



JOSHUA BASIN WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY NOVEMBER 7, 2012 7:00 PM
61750 CHOLLITA ROAD, JOSHUA TREE CALIFORNIA 92252

AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. DETERMINATION OF QUORUM
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT: At this time, any member of the public may address the Board on matters within the Board's jurisdiction that are not listed on the agenda. Please use the podium microphone. The Board may not discuss at length or take action on items not on the agenda.
During either "Public Comment" Item, please use the podium microphone. State your name and have your information prepared and be ready to provide your comments to the Board. The District is interested and appreciates your comments. A 3-minute time limit may be imposed. Thank you.
6. CONSENT CALENDAR: Items on the Consent Calendar are considered routine in nature and will be adopted in total by one action of the Board of Directors unless any Board Member or any individual or organization interested in one or more consent calendar items wishes to be heard.
 - A. Approve Minutes of the October 17, 2012 Regular Board Meeting
 - B. Approve Financial Report for September 2012
 - C. Cadiz Letter for information
Recommend that the Board receive this report for information only.
- Pg. 1-4
Pg. 5-7
Pg. 8-9
- Pg. 10-11
7. GRANT APPLICATION FOR GROUND WATER RECHARGE PROJECT
Recommend that the Board take the following action: authorize Dudek Engineering to submit a grant in the amount of approximately \$2 million for the ground water recharge project at a cost of about \$10,000; authorize the expense to be paid from the General Fund Opportunity Reserve; and determine to delay construction of the ground water recharge ponds until it is known whether or not the grant is received.
8. BOARD INFORMATIONAL PRESENTATION OF BACKFLOW PREVENTION PROGRAM
9. CONSERVATION COORDINATOR REPORT: Deb Bollinger to report
- Pg. 12-14
10. APPROVE REQUIREMENT FOR OPENING OF NEW WATER ACCOUNTS
Recommend that the Board approve Citizens Advisory Committee recommendation requiring owners to either take out service in their name or pay off the bad debt after three incidents of tenants leaving bad Debt at the owners' property. (This is not a recommendation to require all owners to establish water accounts – it is only for owners whose tenants have left unpaid water bills on multiple occasions).

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11. BOARD MEETING DATES IN NOVEMBER
Recommend that the Board cancel the meeting of Wednesday, November 21 (the day before Thanksgiving) and direct staff to post a special meeting for Wednesday, November 28. debt at the owners' property. (This is not a recommendation to require all owners to establish water accounts – it is only for owners whose tenants have left unpaid water bills on multiple occasions).

12. COMMITTEE REPORTS

A. PUBLIC INFORMATION COMMITTEE: Vice President Luckman and Director Long: Kathleen Radnich, Public Outreach Consultant to report.

B. AD HOC ENGINEERING AND RECHARGE COMMITTEE: Director Long and Director Coate

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13. NOMINATION OF JBWD BOARD MEMBER FOR BOARD OF DIRECTORS OF ASSOCIATION OF SAN BERNARDINO COUNTY SPECIAL DISTRICTS (ASBCSD)
Recommend that the Board authorize a letter of recommendation nominating any one JBWD Board member interested in seeking the position of Director of the ASBCSD.

14. PUBLIC COMMENT

At this time, any member of the public may address the Board on matters within the Board's jurisdiction that are not listed on the agenda. Please use the podium microphone. The Board may not discuss at length or take action on items not on the agenda.

15. GENERAL MANAGER REPORT

16. DISTRICT GENERAL COUNSEL REPORT

17. FUTURE AGENDA ITEMS

18. DIRECTORS COMMENTS/REPORTS

A. President to appoint Ad Hoc Board Orientation Process Committee

19. CLOSED SESSION

A. At this time the Board will go into closed session pursuant to Government Code Section 54957.6 in order for the Board to consult with and instruct the Board's Negotiator and/or Ad Hoc Negotiation Committee charged with the responsibility of negotiating a new Agreement with the District's Management, Supervisor, and Confidential Unit Employees Unit.

B. At this time the Board will go into closed session to confer with Legal Counsel pursuant to Government Code Section 54956.9c concerning a matter of potential litigation. [one matter – unidentified].

20. ADJOURNMENT

INFORMATION

The public is invited to comment on any item on the agenda during discussion of that item.

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Joshua Basin Water District at (760) 366-8438, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the District's office located at 61750 Chollita Road, Joshua Tree, California 92252 during normal business hours.

This meeting is scheduled to be broadcast on Time Warner Cable Channel 10 on November 14 at 7:00 pm and November 21 at 7:00 pm.

DVD recordings of Joshua Basin Water District Board meetings are available at the District office and at the Joshua Tree Library.

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE BOARD OF DIRECTORS
October 17, 2012

1. CALL TO ORDER: 7:00 PM

2. PLEDGE OF ALLEGIANCE

3. DETERMINATION OF QUORUM:

Frank Coate	Present
Bill Long	Present
Mickey Luckman	Present
Mike Reynolds	Present
Gary Wilson	Present

STAFF PRESENT:

Joe Guzzetta, General Manager
Susan Greer, Assistant General Manager/Controller
Anne Roman, Accountant
Marie Salsberry, Executive Secretary

CONSULTANTS PRESENT:

Gil Granito, District Counsel
Kathleen Radnich, Public Outreach Consultant

GUESTS 7

4. APPROVAL OF AGENDA

MSC Luckman/Long 5/0 to approve the agenda for the October 17, 2012 Regular Board Meeting.

5. PUBLIC COMMENT

None.

6. CONSENT CALENDAR

MSC Luckman/Coate 5/0 to approve the minutes of the October 3, 2012 Regular Board Meeting; to approve the financial report for August 2012; to approve the check audit report for September 2012; to approve the holiday office schedule; to adopt Resolution 12-893 establishing the Appropriation Limit for fiscal year 12/13; and to authorize filing the Notice of Completion for the H-Zone Tank Site Grading project.

7. AWARD OF BID FOR PIPELINE PROJECT

General Manager Joe Guzzetta reported, noting that funding for the project is from 6.2 million dollars in grant funding, one million dollars from Mojave Water Agency and \$249,000 from the Morongo Pipeline Reserve. There was no discussion.

MSC Coate/Long 4/1 to award the bid for Schedule A (Pipeline) to Jones Brothers Construction Company in the amount of \$3,696,235; to make the award contingent on negotiating an agreeable change order to address new Caltrans requirements; and to authorize a budget for this portion of the construction in the amount of \$4,065,858 including a 10% contingency.

Coate	Aye
Long	Aye
Luckman	Aye
Reynolds	Aye
Wilson	No

8. INSTALLATION OF FENCE AT H-ZONE TANK SITE

GM Guzzetta presented the staff report.

MSC Luckman/Coate 5/0 to authorize installation of a fence around the H-Zone Tank Site by Fatty's Fencing Company at a cost of \$12,102.70 and to authorize contingency of \$1,500.00.

9. PROJECT FOR ALTITUDE VALVE AT C2B TANK AND EARTHQUAKE SHUTOFF VALVES AT CB, C-1 AND B TANKS

GM Guzzetta presented the staff report.

Director Long made a motion to authorize purchase of equipment for the above projects at an estimated cost of approximately \$160,000; to authorize a contract to Luna Pacific for the installation of the equipment at a cost of \$38,000, and to authorize adjustment in the Supplemental Budget for the installation cost plus about \$5,000 in additional equipment costs.

Vice President Luckman amended the motion to add 10% contingency for the project.

MSC Luckman/Coate 5/0 to authorize purchase of equipment for the above projects at an estimated cost of approximately \$160,000; to authorize a contract to Luna Pacific for the installation of the equipment at a cost of \$38,000; to authorize adjustment in the Supplemental Budget for the installation cost plus about \$5,000 in additional equipment costs; and to authorize 10% contingency.

10. APPROVE NEW JOB DESCRIPTION FOR LEAD CUSTOMER SERVICE REPRESENTATIVE

GM Guzzetta presented the staff report, stating the proposed Lead Customer Service Representative Position would oversee coordination between the two Customer Service Representative positions and the Accounts Receivable position. This not a supervisory position; the position will report to the Assistant General Manager/Controller.

MSC Luckman/Long 4/1 to authorize the re-classification of one Customer Service Representative to Lead Customer Service Representative; to approve the Lead Customer Service Representative job description; and to authorize a pay range at 10% above the Customer Service Representative or \$35,928 to \$46,702 per year.

Coate	Aye
Long	Aye
Luckman	Aye
Reynolds	Aye
Wilson	No

11. PAYROLL OUTSOURCING

Accountant Anne Roman presented the staff report.

MSC Coate/Luckman 4/1 to authorize the General Manager to enter into a contract with Paychex for payroll services, with a first year cost of approximately \$10,300 including setup, and subsequent year costs of approximately \$8,400.

Coate	Aye
Long	Aye
Luckman	Aye
Reynolds	Aye
Wilson	No

12. EMPLOYMENT AGREEMENT WITH GENERAL MANAGER

Director Long presented the report on behalf of the Ad Hoc Committee, noting that the current

contract expires next month.

MSC Long/Luckman 3/2 to authorize the President to sign an agreement with Joe Guzzetta for continued employment as General Manager of the Joshua Basin Water District.

Coate	No
Long	Aye
Luckman	Aye
Reynolds	Aye
Wilson	No

13. PRESENTATION ON DISTRICT INVESTMENT POLICY

Assistant General Manager/Controller Susan Greer gave a presentation on the District's Investment policy.

14. REVIEW STRATEGIC PLAN SUMMARY

GM Guzzetta reviewed the summary, noting items that have been addressed recently and items that have been completed.

15. COMMITTEE REPORTS

- A. PUBLIC INFORMATION COMMITTEE: Vice President Luckman and Director Long; Kathleen Radnich, Public Outreach Consultant reported on the upcoming ABCs of water in November, and that the District will participate at the local Great California Shakeout tomorrow.
- B. AD HOC GENERAL MANAGER CONTRACT NEGOTIATION COMMITTEE: President Reynolds and Director Long: President Reynolds dissolved the committee.
- C. AD HOC UTILITY SERVICES CONTRACT COMMITTEE: Director Coate and Director Long: GM Guzzetta reported that legal counsel Gil Granito is developing the contract.
- D. AD HOC RECHARGE COMMITTEE: Director Long and Director Coate: The Committee met earlier today to discuss items on tonight's Board agenda.
- E. AD HOC ENGINEERING COMMITTEE: Director Coate and Director Long: met today to discuss items on tonight's Board agenda.
- F. CITIZENS ADVISORY COMMITTEE: Jay St. Gaudens, Chair: Jay St. Gaudens reported the Citizens Advisory Committee met and discussed property owner responsibility for bad debt. The committee also reviewed the Strategic Plan and would like a quarterly update beginning with the February meeting. The committee also reviewed the membership guidelines.

16. PUBLIC COMMENT

Steven Whitman of Joshua Tree commented he missed the CAC meeting and would like for all meetings to be posted publicly in this room.

Jay St. Gaudens commended the Board on award of the recharge pipeline construction contract.

17. GENERAL MANAGER REPORT

GM Guzzetta reported that Citizens Advisory Committee meetings are noticed the same way as the Board meetings; anyone wanting notification should contact the District. He reported on a mainline leak on the pipeline that serves the local hospital, noting that staff did a great job and interacted well with other agencies such as CalTrans and Hi-Desert Medical Center. Repair of the pipeline was very successful; Jim Corbin was the lead on this job.

18. DISTRICT GENERAL COUNSEL REPORT

Legal Counsel Gil Granito reported there will be a Closed Session for item 21B.

19. FUTURE AGENDA ITEMS

None requested.

20. DIRECTORS COMMENTS/REPORTS

Vice President Luckman reported attending the Mojave Water Agency Board meeting where a Resolution to give capacity in the Morongo Pipeline was passed. Director Coate reported attending the Association of San Bernardino County Special Districts (ASBCSD) meeting Monday night where he saw a presentation on water conservation. President Reynolds reported attending the ASBCSD meeting; Joshua Basin Water District hosted and GM Guzzetta was the speaker. President Reynolds noted the general manager's presentation was very well received.

21. CLOSED SESSION:

- A. At this time the Board will go into closed session pursuant to Government Code Section 54957.6 in order for the Board to consult with and instruct the Board's Ad Hoc Negotiation Committee (Mike Reynolds and Bill Long), which is acting as the Board's designated representative and is charged with the responsibility of negotiating a new Employment Agreement with the District's General Manager.
- B. At this time the Board will go into closed session to confer with Legal Counsel pursuant to Government Code Section 54956.9(c) concerning a matter of potential litigation. [one matter- unidentified].

The Board went to closed session to consider item 21.B at 8:10 pm. GM Guzzetta noted that no reportable action is expected to be taken during the closed session.

The meeting resumed in open session at 8:28 pm.

Legal Counsel Gil Granito reported that general counsel met with the Board in closed session at 8:10 pm for the purpose noted in Item 21.B; during the closed session general counsel and the general manager led discussion pursuant to Government Code 54956.9(c) on a potential eminent domain litigation matter and no further reportable action was taken. Item 21A was not discussed during the closed session.

22. ADJOURNMENT 8:30 PM

MSC Luckman/Long 5/0 to adjourn the October 17, 2012 Regular meeting of the Board of Directors.

Respectfully submitted:

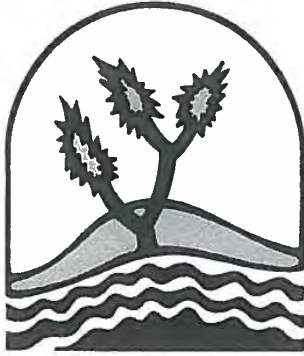
Joe Guzzetta, General Manager

The next regular meeting of the Board of Directors is scheduled for November 7, 2012 at 7:00 pm.

		BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	ENDING BALANCE	AVERAGE DAILY BALANCE
GENERAL FUND						
01 -11100	PETTY CASH FUND	600.00	0.00	0.00	600.00	600.00
01 -11110	CHANGE FUND	1,500.00	0.00	0.00	1,500.00	1,500.00
01 -11200	GENERAL FUND-U S	96,198.11	157.32	3,041.09CR	93,314.34	93,314.34
01 -11210	PAYROLL FUND - U	6,535.96	1,536.96	3,072.92CR	5,000.00	5,000.00
01 -11220	CREDIT CARD FUND	75,000.67	0.00	1,302.85CR	73,697.82	73,697.82
01 -11300	LAIF - INVESTMEN	721,358.71	1,580.69	75,760.42CR	647,178.98	647,178.98
01 -11305	LAIF - EMERGENCY	1,000,000.00	0.00	0.00	1,000,000.00	1,000,000.00
01 -11306	LAIF - EQUIP & T	356,210.57	0.00	0.00	356,210.57	356,210.57
01 -11307	LAIF - OPPORTUNI	2,000,000.00	0.00	0.00	2,000,000.00	2,000,000.00
01 -11308	LAIF - WELL & BO	50,000.00	0.00	0.00	50,000.00	50,000.00
01 -11309	LAIF - CONSUMER	302,458.24	1,150.00	1,580.69CR	302,027.55	302,027.55
01 -11310	LAIF - WATER CAP	95,328.82CR	0.00	0.00	95,328.82CR	95,328.82CR
01 -11313	LAIF - SEWER CAP	113,342.71	74,610.42	0.00	187,953.13	187,953.13
01 -11315	LAIF - CAPITAL P	0.00	0.00	0.00	0.00	0.00
01 -11320	LAIF- CMM REDEMP	178,632.00	0.00	0.00	178,632.00	178,632.00
01 -11325	LAIF - CMM RESER	274,370.86	0.00	0.00	274,370.86	274,370.86
01 -11330	LAIF - CMM PREPA	2,973.33	0.00	0.00	2,973.33	2,973.33
01 -11338	LAIF - HI DESERT	2,410,700.00	0.00	0.00	2,410,700.00	2,410,700.00
FUND 01 TOTAL		7,494,552.34	79,035.39	84,757.97CR	7,488,829.76	7,488,829.76
REPORT TOTALS		7,494,552.34	79,035.39	84,757.97CR	7,488,829.76	7,488,829.76

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AS



JOSHUA BASIN WATER DISTRICT

P.O. BOX 675 • 61750 CHOLLITA ROAD • JOSHUA TREE • CALIFORNIA 92252

TELEPHONE (760) 366-8438 FAX (760) 366-9528

Cash Flow

September 30, 2012

Beginning Cash			5,316,099.67
SOURCE OF FUNDS:			
Water A/R Collections	269,076.50		
Turn On/Misc	3,367.74		
Consumer Deposits	6,550.00		
Project Deposits	2,410,700.00		
Property Taxes G.D.	0.00		
ID #2 Tax Collections	0.00		
Standby Collections - Prior	0.00		
Standby Collections - Current	448.00		
CMM Assessment Collections	0.00		
Water Capacity Charges	0.00		
Sewer Capacity Charges	74,610.42		
Meter Installation Fees	0.00		
Interest	0.00		
TOTAL SOURCE OF FUNDS		<u>2,764,752.66</u>	
FUNDS USED:			
Debt Service	172,977.35		
Capital Additions	155,539.05		
Operating Expenses	145,802.18		
Employee Funded 457 Transfer	2,205.38		
Bank Transfer Payroll Taxes	26,976.85		
CalPERS Transfer	17,511.99	521,012.80	
		<u>69,028.53</u>	
Bank Transfer Payroll	69,028.53		
Bank Transfer Fees/Charges	1,981.24	71,009.77	
TOTAL USE OF FUNDS		<u>592,022.57</u>	
Net Increase (Decrease)			<u>2,172,730.09</u>
Cash Balance at End of Period			<u><u>7,488,829.76</u></u>

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BOARD REPORT

AS OF: SEPTEMBER 30TH, 2012

01 -GENERAL FUND
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 25.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<u>REVENUE SUMMARY</u>						
REVENUES	4,706,850	714,082.79	1,276,688.57	0.00	3,430,160.99	27.12
TOTAL REVENUES	4,706,850	714,082.79	1,276,688.57	0.00	3,430,160.99	27.12
<u>EXPENSE SUMMARY</u>						
Production	1,054,682	68,402.40	174,879.64	0.00	879,802.36	16.58
Distribution	626,084	43,239.73	114,242.36	0.00	511,841.64	18.25
Customer Service	542,893	40,126.38	105,257.68	0.00	437,635.32	19.39
Administration	560,783	38,623.68	109,994.63	0.00	450,788.21	19.61
Engineering	186,809	21,485.46	46,181.73	0.00	140,627.27	24.72
Finance	423,351	37,009.13	106,413.90	0.00	316,937.10	25.14
Personnel	117,976	2,410.23	12,022.26	0.00	105,953.74	10.19
Legal	104,000	7,654.61	15,668.31	0.00	88,331.69	15.07
Bonds & Loans	595,491	175,042.75	175,107.45	0.00	420,383.06	29.41
Benefits Allocated	0 (	0.11)	0.00	0.00	0.00	0.00
Field Allocated	0 (	0.01)	0.00	0.00	0.00	0.00
Office allocated	(1)	0.00	0.00	0.00 (	0.52)	0.00
Non-departmental	199,214	0.00	0.00	0.00	199,214.00	0.00
TOTAL EXPENSES	4,411,282	433,994.25	859,767.96	0.00	3,551,513.87	19.49
REVENUE OVER/(UNDER) EXPENSES	295,568	280,088.54	416,920.61	0.00 (	121,352.88)	141.06

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

November 7, 2012

Report to: President and Members of the Board
From: Joe Guzzetta, General Manager

TOPIC: LETTER OF CONCERN FOR CADIZ PROJECT AND
CONSIDERATION OF WHETHER OR NOT BOARD WANTS T60
TAKE A POSITION ON THE PROJECT

RECOMMENDATION: That the Board receive this report for information only.

ANALYSIS: On September 19, 2012, the Board heard presentations about Cadiz Project. The Board authorized a letter of concern "urging that NEPA review be conducted and that independent scientists be consulted to evaluate substantially differing and important scientific data presented in various studies" to be reviewed by the President and Vice President before being sent.

In response, President Mike Reynolds and Vice President Mickey Luckman attended the meeting of the San Bernardino County Board of Supervisors. President Reynolds personally addressed the Board to express the concern of Joshua Basin Water District. In addition he and Vice President Mickey Luckman prepared the attached letter which was sent to the following individuals:

Board of Supervisors of County of San Bernardino
Dianne Feinstein, Senator
Jim Kenna, State Director
Mike Pool, Director of BLM
Ken Salazar, Secretary of Interior

The committee asked that this be brought back to the Board for your information. No action is required.

Dear SB County Board of Supervisors:

The Joshua Basin Water District Board of Directors would like to express its concern about several aspects of the Cadiz Valley Water Conservation, Recovery and Storage Project. While we take no position on the project itself as it is outside our District boundaries, we have grave concerns about its potential environmental impacts on the Mojave National Preserve, as well as to properties owned by the Bureau of Land Management.

We therefore request that this project be required to submit to an immediate federal environmental review under the National Environmental Policy Act, including determining the impact Cadiz pumping could have on desert seeps and springs throughout the area and the concern that the desiccation of Bristol and Cadiz Dry Lakes could result in fugitive dust that would harm regional air quality.

We also request that the scientific data, methodologies, and assumptions contained in Cadiz's Final Environmental Impact Report be reviewed by independent hydrogeological experts. There are serious discrepancies between the Cadiz studies and findings from prestigious agencies such as the US Geological Survey and the National Park Service. Depending on which figures are accurate, much more water could be removed over the project's fifty year lifespan than will be replenished from precipitation.

The Board is aware that many desert areas, including ours, are in a state of overdraft requiring that we import water from Northern California. Before water is exported *from* the desert, we believe there should be scientific certainty that the exportation will neither create another overdraft situation nor will it have a significant impact on the delicate and sensitive desert environment.

Thank you for your consideration.

Sincerely,

Mike Reynolds
President

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

November 7, 2012

Report to: President and Members of the Board
From: Joe Guzzetta, General Manager

TOPIC: GRANT APPLICATION FOR GROUND WATER RECHARGE PROJECT

RECOMMENDATION: That the Board take the following action:

- 1) Authorize Dudek Engineering to submit a grant in the amount of approximately \$2 million for the ground water recharge project at a cost of about \$10,000;
- 2) Authorize the expense to be paid from the General Fund Opportunity Reserve; and
- 3) Determine to delay construction of the ground water recharge ponds until it is known whether or not the grant is received.

ANALYSIS: The District has an opportunity to apply for another grant for the groundwater recharge project which, if received, could result in receiving an additional \$715,000 for costs that the District incurred as long ago as 2009. It may also be possible to eliminate the need to use \$249,000 from the Mojave Pipeline Reserves and the \$1,000,000 Mojave Water Agency grant, allowing those funds to be used for other purposes, possibly the purchase of water.

Following is our current funding for the Recharge Project

\$3,200,000 Prop 84 CDPH
\$3,000,000 Prop 84 DWR
\$1,000,000 Mojave Water Agency Grant
<u>249,000</u> Mojave Pipeline Reserves
7,449,900

Of this amount, the 1,000,000 MWA Grant and the \$249,000 Pipeline reserves could be used for other purposes if we didn't have to spend it on construction

Below are the current cost estimates that could be eligible for grant funding. Our total project, including initial studies and preliminary engineering no longer eligible for grant funding is in the range of \$10M.

\$3,859,235 Construction contract
 2,500,000 Pond
 600,000 Construction Management
185,000 Environmental Monitoring
 7,144,235 Total cost
714,423 10% contingency
 7,758,658

715,000 Prior expenses that can be reimbursed (Prop 84)
 8,473,658 Total potential reimbursable costs
-6,200,000 Prop 84 Funding
 2,273,658 that can be applied for in another grant.

If we could get the \$2,273,658 we could be reimbursed for the \$715,000 from Prop 84 CDPH Grant that otherwise would not be reimbursed and have the full \$714,423 in contingency covered, and make the Mojave Water Agency and Pipeline Reserve funds available for other purposes, including possibly to purchase water. This would be subject to MWA approval.

Hopefully we would have some indication by June 2013 as to whether or not we would be in the running for a grant.

The District has a \$2M Congressional authorization that can be used for this project.

JOSHUA BASIN WATER DISTRICT
AGENDA REPORT

Regular Meeting of the Board of Directors

November 7, 2012

Report to: President and Members of the Board

From: Susan Greer, Assistant General Manager/Controller



TOPIC:

Approve Requirement for Opening of New Water Accounts

RECOMMENDATION:

Approve CAC recommendation requiring owners to either take out service in their name or pay off the bad debt after three incidents of tenants leaving bad debt at the owners' property. *(This is not a recommendation to require all owners to establish water accounts—it is only for owners whose tenants have left unpaid water bills on multiple occasions)*

ANALYSIS:

This issue, of solutions for bad debt on rental properties, was referred to the CAC by the Board of Directors. Recall that more than two-thirds of our bad debt each year is resulting from tenants. Many of those are incurred at the same properties over and over or at properties owned by the same owner.

The Board asked the CAC to consider whether owners should be made responsible for water accounts. In short, the CAC says no, except in certain circumstances.

To help in answering the question, the CAC asked for information from other agencies about who they allow to open new accounts, whether they lien properties for unpaid owners bills and the percentage of bad debt they have. Our research (attached) indicates that most agencies allow either owner or tenant to establish service, but a few require accounts to be established in owner's name only. Most agencies lien for unpaid owner bills. The percentage of bad debt varies from zero (which is not possible) to 1.76%, with JBWD's number being on the higher side at .96% (most of the other numbers are .60% or less and only one is higher than ours). Note that we requested information from 15 different agencies and received complete information from only six.

After the research and several meetings which included spirited discussion, the following recommendations were provided by the CAC:

- 1) Do not require all property owners to take out service
- 2) Require property owners to sign for service when three incidents of bad debt have been recorded for property owned by the property owner.
- 3) Clarify that for property owners with multiple incidents of bad debt, tenants can once again sign for service after 5 years with no more bad debt, or if the owner pays all prior bad debt.

Note that the CAC recommendation was not unanimous and one member wanted all owners to take out service in order to reduce bad debt with a simpler administrative process.

The CAC agreed that the most reasonable way to implement this policy would be to send a letter to all of the owners who had tenant bad debt on the 11/12 bad debt write off list, providing them notice about the consequences of future tenant bad debt. In addition, the District will outreach to the public through our newsletter and perhaps direct mailing to realtors, etc. We don't have a simple way of identifying which of our accounts are tenants and which are owners, and that information changes constantly anyway.

If the Board agrees with the CAC recommendations, Staff will move forward to make changes to the rules and regulations and bring that back for approval.

FISCAL IMPACT:

Some minor additional administrative cost during the bad debt review process. This policy should ultimately result in savings to the District by reducing bad debt.

Comparison of Bad Debt and Related Issues in Other Water Agencies

Bad Debt Detail Only

Agency Name	Who can start service		Unpaid owners bills do they lien properties	As 6/30/11 year end water revenues	Bad Debt
	owner	tenant			
<u>Joshua Basin Water District</u>	X	X	Yes as of last year	\$ 2,690,424	\$ 25,745 0.96%
<u>Hi-Desert Water District</u>	X	X	Yes as of last year	\$ 5,500,000	\$ 97,000 1.76%
<u>Mission Springs Water District</u> Desert Hot Springs	X	X owner/tenant agreement	Yes	\$ 6,200,000	\$ - report 100% collection
<u>Desert Water Agency</u> Palm Springs	X	(owner can designate tenant to receive bill, but owner resp.	Yes	\$ 17,000,000.00	\$ 27,700.00 0.16%
<u>Eastern Municipal Water District</u> Moreno Valley, Hemet, Sun City	X	X either, if prior account in good standing	Yes	\$102,479,984	\$ 610,536 0.60%
		If 3 or more tenants left uncollectable balance, account must remain in owner's name.			
<u>Riverside Public utilities</u> Riverside	X	X	No may file small claims on owner	\$ 5,062,208.08	\$ 11,644.57 0.23%
<u>Pinyon Pines County Water District</u> Mountain Center	X		No, but entire unpaid balance must be paid before service is reinstated, even if new owner.		\$ - report 100% collection

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

November 7, 2012

Report to: President and Members of the Board
From: Joe Guzzetta, General Manager

TOPIC: BOARD MEETING DATES IN NOVEMBER

RECOMMENDATION: That the Board cancel the meeting of Wednesday, November 21 (the day before Thanksgiving) and set a special meeting for Wednesday, November 28.

ANALYSIS: The Board's second regular meeting in November is on the 21st, the day before Thanksgiving.

The Board has already cancelled the meeting of December 5 due to the Association of Water Agencies Conference. The following meeting will be on December 12th. It would appear that Wednesday, November 28, is an available date.

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

November 7, 2012

Report to: President and Members of the Board
From: Joe Guzzetta, General Manager

TOPIC: NOMINATION OF JBWD BOARD MEMBER FOR BOARD OF DIRECTORS OF ASSOCIATION OF SAN BERNARDINO COUNTY SPECIAL DISTRICTS (ASBCSD)

RECOMMENDATION: That the Board authorize a letter of recommendation nominating any one JBWD Board member interested in seeking the position of Director of the ASBCSD.

ANALYSIS: The Association of San Bernardino County Special Districts has a vacant Director seat. Joshua Basin Water District participates in the ASBCSD and Vice President Reynolds is the representative appointed to attend those meetings.

Any JBWD Board member may apply for the vacant seat, but must be recommended by the JBWD Board. Nominations must be made before November 19. This will be the only JBWD Board meeting before that date.

ASBCSD directors are required to attend Board meetings which are typically on the same nights as the ASBCSD general meetings. Joshua Basin Water District would be required to pay any expenses involved with the position. Since the meetings are usually held at the same day and location of the general meetings there should be only nominal additional expenses, if any.

Approval of this action is needed in order for ASBCSD to consider any JBWD Board member interested in seeking the position.