

**LA HABRA HEIGHTS COUNTY
WATER DISTRICT**

BOARD MEETING

DECEMBER 12, 2023

**AGENDA FOR REGULAR MEETING
BOARD OF DIRECTORS
LA HABRA HEIGHTS COUNTY WATER DISTRICT
December 12, 2023 @ 4:00PM**

- 1. Roll call of Directors by Secretary**
- 2. Notation of staff members and others present**
- 3. Public Communications** (Comments will be limited to 3 minutes)
- 4. Report, Receive and File 2022/2023 Audit Report**
- 5. Directors Report – Individual, Subcommittees and/or Attended Events**
- 6. Consent Items:** It is recommended these items be acted upon simultaneously unless separate discussion or action is requested by a member of the public or a Director.
 - a. Minutes of Regular Board meeting for November 14, 2023 (approve)
- 7. Approval of warrants and authorize signatures per warrant list**
- 8. Report of Superintendent**
- 9. Report and recommendations of the General Manager:**
 - a. Discuss and Action – Investment in Treasury Bills and CD's
 - b. Discuss and Award – Contract for Well 12 Drilling
- 10. Closed Session**
 - a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

In re: Aqueous Film-Forming Foams Products Liability. Case No. 2:18-mn-2873-RMG, pending in the United States District Court for the District of South Carolina, Charleston Division. Discussion of existing litigation pursuant to Government Code section 54956.9, paragraph (1) of subdivision (d).
- 11. Adjournment**

Any documents that are provided to the Board of Directors regarding items on this agenda less than 72 hours prior to this meeting will be available for public inspection at the front counter of the District office located at 1271 N. Hacienda Road, La Habra Heights, California 90631

MINUTES

MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS
LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOVEMBER 14, 2023

A regular meeting of the Board of Directors of La Habra Heights County Water District was held on November 14, 2023, at 4:02 p.m., at the office of the District, located at 1271 North Hacienda Road, La Habra Heights.

Item 1. Roll call of Directors by Secretary/General Manager, Michael Gualtieri.

PRESENT: Directors Baroldi, Cooke, Crabb, and McVicar

ABSENT: Director Perumean

Item 2. Staff members and others present. Staff: Michael Gualtieri, General Manager, Joe Matthews, Assistant General Manager/Superintendent, Tammy Wagstaff, Treasurer, Ivan Ramirez, Utility Worker III. Others present: Michael Silander, Attorney at Law, Jordan Kear, Kear Consulting, and David Byrum Civiltec Engineering

Item 3. Public Communications – None

Item 4. Directors Report – Individual, Subcommittees, and/or Attended Events. – None.

Item 5.a.&b Minutes of Regular Meeting for October 24, 2023, and Financial Reports October 2023. After discussion, there was a motion by Director McVicar and seconded by Director Crabb to approve the minutes and financial reports. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, and McVicar

NOES: None

ABSENT: Director Perumean

Item 6. Approval of warrants and authorized signatures per warrant list. After discussion, there was a motion made by Director McVicar and seconded by Director Baroldi that the warrant numbers 46418 through 46514 in the amount of \$447,555.03 and

EFT transfers in the amount of \$14,187.94 be approved and signatures be authorized. Warrants 46440 through 46478 were voided due to a printing error. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, and McVicar

NOES: None

ABSENT: Director Perumean

Item 7. Report of Superintendent. Ivan Ramirez informed that six service leaks were repaired and replaced one leaking service. A new 1" service was installed for an additional dwelling unit at 156 East Road. JPIA performed defensive driver training for field staff. Our communications provider for SCADA has begun replacing the remaining cellular communications within the city. The estimated completion of the project is by the end of the year. We will then replace the remaining cellular communications at the wells.

(Director Perumean entered the meeting at 4:20 p.m.)

Item 8.b. Discuss and Award – Contract for Well 12 Drilling. After discussion, this item will be discussed further at the next Board meeting.

Item 8.d. Discuss and Action – Moving the December Board Meeting to the second Tuesday of the month. After discussion, there was a motion by Director McVicar and seconded by Director Baroldi to move the Board Meeting to December 12, 2023. The Vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 8.a. Discussion, and Action – Investment into Treasury Bills. After discussion, Director McVicar and Director Crabb were appointed as a subcommittee. This item will be discussed at the next Board meeting.

Item 8.c. Discuss and Action – Closing District Office Every Other Friday. After Discussion, there was a motion by Director Baroldi and there was a lack of a second motion. No further action was taken.

Item 9.a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:
In re: Aqueous Film-Forming Foams Products Liability. Case No. 2:18-mn-2873-RMG, pending in the United States District Court for the District of South Carolina, Charleston Division. Discussion of existing litigation pursuant to Government Code section 54956.9, paragraph (1) of subdivision (d). This item was not discussed, no action was taken.

Item 10. There being no further business to come before the Board, a motion was made by Director Cooke and seconded by Director Crabb that the meeting be adjourned at 6:22 p.m. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Dated: December 12, 2023

Brad Cooke, President

(SEAL)

Michael Gualtieri, Secretary

WARRANTS

La Habra Heights CWD
AP Check Register (Current by Bank)
Check Dates: Greater than 11/1/2023

Check No.	Date	Status*	Vendor ID	Payee Name	Amount
BANK ID: 13100 - EFT TRANSFERS					13110
1002492137	11/08/23	M	0130	CALPERS	\$5,667.38
1002492138	11/08/23	M	0130	CALPERS	\$1,683.03
**1002499809	11/20/23	M	0130	CALPERS	\$5,667.38
1002499810	12/07/23	M	0130	CALPERS	\$1,441.65
BANK 13100 REGISTER TOTAL:					\$14,459.44
 BANK ID: 13110 - CHECKING- WELLS FARGO					13110
46515	11/08/23	P	0549	BARRY M. BOZONIER	\$616.39
46516	11/16/23	P	0385	ADMIRAL PEST CONTROL	\$85.00
46517	11/16/23	P	0146	AWWA	\$321.00
46518	11/16/23	P	0013	CANNINGS HARDWARE	\$545.46
46519	11/16/23	P	0432	CHARTER COMMUNICATIONS	\$550.00
46520	11/16/23	P	0441	CINTAS CORPORATION	\$117.95
46521	11/16/23	P	0283	CONTINENTAL UTILITY SOLUTIONS	\$21.70
46522	11/16/23	P	0371	DATA INSTALLERS, INC	\$415.00
46523	11/16/23	P	0464	ENVIROKLEEN USA	\$650.00
46524	11/16/23	P	0389	FRONTIER COMMUNICATIONS	\$799.00
46525	11/16/23	P	0099	GRAINGER INC	\$62.44
46526	11/16/23	P	0252	INFOSEND, INC	\$1,473.38
46527	11/16/23	P	0447	IVAN RAMIREZ	\$982.31
46528	11/16/23	P	0550	KAIZEN COLLISION CENTER	\$11,411.34
46529	11/16/23	P	0402	L G HOLDINGS, INC	\$3,786.00
46530	11/16/23	P	0050	LA COUNTY TAX COLLECTOR	\$20,619.29
46531	11/16/23	P	0051	LINCOLN FINANCIAL GROUP	\$3,178.56
46532	11/16/23	P	0231	O'REILLY AUTO PARTS	\$208.54
46533	11/16/23	P	0147	SAN GABRIEL VALLEY WATER CO	\$54.70
46534	11/16/23	P	0268	UNIVAR USA, INC	\$1,840.89
46535	11/16/23	P	0012	VULCAN MATERIALS COMPANY	\$2,543.35
46536	11/16/23	P	0094	WECK LABORATORIES, INC	\$1,845.00
46537	12/04/23	P	0409	ADVANTAGE,INC	\$976.83
46538	12/05/23	P	0353	ARCO BUSINESS SOLUTIONS	\$2,557.86
46539	12/05/23	P	0532	ASAP ADVANCED SECURITY & PRO.	\$106.08
46540	12/05/23	P	0013	CANNINGS HARDWARE	\$286.89
46541	12/05/23	P	0014	CENTRAL BASIN MWD	\$16,294.94
46542	12/05/23	P	0441	CINTAS CORPORATION	\$84.24
46543	12/05/23	P	0043	GRISWOLD INDUSTRIES	\$4,504.96
46544	12/05/23	P	0369	HIGHROAD INFO TECHNOLOGY	\$4,766.00
46545	12/05/23	P	0447	IVAN RAMIREZ	\$182.20
46546	12/05/23	P	ONETIM	JAY AND FRANCES CURIEL	\$130.00
46547	12/05/23	P	0205	JOE MATTHEWS	\$757.91
46548	12/05/23	P	0501	JORDAN KEAR	\$2,700.00
46549	12/05/23	P	0133	KONICA MINOLTA	\$358.10
46550	12/05/23	P	0402	L G HOLDINGS, INC	\$1,215.00
46551	12/05/23	P	0453	MATTHEW CERDA	\$788.00
46552	12/05/23	P	0120	MICHAEL GUALTIERI	\$988.11
46553	12/05/23	P	0430	MICHAEL SILANDER	\$5,150.00
46554	12/05/23	P	0231	O'REILLY AUTO PARTS	\$8.65
46555	12/05/23	P	0534	ODP BUSINESS SOLUTIONS, LLC.	\$139.45
46556	12/05/23	P	0175	QUINN COMPANY	\$1,087.09
46557	12/05/23	P	0258	S&J SUPPLY CO, INC	\$4,787.25
46558	12/05/23	P	0069	SOCALGAS	\$1.76
46559	12/05/23	P	0068	SOUTHERN CALIF EDISON CO	\$55,761.91
46560	12/05/23	P	0267	STAMPS BY MAIL	\$132.00
46561	12/05/23	P	0075	STATE OF CALIFORNIA-DEPT OF WT	\$62,094.43
46562	12/05/23	P	0037	SWRCB	\$868.00

* Check Status Types: "P" - Printed ; "M" - Manual ; "V" - Void (Void Date); "A" - Application; "E" - EFT
** Denotes broken check sequence.

La Habra Heights CWD
AP Check Register (Current by Bank)

Check Dates: Greater than 11/1/2023

Check No.	Date	Status*	Vendor ID	Payee Name	Amount
46563	12/05/23	P	0427	TPX COMMUNICATIONS	\$1,238.71
46564	12/05/23	P	0078	UNDERGROUND SERVICE ALERT	\$127.25
46565	12/05/23	P	0268	UNIVAR USA, INC	\$3,563.57
46566	12/05/23	P	0386	VERIZON WIRELESS	\$1,039.09
46567	12/05/23	P	0016	WATER REPLENISHMENT DISTRICT	\$91,469.52
46568	12/05/23	P	0094	WECK LABORATORIES, INC	\$445.00
46569	12/05/23	P	ONETIM	YI AND QILONG WU	\$92.50
46570	12/05/23	P	0051	LINCOLN FINANCIAL GROUP	\$3,116.00
46571	12/06/23	P	0014	CENTRAL BASIN MWD	\$11,071.46
BANK 13110 REGISTER TOTAL:					\$331,018.06
GRAND TOTAL :					\$345,477.50

* Check Status Types: "P" - Printed ; "M" - Manual ; "V" - Void (Void Date); "A" - Application; "E" - EFT
** Denotes broken check sequence.

Michael Silander

Attorney at Law

2629 Townsgate Road, Suite 235

Westlake Village, CA 91361

INVOICE

DATE: DECEMBER 1, 2023

TO:

La Habra Heights County Water District

1271 Hacienda Road

La Habra Heights, CA 90631

PLEASE REMIT PAYMENT TO:

Michael Silander

2629 Townsgate Road, Suite 235

Westlake Village, CA 91361

SPECIFICATIONS:

LHHCWD/TOTAL

Invoice for legal services rendered in November 2023.

MATTER	HOURS	AMOUNT
Transactional - General	31.2	\$3,900.00
Retainer	Flat fee	\$1,250.00
		TOTAL: \$5,150.50

Please make all checks payable to Michael Silander

If you have any questions concerning this invoice,

please email michael@silanderlaw.com or call 805-490-9247

REPORT OF SUPERINTENDENT

LA HABRA HEIGHTS COUNTY WATER DISTRICT

MEMORANDUM

DATE: 12/05/23

**TO: MIKE GUALTIERI, GENERAL MANAGER
JOE MATTHEWS ASSISTANT GENERAL MANAGER,
& BOARD OF DIRECTORS**

FROM: IVAN RAMIREZ, ASSISTANT SUPERINTENDENT

SUBJECT: SUPERINTENDENT'S REPORT FOR DECEMBER 2023

System Maintenance

- We repaired three service leaks.
- Completed annual testing on oil company meters.

Well 11

- Well 11 was taken offline after testing positive for Total Coliform Bacteria on 10/17/23. We resampled 10/19/23, 11/07/23 and 11/28/23. These results were negative for Total Coliform Bacteria. However, some samples exceeded the plate count limit as we continued to chlorinate and flush the well. This is a 10 to 14 day process to disinfect and reduce plate counts to meet required operation levels. Currently, we are waiting for the results of bacteria testing done on 12/05/23 to determine if the well can go back online.

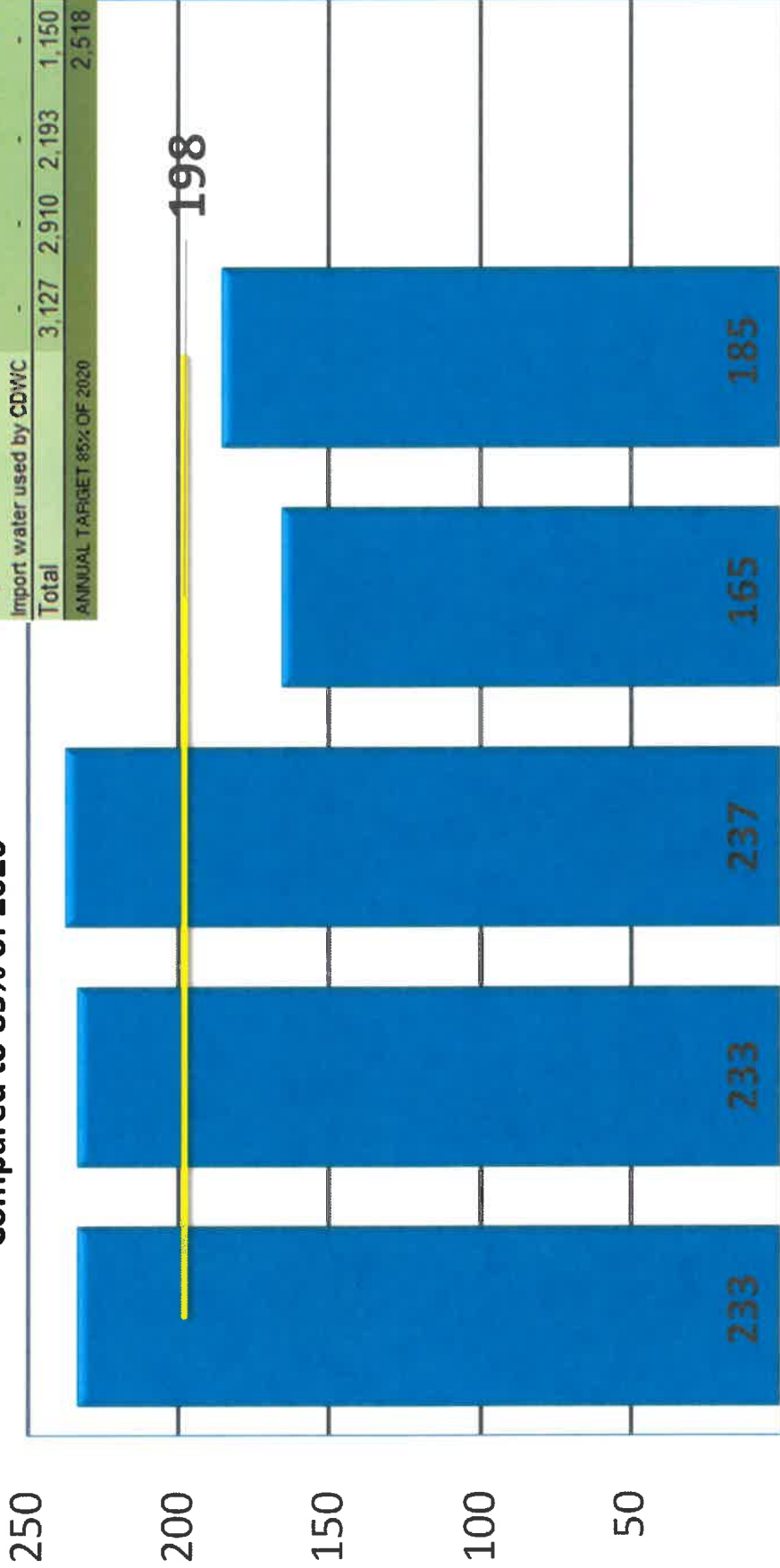
Lab Comparisons

- We are in the process of getting prices/bids from approved labs for our bacteriologic testing.

LA HABRA HEIGHTS COUNTY WATER DISTRICT

Production in acre feet for **NOVEMBER**

Compared to **85% of 2020**



2020 20/21 21/22 22/23 23/24

- Import
- Import water used by California Domestic Water Company from District's Central Basin Municipal Water District connection
- Groundwater
- 85% of 2020 Month Target

ANNUAL WATER USAGE					
Water Source	2020/2021	2021/2022	2022/2023	2023/24 thru Nov	2023/24
Groundwater	3,070	2,910	2,193	1,136	-
Import	57	-	-	14	-
Import water used by CDWC	-	-	-	-	-
Total	3,127	2,910	2,193	1,150	2,518
ANNUAL TARGET 85% OF 2020					

**DISCUSS AND ACTION
INVESTMENT IN TREASURY BILLS
AND CD'S**

LA HABRA HEIGHTS COUNTY WATER DISTRICT

MEMORANDUM

DATE: DECEMBER 6, 2023
TO: BOARD OF DIRECTORS
FROM: MICHAEL GUALTIERI, SECRETARY/GENERAL MANAGER
SUBJECT: INVESTMENT INTO TREASURY BILLS AND CD'S

Attached please find the email train from the sub-committee and myself regarding investing in treasury bills and cd's. Also attached is the District's cash flow spreadsheet.

Mike Gualtieri

From: Mike Gualtieri
Sent: Thursday, December 7, 2023 7:52 AM
To: James Crabb; pmcvicar@earthlink.net; 'Michael Silander'
Cc: Joe Matthews; Tammy Wagstaff
Subject: RE: Finance Subcommittee Proposal

Good Morning James,

Please see below in red our response to your inquiries.

I believe we are having a healthy discussion on a new approach to investing with pros and cons being brought up. In the end, board sets policies and I implement them. Thank you.

Sincerely,

Michael Gualtieri
General Manager
La Habra Heights County Water District
1271 N. Hacienda Road
La Habra Heights, CA 90631
562 697-6769

From: James Crabb <jcrabb@lhcwd.com>
Sent: Wednesday, December 6, 2023 2:27 PM
To: Mike Gualtieri <mike@lhcwd.com>; pmcvicar@earthlink.net; 'Michael Silander' <michael@silanderlaw.com>
Subject: Re: Finance Subcommittee Proposal

Hi Mike

Please clarify readily available. Able to receive in the District's account overnight without penalties or market value loss. In a catastrophic event the District could need a large amount of money immediately to pay bills if for instance our water and readiness to serve fees were disrupted. This would need to be analyzed by contacting other agencies that have incurred this type of event.

The investments are all laddered from 3 to 11 months. I am not seeing a problem we are not going to spend 1.3 million dollars in the 1st 3 months of the year that I am aware of. All of the money is still available. It is available with the risk of incurring withdrawal fees if needed earlier than the maturity date.

It is the boards responsibly to take advantage of monetary policies that will improve the financial position of the agency. This is true, the Board does set policy, however, they typically refrain from participating in the day to day operations of the District. Management implements Board policy. If staff is expected to actively make investment decisions then a detailed investment policy needs to be set by the Board.

How are monies accessed now from LAIF? Via phone call overnight.

When the agency accesses money from LAIF is it set up so there is redundant verification? There is a password that is needed by one of the authorized users and monies are only allowed to be transferred to the predesignated District account.

I think however you access the money from LAIF it would be the same at another financial institution. CDs have early withdrawal fees, there are no withdrawal fees with LAIF. Treasury bills fluctuate with the market, there are no market fluctuations with LAIF.

Please have at the board meeting a copy of the LAIF statement and redact any account numbers. Will do.

As the "finance committee" we are here to help. Forcing staff to do something they are not comfortable with is unhelpful especially without a detail investment directive. The finance committee is available on a limited basis to make investment decisions when the market changes or when the investments mature. There are no policies in place to make decisions on reinvestments or divestment. For instance when do we transfer money back to LAIF or out of LAIF at what level of interest rate? Who makes the decision as to what Treasury Bill to purchase? When do we sell the Treasury Bill?

My opinion we don't need a advisor to invest in CD's or T-Bills. We use advisors to set water rates, analyze future projects thru Master Plan, evaluate wheeling fees, get bids for and manage water infrastructure projects and performing the annual audit. I would think we would continue to use advisors to protect the staff and directors from possible liability issues.

Thanks,
James

From: Mike Gualtieri <mike@lhhcwd.com>
Sent: Tuesday, December 5, 2023 2:06 PM
To: pmcvicar@earthlink.net <pmcvicar@earthlink.net>; Joe Matthews <joe@lhhcwd.com>; Tammy Wagstaff <tammy@lhhcwd.com>
Cc: James Crabb <jcrabb@lhhcwd.com>
Subject: RE: Finance Subcommittee Proposal

Hi Pam and James,

I will print this email and add it to our board packet.

We do have some concerns and questions to this proposal.

First, the District as of November 29th, has \$6,300,000 in the bank and LAIF. Capital improvements of \$1,900,000 are scheduled for 23/24 fiscal year . With the budget at \$6,600,000 and six months budget of available monies at \$3,300,000 your proposal of investing \$2,000,000 in CD's and Treasury Bonds, , would leave \$1,300,000 for capital improvements. We would need to divest of \$600,000 in the next 7 months or drop below the six month available monies. At that point the District would have to make a statement that "Pending any future action of Board of Directors or any unforeseen catastrophe, I certify that sufficient investment liquidity and anticipated revenue are not available to meet the next six months of estimated expenditures".

Second, in your proposal, there is no mention of policies or parameters that would have to be met to pull monies out of the CD's or Treasury Bonds early. Also, no mention of who makes decision to divest with the understanding that it may be at a loss to public funds?

Staff are not financial experts and have no background in investments. Consequently, I recommend that the District use an investment advisor to assist in making investment decisions.

Under your proposal, the District would gain in interest (if we were able to keep all accounts for a full year) \$32,850 over leaving everything with LAIF. What we do know with LAIF is the monies are readily available with no penalties whenever we need it. In addition, it will appear the only reason this is being considered is to earn more interest. What the committee is proposing to invest in is the same that LAIF has investments in. The only difference is the investment income.

It is still the recommendation of staff to leave all monies with LAIF and Wells Fargo savings.

Sincerely,

Michael Gualtieri
General Manager
La Habra Heights County Water District
1271 N. Hacienda Road
La Habra Heights, CA 90631
562 697-6769

From: pmcvicar@earthlink.net <pmcvicar@earthlink.net>
Sent: Tuesday, November 28, 2023 2:20 PM
To: Mike Gualtieri <mike@lhhcwd.com>; Joe Matthews <joe@lhhcwd.com>; Tammy Wagstaff <tammy@lhhcwd.com>
Cc: James Crabb <jcrabb@lhhcwd.com>
Subject: FW: Finance Subcommittee Proposal

Mike, Joe, Tammy,
As you know, at the last board meeting, the Board appointed James Crabb and me to serve on the Finance Subcommittee to bring a proposal back to the Board for the next meeting. This is our proposal:

Proposal:

The LHHCWd will allocate a portion of it's reserve toward investments that earn higher interest than LAIF (3.6% as of 10/23). \$500,000 will be allocated to two 11 month CD's at Wells Fargo Bank currently paying approximately 5%. \$1,500,000 allocated to Treasure bonds as follows: \$500,000 in 3 month Treasuries, \$500,000 in 6 month Treasuries and \$500,000 in 9 month Treasuries currently yielding 5.41%, 5.46% and 5.38% respectively. The treasury bonds should be purchased through Charles Schwab or other broker that offers no-commission treasury bonds.

When one of these instruments matures the finance committee and district staff will review the available interest rates of LAIF, CD rates and Treasury bonds and if the LAIF rate is higher the money will be transferred to LAIF. If not it will be transferred to the highest available short term treasury bond or CD. It should be noted that the investor of CD's at Wells Fargo are required to notify the bank prior to maturity that they do not want the CD rolled over. If they do not it is automatically reinvested in a CD paying about 1% with a penalty for early withdrawal.

In any event, the funds should not be invested in an instrument with a duration of longer than one year.

Regards,

Pam McVicar

Mike Galtieri

From: Michael Silander <michael@silanderlaw.com>
Sent: Wednesday, December 6, 2023 11:51 AM
To: pmcvicar@earthlink.net
Cc: James Crabb; Mike Galtieri; Joe Matthews; Tammy Wagstaff
Subject: RE: Finance Subcommittee Proposal

Director McVicar:

Thank you for your email and inquiries. I will start by addressing the issues regarding who and under what circumstances you may speak to regarding the investment issues. I will review and report on the actual investment issues under a separate cover as soon as I have analyzed them.

You and one additional director (presumably Director Crabb) may contact the City of La Habra Heights Investment Committee to discuss investment matters, as long as your findings are not discussed or shared with another LHCWD director outside of a public board meeting. Similarly, there is nothing in the Brown Act or elsewhere that would prevent you from contacting other water districts about their investment policies.

In addition to the non-quorum contacts described above, a quorum of LHCWD's board of directors may attend standing (but not ad hoc) committee meetings or board meetings of another public agency, assuming those meetings are properly noticed and the LHCWD directors do not discuss the issues privately.

I hope this answers the first part of your inquiries. As always, please do not hesitate to contact me if you have any questions. Thank you.

Best regards,

Michael Silander

On 12/06/2023 9:51 AM PST pmcvicar@earthlink.net wrote:

Michael,

As you know, at the last meeting Brad appointed James Crabb and me as a sub-committee to make a proposal to invest in instruments such as T-Bills which currently pay a higher interest rate than LAIF (Local Agency Investment Fund). I sent Mike, Tammy and Joe the proposal from James and me, below

In his response below, Mike appears to express the opinion that investments in CDs and T-Bills would not count toward reserves, I would like your opinion on this, and also who I am allowed to contact outside of the district?

For example, JPIA, our insurance provider, has created a very sophisticated "captive company" in Utah that invests in securities that are not allowed under California law to juice up the investment returns. (I

voted against this proposal as a JPIA rep) Their attorneys created this entity. I am not for anything so risky or sophisticated, but am I allowed to contact them about what we are legally allowed to do and what other districts are doing?

Can I contact the City of La Habra Heights Investment committee? They are currently reducing their investments in LAIF and investing in T-bills and other securities to increase their investment returns? They have invited us to join the committee.

Can I contact other water districts about their investment policy and investments?

I understand that I am not allowed to speak to other directors outside of the meeting due to Brown Act restrictions.

Thank you for your assistance.

Regards,

Pam McVicar

From: Mike Gualtieri <mike@lhcwd.com>
Sent: Tuesday, December 5, 2023 2:07 PM
To: pmcvicar@earthlink.net; Joe Matthews <joe@lhcwd.com>; Tammy Wagstaff <tammy@lhcwd.com>
Cc: James Crabb <jcrabb@lhcwd.com>
Subject: RE: Finance Subcommittee Proposal

Hi Pam and James,

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We do have some concerns and questions to this proposal.

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It is still the recommendation of staff to leave all monies with LAIF and Wells Fargo savings.

Sincerely,

Michael Gualtieri

General Manager

La Habra Heights County Water District

1271 N. Hacienda Road

La Habra Heights, CA 90631

562 697-6769

From: pmcvicar@earthlink.net <pmcvicar@earthlink.net>

Sent: Tuesday, November 28, 2023 2:20 PM

To: Mike Gualtieri <mike@lhhcwd.com>; Joe Matthews <joe@lhhcwd.com>; Tammy Wagstaff <tammy@lhhcwd.com>

Cc: James Crabb <jcrabb@lhhcwd.com>

Subject: FW: Finance Subcommittee Proposal

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Proposal:

The LHCWD will allocate a portion of its reserve toward investments that earn higher interest than LAIF (3.6% as of 10/23). \$500,000 will be allocated to two 11 month CD's at Wells Fargo Bank currently paying approximately 5%. \$1,500,000 allocated to Treasury bonds as follows: \$500,000 in 3 month Treasuries, \$500,000 in 6 month Treasuries and \$500,000 in 9 month Treasuries currently yielding 5.41%, 5.46% and 5.38% respectively. The treasury bonds should be purchased through Charles Schwab or other broker that offers no-commission treasury bonds.

When one of these instruments matures the finance committee and district staff will review the available interest rates of LAIF, CD rates and Treasury bonds and if the LAIF rate is higher the money will be transferred to LAIF. If not it will be transferred to the highest available short term treasury bond or CD. It should be noted that the investor of CD's at Wells Fargo are required to notify the bank prior to maturity that they do not want the CD rolled over. If they do not it is automatically reinvested in a CD paying about 1% with a penalty for early withdrawal.

In any event, the funds should not be invested in an instrument with a duration of longer than one year.

Regards,

Pam McVicar

Michael Silander, Attorney at Law
2629 Townsgate Road, Suite 235 - Westlake Village - CA 91361
Phone: 805-490-9247 - Email: michael@silanderlaw.com

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LA HABRA HEIGHTS COUNTY WATER DISTRICT

Projected Cash Flow of Cash Available for Capital Improvements

	2023/24	2024/25	2025/26	2026/27	2027/28
NET INC (DEC) NET ASSETS LESS CIP INTEREST INCOME	84,733	229,136	336,795	422,698	550,050
SYSTEM BUY IN FEES	13,593	13,593	13,593	13,593	13,593
INTEREST INCOME	21,064	15,287	11,697	7,660	12,136
CAPITAL IMPROVEMENT	1,516,087	1,516,087	1,516,087	1,516,087	1,516,087
PROPOSED CONSTRUCTION					
Pipelines					1,800,000
Vehicle	-	55,000	55,000	55,000	55,000
Reservoir 10A	1,000,000				
Reservoir Snooks	50,000				
Repair West Road asphalt	100,000			247,000	
Well 11 possible repair	250,000				
Well 12	500,000	975,140	1,372,073		
La Mirada Reservoir		1,094,442			
Reservoir 2 recoat			855,000		
Reservoir 5A recoat				702,000	
Master Plan				54,549	
Water Rate Study					50,000
TOTAL PROPOSED CONSTRUCTION	1,900,000	2,124,582	2,282,073	1,058,549	1,905,000
BEGINNING CASH AVAILABLE	6,170,711	5,906,188	5,555,709	5,151,808	6,053,297
ENDING CASH AVAILABLE	5,906,188	5,555,709	5,151,808	6,053,297	6,240,163
TARGET CASH AVAILABLE-6 month of expenses	3,349,123	3,540,493	3,726,992	3,943,131	4,158,869
Over (Under) Target Cash Available	2,557,066	2,015,217	1,424,817	2,110,166	2,081,294

ASSUMPTIONS:

1. Water sales rates will be increased as indicated in 2023 Water Rate Study
2. 2023/24 based on budget 2023/24
3. Water and Other costs are based on projected costs as reflected in 2023/24 budget
4. System buy in fees will remain same as past 5 year average
5. Beginning cash available for 2023/24 fiscal year as of July 1, 2023

**UPDATE AND AWARD
CONTRACT FOR WELL 12 DRILLING**

LA HABRA HEIGHTS COUNTY WATER DISTRICT

MEMORANDUM

DATE: DECEMBER 4, 2023
TO: BOARD OF DIRECTORS
FROM: JOE MATTHEWS, ASSISTANT GENERAL MANAGER
SUBJECT: WELL DRILLING CONTRACTORS REASONS FOR NOT BIDDING

Seven drilling contractors chose not to submit a bid for the drilling phase of the District's proposed well 12. I asked each contractor why they did not bid and what could have been done differently to make them consider bidding. Their replies are as follows:

Best Drilling and Pump - Conner Harmon - said they were already backlogged and expressed concerns about moving resources from other work to install sound walls and drywells at Well 9. He feels sound walls restrict site access. He also said they would prefer not to deal with Well 9 discharge and drywell requirements including asphalt. He did not answer what could be done to make Best Drilling want to bid.

Weber Water Resources - Marty Weber - said they are back-logged through the second quarter of 2024, so he didn't give it much consideration. He would have bid if we had more time in the specifications to complete the project.

Granite - Mark Howard – they are concerned that the site doesn't have enough room to drill. They also didn't want to deal with anything at Well 9, including installing discharge pipe. They would consider bidding if the site was farther away from the overhead wires and mobile home next door. They would also prefer to remove the wet wells, grading, and sound walls at Well 9.

Zim Industries - Bob Zimmer - was staying closer to home but is now willing to bid since work has slowed down.

Barbour Well Inc. - Steve Zarcone - said they had several bid invitations at that time that were more simple drilling projects. Work at Well 9 turned them away from our bid, saying a civil contractor would be needed for that work. Soundwall installation, Well 9 abandonment, and dry-well installation were all mentioned as items they would like to see removed for them to have considered bidding.

Abundant Drilling - Loren Worthington - said they ran out of time because they were working in Idaho and Montana at that time. He would consider bidding if the project had more flexibility in the timeline for completion.

Pacific Coast Well Drilling - Mark Haufman - said they did not want to deal with anything at Well 9, including the pump-to-waste pipe installation, wet-well installation, and grading plan. They would have bid if those items were not included.

Since most of these contractors did not want to drill the dry wells or deal with discharge requirements at Well 9, I recommend removing those requirements. Also, concentrate the drilling phase on drilling and developing the well if this project goes back out to bid.



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LA HABRA HEIGHTS
COUNTY WATER DISTRICT

Tuesday, November 7, 2023

La Habra Heights County Water District
1271 North Hacienda Road
La Habra Heights, CA 90631

RE: Well No. 12 Bid Due 11/07/2023 @ 10:00 AM

To the Board of Directors and the General Manager of La Habra Heights County Water District.

It has come to South West Pump and Drillings' attention that it is the only responsive bidder for your Well 12 Project.

We know Civil Tech Engineering and Kear Groundwater made a great effort to help you attract multiple bidders. We would like to express our appreciation for the bidding opportunity. As we all know, recently there have been a number of water well drilling projects that have been available to bid on in Southern California. Most of us water well drilling contractors have accumulated significant backlogs of well drilling projects like that of your Well 12 Project.

South West Pump and Drilling Inc. (SWPD) saw a unique opportunity with your project, the additional work of the well destruction, grading of the percolation pond and installation of four dry wells within the pond. It appears my competitors didn't see the opportunities as we saw them. Maybe their back log is too great, and they need to work through some of their backlog before they make new commitments. South West Pump & Drilling sees the installation of the dry wells, pond grading and well destruction as the opportunity needed for us to work on our other projects and create a window in which to construct your Well 12.

Initially, La Habra Heights County Water District put Well 12 and additional work out to bid and had a "mandatory" pre bid meeting on 09/13/2023, in which South West Pump and Drilling attended. South West Pump & Drilling, as well as the other bidder, submitted questions resulting from the "mandatory" pre-bid visit, and because of these questions the bid was delayed a month and a half, from 09/19/2023 to 11/07/2023. During this delay, an unreasonable 2nd "mandatory" pre-bid visit was scheduled for October 17th. and was opened to additional drilling contractors. This second pre-bid visit was attended by other

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CORPORATE HEADQUARTERS



contractors who had not attended the first "mandatory" pre bid visit which should have disqualified them from the bid process, per Item 1, Notice and Instructions to Bidders.

Multiple water well contractors participated in this 2nd "Mandatory" pre-bid visit in which the original scope of work was unchanged, but the bid opening was extended a month and a half to November 7, 2023. South West Pump Drilling faces the same difficulties as our competitors with extremely full schedules, time related concerns for this project's quantity of work, bonding requirements and still chose, out of respect for the opportunity, to bid La Habra Heights County Water District project and work with Civil Tech Engineering and Kear Groundwater, whom we've worked with in the past in a positive and beneficial fashion. South West Pump & Drilling looks forward to working and developing a relationship with La Habra Heights County Water District and its team of experts.

South West Pump & Drilling is also open to working with the district on changes and modifications to the scope of work if costs are a concern. Schedule is our concern if the dry wells and pond modifications are changed. We are open to changes; however, we will need flexibility of project timing. It is likely we will find that permitting or some other issue outside our control will affect the best laid plans.

It is South West Pump & Drillings' position that we submitted a competitive and responsive bid to La Habra Heights County Water District. The bid price is well within reason of the engineers estimate of \$3,269,000.00 which was stated at the first "mandatory" pre bid visit. The bid should be accepted, and the project awarded to South West Pump & Drilling.

SWPD looks forward to working with La Habra Heights County Water District and its team.

Thank you.

Curtis McCalla
President
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