



JOSHUA BASIN WATER DISTRICT

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JOSHUA BASIN WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY NOVEMBER 03, 2010 7:00 PM
61750 CHOLLITA ROAD, JOSHUA TREE, CA 92252

AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. DETERMINATION OF QUORUM
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT
6. CONSENT CALENDAR
 - A. Minutes October 20, 2010 Regular Board Meeting
7. WRITE-OFF BAD DEBT FOR FISCAL YEAR 09/10
Recommend that the Board Approve \$23,228.82 bad debt write-off.
8. LETTER FROM ATTORNEY GIL GRANITO SUPPORTING YORBA LINDA WATER DISTRICT (YLWD) IN DEFENDING AN INVERSE CONDEMNATION LAWSUIT ALLEGING THAT THE DISTRICT CONDEMNED PRIVATE PROPERTY BY FAILING TO PROVIDE SUFFICIENT WATER DURING A CATASTROPHIC FIRE STORM
Recommend that the Board authorize Legal Counsel Gil Granito to submit an “Amicus Curiae” letter supporting the YLWD in defending the suit.
9. NOMINATION OF VICE PRESIDENT REYNOLDS FOR BOARD OF DIRECTORS OF ASSOCIATION OF SAN BERNARDINO COUNTY SPECIAL DISTRICTS (ASBCSD)
Recommend that the Board authorize President Luckman to submit a letter of recommendation nominating Vice President Reynolds for the position of Director of the ASBCSD.

10. PROJECT PRIORITY LIST
11. PUBLIC COMMENT
12. GENERAL MANAGER REPORT
13. DIRECTORS COMMENTS/REPORTS
14. ADJOURNMENT

The Board of Directors reserves the right to take action on items reserved for discussion only.

INFORMATION

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.

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.

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE BOARD OF DIRECTORS
October 20, 2010

1. CALL TO ORDER 7:05 PM

2. PLEDGE OF ALLEGIANCE Led by Victoria Fuller

3. DETERMINATION OF QUORUM: By roll-call:
Bill Long Present
Mickey Luckman Present
Mike Reynolds Present
Steven Whitman Present
Gary Wilson Present

STAFF PRESENT: Joe Guzzetta, General Manager
Susan Greer, Assistant GM/Controller
CONSULTANTS: Kathleen Radnich, Public Information Consultant

GUESTS: 9

4. APPROVAL OF AGENDA
MSC Long/Whitman 5/0 to approve the agenda for the Regular Meeting of October 20, 2010.

5. PUBLIC COMMENT
Al Marquez of Joshua Tree commented

6. CONSENT CALENDAR
MSC Long/Reynolds 5/0 to approve the minutes of the Regular meeting of October 6, 2010 and to approve the financial report for September 2010.

7. REPORT ON PUBLIC OUTREACH ACTIVITIES
Public Information Consultant Kathleen Radnich reported on current outreach activities

8. PROJECT PRIORITY LIST
The Board and staff reviewed the project list. Director Long commented on the need to proceed with property acquisition for future reservoirs, telemetry, and chlorination analyzers. He stated that earthquake shut-off valves should be considered a higher priority

9. PUBLIC COMMENT
None.

10. GENERAL MANAGER REPORT

11. DIRECTORS COMMENTS/REPORTS
Director Long asked the public to consider all candidates carefully and vote in the upcoming election. Vice-President Reynolds wished all candidates luck, and reported on the Association of San Bernardino County Special Districts meeting he attended on October 18. He also stated that Board compensation is a matter of public information.

President Luckman urged voters to study the candidates and suggested viewing the DVD of the Joshua Basin Water District candidates forum, available at the Joshua Tree library..

12. ADJOURNMENT 7:47 PM

MSC Long/Reynolds 5/0 to adjourn the October 20, 2010 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 Wednesday October 20, 2010 at 7:00 pm.

DRAFT

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

November 3, 2010

To: President and Members of the Board
From: Susan Greer, Assistant General Manager/Controller

TOPIC: Board of Directors to Consider Authorizing Staff to Write-Off Bad Debt for Fiscal Year 09/10

RECOMMENDATION: Approve \$23,228.82 bad debt write-off.

ANALYSIS: The proposed write-off for 09/10 is \$23,228.82, a decrease of \$64 from last year. This is a matter that comes before the Board every year and is required in order to complete the 09/10 audit.

The current \$23,229 bad debt represents 188 accounts ranging in amount from \$0.10 to \$1,035; an average of \$124 per account. This is compared to 291 accounts ranging in amount from \$0.03 to \$635, an average of \$80 per account last year.

The bad debt amount is virtually the same as last year and at \$23,229 is \$3,229 over budget. While bad debt remains unchanged from last year, it has increased 247% since 05/06.

When we look at bad debt, we also consider the Water Account Assistance Program (WAAP) billing adjustments already authorized by Staff as another type of bad debt. The WAAP adjustments are given to customers with unusually high bills resulting from unknown or accidental origin, such as leaks. For 09/10, the WAAP adjustments increased 486% from \$918 to \$5,384 although they have increased only 7% since 05/06. The total of bad debt and the WAAP's was budgeted at \$20,918; the actual is \$28,612—\$7,694 or 37% more than the budget.

A table representing some historical results of bad debt and the WAAP adjustments is presented below.

Year	Bad Debt	WAAP	Total
09/10	\$23,229	\$5,384	\$28,613
08/09	23,292	918	24,210
07/08	15,621	2,796	18,417
06/07	15,329	6,161	21,490
05/06	6,703	5,013	11,716

This annual bad debt write-off discussion is the opportunity to consider how we might improve these results in the future.

An analysis of the bad debt accounts has been performed and we share some of those results here but will discuss this issue and solutions in more detail at a later date.

09/10 BAD DEBT SUMMARY

Total number of accounts	188	
Number with deposits at time account closed	148	79%
No deposit at closing (already refunded)	40	21%
Locked off for Non-Payment	99	53%
Late / Minimum payers	176	94%

Main issues noted:

1. Amount of deposit is insufficient
2. Late/minimum payers are increased risk
3. Multiple bad debts at one address
4. Filing liens for unpaid water bills

The amount of our deposit is \$100 and has been the same for more than 10 years. As the amount of the water bills increase over time, so must the deposit.

The District has many customers who make late and minimum payments every month causing us to initiate the lock-off process. Then the customer pays only enough to maintain service without lock-off while still carrying an additional balance due. On average, well over 900 accounts out of 4,400 pay late, 1 out of 5 customers. Realizing that it takes us 3.5 months before an account can be legally locked off for non-payment, these late and minimum pay customers are an increased risk. Note in the summary above that 94% of the customers on the bad debt list were late and/or minimum payers. Current rules do not allow us to require an increased deposit until the account is locked off for non-payment.

Another area of concern is multiple bad debts at one address. There are 12 addresses on the current bad debt list that have 2 accounts being written off in one year; 24 accounts in total. If these are rentals, it may be an indication that screening of tenants is inadequate at the address. Further review of our old bad debt list back to 1999 shows that 61 of the 188 addresses on the current list, nearly one-third, are already on our bad debt list. Two accounts on the current list have another 4 accounts on the old list. Another account has 5 more bad debt accounts on the old list; that's 6 bad debt accounts at one address since

1999. The District can require that owners maintain water accounts, not allowing tenants to establish accounts that owners cannot be made responsible to pay. This can be required in all cases or determined on a case-by-case basis. Alternatively, we could require owners to guarantee payment at their property address, as was done in the past.

The District can file liens for unpaid water charges only in cases where the owner of the property is the account holder or has guaranteed payment in writing. Filing of liens was done in the past but abandoned many years ago. We would not propose filing liens on all bad debts due to the effort involved but it certainly makes sense for *owner* bad debts larger than \$100, for example. We could then recover some of the bad debt amounts over time when properties sell.

These issues and more along with proposed solutions will be discussed in more detail at a later date.

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET
AGENDA ITEM #

Regular Meeting of the Board of Directors

November 3, 2010

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

TOPIC: LETTER FROM ATTORNEY GIL GRANITO SUPPORTING YORBA LINDA WATER DISTRICT (YLWD) IN DEFENDING AN INVERSE CONDEMNATION LAWSUIT ALLEGING THAT THE DISTRICT CONDEMNED PRIVATE PROPERTY BY FAILING TO PROVIDE SUFFICIENT WATER DURING A CATASTROPHIC FIRE STORM

RECOMMENDATION: That the Board authorize Legal Counsel Gil Granito to submit an "Amicus Curiae" letter supporting the YLWD in defending the suit.

ANALYSIS: Attached is a letter from the Yorba Linda Water District requesting letters of support in defending an inverse condemnation lawsuit that has been filed. Board approval is required for a letter, called an "Amicus Curiae" (Friend of the Court) letter, which has been written by our legal counsel, Gil Granito. This letter does not obligate Joshua Basin Water District to any costs.

In summary, Yorba Linda suffered a severe fire storm in November 2008. A number of homes were lost. Water districts have typically been immune from fire-related liability through "firefighters immunities" in the Government Code. However, the homeowners have filed an inverse condemnation action alleging that YLWD took or damaged their property by failing to provide sufficient water.

The Alliance of California Water Agencies (ACWA) Joint Powers Insurance Agency, of which both YLWD and JBWD are members, is vigorously defending this lawsuit. If the plaintiffs are successful, this situation could cause liability for all water districts in future disasters.

Attorney Gil Granito will have additional information to present before the Board meeting. The lawsuit is at a very preliminary stage at this time and additional letters may be needed later in the process if the lawsuit proceeds.

Approval of this action may help protect JBWD in the future.

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

TOPIC: NOMINATION OF VICE PRESIDENT REYNOLDS FOR BOARD OF DIRECTORS OF ASSOCIATION OF SAN BERNARDINO COUNTY SPECIAL DISTRICTS (ASBCSD)

RECOMMENDATION: That the Board authorize President Luckman to submit a letter of recommendation nominating Vice President Reynolds for 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.

President Luckman has proposed that Vice President Reynolds be nominated to fill the seat and Vice President Reynolds is willing to apply for the position.

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 Vice President Reynolds for the position.