectively withheld my letter from the public eye as well. I believe Interim General Manager James Lee attempted to disguise what he had done by having the file posted on the CVWD website ambiguously titled "Protest Letters," rather than the more accurate title "Protest Letters received by June 8, 2023" which it would have had under previous General Manager Nem Ochoa, because a file titled "Protest Letters received by June 8 2023" would naturally raise the question from the CVWD Board and Public: "So where are the protest letters from June 9 thru June 13?"

If all of the above is true, then Mr. Lee is guilty of abusing the power of his new position (as Interim General Manager) to further his personal goals (as Director of Finance). And if CVWD is permitted to pick and choose which public letters are presented to the CVWD Board and when, then abuses of power such as that described above can occur.

When I asked the CVWD staff under Interim General Manager James Lee why the protest letters received from June 9, 2023 to June 13, 2023 were not posted on the website as they were in previous years, I was told, paraphrased: "Oh, we're still receiving protest letters after the Public Hearing so we're thinking of extending the period we accept protest letters to June 28, 2023. Then we'll put all the protest letters we've received in a single file and include it in the agenda packet for the next Board meeting." But this excuse is insufficient since CVWD could instead release the protest letters to the CVWD Board and Public in multiple supplements as was done in previous years (e.g., "Protest Letters received for June 9, 2023 to June 13, 2023," "Protest Letters received June 14, 2023 to June 28, 2023"). So why wasn't this done?

One possible explanation is that Interim General Manager James was hoping to bury the protest letters received between June 9 and June 13, 2023 (my protest letter included) in a single file under the approximately 120 protest letters received by June 8, 2023, to increase the difficulty of finding or even noticing the new protest letters. Also, by releasing the protest letters received from June 9 and June 13, 2023 (my protest letter included) in the Board Agenda Packet for the Board Meeting on June 27, 2023, rather than at the time of the Public Hearing on June 13, 2023, Interim General Manager James Lee effectively reduces the time the CVWD Board and Public have to read and think about the new protest letters from **two weeks** (the time between the Public Hearing and the Board Meeting) to **72 hours** (the time between when the Board Agenda Packet is released to the Board Meeting). Perhaps by this maneuver Interim General Manager James Lee was hoping to reduce the resistance to his proposed property fee and increase the likelihood of the Board's approval at the June 27, 2023 Board Meeting.

CONCLUSION AND REMEDY

For multiple reasons, CVWD must immediately provide all protest letters received between 6/9/2023 and 6/13/2023 to the CVWD Board and Public: {1] **Brown Act**: Public's right to directly address the Board via their protest letters at a meeting of their choosing (i.e., at Public Hearing on 6/13/2023, not subsequent Board Meeting on 6/27/2023); [2] **Well-established CVWD precedent** under previous General Manager Nem Ochoa and other former General Managers upon which the Public has come to rely (i.e., providing ALL public letters received to the CVWD Board prior to the meeting, whether the meeting is a Board Meeting or Public Hearing); [3] **Public uproar and increased Public distrust** of CVWD when the Public finds out that, unlike in previous years, this time CVWD has been intentionally withholding from the Board and Public all protest letters received between June 9, 2023 and July 13, 2023.

To remedy the situation, CVWD cannot wait until the next Board Meeting on June 27, 2023 but must **immediately provide all protest letters received between June 9, 2023 and June 13, 2023 to the CVWD Board and Public, and label the material as "Protest Letters received between June 9, 2023 and June 13, 2023 at 4pm."** The release of these protest letters has already been illegally delayed. I want both the CVWD Board and Public to have a complete picture of how the Public feels about the proposed property-based fee as soon as possible, so they will have as much time as possible to consider their options.

Also, by his actions, I believe Interim General Manager James Lee has abused the authority of his position as Interim General Manager to further his personal goals as Finance Director.

The Public deserves a CVWD General Manager they can trust to treat them fairly (like we had under previous General Manager Nem Ochoa).

June 23, 2023

Crescenta Valley Water District
3700 Foothill Blvd.
La Crescenta CA. 91214

Attention: Ms. Christy Colby and Board of Directors
Subject: CVWD / Board Responses to Questions from Public hearing June 13, 2023
Reference: Prop. 218 Public Hearing June 13, 2023

Dear Ms. Colby and Board Members,

I would like to take exception to the Boards and CVWD responses to the mysterious termination of the Community Advisory Committee. I believe your reason is flawed and mis represented as the real reason that the Committee was terminated.

Excerpt from CVWD comments to Questions posed at Public hearing June 13, 2023

Question:
Community Advisory Board was disbanded

CVWD and Board Response:
"Advisory Board was disbanded The Community Advisory Committee was a voluntary committee comprised of interested customers who were provided background regarding District operations. The committee provided the Board and staff with a lot of good general feedback. Toward the end, the committee was unable to come to agreement, and the administration of the committee began to unduly impact staff time and other District costs."

First, the Community Advisory Committee (Committee) was formed to restore the trust in the CVWD and Board to provide better transparency between the District and community. It was CVWD's idea to form the committee as the relationship between the Community and CVWD was at a low point.

A select group of concern individuals formed the Committee working with CVWD. This cohesive group worked very well with the CVWD as outlined in various meeting minutes and emails between the Committee and the CVWD. Regarding the comment that we couldn't come to agreement is false. It is perfectly natural for any committee to have different opinions however our collective response to CVWD on various issues was united. Our input represented the committee views as well as the views of the community. The Committee actually obtained public input from customers prior to a proposed rate increase to share with CVWD. The committee also had to make some internal changes whereas a member was also on a board of a water company serving CVWD. This potential conflict of interest was internally resolved within the Committee and we proceed to support CVWD.

It should also be noted at no time did CVWD ever complain or indicate concern about unduly impact on staff time or other District costs.

I would like to share part of an email dated 6-13-21 in which CVWD was copied which may also help explain why the Committee was terminated. For additional information please see public comments CVWD Board meeting 6-22-2021.

Excerpt:

Something unusual happened at the last CVWD Board mtg on June 8, which may explain why the CAC mtg has NOT been scheduled--at the June 8 Board mtg, CVWD President Sharon Raghavachary suddenly and arbitrarily suspended the Community Advisory Committee until July. Director Raghavachary said she was aware of the emails going back and forth between Christy and the CAC members, so she knew we were planning to present something to the Board, yet she arbitrarily suspended the CAC until July. I worry that sometimes Director Raghavachary tries to use the CAC for her own ends, and is trying to suppress comments from the CAC until July, when the comments will have less effect.

In summary, I take exception to CVWD and the Boards fictitious explanation as to why the Committee was dissolved. The Committee worked hard to help rebuild the lost trust with CVWD. I still feel that the community has a lack of trust with the District and Board of Directors who are supposed to be our elected watchdogs.

I would like to request this response to be added to the June 27, 2023, packet for the Board Meeting.

Respectfully,

Jonas Williams

CRESCENTA VALLEY WATER DISTRICT

General Manager Report

GM Report
June 27, 2023

To: Honorable President and Members of the Board of Directors
From: James Lee, Interim General Manager
Subject: **General Manager Report**

General Manager's Report Topics:

- GM Activities

STAFFING

1 employee has a work anniversary in June: Jake Whittaker – 8 years.

Christy Colby retiring, having served 20 years with the District
Pete Hilke promoted from Senior Engineering Tech to Inspection-related role
Wayne Boyce promoted from Operations & Telemetry Tech I to Systems Operator I
Three contract (1-year) hires: Cesar Velasquez; David Escalera; James Guy Fritz III

As of June 23rd, the District has gone 527 days without a lost time accident.

GENERAL MANAGER ACTIVITIES

<u>Meetings:</u>

Managers Meeting	- June 13th
Foothill Managers Meeting	- June 14th
Chloramine Conversion Kickoff Meeting	- June 14th
Foothill / Public Water Agencies Group Meeting	- June 15th
CA Data Collaborative Meeting	- June 16th
Meeting with Rowland Water District	- June 20th
Meeting with LA County Dept of Water Works	- June 21st
Meeting with AFSCME 1902	- June 21st
Staff All-Hands Meeting	- June 22nd
Meeting with Sunnyslope Water Company	- June 23rd

Submitted by:

James Lee
Interim General Manager