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An Equal Opportunity Provider

JOSHUA BASIN WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY AUGUST 5, 2015 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:
This is the opportunity for members of the public to address the Board on matters within the Board's jurisdiction that are not listed on the agenda. Please limit comments to three (3) minutes or less. State law prohibits the Board of Directors from discussing or taking action on items not included on the agenda.
- Pgs. 1-6 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 Draft Minutes of the July 15, 2015 Regular Meeting of the Board of Directors.
- Pgs. 7-9 7. APPROVE 14/15 BAD DEBT WRITE-OFF AND CONSIDER INCREASE TO GUARANTEE DEPOSIT FOR NEW CUSTOMERS WITH RED/POOR CREDIT
Recommend that the Board:
 - 1) Approve 14/15 bad debt write off in the amount of \$15,131.44, as recommended by the Finance Committee, and
 - 2) Consider Staff recommendation to increase the guarantee deposit amount for customers with red/poor credit, which is not recommended by the Finance Committee.
- Pgs. 10-19 8. 15/16 MID-BUDGET REVIEW
Recommend that the Board:
 - 1) Approve adjustments for 14/15 – 15/16 previously-adopted two-year operating budget, reducing net revenue from \$57,773 to \$7,628, and
 - 2) Establish a Building Reserve account and deposit \$25,000 of the current \$104,000 designated for the Equipment and Technology Reserve account into the new reserve account

and continue doing so each year until the Equipment and Technology Reserve starts to look under-funded or the Building Reserve starts to look over-funded, and then reassess.

Pgs. 20-24

9. APPROVE INVESTMENT POLICY
Recommend that the Board approve the Investment Policy.

Pg. 25

10. RESOLUTION SUPPORTING THE NOMINATION OF DIRECTOR KATHLEEN TIEGS AS THE ASSOCIATION OF CALIFORNIA WATER AGENCIES PRESIDENT
Recommend that the Board adopt the resolution.

11. STANDING COMMITTEE REPORTS:

- A. PUBLIC INFORMATION COMMITTEE: Vice President Luckman and Director Unger: Kathleen Radnich, Public Outreach Consultant to report.
- B. FINANCE COMMITTEE: President Fuller and Director Johnson. Next meeting is scheduled for August 31, 2015
- C. WATER RESOURCES & OPERATIONS COMMITTEE: Vice President Luckman and Director Johnson. Next meeting is scheduled for August 25, 2015

12. PUBLIC COMMENT:

This is the opportunity for members of the public to address the Board on matters within the Board's jurisdiction that are not listed on the agenda. Please limit comments to three (3) minutes or less. State law prohibits the Board of Directors from discussing or taking action on items not included on the agenda.

13. DISTRICT GENERAL COUNSEL REPORT

14. GENERAL MANAGER REPORT

15. FUTURE DIRECTOR MEETINGS AND TRAINING OPPORTUNITIES
ASBCSD, August 17 – Mike Reynolds
Mojave Water Agency, August 13– Rebecca Unger

16. INDIVIDUAL DIRECTOR REPORTS ON MEETINGS ATTENDED

17. DIRECTORS COMMENTS/REPORTS

18. FUTURE AGENDA ITEMS

19. 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 August 12 at 7:00 pm and August 19 at 7:00 pm. DVD recordings of Joshua Basin Water District Board meetings are available at the District office.

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE BOARD OF DIRECTORS

July 15, 2015

1. CALL TO ORDER: 7:00 PM

2. PLEDGE OF ALLEGIANCE

3. DETERMINATION OF QUORUM: Victoria Fuller Present
Bob Johnson Present
Mickey Luckman Present
Mike Reynolds Present
Rebecca Unger Present

STAFF PRESENT: Curt Sauer, General Manager
Keith Faul, GIS Coordinator
Karyn Sernka, Administrative Assistant

CONSULTANTS PRESENT: Gil Granito, District Counsel, Redwine & Sherrill
Kathleen Radnich, Public Outreach Consultant

GUESTS 27

4. APPROVAL OF AGENDA

MSC Luckman/Johnson 5/0 to approve the agenda for the July 15, 2015 meeting.

Fuller Aye
Johnson Aye
Luckman Aye
Unger Aye
Reynolds Aye

5. PUBLIC COMMENTS:

Al Marquez, Sunfair area, Joshua Tree: Regarding basic fees for inactive meters: Mr. Marquez states that he was previously against charging a basic fee for inactive meters. However, after some research he now believes inactive meters should be charged ½ of the basic fee.

David Fick, Joshua Tree: As a member of the Morongo Basin Conservation Association (MBCA) Mr. Fick wanted to clarify that while he has opposed many solar projects, he does not unconditionally oppose all solar projects.

6. CONSENT CALENDAR

MSC Luckman/Reynolds, 5/0 to approve Draft Minutes of the June 17, 2015 Regular Meeting of the Board of Directors.

Fuller Aye
Johnson Aye

Luckman	Aye
Unger	Aye
Reynolds	Aye

7. ALTAMIRA WILL SERVE LETTER

Curt Sauer gave the report; and read the conditional will serve letter. See staff report in the agenda packet for details.

Public Comment:

Ron Schwartz, Altamira Project proponent: Mr. Schwartz stated to the Board that he believes the will serve letter offers appropriate protection to the Board.

Dawn Anderson, Joshua Tree: Ms. Anderson is concerned about the possibility of issuing a will serve letter in the midst of a drought, and while JBWD has water quality concerns with regards to Chromium 6. She urged the Board to vote against issuance of the conditional will serve letter.

Al Marquez, Joshua Tree, Sunfair area: Mr. Marquez is against large development. He asked the question: Will Altamira be required to pay a wastewater capacity fee? GM Sauer answered Mr. Marquez's question stating Altamira would be required to pay all fees, including mainline infrastructure and tanks, etc.

Fred Klintworth, Sunfair area, Joshua Tree: Mr. Klintworth expressed concern about funding for water availability and infrastructure maintenance, and indicated that the JBWD must prioritize our community needs first.

Tom Flouett, Joshua Tree: Mr. Flouett explained that he has been widely monitoring the media and has heard nothing optimistic about water in California, and states it is time to say "No."

Joe Batari, Friendly Hills area, Joshua Tree: Mr. Batari states Altamira does not fit into the Joshua Tree community image. He disagrees with Altamira, and is concerned that approving the will serve letter will create a precedent for other development.

Valarie Witter, Joshua Tree: Ms. Witter indicated she has been diligently conserving water, and expressed dismay that JBWD is saving 28% water only to provide it to larger projects such as Altamira and NextEra.

David Fick, Joshua Tree: Mr. Fick has concerns regarding setting a precedent. Mr. Fick also suggested that this development possibly requires an Environmental Impact Report (EIR), which will likely take longer than one year to complete. Meanwhile, the General Plan, Urban Water Management Plan, etc. are still up in the air.

Tom O'Key, Joshua Tree: Mr. O'Key stated that the current housing occupancy in Joshua tree is only 75%. Mr. O'Key further states that we need to take care of our own community before allowing newcomers.

Noreen Waller, Joshua Tree: Ms. Waller expressed appreciation with the public turnout. Ms. Waller's concerns were with regard to water conservation and environmental protection. Ms. Waller stated "The Altamira development doesn't make sense."

Julia Buckley: Ms. Buckley is opposed to any new construction during the drought. Ms. Buckley urged the Board not to issue the will serve letter.

Tom O'Key, Joshua Tree: Mr. O'Key expressed concern about letting Altamira move forward through the county process.

Frank Coate, Joshua Tree: Mr. Coate stated that the drought is not the only issue; Mr. Coate pointed out that the JBWD is already bringing supplemental water into the desert and thus we do not have an ample supply of water.

President Fuller clarified that the Board had not previously voted on a will serve letter for Altamira, but that Altamira withdrew their application.

Director Unger stated she still has unanswered questions about the project and would like to wait until the drought is lifted to issue a will serve letter.

Director Johnson states the conditional will serve letter is an equitable solution that considers the concerns of the JBWD regarding water availability during the drought.

Director Reynolds explained that JBWD is not a land use agency and encouraged the public to address their comments with the land use agencies and to the County Supervisors. Director Reynolds eloquently clarifies that JBWD does have the water to serve, but that the water is not available to serve due to the state mandates corresponding with the drought.

Director Luckman stated the conditional will serve letter was masterfully written, and while Ms. Luckman stated she does not generally support the project, she believes she has the obligation to pass the conditional will serve letter as written.

Director Fuller clarifies that the letter states a decision is not being made until the drought mandates are lifted. Ms. Fuller expressed appreciation for the public comments.

GM Sauer clarifies that the conditional will serve letter only allows the applicant to move forward in their planning, and emphasized that water will not be provided to the project during any declared emergency.

MSC Luckman/Johnson, 4/1 to approve the conditional will serve letter for the Altamira project:

Fuller	Aye
Johnson	Aye
Luckman	Aye
Unger	No
Reynolds	Aye

8. REQUEST FOR WILL SERVE LETTER OF THE NEXTERA SOLAR PROJECT

GM Sauer gave the report. Detailed information can be referred to in the agenda packet. NextEra currently has 10 parcels. NextEra is in the process of requesting of the County that the parcels be merged into one parcel, and is requesting a will serve letter based upon having only one parcel.

Jess Moline from NextEra states they prefer to use local area water instead of trucking water in. NextEra is currently in the initial study phase of the project.

Public Comment:

David Fick, Joshua Tree: Mr. Fick stated that consideration of a will serve letter for NextEra is not appropriate until after the drought mandates are lifted and parcels are merged. Regarding dust control, Mr. Fick questions water usage calculations by the project proponent. Mr. Fick recommends that the Board not provide a will serve letter for the NextEra project.

Al Marquez, Sunfair area, Joshua Tree: Mr. Marquez states he has been in the community for 14 years and lives approximately a half mile from the airport. Marquez compared the NextEra project to the Cascade Solar project and

questions water availability, citing there is already an overdraft of water from the aquifer. Mr. Marquez is opposed to the solar project.

GM Sauer clarified that water availability is defined in the Urban Water Management Plan.

Tom Flouett, Joshua Tree: Mr. Flouett asked the following questions:

Would any cleaning agents be used to clean the solar panels?

Is the project proponent planning to remove the pavement?

Would there be a water capture system when cleaning panels?

Jess Moline answered the questions stating there would not be any cleaning solvents used to clean the panels, and they would be leaving the runway in place.

Tom O'Key, Joshua Tree: Mr. O'Key stated the solar project will defoliate and use will use chemicals that will negatively impact our aquifer.

Jess Moline from NextEra states he does not believe they have plans to use defoliant or use chemicals. Director Fuller requested Mr. Moline get clarification on that issue for the Board.

Joe Batari, Joshua Tree: Mr. Batari stated he is against the project due to water usage, and emphasized that there should be no new projects during the drought.

Fred Klintworth, Sunfair area, Joshua Tree: Mr. Klintworth stated there should not be a will serve letter considered at this time while parcels are not joined. Mr. Klintworth also expressed concern about dust, and he believes water use for cleaning the panels will be higher than estimated by project proponent.

MSC Luckman/Fuller, 5/0 to pull item until parcels are joined:

Fuller	Aye
Johnson	Aye
Luckman	Aye
Unger	Aye
Reynolds	Aye

9. REVIEW OF AGRICULTURAL REQUESTS AND INQUIRIES

Keith Faul gave the presentation and briefed the Board on agricultural use in the desert. The Board received for information only.

President Fuller suggested that the CAC look at agricultural issues, and a drought administrative surcharge.

Merriam Seager, Joshua Tree: Ms. Seager commented that the olive trees shown in the presentation were only saplings and that they will increase exponentially in their need for more water.

Frank Coate, Joshua Tree: Mr. Coate questioned – Is R1 zoning Residential only? Is a backflow device required for liquid herbicide? Keith Faul answered no.

Tom O'Key, Joshua Tree: Mr. O'Key stated the county has no permit requirement on crop trees. Mr. O'Key has the following environmental/water quality impact concerns: Fertilizer, chemicals to aquifer, invasive species (tumbleweeds and insects). Also, regarding Chromium 6 – Mr. O'Key is concerned about Chromium 6, stating that the human body should have no level of Chromium 6, and he is questioning whether the 10% autism in our community may be linked with Chromium 6.

10. AUTHORIZATION BY THE BOARD FOR THE DIRECTOR OF WATER RESOURCES AND OPERATIONS TO HAVE A DISTRICT CREDIT CARD

MSC Luckman/Fuller, 5/0 to approve the issuance of a credit card to the Director of Water Resources and Operations:

Fuller	Aye
Johnson	Aye
Luckman	Aye
Unger	Aye
Reynolds	Aye

11. STANDING COMMITTEE REPORTS

Legislative and Public Information Committee: Kathleen Radnich states there will be an event on July 21 collecting native plant seeds from 7-8:30AM. There will also be a drip irrigation workshop held on Saturday August 15.

Finance Committee: There has not been a Finance Committee meeting since the last Board Meeting.

Water Resource and Operations Committee: Meeting will be Wednesday July, 29th.

12. PUBLIC COMMENT

Al Marquez, Sunfair Area, Joshua Tree: Mr. Marquez commented that a Citizens Advisory Committee (CAC) member made public comment at the last Board Meeting about a Board Member's opinion not being representative of the CAC, and clarified that the CAC is representative of the community, and to provide information and advice to the Board.

David Fick, Joshua Tree: Mr. Fick suggested that the video of the Joshua Basin Water District Board of Director meetings be on YouTube.

13. DISTRICT COUNSEL REPORT

No report. Comment: Counselor Granito discussed and updated events surrounding the San Juan Capistrano case regarding tiered structure. Counselor Granito stated he is impressed with the heartfelt testimony by the public, and encouraged the public to express concerns regarding land use issues to the land use agencies.

14. GENERAL MANAGER REPORT

General Manager Curt Sauer gave the report. GM Sauer reported on conservation/water consumption, stating that there was 21% conservation of water in May, and a 9% conservation of water in June. H1 and F2 tanks will be cleaned.

The Board received the report for information only.

15. FUTURE DIRECTOR MEETINGS AND TRAINING OPPORTUNITIES

Mojave Water Agency Board Meeting: July 23 – Robert Johnson
ASBCSD, July 20 – Mike Reynolds

16. INDIVIDUAL DIRECTOR REPORTS ON MEETINGS ATTENDED

Director Luckman attended a Conservation symposium and found a 1.5 hour seminar on turf removal particularly interesting.

Director Unger attended the Legislative and Public information meeting, and had the following information from the California Legislative Channel: SWRCB can merge or consolidate water districts as they see fit.

17. DIRECTORS COMMENTS/REPORTS:

All of the directors expressed their appreciation for the public comments.

18. CLOSED SESSION

At approximately 9:10 PM, the Board went into Closed Session in accordance with Government Code Section 54956.9 (d) (2). During the Closed Session, the Board consulted with the District's designated representative (Curt Sauer, General Manager) and telephonically with the District's labor counsel (Steven Berliner, Esq.) with regard to labor negotiations between the District and the Joshua Basin Chapter of the American Federation of State, County and Municipal Employees (AFSCME), Local 1902. No further reportable action was taken. The Closed Session ended at approximately 9:45 PM.

19. FUTURE AGENDA ITEMS

None.

20. ADJOURNMENT

MSC Luckman/Unger, 5/0/ to adjourn the Regular Meeting of the Board of Directors of July 15, 2015 at 9:50 PM.

Fuller	Aye
Johnson	Aye
Luckman	Aye
Unger	Aye
Reynolds	Aye

Respectfully submitted:

Curt Sauer, General Manager and Board Secretary

JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting of the Board of Directors

August 5, 2015

Report to: President and Members of the Board

Prepared by: Susan Greer 

TOPIC:
APPROVE 14/15 BAD DEBT WRITE-OFF AND CONSIDER INCREASE TO GUARANTEE DEPOSIT FOR NEW CUSTOMERS WITH RED/POOR CREDIT

- RECOMMENDATION:**
- 1) Approve 14/15 bad debt write off in the amount of \$15,131.44, as recommended by the Finance Committee, and
 - 2) Consider Staff recommendation to increase the guarantee deposit amount for customers with red/poor credit, which is not recommended by the Finance Committee.

ANALYSIS:
Total bad debt is reduced again this year, both in number of accounts being written off as well as the total amount. The amount is reduced 15% this year compared to last year; from \$17,757 to \$15,131. The bad debt is reduced 38% compared to fiscal 12/13. This is the result of significant Staff effort and focus on this issue, primarily by Patricia Freeman. We are filing liens throughout the year when closed accounts are delinquent, we have developed a comprehensive system for identifying customers who haven't paid and are catching them when they come back to set up new accounts, we are using email reminders to collect on closed accounts, we are sending a list of all bad debt to our credit determination company which catches them as they try to establish credit elsewhere and we're making owners responsible for multiple tenant bad debts. In order for bad debt to be reduced, more payments had to be collected, and as a result of our efforts, we collected over \$4,100 in bad debt that would have otherwise been written off. This is in addition to bad debt that has been avoided in the first place because of tighter policies.

Recent historical bad debt activity is below:

Fiscal Year	Bad Debt	Total Quantity	Owners	%	Tenants	%
14/15	\$15,131	145	26	18%	119	82%
13/14	17,757	168	36	21%	132	79%
12/13	24,388	209	42	20%	167	80%
11/12	20,899	183	Not available			
10/11	27,100	234	Not available			
09/10	23,229	188	Not available			

The annual bad debt write-off provides an opportunity to review the amount of write-off, policies that

affect write-off and how we might improve the results.

This year, bad debt totals \$15,131. This represents 145 accounts overall, ranging in amounts from \$0.30 to \$1,142.41, representing 26 owner accounts and 119 tenant accounts.

Again, we have several addresses with multiple bad debts being written off this year. There are four different addresses that have multiple bad debts being written off this year; all are tenant accounts. This is compared to nine addresses last year with multiple bad debts, so those results have improved significantly. Since the majority of bad debt, as well as the multiple bad debts at one address, comes from tenants, our policy requiring owners to either pay off the bad debt or assume responsibility for the account going forward is apparently paying off.

Within the current list of 145 write-offs, seven of those addresses already had two incidents of bad debt write-off, 13 more addresses already had one incident of bad debt. That's 20 accounts out of 145—14% of the accounts on the list, that already had previous bad debt. This is another significant reduction from last year, when 67 out of 168 accounts, 40%, had previous bad debt.

Liens have been filed on 10 accounts, all those that are eligible for liens. While 26 of the bad debt account-holders were owners, 17 of them were prior owners, and we cannot lien those properties once ownership has changed. That's why we don't wait to file liens only once per year. Many of our payments are coming as a result of the liens.

We've been utilizing our third party credit determination service (red/yellow/green) as accounts are set up for several years and we're now able to clearly see the results of that practice. The process involves utilization of a third party credit reporting company that verifies identity for us as required by law and also provides a credit determination based on the customer's previous credit history. We then charge a \$100 guarantee deposit for either red (poor) or yellow (average) credit and no deposit is required for green (good) credit.

When the credit determination service was first established, Staff recommended that 'red' credit require a double \$200 deposit, 'yellow' require the standard \$100 deposit and 'green' require no deposit. A higher deposit for those 'red credit' customers is typical among other clients who use the credit determination service company. The Board did not want to require the double deposit at the time we established the service. We're now seeing proof that the credit determination being provided up-front is a clear indicator of how the account will be paid all the way through to account termination—most customers with 'green' credit pay their bills as required and don't leave us with unpaid bills. Only 10 customers on the list- 7% of the total- had 'green' credit as determined when their account was established. In fact, it's important to note that MOST customers of all credit ratings pay their bills as required; we send out bills to over 5,000 accounts 12 times per year and are only writing off 145 accounts. Since bad debt is an expense passed on to all ratepayers, I believe we have an obligation to ensure that we are doing all we can to address the issue. See credit detail for proposed 14/15 write off below:

	Quantity	%	Amount	%	Average	Deposits	
Red	79	55	\$7,715	51	\$98	\$8,500	79/79
Yellow	4	3	321	2	80	400	4/4
Green	10	7	678	4	67	0	0/10
Old	50	34	6,327	42	126	3,200	29/50
Entities	2	1	90	1	45	200	2/2
Total	145	100%	\$15,131	100%	\$104	\$12,300	114/145

Only 31 of the 145 accounts being written off , 21%, did not have deposits at the time accounts were closed; the other 114 accounts had deposits, mostly \$100, and nine double \$200 deposits, which are required after lock-off for non-payment. This shows that 79% of our write-off accounts already had a deposit at the time the account was closed and demonstrates that the amount of the deposit was not large enough.

As water rates increase over time, the amount of the guarantee deposit also needs to increase and it has not increased since 1997—18 years. An *average* water bill, of 10 units of water, now costs \$51.80 per month, and will increase again next year. The legal process requires nearly three months before an account can be locked off for non-payment. Even if customers don't ultimately get locked off for non-payment, a trend we see is that customers stop paying their bills for the few months before they close their accounts, ultimately leaving us with a balance—this was a big factor for the “old” accounts this year. By the time three months has passed, based on the *average* consumption noted, a customer has incurred a total of about \$170 in charges, including penalties. With a \$100 guarantee deposit on hand to satisfy this account balance, you can see what happens. This situation is only made worse if the customer uses more water, since the deposit is the same \$100 regardless of amount of water used or meter size.

Staff again recommends the \$200 guarantee deposit for the red/poor credit customers, based on the actual write off data, which indicates that 79 of the 93 accounts-85%-with a reported credit rating (other accounts pre-date the credit determination service implementation or entities/businesses without ratings) were red/poor credit. Every one of those accounts had a \$100 deposit on file when their accounts were closed indicating that the amount of the deposit is insufficient. The average write off was \$98 per account for the red/poor credit customers, so an additional \$100 deposit would make a significant impact on the overall write off of the red/poor credit accounts.

While Staff recommends the \$200 deposit, there are other alternatives that still make progress toward reducing future bad debt. As with water rates, increasing the deposit amount in small amounts over time as water rates increase instead of once every 18 years is advised. An increase of \$20 is still a significant increase, but further increases should continue to be reconsidered each year. The District also has the ability to bill the customers for deposits, not requiring immediate payment in other words, or payment of a portion and billing of the balance. This is not recommended since it will increase work for staff, but is an option.

The Finance Committee met and discussed bad debt and possible increase to the guarantee deposit for red/poor credit applicants at their 7/27/15 meeting and recommends approval of the bad debt in the amount of \$15,131.44. Since bad debt has been decreasing with our new practices including owner responsibility for multiple unpaid tenant debts, the Committee recommends that we defer any increase to the guarantee deposit at this time and reconsider next year when bad debt is reviewed again.

STRATEGIC PLAN ITEM:

N/A

FISCAL IMPACT:

\$15,131.44 proposed bad debt expense for 14/15 fiscal year

JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting of the Board of Directors

August 5, 2015

Report to: President and Members of the Board

Prepared by: Susan Greer 

TOPIC: 15/16 MID-BUDGET REVIEW

RECOMMENDATION:

- 1) Approve adjustments for 14/15 – 15/16 previously-adopted two-year operating budget, reducing net revenue from \$57,773 to \$7,628, and
- 2) Establish a Building Reserve account and deposit \$25,000 of the current \$104,000 designated for the Equipment and Technology Reserve account into the new reserve account and continue doing so each year until the Equipment and Technology Reserve starts to look under-funded or the Building Reserve starts to look over-funded, and then reassess.

ANALYSIS:

The District's current two-year budget, 14/15 – 15/16, was adopted on 6/18/14. The second year of the budget is always fairly tentative at the time the two-year budget is presented, and we bring back proposed adjustments early in the second fiscal year for the Board's consideration. The Finance Committee reviewed the adjustments at their meeting on 7/27/15 and recommends approval by the full Board.

The proposed changes to the 15/16 budget still results in a budget with net revenue (surplus). The original 15/16 budget had a surplus of \$57,773. Due primarily to reductions to revenue, that surplus is now reduced to \$7,628, a reduction of \$50,145. The proposed 15/16 budget still includes funding for our equipment and technology reserve as well as our well/booster reserve.

Total Revenues are decreased \$146,660, primarily related to a \$225,000 reduction to water sales, related to anticipated water conservation as a result of the Governor's mandate. That reduction is offset with increases to revenues for the HDMC costs and grant revenue from MWA for minor projects.

Total Expenses are decreased \$96,515, with reductions in all except two departments; the result of sharpening our pencils to make up for projected revenue reductions. There are two departments with proposed increases to their total budgets—Engineering and the HDMC Treatment Plant—although overall expenses are decreased. Increases to the HDMC costs are the result of better understanding of true costs for this new program and increases to expenses are offset with the increases to revenues indicated above; the hospital pays all costs associated with operating the plant plus overhead fees, as their charge for our service.

The attached spreadsheet provides details for the proposed changes to the budget. The last three columns on the far right provide the original 15/16 budget, the new proposed mid15/16 budget and the

variance between the two. Note that proposed increases, either to revenues or expenses, are represented in red.

Since the Equipment and Technology Reserve is currently well-funded, Staff suggests that we consider diverting \$25,000 of the \$104,000 already budgeted for funding of that reserve into a newly-created Building Reserve fund, for future improvement/expansion of the office and/or shop to accommodate our growing needs. As the District grows, so will staff, so will the building needs. The Finance Committee agrees that a new reserve should be created for future improvement/expansion of the office and/or shop and \$25,000 of the \$104,000 funding already budgeted for the Equipment and Technology Reserve be directed instead to the new reserve fund. We will continue to divert \$25,000 each year into the Building Reserve account and reduce the amount of the Equipment and Technology Reserve account funding until the Equipment and Technology Reserve starts to look under-funded or the Building Reserve starts to look over-funded, and then reassess.

STRATEGIC PLAN ITEM:

N/A

FISCAL IMPACT:

Net revenue reduction from \$57,773 to \$7,628, a change of \$50,145.



Joshua Basin Water District

***Budget Worksheet: OP**

For Fiscal: 2014-2015 Period Ending: 6/30/15

	Defined Budgets				VARIANCE (INCREASE) DECREASE	
	2014-2015	2014-2015	2015-2016	2015-2016		
	Total Budget	YTD Activity	15-16 ADOPT 6-18-14	15-16 MID ORIG		
Fund: 01 - GENERAL FUND						
Revenue						
Program: 40 - ** Revenues **						
01-40-41010-FI	METERED WATER SALES	1,520,000.00	1,511,670.89	1,825,000.00	1,600,000.00	225,000.00
01-40-41012-FI	ALLOW FOR WAAP/BILLING ADJ	0.00	-1,199.97			0.00
01-40-41015-FI	BASIC FEES	1,363,000.00	1,364,716.33	1,380,000.00	1,380,000.00	0.00
01-40-41030-FI	PRIVATE FIRE PROTECTION SERV	18,955.21	22,426.84	23,335.80	23,335.30	0.50
01-40-41040-FI	SPECIAL SERVICES REVENUE	107,892.21	112,730.19	112,207.90	112,207.90	0.00
01-40-41045-FI	HDMC WWTP OPERATIONS REIN	171,500.00	159,018.66	75,558.98	129,432.00	(53,873.02)
01-40-41046-FI	HDMC WWTP OVERHEAD/FEES	53,000.00	51,002.58	17,000.77	29,068.00	(12,067.23)
01-40-42100-FI	STANDBY REVENUE-CURRENT	1,151,912.93	1,151,138.44	1,151,912.93	1,151,912.93	0.00
01-40-42110-FI	STANDBY-UNCOLLECTED CURRE	0.00	0.00			0.00
01-40-42141-FI	PRIOR YR REFUNDED REVENUE	0.00	0.00			0.00
01-40-43000-FI	PROPERTY TAX - G.D.	404,000.00	364,437.12	412,000.00	412,000.00	0.00
01-40-43010-FI	AD VALOREM REVENUE - ID #2	102,688.52	102,688.52			0.00
01-40-43020-FI	ASSESSMENT REVENUE - CMM	257,239.64	257,239.64	253,626.37	253,626.37	0.00
01-40-44000-FI	CONNECTION FEES-HYDRANT,M	0.00	0.00			0.00
01-40-44001-FI	MAINLINE REIMBURSEMENT FEE	0.00	0.00			0.00
01-40-44010-FI	WATER CAPACITY CHARGES	0.00	18,957.00			0.00
01-40-44020-FI	PLAN CHECK/INSPECTION FEES	0.00	0.00			0.00
01-40-44025-FI	H ZONE ML REIMB FEES	0.00	6,105.00			0.00
01-40-44030-FI	BOND CALL REVENUE - CMM	0.00	0.00			0.00
01-40-44030-FI	METER INSTALLATION FEES	0.00	6,938.00			0.00
01-40-44035-FI	METER REPAIR REVENUE	0.00	3,696.87			0.00
01-40-44050-FI	SEWER CAPACITY CHARGES	0.00	0.00			0.00
01-40-46121-FI	GRANT REVENUE - LOCAL (MWA	0.00	0.00		12,400.00	0.00
01-40-46200-FI	CAPITAL CONTRIBUTIONS	0.00	0.00			0.00

***Budget Worksheet: OP / CAP**

For Fiscal: 2014-2015 Period Ending: 06/30/2015

	Defined Budgets					
	2014-2015	2014-2015	2015-2016	2015-2016		
	Total Budget	YTD Activity	15-16 ADOPT 6-	15-16 MID ORIG		
01-40-47000-FI	MISCELLANEOUS REVENUE	7,905.98	21,295.29	7,905.98	7,905.98	0.00
01-40-47002-FI	INTEREST REVENUE - G.D.	9,300.00	12,400.96	18,600.00	18,600.00	0.00
01-40-47010-FI	GAIN/LOSS ON SALE OF ASSETS	0.00	0.00			0.00
01-40-47020-FI	CHANGE IN MARKET VALUE	0.00	0.00			0.00
01-40-47030-FI	DEMO GARDEN SALES (SALES TA	0.00	722.00			0.00
01-40-47040-FI	DEMO GARDEN DONATIONS	0.00	1.00			0.00
Program: 40 - ** Revenues ** Total:		5,167,394.49	5,165,985.36	5,277,148.73	5,130,488.48	146,660.25
Revenue Total:		5,167,394.49	5,165,985.36	5,277,148.73	5,130,488.48	146,660.25

Expense

Program: 01 - ** Production **

01-01-5-01-01118-FI	PRODUCTION SALARY	217,866.85	224,258.90	280,954.00	296,297.00	(15,343.00)
01-01-5-01-02205-RL	WATER TREATMENT EXPENSE	14,803.28	10,724.45	15,395.41	15,395.41	0.00
01-01-5-01-02210-RL	SMALL TOOLS - PRODUCTION	3,697.78	2,122.82	6,008.89	6,008.89	0.00
01-01-5-01-03102-GM	WATER RECHARGE PURCHASE	146,640.00	146,640.00	248,500.00	340,000.00	(91,500.00)
01-01-5-01-03105-RL	SOURCE OF SUPPLY/WELL MAIN	0.00	0.00			0.00
01-01-5-01-03108-RL	RECHARGE POND REPAIR & MAI	0.00	342.02		42,600.00	(42,600.00)
01-01-5-01-03111-RL	EQUIPMENT RENTAL	200.00	0.00	200.00	3,000.00	(2,800.00)
01-01-5-01-03115-RL	PUMPING PLANT REPAIR & MAI	65,000.00	65,335.36	94,865.75	89,865.75	5,000.00
01-01-5-01-03207-RL	TANK & RESERVOIR MAINTENAN	10,000.00	16,553.63	200,000.00		200,000.00
01-01-5-01-04004-RL	GENERATOR (LARGE) REPAIR & P	13,501.57	13,805.70	14,041.63	14,400.00	(358.37)
01-01-5-01-06105-RL	LABORATORY SERVICES	9,000.00	11,344.00	12,680.35	12,680.35	0.00
01-01-5-01-06501-RL	POWER FOR PUMPING (ELECTRI	330,000.00	311,038.24	363,000.00	363,000.00	0.00
01-01-5-01-08001-RL	TELEMETRY / SCADA EXPENSE	30,376.10	25,376.10		47,623.90	(47,623.90)
01-01-5-01-98001-FI	PRIVATE WELL METERING	10,000.00	0.00			0.00
01-01-5-01-98002-FI	EE BENEFITS ALLOCATED	148,964.25	135,638.93	172,385.51	159,030.38	13,355.13
FIELD EXPENSES ALLOCATED		57,997.46	60,962.51	55,336.65	58,585.65	(3,249.00)
Program: 01 - ** Production ** Total:		1,058,047.29	1,024,142.66	1,463,368.19	1,448,487.33	14,880.86
01-02-5-02-01130-FI	DISTRIBUTION SALARY	369,416.42	356,859.17	439,583.00	432,261.00	7,322.00
01-02-5-02-02211-JC	SMALL TOOLS - DISTRIBUTION	15,060.00	7,840.76	8,840.00	11,840.00	(3,000.00)
01-02-5-02-02920-FI	INVENTORY-OVER & SHORT	10,238.87	11,417.48	2,300.00	2,300.00	0.00
01-02-5-02-03106-JC	MAINLINE AND LEAK REPAIR	81,153.89	67,411.73	84,400.05	94,400.05	(10,000.00)

*** Budget Worksheet: OP / CAP**

For Fiscal: 2014-2015 Period Ending: 06/30/2015

	Defined Budgets				
	2014-2015	2014-2015	2015-2016	2015-2016	
	Total Budget	YTD Activity 15-16	ADOPT 6- 15-16	MID ORIG	
01-02-5-02-03130-JC	CROSS CONNECTION CONTROL F	2,950.00	1,877.62	1,100.00	(1,100.00)
01-02-5-02-03206-JC	TRACTOR REPAIR / MAINT.	5,078.00	3,948.72	5,281.12	(5,000.00)
01-02-5-02-04005-JC	UTILITY LOCATING (DIG ALERT)	10,088.00	13,676.07	10,491.52	0.00
01-02-5-02-98001-FI	EE BENEFITS ALLOCATED	230,560.04	209,935.70	266,810.41	246,139.96
01-02-5-02-98002-FI	FIELD EXPENSES ALLOCATED	89,758.70	94,347.50	85,640.75	90,669.01
Program: 02 - ** Distribution ** Total:		814,303.92	767,314.75	904,446.85	898,382.66
Program: 03 - ** Customer Service **					
01-03-5-03-01107-FI	FIELD SALARY - CUSTOMER SERV	23,096.00	23,930.72	25,674.00	24,275.00
01-03-5-03-01114-FI	OFFICE SALARY - CUSTOMER SER	99,766.00	91,188.69	111,096.00	104,971.00
01-03-5-03-03100-AGM	METER INSTALLATION EXPENSE	0.00	3,218.82		
01-03-5-03-03107-AGM	METER SERVICE REPAIR	52,379.62	25,137.30	54,474.80	54,474.80
01-03-5-03-05201-AGM	METER READING EQUIPMENT &	0.00	0.00		
01-03-5-03-07007-AGM	CREDIT CARD FEES (CUSTOMER)	28,000.00	24,745.63	6,311.50	6,311.50
01-03-5-03-07010-AGM	BAD DEBT	15,500.00	-3,839.40	24,000.00	15,500.00
01-03-5-03-07015-AGM	CUSTOMER SERVICE - OTHER	16,900.00	19,671.18	16,900.00	17,900.00
01-03-5-03-98001-FI	EE BENEFITS ALLOCATED	72,290.33	65,823.75	83,656.37	77,175.32
01-03-5-03-98002-FI	FIELD EXPENSES ALLOCATED	4,868.73	5,117.64	4,645.37	4,918.11
01-03-5-03-98003-FI	OFFICE EXPENSE ALLOCATED	38,192.71	51,595.28	38,509.90	43,584.34
Program: 03 - ** Customer Service ** Total:		350,993.39	306,589.61	365,267.94	349,110.07
Program: 04 - ** Administration **					
01-04-5-04-01108-FI	ADMINISTRATION SALARY	174,870.67	154,922.72	230,110.00	190,939.00
01-04-5-04-01115-FI	SAFETY SALARY	9,600.00	4,110.00	9,600.00	9,600.00
01-04-5-04-01121-FI	DIRECTORS SALARY	20,835.60	18,588.55	20,835.60	20,835.60
01-04-5-04-01210-GM	DIRECTORS / C.A.C. EDUCATION	9,500.00	12,764.36	9,880.00	9,500.00
01-04-5-04-04007-GM	LEGISLATIVE ADVOCACY	30,500.00	31,582.50	21,070.00	
01-04-5-04-07008-GM	BUSINESS EXPENSE	10,400.00	16,321.72	10,400.00	10,000.00
01-04-5-04-07014-GM	PUBLIC INFORMATION	38,787.87	39,924.56	47,399.69	47,000.00
01-04-5-04-07020-GM	MEMBERSHIP, DUES & SUBSCRIB	17,459.00	24,906.04	18,157.36	18,000.00
01-04-5-04-07025-GM	WATER CONSERVATION EXPENS	60,202.76	54,961.79	45,000.00	59,500.00
01-04-5-04-07218-GM	LEGAL SERVICES - NON-PERSONI	50,000.00	42,709.29	104,000.00	80,000.00
01-04-5-04-07219-GM	SAFETY EXPENSE	19,356.96	8,679.38	14,976.84	14,953.68
	EMERGENCY PREPAREDNESS	704.06	0.00	5,932.22	6,000.00

*Budget Worksheet: OP / CAP

For Fiscal: 2014-2015 Period Ending: 06/30/2015

	Defined Budgets					
	2014-2015	2014-2015	2015-2016	2015-2016		
	Total Budget	YTD Activity	15-16 ADOPT 6-	15-16 MID ORIG		
01-04-5-04-07401-GM	PROPERTY INSURANCE	100,686.56	71,364.99	107,834.02	107,834.02	0.00
01-04-5-04-98001-FI	EE BENEFITS ALLOCATED	130,737.84	119,042.93	151,293.43	139,572.35	11,721.08
01-04-5-04-98003-FI	OFFICE EXPENSE ALLOCATED	83,566.14	64,869.65	84,260.15	95,363.08	(11,102.93)
	Program: 04 - ** Administration ** Total:	757,207.46	664,748.48	880,749.31	809,097.73	71,651.58
	Program: 05 - ** Engineering **					
01-05-5-05-01109-FI	ENGINEERING/GIS/IT SALARY	85,638.00	82,760.97	88,091.00	91,405.00	(3,314.00)
01-05-5-05-02305-ENG	MAPS/DRAFTING SUPPLIES	2,698.08	2,397.62	3,118.00	3,118.00	0.00
01-05-5-05-04006-ENG	PLAN CHECK / INSPECTION	0.00	14,196.08			0.00
01-05-5-05-04008-GM	ENGINEERING CONTRACT SERV	27,107.12	23,565.34	23,234.42	25,000.00	(1,765.58)
01-05-5-05-04013-ENG	ENG-TRAINING, MAPPING & OTF	3,354.97	1,916.24	1,669.16	1,669.16	0.00
01-05-5-05-98001-FI	EE BENEFITS ALLOCATED	49,218.95	44,816.16	56,957.52	52,544.88	4,412.64
01-05-505-98003-FI	OFFICE EXPENSE ALLOCATED	29,734.89	25,885.75	29,981.84	33,932.53	(3,950.69)
	Program: 05 - ** Engineering ** Total:	197,752.01	195,538.16	203,051.94	207,669.57	(4,617.63)
	Program: 06 - ** Finance **					
01-06-5-06-01101-FI	FINANCE SALARY	213,156.00	206,272.28	224,147.00	215,364.00	8,783.00
01-06-5-06-04009-AGM	ACCOUNTING SERVICES	23,600.00	22,800.00	24,100.00	24,100.00	0.00
01-06-5-06-07001-AGM	FINANCE - OTHER	18,023.57	17,889.80	16,548.00	19,000.00	(2,452.00)
01-06-5-06-98001-FI	EE BENEFITS ALLOCATED	117,433.35	106,928.57	135,897.10	125,368.82	10,528.28
01-06-5-06-98003-FI	OFFICE EXPENSE ALLOCATED	72,939.65	61,526.19	73,545.41	83,236.46	(9,691.05)
	Program: 06 - ** Finance ** Total:	445,152.57	415,416.84	474,237.51	467,069.28	7,168.23
	Program: 07 - ** Personnel **					
01-07-5-07-01102-FI	PERSONNEL SALARY	-2,268.34	2,218.76	34,913.00	22,542.00	12,371.00
01-07-5-07-01215-HR	TRAINING & EE EDUCATION	10,000.00	11,748.04	15,700.00	26,000.00	(10,300.00)
01-07-5-07-01905-HR	EMPLOYMENT RECRUITING EXP	4,000.00	3,873.00	10,000.00	5,000.00	5,000.00
01-07-5-07-01910-HR	LABOR LEGAL FEES	46,000.00	36,478.10	64,896.00	45,000.00	19,896.00
01-07-5-07-01915-HR	PERSONNEL - OTHER	1,100.00	1,074.19	8,977.28	13,000.00	(4,022.72)
01-07-5-07-98001-FI	EE BENEFITS ALLOCATED	19,841.41	18,066.50	22,960.98	21,182.17	1,778.81
01-07-5-07-98003-FI	OFFICE EXPENSE ALLOCATED	16,530.09	14,146.95	16,667.37	18,863.64	(2,196.27)
	Program: 07 - ** Personnel ** Total:	95,203.16	87,605.54	174,114.63	151,587.81	22,526.82
	Program: 09 - ** Bonds, Loans & Non-Op Exp **					
01-09-5-09-08110-FI	ID #2 BONDS PVBLE-PRINCIPLE	0.00	0.00			0.00
01-09-5-09-08115-FI	CMM PRINCIPLE	93,000.00	93,000.00	98,000.00	98,000.00	0.00

***Budget Worksheet: OP / CAP**

For Fiscal: 2014-2015 Period Ending: 06/30/2015

	Defined Budgets					
	2014-2015	2014-2015	2015-2016	2015-2016		
	Total Budget	YTD Activity	15-16 ADOPT 6-	15-16 MID ORIG		
01-09-5-09-08120-FI	MORONGO BASIN PIPELINE	219,426.00	219,578.00	219,898.00	219,898.00	0.00
01-09-5-09-08210-FI	INTEREST EXPENSE I.D. #2	0.00	0.00			0.00
01-09-5-09-08215-FI	INTEREST EXPENSE - CMM	149,557.50	149,532.20	145,260.00	145,260.00	0.00
01-09-5-09-08250-FI	MAINLINE PIPELINE REPLACEMENT	0.00	0.00			0.00
01-09-5-09-08315-FI	ID #2 BONDS COLLECTION CHAR	0.00	280.26			0.00
01-09-5-09-08320-FI	GENERAL TAX COLLECTION CHAI	1,014.66	621.82	1,055.25	1,055.25	0.00
01-09-5-09-08325-FI	ADMINISTRATION - CMM	9,967.66	10,892.03	10,366.37	10,366.37	0.00
01-09-5-09-09201-AGM	LOSS ON DISPOSITION OF HDMC	0.00	0.00			0.00
01-09-5-09-09205-FI	MISC NON-OP EXPENSE	0.00	15,774.70			0.00
01-09-5-09-09210-FI	ALLOWANCES AND ADJUSTMENT	0.00	0.00			0.00
	Program: 09 - ** Bonds, Loans & Non-Op Exp ** Total:	472,965.82	489,679.01	474,579.62	474,579.62	0.00
	Program: 20 - ** HDMC Treatment Plant **					
01-20-5-20-03101-AGM	HDMC: OTHER	95,000.00	87,790.71	17,935.72	64,500.00	(46,564.28)
01-20-5-20-04100-AGM	HDMC: CONTRACTED OPERATIO	106,500.00	101,217.04	41,308.80	74,000.00	(32,691.20)
01-20-5-20-06100-AGM	HDMC: PUMPING POWER	20,000.00	17,943.25	16,314.46	20,000.00	(3,685.54)
	Program: 20 - ** HDMC Treatment Plant ** Total:	221,500.00	206,951.00	75,558.98	158,500.00	(82,941.02)
	Program: 42 - ** RESERVE & OTHER FUNDING-OP**					
01-42-5-99-00010-FI	BUILDING RESERVE (FUNDED IN	0.00	0.00			0.00
01-42-5-99-00012-FI	METER REPL RESERVE (FUNDED	0.00	0.00			0.00
01-42-5-99-00100-AGM	EQUIP&TECH RESERVE (FUNDED	104,000.00	0.00	104,000.00	104,000.00	0.00
01-42-5-99-00110-FI	EQUIP&TECH RES (OP USED)	-11,050.00	0.00		-45,623.90	45,623.90
01-42-5-99-00152-FI	METER REPL RESERVE (OP USED)	0.00	0.00			0.00
01-42-5-99-00200-AGM	WELL/BOOSTER/TANKS RES (FUF	100,000.00	0.00	100,000.00	100,000.00	0.00
01-42-5-99-00210-FI	WELL/BOOSTER RES (OP USED)	0.00	0.00			0.00
01-42-5-99-00310-FI	<NET REVENUES>/DEFICIT	0.00	0.00			0.00
	Program: 42 - ** RESERVE & OTHER FUNDING-OP** Total:	192,950.00	0.00	204,000.00	158,376.10	45,623.90
	Program: 51 - ** Benefits Allocated **					
01-51-5-51-01111-FI	SALARY TO ALLOCATE	0.00	0.00			0.00
01-51-5-51-01211-FI	COMPENSATED LEAVE	213,000.00	184,268.99	221,500.00	221,500.00	0.00
01-51-5-51-01216-FI	CAFFETERIA PLAN EXPENSE	211,295.00	205,594.80	251,900.00	263,700.00	(11,800.00)
01-51-5-51-01220-FI	GROUP INSURANCE EXPENSE	8,810.00	10,810.24	9,244.40	8,662.40	582.00
01-51-5-51-01225-FI	WORKERS COMPENSATION INSL	50,656.94	42,433.00	58,965.92	52,300.00	6,665.92

*** Budget Worksheet: OP / CAP**

For Fiscal: 2014-2015 Period Ending: 06/30/2015

	Defined Budgets					
	2014-2015	2014-2015	2015-2016	2015-2016		
Total Budget	YTD Activity	15-16 ADOPT 6-	15-16 MID ORIG			
01-51-5-51-01230-FI	RETIREMENT- PERS Classic 2%@	132,893.13	132,284.32	176,511.00	125,024.00	51,487.00
01-51-5-51-01231-FI	RETIREMENT- PERS Tier 2.2%@6	25,953.00	14,105.88	28,943.00	15,916.00	13,027.00
01-51-5-51-01232-FI	RETIREMENT- PERS - TEMP	500.00	365.47		2,115.48	(2,115.48)
01-51-5-51-01233-FI	RETIREMENT - 457 CONTRIBUTIC	5,850.00	1,506.00	5,850.00	10,125.00	(4,275.00)
01-51-5-51-01305-FI	PAYROLL TAXES	120,088.10	108,883.84	137,047.00	121,671.00	15,376.00
01-51-5-51-98000-FI	ALLOCATED EXPENSES - BENEFIT	-769,046.17	-700,252.54	-889,961.32	-821,013.88	(68,947.44)
Program: 51 - ** Benefits Allocated ** Total:		0.00	0.00	0.00	0.00	0.00
Program: 52 - ** Field Allocated **						
01-52-5-52-01240-D/P	UNIFORMS (FIELD)	8,170.00	6,088.89	8,170.00	8,170.00	0.00
01-52-5-52-02206-D/P	SHOP EXPENSE - COMBINED	14,998.74	11,226.66	15,598.69	15,598.69	0.00
01-52-5-52-02212-D/P	SMALL TOOLS EXPENSE - COMBI	7,050.00	8,424.79		7,050.00	(7,050.00)
01-52-5-52-03205-D/P	TOOL / EQUIP REPAIR	1,070.00	481.97	4,232.80	4,232.80	0.00
01-52-5-52-03905-D/P	BUILDING REPAIR/MAINT-SHOP/	15,284.00	17,383.54	12,195.36	13,695.36	(1,500.00)
01-52-5-52-05005-D/P	FUEL-VEHICLES	41,000.00	34,520.39	42,640.00	42,640.00	0.00
01-52-5-52-05010-D/P	AUTO EXPENSE - FIELD	29,947.00	24,301.92	31,143.59	31,143.59	0.00
01-52-5-52-05015-FI	EQUIPMENT CLEARING ACCOUN	0.00	-16.64			0.00
01-52-5-52-06305-ENG	COMMUNICATIONS	23,273.99	26,029.32	19,337.92	19,337.92	0.00
01-52-5-52-07009-D/P	REGULATORY, PERMITS, ETC	11,831.16	31,986.81	12,304.41	12,304.41	0.00
01-52-5-52-98000-FI	ALLOCATED EXPENSES - FIELD	-152,624.89	-160,427.65	-145,622.77	-154,172.77	8,550.00
Program: 52 - ** Field Allocated ** Total:		0.00	0.00	0.00	0.00	0.00
Program: 53 - ** Office Allocated **						
01-53-5-53-01405-AGM	TEMPORARY LABOR FEES	25,000.00	23,811.98	2,500.00	39,074.40	(36,574.40)
01-53-5-53-02105-AGM	OFFICE SUPPLIES & EQUIPMENT	30,000.00	19,901.99	49,390.18	54,000.00	(4,609.82)
01-53-5-53-02110-AGM	POSTAGE	23,768.97	22,116.24	24,719.73	24,719.73	0.00
01-53-5-53-03906-AGM	BUILDING REPAIR/MAINT - OFFI	25,763.69	19,980.54	23,447.16	23,447.16	0.00
01-53-5-53-04015-AGM	COMPUTER SOFTWARE & SUPPC	87,756.70	75,207.71	92,254.97	75,000.00	17,254.97
01-53-5-53-05010-AGM	AUTO EXPENSE - OFFICE	5,494.00	5,343.49	5,713.76	5,713.76	0.00
01-53-5-53-06205-AGM	TELEPHONE AND UTILITIES	50,500.00	51,629.53	44,938.87	53,025.00	(8,086.13)
01-53-5-53-98000-FI	ALLOCATED EXPENSES - OFFICE	-248,179.48	-218,023.82	-242,964.67	-274,980.05	32,015.38
Program: 53 - ** Office Allocated ** Total:		103.88	-32.34	0.00	0.00	0.00
Program: 95 - ** Overhead **						
01-95-6-60-60002-FI	OVERHEAD - GENERAL & ADMIN	0.00	-47,858.67			0.00

***Budget Worksheet: OP / CAP**

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01-95-6-60-60004-FI

OVERHEAD - LABOR (5390)

Program: 95 - ** Overhead ** Total:

		Defined Budgets		
	2014-2015	2014-2015	2015-2016	2015-2016
Total Budget	YTD Activity	15-16 ADOPT 6-	15-16 MLD ORIG	
	0.00	23.95		
	0.00	-47,834.72	0.00	0.00
				0.00

Program: 98 - ** BUDGET CLEARING - OP **

01-98-5-99-00400-FI
01-98-5-99-00405-FI

BUDGET CLEARING - OPERATION
BUDGET CLEARING - SALARIES/B

Program: 98 - ** BUDGET CLEARING - OP ** Total:

	320.16	0.00			0.00
	80,040.27	0.00			0.00
	80,360.43	0.00	0.00	0.00	0.00
Expense Total:	4,686,539.93	4,110,118.99	5,219,374.97	5,122,860.17	96,514.80
Fund: 01 - GENERAL FUND Surplus (Deficit):	480,854.56	1,055,866.37	57,773.76	7,628.31	50,145.45
Report Surplus (Deficit):	480,854.56	1,055,866.37	57,773.76	7,628.31	50,145.45

*Budget Worksheet: OP / CAP

For Fiscal: 2014-2015 Period Ending: 06/30/2015

Group Summary

Defined Budgets

	2014-2015	2014-2015	2015-2016	2015-2016
Total Budget		YTD Activity	15-16 ADOPT 6	15-16 MID ORIG

Program
Fund: 01 - GENERAL FUND
Revenue
40 - ** Revenues **

Revenue Total:	5,167,394.49	5,165,985.36	5,277,148.73	5,130,488.48	146,660.25
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Expense					
01 - ** Production **	1,058,047.29	1,024,142.66	1,463,368.19	1,448,487.33	14,880.86
02 - ** Distribution **	814,303.92	767,314.75	904,446.85	898,382.66	6,064.19
03 - ** Customer Service **	350,993.39	306,589.61	365,267.94	349,110.07	16,157.87
04 - ** Administration **	757,207.46	664,748.48	880,749.31	809,097.73	71,651.58
05 - ** Engineering **	197,752.01	195,538.16	203,051.94	207,669.57	(4,617.63)
06 - ** Finance **	445,152.57	415,416.84	474,237.51	467,069.28	7,168.23
07 - ** Personnel **	95,203.16	87,605.54	174,114.63	151,587.81	22,526.82
09 - ** Bonds, Loans & Non-Op Exp **	472,965.82	489,679.01	474,579.62	474,579.62	0.00
20 - ** HDMC Treatment Plant **	221,500.00	206,951.00	75,558.98	158,500.00	(82,941.02)
42 - ** RESERVE & OTHER FUNDING-OP **	192,950.00	0.00	204,000.00	158,376.10	45,623.90
51 - ** Benefits Allocated **	0.00	0.00	0.00	0.00	0.00
52 - ** Field Allocated **	0.00	0.00	0.00	0.00	0.00
53 - ** Office Allocated **	103.88	-32.34	0.00	0.00	0.00
95 - ** Overhead **	0.00	-47,834.72	0.00	0.00	0.00
98 - ** BUDGET CLEARING - OP **	80,360.43	0.00	0.00	0.00	0.00

Expense Total:	4,686,539.93	4,110,118.99	5,219,374.97	5,122,860.17	96,514.80
Fund: 01 - GENERAL FUND Surplus (Deficit):	480,854.56	1,055,866.37	57,773.76	7,628.31	50,145.45

Report Surplus (Deficit):	480,854.56	1,055,866.37	57,773.76	7,628.31	50,145.45
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JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting of the Board of Directors

August 5, 2015

Report to: President and Members of the Board

Prepared by: Susan Greer 

TOPIC:
APPROVE INVESTMENT POLICY

RECOMMENDATION:
Approve the Investment Policy

ANALYSIS:

This is a routine matter, requiring the District to annually re-approve the investment policy as required by the Government Code. The Code no longer requires but the District continues to prepare a quarterly investment report, which details the District's investments and earnings. These requirements were enacted in response to the Orange County bankruptcy matter many years ago in which the County Board of Supervisors was unaware of the questionable investments made by the County Treasurer. The Government Code declares that each person, treasurer, or governing body authorized to make investment decisions act with care, skill, prudence and diligence when handling funds. Further, the primary objective of any person investing public funds is to safeguard principal; secondly to meet liquidity needs; and lastly, to achieve a return or yield on invested funds.

No changes from the last investment policy have been proposed. At this time, all investments are maintained at LAIF (the state of California Local Agency Investment Fund).

STRATEGIC PLAN ITEM:

N/A

FISCAL IMPACT:

None

ARTICLE 8
INVESTMENT POLICY

8.01 The Board of Directors of the Joshua Basin Water District hereby adopt an Investment Policy as follows. Any surplus funds or funds held for any length of time for special projects shall only be invested in the following with reputable institutions.

8.01.01 Direct and general obligations (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America) of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests of such obligations. Investments in such proportionate interests must be limited to circumstances wherein;

(a) a bank or trust company acts as custodian and holds the underlying United States obligations;

(b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations and is a corporation rated A or better by Standard & Poors Corporation (S&P) or the equivalent rating by another recognized rating agency; and

(c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated (the obligations described in this paragraph are referred to herein as "United States Obligations").

8.01.02 Obligations issued or guaranteed by the following instrumentalities or agencies of the United States of America:

- (a) Federal Home Loan Bank system;
- (b) Export-Import Bank of the United States;
- (c) Federal Financing Bank;
- (d) Government National Mortgage Association;
- (e) Farmers Home Administration;
- (f) Federal Home Loan Mortgage Company;
- (g) Federal Housing Administration;

- (h) Private Export Funding Corp;
- (i) Federal National Mortgage Association;
- (j) Federal Farm Credit Bank;
- (k) Maritime Administration; and
- (l) Public Housing Corporation.

8.01.03 Pre-refunded municipal obligations meeting the following conditions:

(a) the bonds are

(i) not to be redeemed prior to maturity or the applicable trustee has been given irrevocable instructions concerning their calling and redemption, and

(ii) the applicable issuer has covenanted not to redeem such bonds other than as set forth in such instructions;

(b) the bonds are secured by cash or United States Obligations that may be applied only to interest, principal, and premium payments of such bonds;

(c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the bonds;

(d) The United States Obligations serving as security for the bonds are held by an escrow agent or trustee that has a combined capital and surplus of not less than \$50,000,000 and is either subject to supervision or examination by federal or state authority or that is rated A or better by S&P or the equivalent rating by another recognized rating agency;

(e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(f) the municipal obligations are rated AAA by S&P or the equivalent rating by another recognized agency.

8.01.04 Direct and general long-term obligations of any state, to the payment of which the full faith and credit of the state is pledged and that are rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.05 Direct and general short-term obligations of any state, to the payment of which the full faith and credit of the state is pledged and that are rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.06 Interest-bearing demand or time deposits or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (FDIC). These deposits or interests must be continuously and fully insured by FDIC and with banks that are rated at least A or better by S&P or the equivalent rating by another recognized rating agency.

8.01.07 Long-term and medium-term corporate debt guaranteed by any corporation that is rated by S&P or the equivalent rating by another recognized rating agency in its three highest rating categories.

8.01.08 Repurchase agreements, the maturities of which are 30 days or less, entered into with financial institutions such as banks or trust companies organized under state law or national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as primary dealers by the Federal Reserve Bank of New York and members of the Security Investors Protection Corporation or with dealers or parent holding companies. The financial institutions, dealers, or parent holding companies must be rated at least A or better by S&P or the equivalent rating by another recognized rating agency. If it is a parent holding company that has the required S&P rating or the equivalent rating by another recognized rating agency, then the counterparty must have combined capital and surplus not less than \$50,000,000. If the counterparty is a parent holding company, then the agreement must be unconditionally guaranteed by a financial institution subsidiary with a combined capital and surplus not less than \$50,000,000. The repurchase agreement must be secured by United States Obligations. The United States Obligations must have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements. The Trustee (who shall not be the provider of the collateral) must have a perfected first lien in, and retain possession of, the collateral. The obligations serving as collateral must be free from all third party liens.

8.01.09 Prime commercial paper of a United States corporation, finance company or banking institution rated in any of the two highest rating categories of S&P or the equivalent rating by another recognized rating agency.

8.01.10 Public housing bonds issued by public agencies. Such bonds must be fully secured by a pledge of annual contributions under a contract with the United States government; temporary notes, preliminary

loan notes or project notes secured by a requisition or payment agreement with the United States; or state or public agency or municipality obligations; provided that all of the above investments are rated in the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.11 Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or shares in a regulated investment company (as defined in Section 851(a) of the Internal Revenue Code of 1986, as amended) that is (A) a money market fund that has been rated in the highest rating category by S&P or the equivalent rating by another recognized rating agency, or (B) a money market account of the Trustee or any state or federal bank that is rated A or better by S&P or the equivalent rating by another recognized rating agency or that has a combined capital and surplus of not less than \$50,000,000.

8.01.12 Units of a money market portfolio rated Am or Am-g by S&P or the equivalent rating by another recognized rating agency composed solely of obligations rated Am-g or better by S&P or the equivalent rating by another recognized rating agency having a federal income tax exclusion.

8.01.13 Tax-exempt obligations rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.14 Units of a taxable government money market portfolio rated at least Am or Am-g by S&P or the equivalent rating by another recognized rating agency composed solely of obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States Government or repurchase agreements collateralized by such obligations.

8.01.15 Certificates of deposit issued by commercial banks, savings and loan associations and mutual savings banks rated A or better by S&P or the equivalent rating by another recognized rating agency and properly secured at all times by collateral security described in paragraphs (1) and (2) above.

8.01.16 The following investments fully insured by the Federal Deposit Insurance Corporation: (a) certificate of deposit, (b) savings accounts, (c) deposit accounts, (d) depository receipts of banks.

8.01.17 Local Agency Investment Fund

Investment Policy Approved September 1, 2010.

RESOLUTION 15-950

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE JOSHUA BASIN WATER DISTRICT
SUPPORTING THE NOMINATION OF DIRECTOR KATHLEEN TIEGS AS THE ASSOCIATION OF
CALIFORNIA WATER AGENCIES PRESIDENT**

WHEREAS, the Joshua Basin Water District Board of Directors are active participants in the Association of California Water Agencies (ACWA), and

WHEREAS, director Kathleen Tiegs has expressed her interest in serving as the ACWA President for the 2015 – 2016 term, and

WHEREAS, Director Kathleen Tiegs has served in a variety of leadership positions in ACWA, including Vice-President of the Board, the Local Government Committee, the Groundwater Committee, Vice-Chair of the Federal Affairs committee, Region 9 Board of directors, and as a member of ACWA/JPIA Executive Committee, and

WHEREAS, Director Kathleen Tiegs is committed to advancing ACWAs Policy Principles and finding common ties between members to develop a long-term strategy that provides a sustainable water future for all members and their constituents.

NOW, THEREFORE, BE IT RESOLVED THAT THE JOSHUA BASIN WATER DISTRICT BOARD OF DIRECTORS:

1. Does hereby place its full and unreserved support of the nomination of Director Kathleen Tiegs as President of the Association of California Water Agencies for the 2015-2016 term.

PASSED and ADOPTED this 5th day of August, 2015 pursuant to the following votes:

AYES
NOES
ABSTAIN
ABSENT

JOSHUA BASIN WATER DISTRICT

By _____
Victoria Fuller,
President, Board of Directors

Attest _____
Curt Sauer
Secretary, Board of Directors