



## MEMORANDUM

DATE: December 14, 2020  
TO: Board of Directors  
FROM: C. Louie  
SUBJ: Manager's Report Notes  
cc: Lemus

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Due to recent PSPS events that resulted in two (2) de-energizing Cabazon circuits, I have not been able to complete the written notes of the Manager's Report to be presented at the regular Board meetings.

Attached, please find this month's Manager's Report Notes.



## Manager's Report

### UPDATES

1. Update: **Manager's Operations Report  
(by GM Louie)**

**a. Edison – Public Safety Power Shut-off**

- **12/02/20 to 12/06/20 – County of Riverside, Emergency Management Department (EMD) in coordination with Southern California Edison (SCE) issued Flash Reports providing a Public Safety Power Shutdown (PSPS) *de-energized* selected Cabazon circuits.**
- **12/06/20 to 12/07/20 – EM) in coordination with SCE issued Flash Reports providing updates to the PSPS a *re-energized* selected Cabazon circuits..**
- **12/07/20 to 12/08/20 – EMD in coordination with SCE issued Flash Reports providing a PSPS *de-energized* selected Cabazon circuits.**
- Flash Reports advises of weather conditions according to the National Weather Service San Diego, there was a expected storm heading into Riverside County.

Gusty southwest to west winds at times in the mountains and deserts with peak gusts to 50 mph. Locally, higher gusts to 60 mph or more are possible in the windiest locations.

Breezy west winds expected along the coast and in the valleys Saturday and Sunday. Gusts of 25-30 mph, locally up to 35 mph possible

The various SCE circuits that affect Cabazon are as follows:

Fingal  
Purchase  
Poppet Flat  
Owl  
Store  
Stubby

During PSPS Alerts and De-energizing selected Cabazon circuits, the GM must remain vigilant by staying up to remotely monitor the updates from EMD and SCE. It is the primary responsibility for the GM to ensure tank levels are sufficient to meet the following days demand and fire protection.

Priorities is the community water usage and fire protection for liability reasons.

With that said, the GM contacted the representative from Coffman Specialties, Inc., the contractor of the I-10 is resurfacing project who is purchasing water from the District for their water trucks and two (2) production plants. They were advised to STOP drawing water due to the PSPS de-energization during the 12/02/20 to 12/06/20.

- b. 12/01/20 – Engie representatives Amelia Cottrel, Business Development Associate and Ashu Jain, Senior Manager updated District management on the current solar project.

Engie has advised the District did not qualify for the SCE grant solar program. They stated, *“Unfortunately because of the SCE tariff you are on and the fact that you’re doing all your pumping off-peak, we couldn’t make it work.”*

Management has contacted Tesla regarding their grant program, but the District missed the window of opportunity to have Tesla engineers to study the District’s energy consumption.

A contributing factor is due to the conflict between Engie and Tesla. Engie had informed Management that Tesla was their competitors and would not share their solar power configuration with Tesla who requested Engie’s solar system to charge the Tesla batteries.

Since Engie had already begun working on the District project, I made the decision to put a hold on Tesla.

c. **Corona Virus** – The District will continue to execute the following actions in regards to COVID-19.

- Management continues to take the following preventive and protective measures:

Encouraging Board and this Community's Water Team members to reassure any concerned residents and water customers may have about the safety of tap water. The transmission of COVID-19 through tap water is 99.9% untrue. The measured dose of sodium hypochlorite (chlorine) kills most bacteria and viruses.

The lobby continues to be **closed** to the public until further direction from the State and County Health officials.

Management will continue to protect the health of District employees. Face masks are now **required** when District personnel are interacting with or in the public. The exemption with the face mask is when there is a barrier between District staff and the public, such as a community member or vendor in the lobby conversing through the transaction window. The Customer Accounts Department will continue to handle checks, money orders, and cash by wearing nitrile gloves when handling these transactions.

The current confirmed **COVID-19** cases in the Community of Cabazon is **117**, **Deaths – 1**, and **Recovered – 69** as of **12/14/20** on the **Riverside County Public Health** website:

<https://www.rivcoph.org/coronavirus>

This Community's water district will continue to work with water customers that are experiencing hardships in paying their water bills.

Management has updated what other local water districts and companies actions in response to COVID-19 as of 12/14/20.

- ✓ **City of Banning** - City Hall is now open for over-the-counter payments; however, face coverings are required to enter the building. All customers are expected to comply with the social distancing guidelines set in place. As we move forward in the current situation, we strongly encourage customers to use one of our alternative payment methods as of 12/14/20.
- ✓ **Coachella Valley Water District** – Offices are closed to the public due to COVID-19 as of 12/14/20.
- ✓ **Mission Springs Water District** – Offices are closed to the public due to COVID-19 as of 12/14/20.
- ✓ **South Mesa Water Company** – Hours or services may vary to the public due to COVID-19 as of 12/14/20.
- ✓ **Beaumont Cherry Valley Water District** – Offices are closed to the public due to COVID-19 as of 12/14/20.
- ✓ **High Valley Water District** – Hours vary due to COVID-19 as of 12/14/20.

**d. Public Educational Video – SCADA Alert Response**

Update on the General Manager’s Public Educational Video (PEV). On Tuesday, 10/27/20 the GM reached out to Thetford to insert or provide a separate page with links for PEV. The first PEV was titled SCADA Alert Response.

Since that date, to present, Thetford has been non-responsive with this and past projects Management has requested from Thetford as specified in the current contract.

On Monday, 11/16/20, I sent them a DVD with the above listed title. As of today (12/03/20), neither my or the AGM has NOT received a reply or progress report from Thetford.

- e. Kim Theerachtrat** – Property Owner of the undeveloped lot on the north side of Dolores Ave., between Broadway St. and Cabazon St.



Jim Beale, the engineer that is now overseeing the District's previous K&S engineer has stated fire hydrant installation does not require drawing as long as District field crew installs them as depicted in the standard drawings.

At this conjunction, the GM and Field Crew Lead will make the determination of the location and cost of each fire hydrant installation. Once that it reached, Theerachtract's will be assessed the appropriate share of the cost.

The GM has contacted the property owner. The GM has ascertain the timeframe of the property owner's development for District construction scheduling purposes.

The District is in possessing of the waiver, release and indemnity agreement drafted by legal. The current appropriate share of the cost is what needs to be determine at this time. A payment agreement may be also presented to the property owner if she is unable to pay the full amount at once.

- f. **Majestic Properties** new property owners (was in escrow). This are the four (4) units located at the corner of Maxine Ave., Date Ave., and Lemon St.

The new property owners has not applied for water services as of 12/03/20.

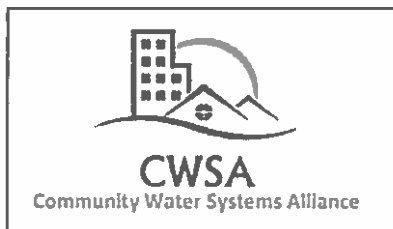
- g. **Pecan St./Main St. (Hadley Ice-house)** property (50100 Main St., Cabazon)

Per the Field Crew, they will be extracting a majority of the scrap to recycling, if they are eligible to generate recyclable funds for the District and begin dumping trash in a construction bin. This phase of the project should be completed on or before the first two (2) week of January 2021.

- h. **Chick-fil-A & Esperanza project**

Comments from K&S has been submitted. On 12/10/20, I received a preliminary comments from their engineering advising their official replying is being prepared. Once Management has received them, it will be discussed with engineering and legal. There is a long process before Management will bring it to the Board for review and a recommendation

- i. **California water meter tax** – The Los Angeles Times recently published an article titled “*Don’t let California go thirsty.*”



It appears the water meter tax will be considered again by the State legislature in 2021.

One main reason why this Management’s contention to oppose this bill is **not** because it may assist residents *who otherwise could not afford* their water bills; The main contributing factor of opposing this tax bill is that it is a race to the bottom; there is no specification of who or how it would help individuals, and those on a reliable source of income (i.e. social security, retirement, etc.) would still potentially be paying this tax even though they themselves may be considered financially to be below the poverty line. Disadvantaged and Severely Disadvantaged Communities, such as Cabazon, could be potentially paying into this tax for other regions to use even though it is promised to help them themselves.

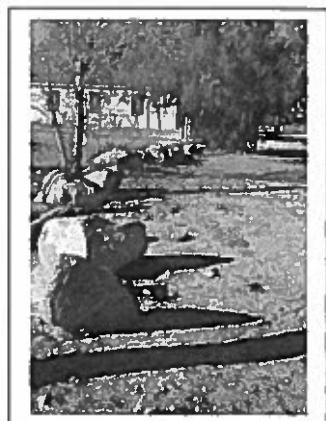
An alternative solution must be found. I’d like to thank former and present Board members in joining in with the CWSA, other small water agencies, and your GM in diverting the water meter tax a few years ago.



- j. **Joe Ortiz** – The District’s labor attorney has been appointed by the Governor as the Judge pro-tem in the San Bernardino Superior Courts. His replacement from BB&K is *Elizabeth Han* (pictured in the left photo).

*Elizabeth* is a labor and employment attorney representing employers in all stages of litigation. She also provides advice and counsel to private and public employers. *Elizabeth* is a member of the Orange County Women Lawyers Association.

The AGM and I will or have scheduled a “meet & greet” over the phone with Ms. Han.



- k. **Cabazon Post Office** – 11/24/20 – the Cabazon Water District’s Field Crew transported boulders from the District’s Jensen Canyon to be placed in the east planters of the community’s post office east planters. Julie, the Postmaster contact the GM and requested this be completed to prevent vehicular traffic driving through the planter, specifically during non-business hours and day.



- i. San Gorgonio Pass Water Agency** – I would like to thank Cabazon water board member Diana Morris, who spoke out in opposing the reduction of their Board, amongst other community members. The SGPWA Board of Directors voted to NOT pursue reduction of their Board from 7 to 5 seats. The vote was 5 AYE, 1 Nay, and 1 Abstain

As a reminder, new General Manager Lance Eckhart will be available for questions and answers from Board members at the January 19, 2020 regular Cabazon Water Board meeting.

- m. Dinosaur** – The eyes that were purchased and installed by Field Crew Lead Wolny was stolen over the weekend of 12/04 thru 12/07. If this criminal act was committed during the PSPS de-energized event, then it may be unsolvable.
- n. Director Wargo suggested that Google Meet** was a free conference call site with the capability of sharing, viewing files, graphs, and videos.

Director Wargo stated it was free if the attendees were under one hundred (100). The District's AGM briefly researched Google Meet during the search of a free virtual meeting site. She said it begins charging if the meeting is more than one (1) hour. Management will be looking into this and other options and for clarifications on the above information from Google Meet.

#### **CLOSED SESSION:**

- (1) **CONFERENCE WITH LEGAL COUNSEL** – Potential Litigation (1 case).

#### **NEW BUSINESS**

1. **Discussion/Action:** Report of the Audited Financial Statements for Fiscal Year 2019-2020, as Presented by Fedak and Brown, LLP. (by Fedak & Brown – Byerrum)



**OLD BUSINESS**

1. Discussion/Action: NBS Water Rate Study Review and Discussion (by NBS)

**NEW BUSINESS**

2. Discussion/Action: Reimbursement to Board Directors for taking COVID Test related to District business. (by AGM Lemus)
3. Discussion/Action: Transfer of funds from the District's General Account to the District's LAIF (Savings) Account. (by AGM Lemus)
4. Discussion: Non-business Hour Water Emergency Response Fee Review (by GM Louie)

# **Cabazon Water District**

**Board of Directors**

**Presentation of 2020 Audit Results**

**Fedak & Brown LLP**



# The Audit

**The Audit was Performed in Accordance with Auditing Standards Generally Accepted in the United States of America**

- **Our Audit Procedures Include:**
  - **Assessing the District’s Internal Controls**
  - **Agree Balances to Supporting Documentation**
  - **Perform Analysis of Key Relationships**



# **The Auditor's Reports**

## **Independent Auditor's Report**

- **Unmodified Opinion**
  - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Cabazon Water District** as of June 30, 2020....

# Management Report

- **We did not Identify Material Weakness Within the District's Internal Control Structure**

# Financial Highlights

## In 2020:

**Net Position** - Increased by \$86,036 to \$7,743,945, as the result of operations.

**Total Revenues** – Increased by \$107,991 to \$1,717,554.

- **Operating Revenues** - Increased by \$96,066 to \$1,599,446, due primarily to increases of \$40,037 in water consumption sales, \$32,100 in facility fees, and \$24,107 in standby fees.
- **Non-operating Revenues** – Increased by \$11,925 to \$118,108.

**Total Expenses** – Decreased by \$10,357 to \$1,631,518.

- **Operating Expenses** – Decreased by \$10,771, due primarily to decreases of \$31,270 in pumping and water treatment and \$29,701 in transmission and distribution, which were offset by an increase of \$49,458 in general and administrative.
- **Non-operating Expenses** – Decreased by \$3,632 to \$16,183.
- **Depreciation Expense** – Increased by \$4,046 to \$322,478.

# Financial Highlights

## Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 1,532,088	1,325,053	207,035
Capital assets, net	<u>7,137,922</u>	<u>7,380,775</u>	<u>(242,853)</u>
<b>Total assets</b>	<u>8,670,010</u>	<u>8,705,828</u>	<u>(35,818)</u>
<b>Liabilities:</b>			
Current liabilities	215,852	214,071	1,781
Non-current liabilities	<u>710,213</u>	<u>833,848</u>	<u>(123,635)</u>
<b>Total liabilities</b>	<u>926,065</u>	<u>1,047,919</u>	<u>(121,854)</u>
<b>Net position:</b>			
Net investment in capital assets	6,304,074	6,426,530	(122,456)
Restricted for debt service	60,928	61,826	(898)
Unrestricted	<u>1,378,943</u>	<u>1,169,553</u>	<u>209,390</u>
<b>Total net position</b>	<u>\$ 7,743,945</u>	<u>7,657,909</u>	<u>86,036</u>

# Financial Highlights

## Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Revenues:</b>			
Operating revenues	\$ 1,599,446	1,503,380	96,066
Non-operating revenues	118,108	106,183	11,925
<b>Total revenues</b>	<u>1,717,554</u>	<u>1,609,563</u>	<u>107,991</u>
<b>Expenses:</b>			
Operating expenses	1,292,857	1,303,628	(10,771)
Depreciation	322,478	318,432	4,046
Non-operating expenses	16,183	19,815	(3,632)
<b>Total expenses</b>	<u>1,631,518</u>	<u>1,641,875</u>	<u>(10,357)</u>
	86,036	(32,312)	118,348
<b>Net position, beginning of year</b>	<u>7,657,909</u>	<u>7,690,221</u>	<u>(32,312)</u>
<b>Net position, end of year</b>	<u>\$ 7,743,945</u>	<u>7,657,909</u>	<u>86,036</u>