



**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

5:30 PM Wednesday, August 17, 2022

AGENDA

Pursuant to the provisions of Government Code Section 54953(e), as amended by AB 361, any Board member and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Zoom link below to join by webcam or teleconference.

Any member of the public wishing to make any comments to the Board may do so through that Zoom link. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment. Members of the public wishing to make a comment are asked to state their name for the record and will be provided three (3) minutes to comment, the Board secretary will alert those commenting when they only have 30 seconds remaining. All members of the public will be disconnected from the Zoom link immediately before the Board of Directors adjourns into Closed Session.

Join Zoom Meeting

<https://us06web.zoom.us/j/9521779948?pwd=dGNxcXh3YitEc2NlVVdrUzVvNm4rZz09>

Join by Telephone: +1 669 900 6833

Meeting ID: 952 177 9948 Passcode: 421745

1. **ROLL CALL.**

2. **PLEDGE OF ALLEGIENCE.**

{152101/001/00608026}

3. INVOCATION.

4. TIME RESERVED FOR PUBLIC COMMENTS.

*Members of the public shall be allowed three minutes to address the Board on any matter on the agenda and/or within the jurisdiction of the District, which is not on the Agenda. All comments should be addressed to the presiding officer of the meeting. Additional public comments shall be allowed when a listed agenda item is being considered, but such comments made at that time must be confined to the subject that is being discussed at the time such comments are made. Members of the public are asked to state their name for the record. Due to all Board Meetings being run as Zoom Meetings all participants will be placed on mute at the start of the meeting and when the meeting is open for public comment the participant will be asked to raise their hand through the button on the video conference screen if participating by video conference or by pressing *9 on their phone if participating by teleconference.*

5. ADOPTION OF AGENDA.

6. APPROVAL OF CONSENT CALENDAR.

(All matters on the Consent Calendar are to be approved on one motion, unless a Board Member requests a separate action on a specific item).

- A. Consider approval of August 03, 2022 Regular Board Meeting Minutes.
- B. Consider the accounts now due and payable, and receive and file bills approved by the General Manager.

7. ACTION/DISCUSSION ITEMS.

- A. Consider Board Approval of the 2021 Audit Report completed by the auditing firm Gruber and Lopez, Inc. to conduct brief Presentation overview *Recommended Action – that the Board receive and file the 2021 Audit Report submitted by Gruber and Lopez, Inc.*
- B. Consider Board Approval of Rescheduling next Regular Meeting of the Board of Directors Pico Water District to September 01, 2022 from September 07, 2022. *Recommended action, to be discussed at the Board Meeting.*

- C. Consider Board Approval of Replacement of Variable Frequency Drive (VFD) at Well #8 proposal recommendation by Sulzer EMS at a cost of \$14,297.72 Proposal includes all work necessary to complete project. *Recommended action, to be discussed at the Board Meeting.*
- D. Consider Complaint Lodged against Director David Gonzales. *Recommended action – Board discretion.*

8. REPORTS.

- A. General Manager.
- B. Legal Counsel.

9. INFORMATIONAL ITEMS

- A. Production & Water Level Report.
- B. Monthly Activity Report.
- C. Reservoir Conditions – August 11, 2022

10. DIRECTOR'S REQUEST OF FUTURE AGENDA ITEMS.

11. BOARD MEMBER COMMENTS.

- A. Report on Meetings Attended/Comments.

12. CLOSED SESSION.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9.

One Case.

13. CLOSED SESSION REPORT.

14. ADJOURNMENT.

AGENDA POSTED ON: August 12, 2022

Next regularly scheduled meeting: TBD

NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the District office at (562) 692-3756 at least 48 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District office, located at 4843 S. Church Street, Pico Rivera, California.

CONSENT ITEMS

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
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6. APPROVAL OF CONSENT CALENDAR.

(All matters on the Consent Calendar are to be approved on one motion, unless a Board Member requests a separate action on a specific item).

- A. Consider approval of August 03, 2022 Regular Board Meeting Minutes.
- B. Consider the accounts now due and payable, and receive and file bills approved by the General Manager.



MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE PICO WATER DISTRICT

A regular meeting of the Board of Directors of the Pico Water District was held in the District's Boardroom located at 4843 South Church Street, Pico Rivera, California, on Wednesday, August 3, 2022 at 5:30 p.m.

The District's General Manager, Mr. Joe Basulto proceeded with the roll call of the attending Board members. Present from the beginning of the meeting was Director David Gonzales, Director Victor Caballero, Vice President Raymond Rodriguez and President Pete Ramirez. Director Robert Martinez participated telephonically in adherence with social distancing. Mr. Jim Ciampa, Legal Counsel for the District was also present along with Matt Lenton and Michelle Danaher from Gruber and Lopez, Inc.

President Ramirez led everyone in the Pledge of Allegiance.

Director Caballero gave the invocation.

President Ramirez proceeded to the next item on the Agenda, Public Comments. There were none.

President Ramirez proceeded to the adoption of the Agenda. Vice President Ramirez made the motion to approve the agenda and Director Martinez seconded the motion. The General Manager announced the motion passed by roll-call vote, 5 – 0.

President Ramirez proceeded to the next item on the Agenda, approval of Consent Calendar. Director Gonzales made the motion to approve and Director Caballero seconded the motion. The General Manager announced the motion passed by roll call vote, 5 – 0.

President Ramirez proceeded to the next item on the Agenda, consider Board approval of Resolution 233-R proclaiming a state of emergency persists, re-ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom, and authorizing continued remote teleconference meetings. Director Gonzales made the motion to approve and Vice President Rodriguez seconded the motion. The General Manager announced the motion passed by roll call vote 5 – 0.

President Ramirez proceeded to the next item on the Agenda, consider Board approval of the 2021 Audit Report completed by the auditing firm Gruber and Lopez. Matt Lenton and

Michelle Danaher attempted to present the 2021 Audit and Findings but due to technical difficulties the matter was tabled until the next regular Board Meeting, August 17, 2022.

President Ramirez proceeded to the next item on the Agenda, General Manager Report. The General Manager informed the Board that the PFAS Notifications were sent out to all customers; July 21, 2022 staff temporarily stopped a gate valve leaking at Sandlock Street and Bollenbacher Drive. On July 25, 2022 it began leaking again and although staff was able to temporarily stop it but we needed to call in Doty Bros on an emergency basis to replace a 6" valve and tee. The site is where the City of Pico Rivera ("City") recently performed slurry work and that is scheduled. Additionally, the City was amiable to our situation and worked with us on solutions for the street repairs; August 2, 2022 the General Manager along with So Cal Gas and Edison met with the City to discuss solutions for their street moratoriums, the meeting went well and they were receptive to our requests for changes; Well #8 drain line have been installed up to the County catch basin and restoration is pending; Well #11 fencing is complete and came under the budgeted amount of \$25,000. Well #5, behind the DalRae Restaurant, the chain link fencing is continually being cut and vandals are accessing the site. Nothing has been stolen but we are incurring costs to continually go out and fix the fence so it is staff's desire to utilize \$7,100 of the unused funds from the Well 11 fencing project to install wrought iron fencing and rolling gate at Well #5; On July 1, 2022 the District's Capacity Charges increased 6.89% pursuant to Pico Water District Resolution No. 216-R; The Field Superintendent application period will close on August 15, 2022. Additionally, we will need to fill a Water Maintenance position as we will be losing one position when one of our staff members leaves at the end of the month as he has accepted a position with the City of Brea; On August 4, 2022 staff is meeting with our state regulator regarding upcoming inspections of our facilities. JPIA will also be out to on Tuesday, August 9 2022 to tour our facilities; with regard to the development at Stephens and Durfee he announced that Kabbara Engineering is reviewing the plans submitted by the developer.

President Ramirez proceeded to the next item on the Agenda, Legal Counsel Report. Legal Counsel reported that the Legislature is back in session and are going through the final versions of their session. SB222 – the low-income rate assistance bill that would set up a statewide program requiring all districts to participate is currently going through amendments and negotiations.

Ramirez proceeded to the next item on the Agenda, Director's Request of Future Agenda Items. There were none.

President Ramirez proceeded to the next item on the Agenda, Board Member Comments. Director Gonzales commented on the meetings he attended.

The Board retreated to Closed Session at 6:28 p.m. regarding two matters.

The Board reconvened at 6:58 p.m. Legal Counsel reported that closed session was held regarding one case of anticipated litigation under Government Code section 54956.9 paragraph (4) of subdivision (d) the Board was briefed on the status of the cases and no reportable action was taken.

There being no further business to come before the Board, the Board meeting adjourned at 6:59 p.m.

Elpidio Ramirez, President

Attest:

Joe D. Basulto, Secretary
(Seal)



Pico Water District, CA

Open Payable Report

As Of 09/01/2022

Summarized by Payable Account

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Payable Account: 10-000-2000 - Accounts Payable							
Vendor: 1375	AUTOMATED WATER TREATMENT						
1150	Chemicals - Well #11 Tablets	07/18/2022	4,630.50	0.00	0.00	0.00	4,630.50
							Payable Count: (1)
							4,630.50
Vendor: 1019	AUTOZONE, INC.						
5219989770	Vehicle Maint. Unit #59	08/01/2022	198.01	0.00	0.00	0.00	198.01
							Payable Count: (1)
							198.01
Vendor: 1026	BELL PIPE & SUPPLY CO						
526660234.002	JAN 2020 - RETURN OF PRODUCT	01/31/2020	-74.10	0.00	0.00	0.00	-74.10
							Payable Count: (1)
							-74.10
Vendor: 1063	COUNTY OF LOS ANGELES						
INV0001393	AUG 2022 - REFUND NEW CNSTR LA CTY SHERIFF STN	08/11/2022	7,547.85	0.00	0.00	0.00	7,547.85
							Payable Count: (1)
							7,547.85
Vendor: 1343	HI-TECH ENGINEERING						
355	Safety Eqp. - District Mask Covers	08/02/2022	276.00	0.00	0.00	0.00	276.00
							Payable Count: (1)
							276.00
Vendor: 1111	HOME DEPOT CREDIT SERVICE						
INV0001375	Field Supplies - Cleaning Items	07/14/2022	257.35	0.00	0.00	0.00	257.35
4610033	Well #5A Maint. - Misc. Paint & Materials	08/01/2022	186.38	0.00	0.00	0.00	186.38
3520146	Well #5A - Paint & Materials	08/02/2022	80.84	0.00	0.00	0.00	80.84
							Payable Count: (3)
							524.57
Vendor: 1139	LOS ANGELES COUNTY FIRE DEPARTMENT						
IN0364133	Well #4A - L.A. County HAZ Reporting	07/29/2022	411.00	0.00	0.00	0.00	411.00
IN0364354	District Yard - L.A. County HAZ Reporting	07/29/2022	1,950.00	0.00	0.00	0.00	1,950.00
IN0365436	Well #9A - L.A. County HAZ Reporting	07/29/2022	411.00	0.00	0.00	0.00	411.00
IN0365964	Well #8A - L.A. County HAZ Reporting	07/29/2022	559.00	0.00	0.00	0.00	559.00
36256	Well #5A - L.A. County HAZ Reporting	07/29/2022	559.00	0.00	0.00	0.00	559.00
IN0366688	Well #10 - L.A. County HAZ Reporting	07/29/2022	559.00	0.00	0.00	0.00	559.00
IN0380101	Well #11 - L.A. County HAZ Reporting	07/29/2022	411.00	0.00	0.00	0.00	411.00
							Payable Count: (7)
							4,860.00
Vendor: 1153	NASA SERVICES						
1032262	Yard Maint. - Disposal of Debris	08/01/2022	443.06	0.00	0.00	0.00	443.06
							Payable Count: (1)
							443.06
Vendor: 1194	S & J SUPPLY CO., INC.						
S100196807.001	Inventory - Mainline Material	08/03/2022	1,849.21	0.00	0.00	0.00	1,849.21
							Payable Count: (1)
							1,849.21
Vendor: 1186	SOUTHERN TIRE MART, INC.						
7080003610	Unit #76 - Maint. Tire Repair	08/01/2022	20.00	0.00	0.00	0.00	20.00
							Payable Count: (1)
							20.00
Vendor: 1237	UNDERGROUND SERVICE ALERT						
22-2300308	Field Supplies - Dig Alert CA State Regulatory Fee	08/01/2022	47.22	0.00	0.00	0.00	47.22
720220518	Field Supplies - Dig Alert Month of 07/2022	08/01/2022	104.50	0.00	0.00	0.00	104.50
							Payable Count: (2)
							151.72
Vendor: 1254	WEST WHITTIER PAINT CO.						
00045027	Field Supplies - Marking Paint	08/04/2022	136.39	0.00	0.00	0.00	136.39
							Payable Count: (1)
							136.39

Payable Account 10-000-2000 Payable Count: (21) Total: 20,563.21

Payable Account Summary

Account	Count	Amount
10-000-2000 - Accounts Payable	21	20,563.21
Report Total:	21	20,563.21

Payable Fund Summary

Fund	Count	Amount
10 - General Operating	21	20,563.21
Report Total:	21	20,563.21

**JULY 1, 2022 – JULY 30, 2022
BILLS APPROVED BY THE
GENERAL MANAGER**

08-17-2022



Pico Water District, CA

Check Report

By Check Number

Date Range: 07/01/2022 - 07/31/2022

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-ACCOUNTS PAYABLE						
1070	DAVID R. GONZALES	07/01/2022	Regular	0.00	22.98	62279
1088	FERGUSON WATERWORKS #1083	07/01/2022	Regular	0.00	8,940.00	62280
1090	FRONTIER COMMUNICATIONS	07/01/2022	Regular	0.00	404.38	62281
1372	HUNTER ELECTRIC SERVICE, INC.	07/01/2022	Regular	0.00	602.24	62282
1117	INFOSEND	07/01/2022	Regular	0.00	1,904.95	62283
1233	JOHNSON CONTROLS	07/01/2022	Regular	0.00	694.11	62284
1135	LAGERLOF, LLP	07/01/2022	Regular	0.00	8,377.50	62285
1144	MARK J. GRAJEDA	07/01/2022	Regular	0.00	69.71	62286
1370	QUADIENT FINANCE USA, INC.	07/01/2022	Regular	0.00	21.31	62287
1409	QUEST BUILDING SERVICES	07/01/2022	Regular	0.00	725.00	62288
1194	S & J SUPPLY CO., INC.	07/01/2022	Regular	0.00	1,794.88	62289
1360	ADRIAN CHAVEZ	07/11/2022	Regular	0.00	180.00	62290
1012	AMERICAN MARKER	07/11/2022	Regular	0.00	121.28	62291
1043	CARDMEMBER SERVICE	07/11/2022	Regular	0.00	685.98	62292
1051	CHEVROLET OF MONTEBELLO	07/11/2022	Regular	0.00	402.00	62293
1053	CINTAS #053	07/11/2022	Regular	0.00	446.20	62294
1071	DE LAGE LANDEN FINANCIAL	07/11/2022	Regular	0.00	667.06	62295
1080	EDISON COMPANY	07/11/2022	Regular	0.00	15,583.34	62296
1103	GRM INFO MGMNT SVCS OF CA, LLC	07/11/2022	Regular	0.00	190.88	62297
1413	GRUBER AND LOPEZ, INC.	07/11/2022	Regular	0.00	12,500.00	62298
1167	PETER TRAN, DDS INC	07/11/2022	Regular	0.00	883.00	62299
1183	QUILL CORPORATION	07/11/2022	Regular	0.00	90.86	62300
1278	THE JANKOVICH COMPANY	07/11/2022	Regular	0.00	1,381.23	62301
	VERIZON WIRELESS	07/11/2022	Regular	0.00	163.10	62302
1250	WATER REPLENISHMENT DISTRICT OF	07/11/2022	Regular	0.00	90,430.92	62303
1251	WATERLINE TECHNOLOGIES, INC	07/11/2022	Regular	0.00	1,000.00	62304
1252	WECK LABORATORIES, INC.	07/11/2022	Regular	0.00	2,513.00	62305
1256	WESTERN WATER WORKS	07/11/2022	Regular	0.00	592.59	62306
1002	ABBA TERMITES & PEST CONTROL	07/15/2022	Regular	0.00	65.00	62308
1415	APPLIED TECHNOLOGY GROUP, INC.	07/15/2022	Regular	0.00	733.52	62309
1209	SOUTHERN CALIFORNIA GAS COMPANY	07/15/2022	Regular	0.00	26.50	62310
1215	STETSON ENGINEERS, INC.	07/15/2022	Regular	0.00	505.00	62311
1225	TESCO CONTROLS, INC.	07/15/2022	Regular	0.00	425.00	62312
1252	WECK LABORATORIES, INC.	07/15/2022	Regular	0.00	4,763.00	62313
1256	WESTERN WATER WORKS	07/15/2022	Regular	0.00	439.67	62314
1259	WHITTIER FERTILIZER	07/15/2022	Regular	0.00	10.20	62315
1070	DAVID R. GONZALES	07/20/2022	Regular	0.00	550.00	62316
1017	AT & T	07/26/2022	Regular	0.00	125.15	62317
1046	CENTRAL BASIN MUNICIPAL WATER DISTRICT	07/26/2022	Regular	0.00	3,618.11	62318
1047	CENTRAL BASIN WATER ASSOCIATION	07/26/2022	Regular	0.00	1,970.72	62319
1048	CENTRAL VOICE	07/26/2022	Regular	0.00	1,139.95	62320
1365	CRAIG D. CHENG, DDS INC.	07/26/2022	Regular	0.00	1,432.00	62321
1080	EDISON COMPANY	07/26/2022	Regular	0.00	19,320.05	62322
1095	GENERAL PUMP COMPANY	07/26/2022	Regular	0.00	13,299.48	62323
1103	GRM INFO MGMNT SVCS OF CA, LLC	07/26/2022	Regular	0.00	75.00	62324
1110	HERRON PRINTING, INC.	07/26/2022	Regular	0.00	1,365.90	62325
1113	HUMBERTO CRUZ MASONRY	07/26/2022	Regular	0.00	675.00	62326
1117	INFOSEND	07/26/2022	Regular	0.00	336.06	62327
1133	KABBARA ENGINEERING	07/26/2022	Regular	0.00	13,125.00	62328
1416	LIEBERT CASSIDY WHITMORE	07/26/2022	Regular	0.00	7,817.00	62329
1149	MISSION FENCE & PATIO BUILDERS	07/26/2022	Regular	0.00	778.00	62330
	NASA SERVICES	07/26/2022	Regular	0.00	221.53	62331
1259	ORANGE COAST PETROLEUM EQUIP, INC.	07/26/2022	Regular	0.00	932.66	62332
1163	PAC COMM TECHNOLOGIES, INC.	07/26/2022	Regular	0.00	150.00	62333

Check Report

Date Range: 07/01/2022 - 07/31/2022

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1368	PUBLIC WATER AGENCIES GROUP	07/26/2022	Regular	0.00	1,838.75	62334
1409	QUEST BUILDING SERVICES	07/26/2022	Regular	0.00	725.00	62335
1207	SOUTH COAST A.Q.M.D.	07/26/2022	Regular	0.00	620.61	62336
1211	SPECTRUM	07/26/2022	Regular	0.00	426.21	62337
1212	SPRINT	07/26/2022	Regular	0.00	52.72	62338
1228	THE JANKOVICH COMPANY	07/26/2022	Regular	0.00	2,578.89	62339
1237	UNDERGROUND SERVICE ALERT	07/26/2022	Regular	0.00	112.30	62340
1249	VOTACALL, INC.	07/26/2022	Regular	0.00	58.63	62341
1259	WHITTIER FERTILIZER	07/26/2022	Regular	0.00	145.54	62342
1202	SHELL	07/26/2022	Regular	0.00	5.26	62343

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	121	64	0.00	231,851.91
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	121	64	0.00	231,851.91

Check Report

Date Range: 07/01/2022 - 07/31/2022

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: Infrastructure-Infrastructure Account						
1005	U.S. BANK	07/26/2022	Regular	0.00	82,542.42	100096
	U.S. BANK	07/26/2022	Regular	0.00	221,096.23	100097

Bank Code Infrastructure Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	2	2	0.00	303,638.65
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	2	2	0.00	303,638.65

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	123	66	0.00	535,490.56
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	123	66	0.00	535,490.56

Fund Summary

Fund	Name	Period	Amount
10	General Operating	7/2022	535,490.56
			535,490.56

**ACTION/DISCUSSION
ITEMS**

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

5:30 PM Wednesday, August 17, 2022

AGENDA

7. ACTION/DISCUSSION ITEMS.

- A. Consider Board Approval of the 2021 Audit Report completed by the auditing firm Gruber and Lopez, Inc. to conduct brief Presentation overview *Recommended Action – that the Board receive and file the 2021 Audit Report submitted by Gruber and Lopez, Inc.*

PICO WATER DISTRICT
Pico Rivera, California

Report on Communication
With Those Charged with Governance

December 31, 2021



PICO WATER DISTRICT
Pico Water District, California

Report On Communication
With Those Charged With Governance

December 31, 2021

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Pico Water District
Pico Rivera, California

To the Board of Directors:

We have audited the financial statements of the business-type activities of the Pico Water District, California (District) for the year ended December 31, 2021, and have issued our report thereon dated June 21, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the engagement contract dated February 24, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. During fiscal year 2021, the District adopted GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* and GASNB No. 90, *Majority Equity Interest*, both of which did not have a significant impact on the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of capitalizing certain infrastructure assets that prolong its' useful life (as opposed to classifying as routine maintenance expense) and depreciation expense on capital assets. We have evaluated the key factors and assumptions used to estimate the capitalization of infrastructure assets and useful lives on depreciation expense in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability and net OPEB liability. We have evaluated the key factors and assumptions used to estimate the net pension liability and determined that they are reasonable in relation to the financial statements taken as a whole.

Pico Water District
Honorable Mayor and District Council

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of Contingencies in Note 9 to the financial statements concerning the significant uncertainty as to the severity and longevity of the Covid -19 outbreak and its effect on the District's revenue streams. District management is in the process of evaluating the impact on the District and its financial statements but does not believe it will have a significant impact on operations.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no material adjustments as a result of audit procedures. We were not aware of any significant uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 21, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Pico Water District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Pico Water District
Honorable Mayor and District Council

Other Matters

We applied certain limited procedures to Pico Water District, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information as described in the table of contents in the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the supplementary information as described in the table of contents in the financial statements, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This report is intended solely for the information and use of the District Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

GRUBER AND LOPEZ, INC.

Gruber and Lopez, Inc.

Newport Beach, California
June 21, 2022

EXHIBIT A – GENERAL MATTERS AND RECOMMENDATIONS

2021-1 Documentation of Reviews Performed Over Various Control Cycles

During our review of the various cycles such as payroll, cash disbursements, and bank reconciliation procedures, we noted that:

- Payroll reports are reviewed by someone other than the person processing payroll which is a sound control, however, this review is not documented.
- Check registers and invoices are reviewed by someone other than the person processing disbursement checks which is a sound control, however, this review is not documented. The purchasing policy should also state the approval threshold amount of the check signer.
- Bank reconciliation reports are reviewed by someone other than the person performing the reconciliation of cash which is a sound control, however, this review is not documented.

Recommendation:

We recommend that:

- Someone other than the person processing payroll, sign off on the pre-processing payroll register prior to payroll being processed and then receive the Master File Change Report/and final register after payroll is processed. This person should also review and sign off on the final payroll report agreeing to the pre-processing report and sign off the Master File Change Report.
- The reviewer of the check register sign off on the check register to document their review before signing the checks. The purchasing policy should be revised to disclose the maximum threshold amount the signer is approved for.
- The reviewer of the monthly bank reconciliation sign off on the reconciliation to document their review.

2021-2 Controls Over Payroll

During our review of the payroll cycle, we noted that employee valuations are not performed annually. Best practice is to have employee evaluation performed annually should an employee be terminated for lack of performance.

Recommendation:

We recommend that employee evaluations be performed annually.

EXHIBIT A- GENERAL MATTERS AND RECOMMENDATIONS (continued)

2021-3 Controls Over Capital Assets

During our review of capital assets, we noted that:

- An engineering invoice related to April 2020 and should have been accrued as of December 31, 2020 but was not.
- Certain capital assets under the District's capitalization threshold of \$5,000 were capitalized.
- An annual inventory of fixed assets was not performed for fiscal year 2021.

Recommendation:

We recommend that:

- Someone review all outstanding projects at the end of every fiscal year and record an estimate of any outstanding balances owed.
- The District only capitalize assets \$5,000 or greater to comply with its capitalization threshold policy.
- Inventories of capital assets be performed annually.

2021-4 Customer Overpayments

During our review of customer overpayments, we noted a few that were over 3 years old.

Recommendation:

We recommend that the District comply with its Researching, Publishing, and Refunding policy of refunding customer overpayments that are 3 years or older.

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

5:30 PM Wednesday, August 17, 2022

AGENDA

7. ACTION/DISCUSSION ITEMS.

- B. Consider Board Approval of Rescheduling next Regular Meeting of the Board of Directors Pico Water District to September 01, 2022 from September 07, 2022.
Recommended action, to be discussed at the Board Meeting.

STAFF REPORT

To: Honorable Board of Directors

From: Joe D. Basulto, General Manager

Meeting Date: August 17, 2022

Subject: Action Item 7B – Consider Board Approval of Rescheduling next Regular Meeting of the Board of Directors Pico Water District to September 01, 2022 from September 07, 2022.

Recommendation

That the Board approve the proposal re-schedule of the Regular Meeting of the Board of Directors Pico Water District, to September 01, 2022 (5:30pm)

Fiscal Impact

None

Background

At this time the General Manager is schedule to be on Vacation the week of September 5, 2022 through September 9, 2022

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

5:30 PM Wednesday, August 17, 2022

AGENDA

7. ACTION/DISCUSSION ITEMS.

- C. Consider Board Approval of Replacement of Variable Frequency Drive (VFD) at Well #8 proposal recommendation by Sulzer EMS at a cost of \$14,297.72
Proposal includes all work necessary to complete project. *Recommended action, to be discussed at the Board Meeting.*

STAFF REPORT

To: Honorable Board of Directors

From: Joe D. Basulto, General Manager

Meeting Date: August 17, 2022

Subject: Action Item 7C – Consider Board Approval of Replacement of Variable Frequency Drive (VFD) at Well #8

Recommendation

That the Board approve the proposal by Sulzer EMS at a cost of \$14,297.72 Proposal includes all work necessary, to complete project, labor, removal existing drive. The Toshiba AS3 VFD is a better-quality drive, good recommendation, in stock, easier to work with, and parts if needed are more accessible, the cost difference from Variable Speed Solutions is \$501.72

Fiscal Impact

This cost will be charged to capital improvement projects for Well 8 and come out of the general fund or District reserves.

Background

On June 28, 2022 we received alarm from our SCADA system that Well #8 failed to run and lockout out as a engine failed. Upon our inspection we notice that there was an alarm on the VFD, we tried to reset it and restart it, but alarm kept triggering. We called out service tech from Variable Speed Solutions to explain what happened, then then came out to inspection site to run diagnostics on VFD. We did have this problem about 3 months ago when we got Well back on-line, but we were able to reset it and it worked fine. Upon the VSS tech diagnostics indicate that the VFD is not outputting the correct Voltage, it was outputting 68volts and we should be getting 465volts. Technician recommend replacing VFD given the history of it (Over 12years of service) and that repairing it would cost the same or more and take even longer to acquire correct parts, cause the ABB VFD is outdated. We currently can run Well 8 across the line, but it can and has turned off at any given time.

After, meeting AKM engineers, General Pump, and running calculations to verify that 150hp VFD would work. All calculations show that it would work as long as we do not exceed 54hrtz. Running at 54hrtz would give us a max flow of around 1100gpm (we can program VFD not exceed 54hrtz). Which is what was proposed in AKM's Engineer Report, also in report was asking us to install a 200hp Motor and when we rehab, he well we installed a new 150hp motor and in the report said our existing 150hp VFD did not need to be replaced. Which was the reason I needed more information before moving forward with this proposal.

We received proposals from the following vendors:

1. Variable Speed Solutions (New 150hp 460v Nema 1 Danfoss VFD) - \$13,790.00
Availability approximately 1week out for delivery, 18 Month - Warranty on parts & labor
2. Sulzer EMS (150hp 460v Toshiba AS3 VFD) - \$14,291.72
Availability currently in Stock, 1-Year Factory & Installation Warranty
3. Hunter Electric Service (150hp 460v Allen Bradley VFD) - \$19,702.98
Availability approximately 3weeks out for delivery



16182 Gothard Street Suite I
Huntington Beach, Ca 92647
Email: sales@variablespeedsolutions.com
Web site: www.variablespeedsolutions.com

PROPOSAL

Quotation: VSS-22-9354841895

Date: July 5, 2022

Customer: Pico Water District
Location Address: 5514 Paramount

Dear Customer,

Thank you for your interest in Variable Speed Solutions. In accordance with your request we are pleased to offer you the following proposal:

Statement of Work

- Provide qty. (1) New 150hp 460v Nema 1 Danfoss VFD only.
- Lock out and tag out existing power sources.
- Provide labor to remove existing VFD and replace with new.
- Work both line and load conductors to integrate with new variable speed drive(s). NOTE: This proposal is based on using existing power cable feeds that are currently on site. If power cabling is not able to be re-used an additional proposal will be provided.

Instrumentation

- All parameters will be accessible via VFD Keypad including output display and "local/remote" controls

Services for Start Up

Provide certified start-up services to ensure proper operation and calibration of new system as detailed Below:

- Complete system testing for all ranges of speed to include current and voltage data by phase.
- Provide complete written documentation of all data and start up comments.

LUMP SUM COST: (labor, tax, freight, materials).....\$13,790.00

Estimated Lead time- One week upon approval

Danfoss Drive(s) to have 18 month parts, travel and on site labor repair warranty, subject to manufactures terms and conditions

TERMS AND CONDITIONS OF SALE

All sales by and purchases from Variable Speed Solutions Inc., (Seller) are governed by the following terms and conditions:



16182 Gothard Street Suite I
Huntington Beach, Ca 92647
Email: sales@variablespeedsolutions.com
Web site: www.variablespeedsolutions.com

1. All purchases and credits occurring after the closing date of a month will appear on the periodic statement for the next month. Payment shall be made to the Seller in U.S. currency at its offices in Huntington Beach, Orange County, California.
2. Orders regularly entered, whether verbal or written, can only be cancelled in writing by the Buyer upon terms that will compensate the Seller against loss for actual costs incurred to date. Any additional paperwork furnished at the Buyer's request, such as sketches, drawings and specification sheets will be charged at Seller's cost.
3. Any claim for defects, damages or shortages of an order delivered must be made by the Buyer in writing and delivered to Seller within a period of ten (10) days after delivery. Failure to make such claim within the specified time constitutes an acceptance and admission that the order fully complies with the terms, conditions and specifications required. The Seller's liability shall be limited to the stated selling price of any defective goods and shall in no event include special or consequential damages, including profits (or profits lost).
4. The Buyer bears the risk of loss of or damage to or destruction of the goods from the time of delivery. The Seller retains title to the goods until the Buyer pays the entire purchase price as specified plus any interest thereon. If requested by Seller, Buyer shall execute a security agreement and financing statement evidencing Seller's security interest in the goods delivered to Buyer.
5. If the credit of Buyer in the judgment of the Seller becomes impaired at any time, the Seller has the right to require payment in advance before making further shipments, and to demand immediate performance of the Buyer of all obligations imposed upon him by this agreement.
6. If there is any breach of or default under this agreement and if the same is placed in the hands of an attorney for collection, or if collected by lawsuit or through the probate or bankruptcy court, or if any action of foreclosure be had hereunder, Buyer shall be liable for reasonable attorney's fees incurred by the Seller. In the event of default by Buyer, Seller may immediately proceed to enforce payment of Buyer's obligation and exercise all the rights and remedies provided by the Business and Commerce Code of the State of California, or the Uniform Commercial Code, as well as any other rights and remedies afforded to Seller by law. Should Buyer be in default, Seller may require Buyer to return all goods previously delivered to Buyer by Seller, and any subsequent expenses for retaking, holding, preparing for sale, and reselling of such goods shall be at Buyer's expense. Funds realized from such resale shall be credited to Buyer's unpaid account.
7. The Seller, or any credit bureau or investigating agency employed by the Seller, is hereby authorized to investigate the references herein listed or statements or other data obtained from the Buyer or from any other persons pertaining to the Buyer's credit or financial responsibility. The Buyer has read and understands the foregoing terms and conditions of this application for credit and has signed the same as an indication of intent to enter into an agreement with Seller for the future purchase of goods and services from time to time. The Buyer also understands that upon acceptance of this application by the Seller, this document constitutes an agreement between the Buyer and the Seller for payment of debts owed to the

16182 Gothard #1 Huntington Beach Ca. 92647 / Office 714-847-5957, Fax 714-847-5958
Variable Speed Drive Specialists
CA Lic# 665995



16182 Gothard Street Suite I
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Email: sales@variablespeedsolutions.com
Web site: www.variablespeedsolutions.com

Seller in return for the delivery of goods ordered or performance of services requested by Buyer.

8. The terms herein contained shall be governed by the statutes of the State of California and specifically the Business and Commerce Code of the State of California and the Uniform Commercial Code. In the event that any account owing by Buyer to Seller becomes delinquent, and legal proceedings are instituted for collection of said account or indebtedness, such legal proceedings may be instituted and prosecuted against Buyer and its guarantors, if any, in any Court in Orange County, California, and the undersigned expressly agrees that venue for such proceeding shall be in Orange County, CA, even if the principal offices of the Buyer are located in another county within this state or outside of this state.
9. SELLER DISCLAIMS ANY WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE MERCHANTABILITY OF THE GOODS DELIVERED TO BUYER NOR THE FITNESS OF SUCH GOODS FOR A PARTICULAR USE UNLESS A WRITTEN WARRANTY IS GIVEN TO BUYER BY SELLER AT TIME OF DELIVERY.
10. The terms contained herein may be modified only by written agreement signed by Buyer and an officer of Seller, VARIABLE SPEED SOLUTIONS INC

Sincerely,

Variable Speed Solutions

Accepted:

Signature

Sulzer Electro-Mechanical Services (US) Inc.
 Colton Service Center
 680 S Rancho Ave
 Colton, CA 92324
 USA
 Phone: 909.825.7971
www.sulzer.com



Pico Water District
 4843 S Church Street
 Pico Rivera, CA 90660
 USA

Quotation ID Q800000302
 Customer PO
 Project
 Date 8/11/2022

Attention: Henry Barrientos
 Subject: 150HP VFD Retrofit

Sulzer Electro-Mechanical Services US is pleased to provide this quotation for the work scope listed below.

150HP VFD Retrofit	Price (USD)
Control and Drive Parts	9,260.21
VFAS3-4900PC	<i>Material</i> 9,260.19
Toshiba AS3 Series 150HP Normal Duty 460VAC Drive	<i>Labor</i> 0.02
1-Year Factory Warranty	
1-Year Factory Installation Warranty	
 Control and Drive Parts	 64.29
SXP010Z AS3 Remote Keypad Kit	<i>Material</i> 64.29
	<i>Labor</i> 0.00
 Control and Drive Parts	 38.58
CAB0015-0A	<i>Material</i> 38.57
Communication Cable Toshiba	<i>Labor</i> 0.01
 Control and Drive Parts	 4,928.68
Field Retrofit Installation for [1] Toshiba Drive.	<i>Material</i> 4,928.67
To replace bad ABB drive.	<i>Labor</i> 0.01
Removal of existing old drive.	
Installation of New AS3 Drive.	
Includes approx. 1 day on site.	
Includes programming and startup of drive	

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SULZER

Additional update CAD drawing labor is not included, but available.

Quote total	0.00
<i>Total material</i>	14,291.72
<i>Total labor</i>	0.04

The quoted price is valid for 30 days from date of quotation. Sulzer warranty applies to defects in Sulzer supplied parts and workmanship only. All work performed in accordance with Sulzer EMS terms & conditions. If the customer chooses not to repair this item, there will be an inspection charge. Thank you for the opportunity to quote this project. Please contact us at your earliest convenience regarding this repair and regarding any other services you may require.

Best regards,

DEREK, OGURA – Area Sales Manager

CC: Slape, Craig – Inside Sales Representative

Attachments: Terms and Conditions

Hunter Electric Service
Since 1989

27472 Portola Parkway #205
PMB 157
Foothill Ranch, Ca. 92610

Sam@hunterelectricservice.com
Ryan@hunterelectricservice.com

July 06, 2022

To Henry Barrientos
Reference: New Variable Frequency Drive for Well #8

I would like to thank you for allowing us this opportunity to submit this proposal to you. Listed below is our scope and pricing for two different manufactures of the VFD.

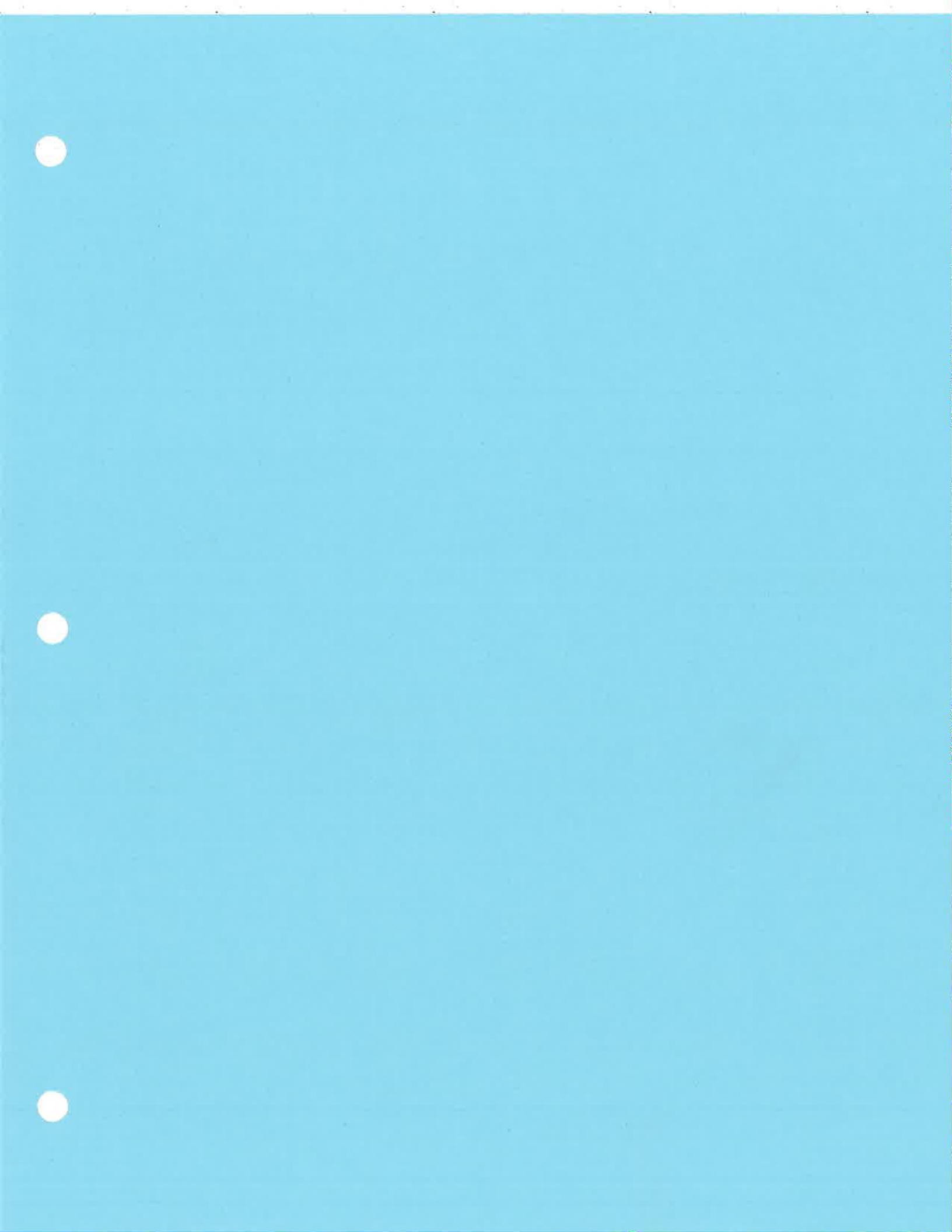
1. Allen Bradley VFD
 - A. Supply new Allen Bradley 150 H.P rated Variable Frequency Drive with new HIM and remote 120 volt I/O card.
 - B. Total cost. \$19,702.98
 - C. This unit is approximately 3 weeks out for delivery.

2. Square D
 - A. Supply new Square D 150 H.P. rated Variable frequency Drive with new remote mount HIM and 3M cable.
 - B. Total cost. \$15,595.91
 - C. This unit is approximately 18 to 21 weeks out for delivery.

I thank you again and if you have any further questions, please feel free to contact me.

Regards,

Sam Hunter



**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

5:30 PM Wednesday, August 17, 2022

AGENDA

7. ACTION/DISCUSSION ITEMS.

- D. Consider Complaint Lodged against Director David Gonzales. *Recommended action – Board discretion.*

INFORMATIONAL ITEMS

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

5:30 PM Wednesday, August 17, 2022

AGENDA

9. INFORMATIONAL ITEMS

- A. Production & Water Level Report.
- B. Monthly Activity Report.
- C. Reservoir Conditions – August 11, 2022.

PWD Water Production per Fiscal Water Year

Acre Feet



WATER LEVELS REPORT

Water Levels for July 2022

Listed below are the water levels for the two key monitoring wells used by the Water Replenishment District of Southern California (WRD), and the District's active wells.

WRD is charged with monitoring the water levels in both the Central Basin and West Coast Basin, and with making sure both basins are replenished annually. As a means of monitoring the levels in both basins WRD measures the depth of water in two specific wells, 1601T located in between the San Gabriel River and the Rio Hondo spreading grounds, and the second Carson #1 located in the City of Carson. WRD compares the levels of these two wells month to month, and year to year as a means of gaging the reliability of both basins (levels listed are in feet below surface). As this report is specific to the Central Basin, we are only showing the Central Basin Monitoring Well results below.

	July 2022	July 2021
Central Basin 1601T	87.20	86.60
Carson Well	66.80	54.29

Listed below are the static and pumping levels (in feet below surface) for the District's five active wells, and pump settings (depth).

	July 2022		July 2021		
	<u>Static</u>	<u>Pumping</u>	<u>Static</u>	<u>Pumping</u>	<u>Pump depth</u>
Well #4	92	N/A	78	N/A	150
Well #5	108	126	114	128	242
Well #8	111	137	108	120	243
Well #10	84	100	101	N/A	182
Well #11	116	132	102	116	312

NOTE:

Annual Activity Report

2022	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Mainline leaks	0	0	0	0	3	1	0						4
2 Service line leaks	2	1	4	5	0	1	1						14
3 Meter leaks	4	2	5	6	2	2	2						23
4 Number of Valves exercised	4	8	7	6	9	5	8						47
5 Well Issues	0	0	0	0	0	1	0						1
6 Hit FH	0	0	0	0	0	0	1						1
7 Accidents	0	0	0	0	0	0	0						0
8 Installation / Replacement of new meters	0	14	20	8	5	10	1						58
9 Replacement of new service laterals	2	0	1	2	0	0	0						5
10 Installation / Replacement of new valves	0	0	0	0	0	0	1						1
11 Hydrant Repair & Replace	2	0	1	0	0	0	1						4
12 Installation of new mains	0	0	0	0	0	0	0						0
13 New potable services	0	0	1	0	0	0	0						1
14 New recycled water services	0	0	0	0	0	0	0						0

Billing Issues

1 Water Shortage Complaints	0	0	0	0	0	0	0						0
2 Billing complaints	0	0	0	0	0	0	0						0
3 Water quality complaints	2	0	5	1	4	1	0						13

Water Conservation Violations

1 Wtr. Conserv. Violat 1 Warning	0	0	0	0	0	0	50						50
2 Wtr. Conserv. Violat 2 Warning	0	0	0	0	0	0	28						28
3 Wtr. Conserv. Violat 3 Fine	0	0	0	0	0	0	0						0
4 Wtr. Conserv. Violat 4 Fine	0	0	0	0	0	0	0						0
5 Wtr. Conserv. Violat 5 Fine & Subsequent	0	0	0	0	0	0	0						0



CURRENT RESERVOIR CONDITIONS

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS CURRENT CONDITIONS

Midnight - August 11, 2022

