



**FENNER VALLEY
WATER AUTHORITY**

**AGENDA
FENNER VALLEY WATER AUTHORITY
BOARD OF DIRECTORS' MEETING
SANTA MARGARITA WATER DISTRICT BOARDROOM
26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688
June 27, 2024 9:30 AM**

Telephone Audio: +1 323-553-2644 fees may apply

Telephone Audio ID: 908 925 86#

<https://tinyurl.com/vf5djwxn>

This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Microsoft Teams and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the virtual component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Kelly Radvansky, at (949) 459-6642 at least 48 hours before the meeting if possible.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the Authority's business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. All documents available for public review are on file with the Authority's Secretary located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688.

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **PUBLIC FORUM**

Persons wishing to address the Board of Directors on non-agenda items will have three minutes to speak. For items on the agenda, an opportunity to speak during that item will be provided. Those attending the meeting in-person are requested to submit a "Request To Be Heard" form to the Recording Secretary.

4. **CONSENT CALENDAR**

- 4.1 Consideration and Action on the Appointment of the Authority's Executive Director **Page 3**

Recommendation: Affirm Santa Margarita Water District General Manager Robert Grantham as the Authority's Executive Director.

- 4.2 Consideration and Action on the Minutes of the April 25, 2024, Board Meeting **Page 4**

Recommendation: Approve the Minutes.

5. **FINANCIAL ITEMS**

- 5.1 Consideration and Action on Selection of Independent Certified Public Accountancy Firm **Page 7**

Recommendation: Authorize a five-year contract with Davis Farr for financial statement auditing services beginning with the Fiscal Year 2023-2024 audit and a total amount not to exceed \$58,290.

6. **ACTION ITEMS**

- 6.1 Consideration and Action on Participation in Local California Environmental Quality Act Updates Program **Page 10**

Recommendation: Join Best Best & Krieger LLP's Project 5 – Local CEQA Updates Program

7. **INFORMATION ITEMS**

- 7.1 Executive Director Report (verbal or written reports may be provided and shall be included in the record/minutes)

- 7.2 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes)

8. **ATTORNEY'S REPORT**

9. **ADJOURNMENT**

The next Regular Board of Directors' Meeting is scheduled for July 25, 2024, at 9:30 a.m.



FENNER VALLEY WATER AUTHORITY

MEMORANDUM

TO: Board of Directors **DATE:** June 27, 2024

FROM: Robert Grantham, Executive Director

SUBJECT: Consideration and Action on the Appointment of the Authority's Executive Director

SUMMARY

Issue: The Santa Margarita Water District appointed a new General Manager and per the Authority's Joint Exercise of Powers Agreement, the Executive Director is the Authority's Managing Member's General Manager or appointee. The Managing Member's Board of Directors approves this appointment, and the Authority affirms the appointment.

Recommendation: Affirm Santa Margarita Water District General Manager Robert Grantham as the Authority's Executive Director.

Fiscal Impact: No fiscal impact to the appointment of Officers.

DISCUSSION

The Executive Director is appointed annually in accordance with the terms of the Authority's Joint Powers Agreement. With approval of the Managing Member's Board, its General Manager or their appointee shall be the Executive Director. The Santa Margarita Water District (SMWD) is the Managing Member of the Authority.

On January 10, 2024, Santa Margarita Water District (District) appointed Interim General Manager, Don Bunts, as Executive Director. On May 3, 2024, the Board of Directors selected Robert Grantham as the District's new General Manager, and at the District's June 21, 2024, Board Meeting, appointed General Manager Grantham as the Authority's Executive Director.

The Executive Director of the Authority is the Chief Executive Officer of the Authority and shall act as the representative of the Managing Member to carry out the duties and obligations of the Managing Member pursuant to Article 4 of the Agreement.



**FENNER VALLEY
WATER AUTHORITY**

**MINUTES
FENNER VALLEY WATER AUTHORITY
BOARD OF DIRECTORS' MEETING
SANTA MARGARITA WATER DISTRICT BOARDROOM
26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688
April 25, 2024 9:30 AM
Telephone Audio: +1 323-553-2644 fees may apply
Telephone Audio ID: 913 828 215#
<https://tinyurl.com/45wrbsuk>**

ATTENDEES

Frank Ury	Chair
Natasha Raykhman	Director
Charles Gibson	Alternate Director
Curt Hagman	Ex-Officio Board Member - Remote
Don Bunts	Executive Director
Christine McIlrevey	Controller/SMWD
Kelly Radvansky	Secretary
Isra Shah	Best Best & Krieger
Michelle Lewis	Plante Moran

1. CALL TO ORDER

Chairman Ury called the meeting to order at 9:39 a.m.

2. PLEDGE OF ALLEGIANCE

Alternate Director Gibson led the Pledge of Allegiance.

3. PUBLIC FORUM

There were no requests to speak.

4. **CONSENT CALENDAR**

4.1 Consideration and Action on the Minutes of the February 29, 2024 Board Meeting

Recommendation: Approve the Minutes.

Motion: Approve as recommended.

Moved by: Frank Ury

Seconded by: Charles Gibson

Ayes: Gibson, Raykhman, Ury

Unanimously approved

5. **FINANCIAL ITEMS**

5.1 Financial Statements as of March 31, 2024

Christine McIlrevey presented the financial statements.

Alternate Director Gibson asked if the funds could be in another account gaining interest. Ms. McIlrevey responded the funds are in an operating account, however, the Authority could discussion the matter with the bank.

5.2 Consideration and Action on Proposed Revision to Fenner Valley Water Authority's Fiscal Year 2023-2024 Operating Budget for Administrative Services

Recommendation: Increase the Administrative Services budget by \$20,000 to a total of \$60,000 and reduce the Professional Services - Other budget for projects in a like amount from \$460,000 to \$440,000.

Motion: Approve as recommended.

Moved by: Frank Ury

Seconded by: Natasha Raykhman

Ayes: Gibson, Raykhman, Ury

Unanimously approved

5.3 Consideration and Action on Fenner Valley Water Authority's Fiscal Year 2024-2025 Operating Budget

Recommendation: Approve the FY 2025 Operating Budget in the amount of \$887,500.

Motion: Approve as recommended.

Moved by: Frank Ury

Seconded by: Natasha Raykhman

Ayes: Gibson, Raykhman, Ury

Unanimously approved

6. ACTION ITEMS

- 6.1 Consideration and Action on Adopting Resolution No. 24-05-01; Authorizing the U.S. Bureau of Reclamation's WaterSmart Planning and Project Design Grant Program Application, Acceptance and Execution for the Cadiz Northern Conveyance System Planning and Design Project

Recommendation: Approve Resolution No. 24-05-01.

Motion: Approve as recommended.

Moved by: Natasha Raykhman

Seconded by: Charles Gibson

Ayes: Gibson, Raykhman, Ury

Unanimously approved

7. INFORMATION ITEMS

- 7.1 Executive Director Report (verbal or written reports may be provided and shall be included in the record/minutes)

Executive Director Don Bunts reported the Authority is working on agreements with future project participants.

- 7.2 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes)

There was no report.

8. ATTORNEY'S REPORT

There was no report.

9. ADJOURNMENT

The meeting adjourned at 9:54 a.m.



FENNER VALLEY WATER AUTHORITY

MEMORANDUM

TO: Board of Directors **DATE:** June 27, 2024

FROM: Robert Grantham, Executive Director
Christine McIlrevey, SMWD Controller

SUBJECT: Consideration and Action on Selection of Independent Certified Public Accountancy Firm

SUMMARY

Issue: Davis Farr LLP was selected through a competitive selection process and was approved by the Santa Margarita Water District's (the District) Board on June 5, 2024, to perform the District's year-end financial statement audit for a five-year period, as recommended by the Government Finance Officers Association (GFOA), beginning with Fiscal Year (FY) 2023-2024. The Authority generally awards a contract to the same auditors contracted by the District, saving additional costs and start up time to the Authority if a separate firm was selected.

Recommendation: Authorize a five-year contract with Davis Farr for financial statement auditing services beginning with the Fiscal Year 2023-2024 audit for a total amount not to exceed \$58,290.

Fiscal Impact: The Authority annually budgets for the independent audit by a professional Certified Public Accounting firm as part of its operating general administration budget. The five-year agreement totals \$58,290.

Previously Related Action: On June 25, 2020, the Authority's Board of Directors awarded a contract for auditing services to Macias Gini & O'Connell who provided auditing services for FY 2020 to FY 2023.

DISCUSSION

Annually, the Authority has an independent audit performed on its financial statements. The audit serves as a vital resource for financial information and fiscal transparency. The audit deliverable will include the Independent Auditor's Report (Opinion) over the financial statements of the Authority. Audit work is scheduled to begin annually in August and be completed prior to the Authority's December Board Meeting.

Request For Proposal Process

On April 30, 2024, the District released a Request for Proposal (RFP) for auditing services, which included a proposal for the Authority's annual audit. The District received four proposals. To review each of the proposals, the District convened an RFP review committee consisting of the District's Controller, the District's Accounting Supervisor and an outside consultant with 24 years of audit experience in a public accounting firm and over ten years of experience as Assistant General Manager/Chief Financial Officer at a local water agency.

During the review process, each proposal was reviewed using the following criteria:

- Qualifications of the Firm
- Qualifications of Personnel
- Related Experience
- Completeness of Response

The District completed client reference checks and noted which firms and engagement team members had extensive utility experience and focused primarily on government audits in accordance with the Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB).

Based on this review, the District selected the following top two firms for interviews:

- Davis Farr LLP
- Lance, Soll & Lunghard LLP

Interviews expanded on each firm's audit approach, breadth of knowledge of accounting, and experience with utility independent audits, particularly water and wastewater organizations.

Recommendation

Based on the results of the interviews, in conjunction with the evaluation of each firm's proposal, it is recommended to award the audit contract to Davis Farr. The firm is a leader amongst governmental accounting firms and audits other notable agencies, such as the Irvine Ranch Water District, Rancho California Water District, Orange County Sanitation District and San Diego County Water Authority. In addition, during discussions with the firm's references, Davis Farr was characterized as being well prepared, timely, responsive, knowledgeable, thorough, and a good partner to work with in solving new audit implementations.

Audit Fees

Davis Farr’s fee proposal was competitive with the other proposers as well as in line with the cost of prior Authority audits.

The fees by year are listed below:

Fiscal Year 2023/2024	\$10,760
Fiscal Year 2024/2025	\$11,190
Fiscal Year 2025/2026	\$11,640
Fiscal Year 2026/2027	\$12,110
Fiscal Year 2027/2028	\$12,590
Five-Year Total	\$58,290

The fees are based on the Authority’s continued operation and if for some reason the Authority were to dissolve or be significantly modified, the contract can be terminated without cause or fees renegotiated if needed.



FENNER VALLEY WATER AUTHORITY

MEMORANDUM

TO: Board of Directors **DATE:** June 27, 2024

FROM: Robert Grantham, Executive Director

SUBJECT: Consideration and Action on Participation in Local California Environmental Quality Act Updates Program

SUMMARY

Issue: Consider joining Best Best & Krieger LLP’s Project 5 program regarding California Environmental Quality Act compliance.

Recommendation: Join Best Best & Krieger LLP’s Project 5 – Local CEQA Updates Program.

Fiscal Impact: Participation cost is between \$2,200-\$2,500 annually.

DISCUSSION

The California Environmental Quality Act (“CEQA”) generally requires a public agency to evaluate the potential environmental impacts of a proposed project before the agency approves or carries out the project. To this end, CEQA requires every public agency to adopt Local CEQA Guidelines that identify specific objectives, criteria, and procedures for evaluating public and private projects that are undertaken or approved by the agency.

Best Best & Krieger LLP (“BBK”) provides a subscription service called “Project 5.” Project 5 is dedicated to CEQA compliance. BBK lawyers continuously track judicial, legislative and regulatory changes to CEQA and provide summaries of notable new laws. When a case involving CEQA is published or the legislature passes a bill, a memorandum is prepared summarizing the practical application of the case law or bill. Similarly, BBK prepares a memorandum annually alerting program participants of increased filing fees by the Department of Fish and Wildlife for filing environmental documents such as an Environmental Impact Report, a Negation Declaration or Mitigated Negative Declaration.

Additionally, existing CEQA law requires public agencies to adopt guidelines that govern how each agency applies CEQA to its projects. A major component of the Project 5 service is the preparation of Local CEQA Guidelines customized to suit each participant's needs. Every year, BBK updates, prepares and distributes Local CEQA Guidelines for use by Project 5 participants. These annual updates capture all legislative activity as well as any notable court decisions and certain administrative agency activities. Along with the Local CEQA Guidelines, BBK lawyers prepare a memorandum summarizing all of the CEQA bills passed and relevant judicial decisions made in the past year.

Approximate Cost to Participate in Project 5

The costs of participating in Project 5 is determined by the number of participants and the number of important CEQA changes that come out each year. Due to these variables, estimated costs vary from year to year. However, the annual costs are minimal, such that many agencies find it financially beneficial to join Project 5. For example, the annual cost to participate in Project 5 in 2023 averaged approximately \$2,400 per participant. The range to participate in Project 5 is between \$2,200 and \$2,500 annually. Any custom legal advice regarding CEQA, not including preparation of the local CEQA Guidelines Update, is billed at the client's normal billing rates.