



DESCANSO COMMUNITY WATER DISTRICT

July 25, 2023
Special Meeting

POSTED:

NOTICE

A Special Meeting of the Board of Directors of the Descanso Community Water District (DCWD) has been called for:

Tuesday, June 25, 2023, 7:00 pm

Descanso Town Hall, Viejas Grade Blvd., Descanso, CA

AGENDA

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE.**
2. **ROLL CALL.**
3. **APPROVAL OF AGENDA.**
4. **PUBLIC COMMENT:** An opportunity for the public to comment on any topic that is within the jurisdiction of the Board and not on this agenda. No Board action is authorized for items not on this agenda. The total amount of time allocated for public comment may be limited, and each speaker may be limited to no more than 3 minutes (Brown Act, Section 54954.3).
5. **DCWD 2023-2024 BUDGET:** The District's General Manager and Accountant will present and discuss the 2023-24 DCWD Budget and the Board will take appropriate action.
6. **DCWD FINANCIAL AUDIT OF 2021-22:** The District's Auditor will present the results of the 2021-22 Financial Audit and the Board will take appropriate action.
7. **RFP/RFQ for 2022-2023 DCWD FINANCIAL AUDIT SERVICES:** The Board will review the proposed RFP/RFQ for 2022-23 Financial Audit Services and take appropriate action.
8. **UPDATE ON WATER TREATMENT PROJECT STATUS AND PROJECT ENGINEERING:** The General Manager will update the Board regarding the Treatment Project Status and the Board will take appropriate action.
9. **OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS**
10. **MOTION TO ADJOURN**

Board of Directors		
Maureen Phillips President (619) 445-6042	Sheri Minix Director (619) 823-4216	Lee Johnson Financial Officer (619) 445-4122
Vacancy	Vacancy	Dan DeMoss General Manager (916) 616-7761

NOTE: Arrangements will be made for handicapped accessibility as required. Please contact the District by calling (855) 224-6981 (7 days a week-24/7). The next regular meeting of the Descanso Community Water District Board of Directors will be held on September 19, 2023.

Item 1

CALL TO ORDER, PLEDGE OF ALLEGIANCE

Item 2

ROLL CALL:

1. Maureen Phillips
2. Sheri Minx
3. Lee Johnson
3. Dan DeMoss

Item 3

APPROVAL OF AGENDA:

The Board will review and discuss any last-minute revisions to the posted agenda.

Notes:

Item 4

PUBLIC COMMENT:

An opportunity for the public to comment on any topic that is within the jurisdiction of the Board and not on this agenda. No board action is authorized for items not on this agenda. The total amount of time allocated for public comment may be limited and each speaker may be limited to no more than 3 minutes (Brown Act Section 54854.3).

Notes:

Item 5

DCWD 2023-2024 BUDGET:

The District's General Manager and Accountant will present and discuss the 2023-24 DCWD Budget and the Board will take appropriate action.

Notes:

**DESCANSO COMMUNITY WATER DISTRICT
OPERATING BUDGET
7/01/23-6/30/24**

	Accepted Total	July	August	September	October	November	December	January	February	March	April	May	June
Operating Income/Expense, see note													
Revenues													
14400 Water Sales	65,000	7,618	7,618	6,783	6,737	4,107	4,764	4,084	4,082	3,704	3,705	5,901	5,897
14430 Service Charge*	437,460	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455
14450 Late Fees	4,800	400	400	400	400	400	400	400	400	400	400	400	400
18800 Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenues	507,260	44,473	44,473	43,638	43,592	40,962	41,619	40,939	40,937	40,559	40,560	42,756	42,752
Operating Expenses - Pumping													
25546 Telemetry	600	-	-	-	-	600	-	-	-	-	-	-	-
25545 Utilities (electric)	14,950	1,570	1,615	1,292	1,346	952	1,050	1,124	1,018	1,166	1,117	1,203	1,497
Total Pumping	15,550	1,570	1,615	1,292	1,346	1,552	1,050	1,124	1,018	1,166	1,117	1,203	1,497
WATER TREATMENT													
35515 Chemicals	40,000	5,752	6,368	1,328	5,872	728	5,960	304	472	664	5,684	600	6,268
Testing	5,070	375	375	375	375	375	375	470	470	470	470	470	470
Total Treatment	45,070	6,127	6,743	1,703	6,247	1,103	6,335	774	942	1,134	6,154	1,070	6,738
REPAIRS AND MAINTENANCE													
Waste Disposal	2,739	220	220	220	231	231	231	231	231	231	231	231	231
55556 Vehicle Repair & Maint	-	-	-	-	-	-	-	-	-	-	-	-	-
55557 Repair & Maintenance/Valve Repair	15,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
55558 System Mapping	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Repairs & Maintenance	17,739	1,470	1,470	1,470	1,481	1,481	1,481	1,481	1,481	1,481	1,481	1,481	1,481
TRANSMISSION & DIST.													
65575 Misc. Security	1,032	86	86	86	86	86	86	86	86	86	86	86	86
65545 Underground Service Alert	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
65531 Contract Labor (SUSP Contract)	348,741	29,062	29,062	29,062	29,062	29,062	29,062	29,062	29,062	29,062	29,062	29,062	29,062
Total Transmission & Dist	349,773	29,148	29,148	29,148	29,148	29,148	29,148	29,148	29,148	29,148	29,148	29,148	29,148
46700 DEPRECIATION	96,706	5,850	5,850	5,850	5,832	5,832	5,832	5,832	5,832	12,499	12,499	12,499	12,499

**DESCANSO COMMUNITY WATER DISTRICT
OPERATING BUDGET
7/01/21-6/30/22**

	Accepted Total	July	August	September	October	November	December	January	February	March	April	May	June
GENERAL & ADMINISTRATION													
Telephone	900	75	75	75	75	75	75	75	75	75	75	75	75
Internet-Office	1,320	110	110	110	110	110	110	110	110	110	110	110	110
76711 Misc. Administrative Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-
76505 Account & Audit	13,000	-	-	-	-	-	-	13,000	-	-	-	-	-
Bad Debt Expense	9,960	830	830	830	830	830	830	830	830	830	830	830	830
76579 Bank Service Charges	948	79	79	79	79	79	79	79	79	79	79	79	79
Billing Supplies	1,140	95	95	95	95	95	95	95	95	95	95	95	95
76560 General Liability Ins.	4,248	354	354	354	354	354	354	354	354	354	354	354	354
76565 Legal	1,500	125	125	125	125	125	125	125	125	125	125	125	125
Licenses, Taxes, & Fees	2,800	91	91	91	1,800	91	91	91	91	91	91	91	90
Merchant Discount	120	10	10	10	10	10	10	10	10	10	10	10	10
76580 Office Expenses	1,900	1,075	75	75	75	75	75	75	75	75	75	75	75
76625 Postage	2,112	132	132	264	132	132	264	132	132	264	132	132	264
76635 Rent Office & Town Hall	25,800	2,200	2,100	2,200	2,100	2,100	2,200	2,200	2,100	2,200	2,100	2,100	2,200
Utilities: Office	-	-	-	-	-	-	-	-	-	-	-	-	-
75574 State Health Op Fee	3,025	252	252	252	252	252	252	252	252	252	252	252	253
76660 Accounting Services	14,307	1,118	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199
76669 Admin Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Trust Trustee Fee	1,200	-	-	-	-	-	-	-	-	1,200	-	-	-
Website	600	50	50	50	50	50	50	50	50	50	50	50	50
76690 Board Expenses	800	66	67	67	66	67	67	66	67	67	66	67	67
76571 Advertising & Printing	-	-	-	-	-	-	-	-	-	-	-	-	-
Total General & Administration	85,680	6,662	5,644	5,876	7,352	5,644	5,876	18,743	5,644	7,076	5,643	5,644	5,876
Total Operating Expense	610,518	50,827	50,470	45,339	51,406	44,760	49,722	57,102	44,065	52,504	56,042	51,045	57,239
Income/Loss From Ops.	(103,258)	(6,354)	(5,997)	(1,701)	(7,814)	(3,798)	(8,103)	(16,163)	(3,128)	(11,945)	(15,482)	(8,289)	(14,487)
Non Operating Inc/Exp.													
88440 Supp Debt Charge*	54,397	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533
Treatment Plant Project Charge*	92,247	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687
Viejas Grade Project Charge*	19,096	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591
88805 Other Non Operating Income	-	-	-	-	-	-	-	-	-	-	-	-	-
88810 Interest Income	2,760	230	230	230	230	230	230	230	230	230	230	230	230
89000 Interest Expense	(53,568)	(4,505)	(4,505)	(4,505)	(4,470)	(4,470)	(4,470)	(4,458)	(4,458)	(4,458)	(4,423)	(4,423)	(4,423)
Total Non-Operational Inc/Exp.	114,932	9,537	9,537	9,537	9,572	9,572	9,572	9,584	9,584	9,584	9,619	9,619	9,619
Net Income/Loss	11,675	3,183	3,540	7,836	1,758	5,774	1,469	(6,579)	6,456	(2,361)	(5,863)	1,330	(4,868)

*Based on 317 active connections

PROPOSED CASH FLOW ANALYSIS
7/01/23-6/30/24

	Total	July	August	September	October	November	December	January	February	March	April	May	June
Cash Balance Beginning of Period	841,722	841,722	809,626	823,521	823,949	836,009	852,085	823,856	803,432	820,178	817,010	828,069	846,321
Cash Provided or (Used) by Operations:													
Revenues	507,260	44,473	44,473	43,638	43,592	40,962	41,619	40,939	40,937	40,559	40,560	42,756	42,752
Operating Expenses**	(513,812)	(44,977)	(44,620)	(39,489)	(45,574)	(38,928)	(43,890)	(51,270)	(38,233)	(40,005)	(43,543)	(38,546)	(44,740)
RDA Loan Payment	(35,527)			(17,763)						(17,764)			
USDA Loan Payment Fe/Mn	(40,629)												(40,629)
SDCO Loan Payment	(7,755)							(7,755)					
RDA Deposit to Reserve(Fully Funded)	-			-						-			
USDA Series A	(48,909)	(36,055)						(12,854)					
USDA Series B	(13,105)	(9,579)						(3,526)					
Deposit to Emerg/Cap Improve Fund	(48,000)			(12,000)			(12,000)			(12,000)			(12,000)
Deposit to New Project Annual O&M	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Provided (Used) by Operations	(200,477)	(46,138)	(147)	(25,614)	(1,982)	2,034	(14,271)	(34,466)	2,704	(29,210)	(2,983)	4,210	(54,617)
Cash Provided or (used) by Non-Operations*:													
	168,500	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042
Total Cash Provided (used) by Non-Operations	168,500	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042	14,042
Cash (Used) by Long Term Items:													
Fe/Mn Expenditures	-												
Fe/Mn Grant	-												
Fe/Mn USDA Loan	-												
Gravel at Well 5	-												
Well 5 Bldg Improvement	-												
Fe/Mn-Uranium Plant Engineering	-												
Tractor/Back Hoe	(40,000)						(40,000)						
Reserve for Future Capital Improvements	48,000			12,000			12,000			12,000			12,000
Reserve for New Project Annual O&M	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash (Used) by Long Term Items	8,000	-	-	12,000	-	-	(28,000)	-	-	12,000	-	-	12,000
Total Cash Increase (Decrease)	(23,976)	(32,096)	13,895	428	12,060	16,076	(28,229)	(20,424)	16,746	(3,168)	11,059	18,252	(28,575)
Cash Balance End of Period	817,746	809,626	823,521	823,949	836,009	852,085	823,856	803,432	820,178	817,010	828,069	846,321	817,746

*Less Interest Expense (\$53,568)

** Less Depreciation (\$96,706)



Item 6

DCWD FINANCIAL AUDIT OF 2021-22:

The District’s Auditor will present the results of the 2021-22 Financial Audit and the Board will take appropriate action.

Notes:

Item 7

RFP/FRQ FOR 2022-2023 DCWD FINANCIAL AUDIT SERVICES:

The Board will review the proposed RFP/RFQ for 2022-23 Financial Audit Services and take appropriate action.

Notes:



DESCANSO COMMUNITY WATER DISTRICT

DESCANSO COMMUNITY WATER DISTRICT

REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES

July 2023

Descanso Community Water District (“the District”), is soliciting proposals from qualified independent certified accounting firms (Consultant) to audit and report on financial position of the District. Such firms must be licensed to practice in the State of California and regularly conduct local government audits, particularly special districts.

The District anticipates a two (2) year audit service agreement, subject to annual review by the District. The first audit period will be for the fiscal year beginning July 1, 2022 and ending June 30, 2023, and the following fiscal year ending June 30, 2024. **Options for auditing additional fiscal years can be included with prior notification.**

Audits are to be performed in accordance with the California State Controller’s audit requirements for special district Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) guidelines. There is no expressed or implied obligation from the District to reimburse responding firms for any expense incurred in preparing proposals in response to this request.

Introduction

Descanso Community Service District, doing business as Descanso Community Water District, was formed in 1982 (under Government Code 61000 et seq.) to provide governance and operate Descanso’s water system. The Board of Directors is comprised of five members who are elected by the District for four-year alternating terms, with the President elected from its members. Operations, maintenance, and administration of the District is carried out under contract with Specialized Utility Services Program (SUSP), a division of California Rural Water Association. Accounting Services are provided under contract with HNK CPAS LLP, an independent accounting firm.

The District, comprising of an area of .66 square miles, is located in unincorporated eastern San Diego County community of Descanso, approximately forty miles from San Diego. The District includes 2 wells, has 310 metered connections, and serves a population of approximately 700 persons.

Scope of Work for Annual Audit

1. Pre-Audit Conference- A pre-audit conference (teleconference is acceptable) is required to provide a clear understanding of any conditions to be met by District staff and responsibilities of the auditor, so that the audit can be conducted on a timely basis and concluded in accordance with predetermined schedules.
2. Financial Statements- The primary financial statements shall be a Comprehensive Annual Financial Report (CAFR) Any requirements to get the District capable of reporting in CAFR format need to be instructed in advance. This includes comparative balance sheets on the combined and individual funds at the end of the current and preceding year, with supporting notes and



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schedules that provide details of or explain changes in account balances; comparative statements of income and expense for the current and preceding year with supporting notes and schedules that details of income statement accounts; statement of retained earnings explaining changes in the unappropriated earnings account from the beginning to the end of the current fiscal year; and reconciliation of net income.

3. Annual Report of Financial Transactions of the Special District- Auditor shall prepare and submit the annual report to the State Controller pursuant to Government Code Section 269009. This report shall be completed and on file with the State Controller within the mandated period. Auditor shall submit to the District a copy of the annual report prior to transmittal to the State Controller. Evidence of submission to the State Controller shall be provided to the District.
4. Opinion Letter- An Opinion Letter is required attesting to the fair presentation of the financial statements in conformity with generally accepted accounting principles.
5. Management Report-The audit examination shall evaluate the District's accounting system, internal control structure, methods of processing data and maintaining financial records. This evaluation shall be comprehensive enough in scope to provide for an appropriate report to the District. The auditor shall prepare a separate Management Letter on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk. This report shall be submitted to the District and shall outline the auditor observations and recommendations for enhancement, including any reportable conditions found during the audit.
6. A single audit is not required as the District as it has not spent more than \$750,000 in federal funds.
7. Budget and Finance Committee- The auditor shall provide a draft of the initial comprehensive financial report within 30 days of completion.
8. Board of Directors Meeting- The auditor shall present in person or electronically a summary of the final Comprehensive Financial Report at a Board of Directors meeting, with a date mutually agreed upon.
9. Exit Conference- An "exit" conference is required with District staff. The exit conference shall disclose any facts or situations that the auditor feels have, or have had, a bearing on their work or report. District staff will do the same.
10. Final Audit Report-Six (6) copies of the Opinion Letter and Final Comprehensive Annual Financial Report shall be submitted to the District. Six (6) copies of the final Management Report shall be submitted to the District.

Audit Schedule and Other Requirements

The Auditor will be required to complete and submit the Annual Report of Financial Transactions of Special District prior to the deadline date. Failure of the auditor to adhere to the schedule with or without discussion with the District may result in the assessment of damages against the auditor for delay. Notwithstanding the foregoing, the auditor shall not be responsible for delays which are due to cause beyond the auditor's reasonable control.

The auditor will provide a schedule of the key elements of the audit. A recommended schedule is the following; September 30; Fieldwork shall be completed; October 31; Opinion Letter to the District;



DESCANSO COMMUNITY WATER DISTRICT

November 30; Draft CAFR to District, all other certifications required of the auditors; December; presentation to the Board of Directors at the quarterly meeting.

The auditor should be available for telephone consultations with the District accountant and manager throughout the year, as needed, to provide guidance on various accounting matters at no additional cost.

The Board of Directors must first authorize additional fees not included within the scope of services.

The auditor shall maintain appropriate comprehensive general liability and professional liability insurance coverage and Worker's Compensation insurance and provide proof of that coverage.

The auditor shall not transfer any portion of the contract to other firms or individuals.

Proposal Content

The proposal may be organized in any way deemed appropriate, but must contain elements of the following:

Technical Proposal

1. Introduction: Proposal will state the Consultant's understanding of the work tasks and products to be produced as part of the audit. The firm's overall experience, capabilities, and approach generally used in audits similar to those addressed in this RFP shall be stated. The proposal shall include an estimated time schedule of work completion for each requirement. State why the firm believes itself to be best qualified to perform the work.
2. Work Tasks and Products: Describe the various work tasks to be performed and the work products to be produced to fulfill this RFP's Scope of Work, and any additional work tasks and products the Consultant recommends in addition to this RFP's Scope of Work.
3. Description of the Firm's Experience: The Consultant shall provide a description of the firm's experience, including a brief history, types of services provided, and experience in providing services as those requested in this RFP. The description of experience shall include experience with local governments and special districts and shall highlight experience in size and structure to Descanso Community Water District.
4. Project Team: Identify key personnel assigned to the project and describe their respective roles and responsibilities. Provide resumes for key personnel.
5. References: This section shall consist of at least three (3) special district clients for whom the Consultant has performed services to those required in this RFP within the last 8 years. Names of contact persons, contact information, and a brief description of the work performed shall be included.

Cost Proposal

1. Work Task Cost Summary: For each year, itemize by work task the total cost for all personnel, material, and expenses necessary to complete that work task. Include anticipated hours necessary to complete the task. Include all direct and indirect costs, including such items as travel and out of pocket expenses.



DESCANSO COMMUNITY WATER DISTRICT

2. Schedule of Hourly Rates: Provide a schedule of hourly rates for all personnel assigned to the audit.
3. Proposals shall include maximum fees for the period defined in this RFP.
4. **Should the firm wish to exercise an option to extend the term of this contract for two (2) more years, a total all inclusive maximum fee to be charged each year, including direct, indirect, travel and out of pocket expenses may be submitted separately. Prior notification is required.**

Evaluation of Proposals and Selection

The District's Audit Review Committee will evaluate each proposal and forward recommendations to the Board of Directors for approval and make the final decision concerning engagement.

Proposals will be evaluated on their technical merit and based on the following criteria :

1. The firm's past experience and performance on comparable government and special district engagements.
2. The quality of the firm's professional personnel to be assigned to the engagement.
3. Planning of the audit.
4. Availability of qualified staff
5. Adherence to instructions in this RFP.

It is anticipated that reviews and commercial contract negotiations with the firm deemed most qualified by the District will be signed by September 15, 2023.

Submission of Proposals

Three (3) hard copies and a pdf (email, thumb drive, or CD/DVD) of the proposal must be submitted before 5PM (PDT) on August 15, 2023. Proposals shall be sealed and submitted to the following address:

Auditor Proposal
Descanso Community Water District
Box 610 (or 24680 Viejas Grade Rd, Suite 610 (for Fed Ex or UPS)
Descanso, CA 91916

The District reserves the right to reject any or all proposals if they are deemed by the District to be unacceptable for any reason. If you have any questions regarding this matter, do not hesitate to contact our Board President at mphillipswater@gmail.com

Item 8

UPDATE ON WATER TREATMENT PROJECT STATUS AND PROJECT ENGINEERING:

The General Manager will update the Board regarding the Treatment Project Status and the Board will take appropriate action.

Notes:

From: James Owens <James.Owens@nv5.com>
Sent: Tuesday, July 18, 2023 7:01 AM
To: Dan DeMoss
Cc: Ruby Brungess
Subject: Descanso CWD - Well No. 7 Drilling and Treatment Plant

Good Morning Dan,

As you requested, this email provides the Descanso CWD's Board of Directors and management an update on the environmental status, design finalization, and construction schedule for the subject improvements.

Environmental Status

USDA is continuing the processing of the environmental clearance document, but this document has not been finalized or provided yet. This clearance is required as the scope of the project now includes a new well (Well No. 7), and Well No. 6 will be destroyed instead of rehabilitated.

Design Finalization

USDA's indication that the environmental clearance document is forthcoming indicates there should not be significant design changes or mitigations caused by environmental compliance. There will be two sets of improvements: One for the Well No. 7 drilling and Well No. 6 destruction, and a second for the treatment facility construction. I may need some support from SUSP in obtaining updated pricing from AdEdge.

September 8 – Submit 90% documents for Well No. 7 Drilling/Well No. 6 Destruction
September 29 – Submit 100% documents for Well No. 7 Drilling/Well No. 6 Destruction

September 22 – Submit 90% documents for Treatment Facility
October 20 – Submit 100% documents for Treatment Facility

Construction Bidding Schedule

Well No. 7 Drilling/Well No.6 Destruction
October 12, 2023 – Advertise for Construction
November 17, 2023 – Open Bids
December 2023 – Descanso CWD authorizes award of contract
February 2024 – Start Construction
April 2024 – Complete Construction

Treatment Facility

November 9, 2023 – Advertise for Construction
January 17, 2024 – Open Bids. Due to the size of the project, I'd prefer to give bidders additional time to review and prepare bids, plus a few additional days due to the holiday season.
March 2024 – Descanso CWD authorizes award of contract
April 2024 – Initiate material submittal reviews and treatment equipment fabrication
June 2024 – Start field construction
September 2024 – Complete construction

Regards,
James

James F. Owens, PE | Associate | **NVS**
15092 Avenue of Science, Suite 200 | San Diego, CA 92128 | P: 858.385.2187 | C: 760.470.8777 | F: 858.385.0400

[Electronic Communications Disclaimer](#)

Item 9

SUCH OTHER ITEMS DIRECTLY RELATED TO THE PREVIOUS AGENDA ITEMS ABOVE AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS

Notes:

Item 10

MOTION TO ADJOURN.

Notes:
