

**WATER QUALITY IMPROVEMENT JPA
Regular Board of Directors Meeting
Wednesday, September 18, 2024 at 5:00 PM**

MINUTES

The regular meeting of the Board of Directors was called to order at 5:05 PM in the City Council Chambers of the City-County Building with 2nd Chair Marcus Porter presiding.

CALL TO ORDER

1. Roll Call of Members Agencies:

B&B Water District	1 st Chair, Barry Malm	- Absent -
City of Dos Palos	2 nd Chair, Marcus Porter	Present
Eastside Water Association	Joe Lopez	- Absent -
Midway Community Service District	Dora Campos	Present
North Dos Palos Water District	Allen Clark	Present
South Dos Palos Water District	Laverne Davis	Present

Others Present: Richard Martorello (Water Quality JPA Bookkeeper), Gabriel Delgado (Legal Counsel), Garth Pecchenino (JPA Engineer), Sean Pinkston (Assistant JPA Engineer), and Members of the Public.

2. Additions/Deletions to the Agenda:

No additions or deletions to the agenda.

3. Approval of Minutes:

The Board reviewed the minutes of the Jun 19, 2024 regular meeting. A motion to accept the minutes as presented with no changes by Director Campos seconded by Director Clark. The Board unanimously approved the regular meeting minutes as presented. The vote on the motion was as follows:

Ayes: Campos, Clark, Davis, Porter
Nays: None

Absent: Lopez, Malm
Abstentions: None

4. Approval of Warrants:

The JPA's bookkeeper Richard Martorello presented the members of the Board with an updated warrant list representing April 2024 through July 2024. Mr. Martorello explained that the presented format of the warrant report was to align past paid quarter warrants with the quarterly report presentation as well as present pending warrants to the Board.

Mr. Martorello presented the warrants from April 2024 (11 items; \$24,570.48), May 2024 (14 items; \$32,436.18), June 2024 (7 items; \$25,309.28), and July (19 items; \$232,197.38). No warrant list was available for the month of August at the time of the meeting. The report was included in the meeting packet.

On a motion from Director Clark with a second by Director Davis, the Board unanimously approved payment of the warrants. The vote on the motion was as follows:

Ayes: Campos, Clark, Davis, Porter
Nays: None

Absent: Lopez, Malm
Abstentions: None

5. Changes in Capacity:

No changes in capacity.

6. Public Forum

A member of the public commented she felt the recent quality of the water was making her puppy sick. The person making comment identified her residence in the city of Dos Palos versus in the JPA member out of the city districts.

7. Old Business:

A. Update on Construction of Water Treatment Facility

With funds coming from the State, the construction of the water plant is progressing. JPA Engineer Garth Pecchinino presented an update report dated 09/13/2024 revealing photos of the construction progress. The wash water basin foundation is described to be 20 feet below grade and is currently being prepared for back filling. The chlorine tank roof concrete construction has been completed. Water testing will be next as well as testing the sumps and pipelines. The Operations Building is having conduit installed for the chemical feed/storage building.

The construction of the new water plant is defined in terms of a 2-year timeframe. It is believed plant testing will be approximately 18-20 months into the projects construction schedule or around 2026 Q1. Upon successful testing, the old plant will be demolished.

B. Update Regarding Amended JPA and O & M Agreement

Legal Counsel Gabriel Delgado reported to the Board there was a discussion with the South Dos Palos counsel and the agreement has been moved to the City for any review concern.

8. New Business:

A. Board to Consider Accepting JPA Financial Report 2023/2024 Q4

Mr. Martorello, the JPA's Bookkeeper, presented the 2023/2024 quarterly financial report to the Board for the period ending April 1, 2024 to June 31, 2023.

On a motion from Director Campos with a second by Director Clark, the Board unanimously accepted the financial report. The vote on the motion was as follows:

Ayes: Campos, Clark, Davis, Porter
Nays: None

Absent: Lopez, Malm
Abstentions: None

B. Board to Approve Submission of 2024 Biennial Notice For Conflict-of-Interest Code

Mr. Martorello presented to the Board the Merced County 2024 Biennial Notice for Conflict-of-Interest Code. The notice must be signed and returned to the Merced County Board of Supervisors before October 1.

The purpose of the notice is to validate if there have been changes to the organization’s conflict-of interest policy. If there have been changes since the last notice (2022), the amended code must be forwarded with the signed 2024 notice. As of this meeting, legal counsel reported there were no changes to the JPA’s conflict-of-interest policy.

On a motion from Director Campos with a second by Director Clark, the Board unanimously agreed to the confirming of no changes to the JPA’s conflict-of-interest policy and to proceed with the signing of the 2024 notice. The vote on the motion was as follows:

Ayes: Campos, Clark, Davis, Porter
Nays: None

Absent: Lopez, Malm
Abstentions: None

C. Board to Review and Consider Acceptance of FY 2021-22 Audit

Mr. Martorello presented the JPA’s audited financial statements by Hawks & Associates CPAs for fiscal year 2021/2022 ending June 30. The Auditor’s Letter was originally prepared 01/19/2023 but was not released until 08/22/2024 with the final audit package. The delay was due to the Attorney Response letter not being signed and returned until August 7, 2024.

The audit identified two deficiencies related to internal controls that are considered material weakness. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

- **2021-01 Bank Reconciliations:** Bank reconciliations were not completed on the Cash with City of Dos Palos bank account.

The selected items all appeared to be properly recorded and the Auditor found no indication of fraud or error.

Bookkeeper’s Note: This account represents activities by the City of Dos Palos Finance Department in the processing of the JPA’s Accounts Payable and Accounts Receivable.

- **2020-02 Financial Reporting:** Internal controls over financial reporting include the process to prepare accurate and complete financial statements and all accompanying information.

While Management has properly reviewed and accepted responsibility for the financial statements and related footnotes, assistance was needed to post the conversion adjustments and to prepare the financial statements. While assistance with financial statement preparation is common for an entity of the Water Quality JPA’s size, the need for assistance represents a material weakness in internal controls

Bookkeeper’s Note: Prior to the contract hiring of Hawks & Associates CPAs for auditing services, the JPA’s prior auditor prepared both the conversion adjustments and the financial statements. The JPA’s bookkeeper updated the JPA’s accounting to reflect the conversion adjustments to match the prepared financial statements.

Page 21, Item 9, **Related Party Transactions**, should be revised to state “one seat on the Board” instead of “two seats on the Board.”

On a motion from Director Campos with a second by Director Clark, the Board unanimously agreed to accept the FY 2021/2022 final audit report from Hawks & Associates CPAs with material changes. The vote on the motion was as follows:

Ayes: Campos, Clark, Davis, Porter **Absent:** Lopez, Malm
Nays: None **Abstentions:** None

D. Board to Consider Hawks & Associates Audit Engagement Letter (FY 2022/2023 through 2024/2025)

Mr. Martorello presented to the Board the Hawks & Associates CPAs Audit Engagement Letter for fiscal years ending June 30, 2023 through June 30, 2025. The auditing services are to represent three fiscal years at an estimated annual range rate of \$8,000 to \$10,000, not to exceed \$10,500. Thus, the new auditing services representing the 3-Year Total to be estimated \$24,000 to \$30,000, not to exceed \$31,500.

For reference, the prior 3-Year Total was estimated as \$18,000 to \$19,500, not to exceed \$21,000. The total 3-year actual billings were \$30,110.

After a brief discussion, Legal Counsel Mr. Delgado suggested he would review the contract before the JPA releases the FY 2022/2023 financials for audit.

On a motion from Director Campos with a second by Director Clark, the Board unanimously agreed to proceed with the FY 2022/2023 audit with Hawks & Associates CPAs subject to counsel changes. The vote on the motion was as follows:

Ayes: Campos, Clark, Davis, Porter **Absent:** Lopez, Malm
Nays: None **Abstentions:** None

9. Staff Reports:

A. USBR Contract

Legal Counsel Mr. Delgado reported he was reviewing the current contract for the Bureau with City of Dos Palos City Manager Dwayne Jones and JPA Engineer Pecchinino. The contract is not up for renewal until 2028.

10. Reports Pursuant to Government Code Section 54954.2(A)(2):

No items to report at this time.

11. Adjournment:

The meeting was adjourned at 6:05 p.m.

Regularly scheduled Board of Directors meetings through the end of 2024 are

- Wednesday, Dec. 11, 2024 at 5:00 PM
- Wednesday, Mar. 19, 2025 at 5:00 PM

Respectfully submitted,
Richard Martorello
Recording Secretary