



BIGHORN-DESERT VIEW WATER AGENCY

"To provide a high quality supply of water and reliable service to all customers at a fair and reasonable rate."

Finance/Public Relations/Education and Personnel Standing Committee Meeting Agenda

Committee Members: President McBride & Director Coulombe

**BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92285**

**May 15, 2019
Time – 9:00 A.M.**

TELECONFERENCE PARTICIPANTS

The following Director will participate in the Committee Meeting via teleconference at the location listed:
President Michael McBride, 1930 Alta Vista Circle, Lakeland, FL 33810

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. APPROVAL OF AGENDA**

Discussion and Action Items - The Committee and Staff will discuss the following items and the Committee will consider taking action, if so inclined. The public is invited to comment on any item on the agenda during discussion of that item. When giving your public comment, please have your information prepared. If you wish to be identified for the record then please state your name. Due to time constraints, each member of the public will be allotted three-minutes to provide their public comment.

- 5. Adopt Resolution No. 19R-XX Modifying the Basic Facilities Charge to \$4,810 and the Service Line Installation Fee to \$1,370 for 1-inch residential meters.**

Agendize for the May 28, 2019 Board of Directors Meeting:

1. Adopt Resolution No. 19R-XX Modifying the Basic Facilities Charge to \$4,810 and the Service Line Installation Fee to \$1,370 for 1-inch residential meters.

- 6. Adopt Resolution No. 19R-XX Establishing certain fees and charges**

Agendize for the May 28, 2019 Board of Directors Meeting:

1. Adopt Resolution No. 19R-XX Establishing certain fees and charges (Delinquent Account Service Charge, Public Information Request Copy Charge, Variance Application Processing Fee, Backflow Test Reminder Letter Fee, Unsecured Liens, Non-Sufficient Funds, Unlock Fee and Notary Fee)

7. Resolution No. 19R-XX Establishing the Investment Policy for the Bighorn-Desert View Water Agency

Agendize for the May 28, 2019 Board of Directors Meeting:

1. Adopt Resolution No. 19R-XX Establishing the Agency's Investment Policy.

8. Consent Items – The following items are expected to be routine and non-controversial and will be acted on by the Committee at one time without discussion, unless a member of the Public or member of the Committee requests that the item be held for discussion or further action.

- a. FPREP Committee Meeting Minutes, **March 20, 2019**
- b. FPREP Special Committee Meeting Minutes, **April 29, 2019**

Recommended Action:

Approve as presented (Items a-b)

9. Public Comment Period

Any person may address the Committee on any matter within the Agency's jurisdiction on items not appearing on this agenda. When giving your public comment, please have your information prepared. If you wish to be identified for the record then please state your name. Due to time constraints, each member of the public will be allotted three minutes to provide their public comment. State Law prohibits the Committee from discussing or taking action on items not included on the agenda.

10. Verbal Reports - Including Reports on Courses/Conferences/Meetings.

1. Committee Members' Comments/Reports
2. General Manager's Report

11. Adjournment

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Bighorn-Desert View Water Agency, 622 S. Jemez Trail, Yucca Valley, CA not less than 72 hours if prior to a Regular meeting, date and time above; or in accordance with California Government Code Section 54956 this agenda has been posted not less than 24 hours if prior to a Special meeting, date and time above. As a general rule, agenda reports or other written documentation have been prepared or organized with respect to each item of business listed on the agenda. Copies of these materials and other disclosable public records in connection with an open session agenda item, are also on file with and available for inspection at the Office of the Agency Secretary, 622 S. Jemez Trail, Yucca Valley, California, during regular business hours, 8:00 A.M. to 4:30 P.M., Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a

Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Bighorn-Desert View Water Agency.

Internet: Once uploaded, agenda materials can also be viewed at www.bdvwa.org

Public Comments: You may wish to submit your comments in writing to assure that you are able to express yourself adequately.

Per Government Code Section 54954.2, any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in the meeting, should contact the Board's Secretary at 760-364-2315 during Agency business hours.

Item # 5

**BIGHORN DESERT VIEW WATER AGENCY STANDING COMMITTEE
FINANCE/PUBLIC RELATIONS/EDUCATION/PERSONNEL
AGENDA ITEM SUBMITTAL**

Meeting Date: May 15, 2019

To: FPREP Committee Members

Budgeted: N/A

Budgeted: N/A

Budgeted Amount: N/A

Cost: N/A

Funding Source: N/A

From: Marina D. West

General Counsel Approval: N/A

CEQA Compliance: N/A

Subject: Adopt Resolution No. 19R-XX Modifying the Basic Facilities Charge and the Service Line Installation Fee for 1-inch Residential Meters

SUMMARY

The Board has adopted various fees and charges for service that are regulated under the Mitigated Fee Act and not Proposition 218. These fees and charges should be reviewed from time to time to ensure that they are fair and reasonable.

At this time, staff is recommending an increase to the Residential Basic Facilities Charge for a 1-inch meter and a decrease in the Residential Service Line Installation Fee.

RECOMMENDATION

Agendize for the May 28, 2019 Board of Directors Meeting:

1. Adopt Resolution No. 19R-XX Modifying the Basic Facilities Charge to \$4,810 and the Service Line Installation Fee to \$1,370 for 1-inch residential meters.

BACKGROUND/ANALYSIS

The Basic Facilities Charge (BFC) is a charge levied on each new regular water service that will contribute a rightful share of the costs of the Agency's wells, booster pumps, storage reservoirs, and other sources of supply and major transmission/distribution lines making up the basic water system. The Agency last increased the BFC in May 2017 when the Board adopted the fee calculation of \$4,595 based on the Consumer Price Index. The CPI is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period. Based on this method, staff has determined the BFC in 2019 should be \$4,810.10 (Figure 1).

Therefore, staff is recommending that the Basic Facilities Charge be adjusted to \$4,810.

The Service Line Installation Fee reflects the costs of parts and labor to install a water meter and service line to the property boundary. Staff has determined that parts and labor to install the service line has gone down due to a change from soft copper to newer "Municipex" (hi

density polyethylene) as well as reductions estimated in staff time to complete installations. Based on the cost estimate, staff has determined the service line installation charge to be \$1,373.53 (Figure 2). This is a reduction of \$415 per installation.

Therefore, staff is recommending that the Service Line Installation Fee be rounded to \$1,370 for a 1-inch residential meter.

The Proposition 218 process does not apply to an increase in these fees; the Mitigated Fee Act (Gov. Code section 66016) does. Pursuant to this code section, the Agency must hold at least one noticed open, public meeting as part of a regularly scheduled meeting, at which oral and written presentations can be made on the fee or charge prior to the levy of the new fee or charge. In addition, the Notice of such must be mailed at least 14 days prior to any interested party who had previously requested such notice. Furthermore, the staff report containing data about the fees to be levied must be made available at least 10 days prior to the meeting.

The posting of this FPREP Agenda with the staff report meets the requirements for setting fees and charges under the Mitigated Fee Act.

PRIOR RELEVANT BOARD ACTION(S)

1/24/2017 Motion 17M-001 Resolution No. 17R-01 Modifying Basic Facilities Charge and Restating the Service-Line Installation Charge.

Figure 1: CPI Inflation Calculator Result

CPI Inflation Calculator

\$

4,595.00

in

January

▼

2017

▼

has the same buying power as

\$4,810.01

in

March

▼

2019

▼

Calculate

Figure 2: Calculation of Service Line Installation Fee

Date: 4/8/2019					
Location:					
Description of Work:					
SL quote					
Labor		Hours	Equipment		Hours
Project Manager (Marina)					
			Backhoe @	23.75	4.5
			Stake Bed/Trailer @	24.60	
Maint Worker III (average)		0.5	Water Truck @	33.68	
Maint Worker II (Average)		5	Dump Truck @	22.00	
Maint Worker I (Average)		4.5			
Customer Service Rep II					
Customer Service Rep I			Full Size Pick Up Truck @	12.12	5
Labor Sub Total		212.37	Equipment Sub Total		167.48
Labor Overhead 36%		76.45			
Total Labor Cost		288.82	Total Equipment Cost		167.48
MATERIALS FROM INVENTORY					
Quantity	Description	Item #	Cost	Ext. Cost	
1	Parts per Inland Water Works Quote# S1022335 dated 05/08/2019	Inland water	\$760.05	\$760.05	
	* Used average main 8", and average SL run 45'			\$0.00	
				\$0.00	
	Only 2 person job, WDO1 4.5hrs, and WDO2, 5hrs with USA, and-			\$0.00	
	.50 hrs for DR inventory/SD			\$0.00	
				\$0.00	
	Sales Tax Materials Only (7.75%)			\$58.90	
			Materials	818.95	
			subtotal all costs	1,275.25	
			Sch. 1 Job Overhead (12%)	98.27	
			TOTAL JOB COST	1,373.53	

RESOLUTION NO. 19R-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BIGHORN-DESERT VIEW WATER AGENCY MODIFYING BASIC FACILITIES CHARGE AND THE SERVICE LINE INSTALLATION FEE FOR 1-INCH RESIDENTIAL METERS

WHEREAS, Bighorn-Desert View Water Agency ("Agency") is required by law to fix and establish rates, fees and charges which will enable the Agency to cover its debt service payments, operate and maintain its water system, provide for repairs and depreciation, and a reasonable surplus for improvements; and

WHEREAS, by Resolution No. 17R-01 adopted by the Board of Directors on January 24, 2017 a Basic Facilities Charge for new connections was set at \$4595.00; and

WHEREAS, by Resolution No. 17R-01 adopted by the Board of Directors on January 24, 2017 the Board set a flat fee of \$1785.00 per Service Line and 1-inch meter installation; and

WHEREAS, new customers desiring to connect to the existing system should be responsible for paying an amount equivalent to their proportionate share of those existing water system facilities development costs which support and are necessary for the new customer to receive service; and

WHEREAS, the Water Master Plan completed in 2007 by the Agency's Engineer established a baseline calculation for the 1-Inch Residential Basic Facility Charge or "Capacity Fee" and further defines the charge to be comprised of four (4) components: Water Main Connection Fee, Water Storage Fee, Water Supply Fee and a Development Fee; and

WHEREAS, the Board has determined that the 1-Inch Residential Basic Facility Charge has not been adjusted since 2017 and should be increased to coincide, at a minimum, with a rate of inflation based on the Consumer Price Index which is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period; and

WHEREAS, based on the above described inflation calculation method the 1-Inch Residential Basic Facility Charge is to be set at \$4810.00; and

WHEREAS, the Board of Directors of the Agency ("Board") desires to fairly and appropriately allocate the costs of a service line installation in a fair and equitable manner to be paid by those persons and customers who are the actual beneficiaries or recipients of those services; and

WHEREAS, an average cost to install a new service line and 1-inch meter has been calculated to be \$1370.00; and

NOW, THEREFORE, BE IT RESOLVED that, effective immediately, the 1-Inch Residential Basic Facilities Charge shall be in the amount of \$4810.00 and shall be applicable

to all new service line installations to parcels within 700 feet of a mainline* (not including bulk accounts), subject to further action by the Board of the Agency. (**the definition of the mainline per Agency Rules and Regulations is "pipelines located in highways, streets, alleys, easements, and right of ways, which are used for the transmission and distribution of water."*); and effective immediately, the service line installation fees charged by the Agency shall be \$1370.00 per installation of a 1-inch service line and meter; and

BE IT FURTHER RESOLVED, that the General Manager and staff of the Agency are hereby authorized and directed to do such things and to take such actions as may be reasonably required to carry out the purpose and intent of this resolution and that Resolution No. 17R-02 is rescinded in its entirety.

PASSED, APPROVED, AND ADOPTED by the Board of Directors to Bighorn-Desert View Water Agency this XXth day of XX 2019.

By _____
Michael McBride, President of the Board

ATTEST:

John R. Burkhart, Secretary

Item # 6

**BIGHORN DESERT VIEW WATER AGENCY STANDING COMMITTEE
FINANCE/PUBLIC RELATIONS/EDUCATION/PERSONNEL
AGENDA ITEM SUBMITTAL**

Meeting Date: May 15, 2019

To: FPREP Committee Members

Budgeted: N/A

Budgeted: N/A

Budgeted Amount: N/A

Cost: N/A

Funding Source: N/A

From: Marina D. West

General Counsel Approval: N/A

CEQA Compliance: N/A

Subject: Adopt Resolution No. 19R-XX Establishing Certain Fees and Charges

SUMMARY

The Board has adopted various fees and charges for service that are regulated under the Mitigated Fee Act and not Proposition 218. These fees and charges should be reviewed from time to time to ensure that they are fair and reasonable.

At this time the following miscellaneous fees need to be brought forward and restated while others need to be adopted.

RECOMMENDATION

Agendize for the May 28, 2019 Board of Directors Meeting:

1. Adopt Resolution No. 19R-XX Establishing certain fees and charges (Delinquent Account Service Charge, Public Information Request Copy Charge, Variance Application Processing Fee, Backflow Test Reminder Letter Fee, Unsecured Liens, Non-Sufficient Funds, Unlock Fee and Notary Fee).

BACKGROUND/ANALYSIS

The various fees and charges to be restated in the Resolution are:

- Delinquent Account Service Charge. *Per the Agency Rules and Regulations (Ordinance No. 17O-01), bills for water service shall be rendered at the end of each billing period. Bills are due and payable at the office of the Agency. Unpaid bills shall be delinquent twenty (20) days after the date of the billing, and shall be assessed a delinquent charge as set forth in the Rate Sheet. The current assessment is a \$5.00 minimum charge or 5% of the "past due" amount. Staff is not recommending any changes to the delinquent account service charge but just to restate the charge.*
- Public Information Request "Paper" Copy Charge. *Pursuant to the Public Records Act, the Agency will, from time to time, be required to make available for viewing and provide copies of public documents on file at the Agency office. The Board also*

recognizes that in the case of providing copies of public documents the Agency shall make the records promptly available upon payment of fees covering the direct cost of duplication (Resolution No. 13R-19 Outlining the Procedure for Accessing Public Documents). The current fee per copy (8.5" x 11" paper) is \$0.10/page. Staff is not recommending any changes to the per copy cost but just to restate the fee.

- Variance Processing Fee: \$100 each request. *Fee covers staff time to analyze customer requests for variances from the Rules and Regulations and to develop staff recommendations to the Board of Directors for consideration of requested variances. Staff is not recommending any changes to the variance processing fee but just to restate the fee.*
- Backflow Test Reminder Letter Fee: \$10 each. *Per Agency Rules and Regulations Article 7.0 Cross Connection Control, "it shall be the duty of the customer of any premises where backflow prevention assemblies requiring annual testing are installed to have certified inspections and operational tests made at least once per year" and "it shall be the duty of the customer to see that these timely tests are made". Therefore, a Backflow Test Reminder letter is sent to customers who fail to perform annual device testing and the fee covers the effort to manage such accounts. Staff is not recommending any changes to the backflow test reminder fee but just to restate the fee.*
- Release of an Unsecured Lien for Delinquent Water Charges: \$25. *From time to time the Agency files an "unsecured lien" on a property with delinquent water charges. These liens protect the Agency from bad debt should a property sell before the delinquent fees can be placed on the "secured tax roll" each September. This fee covers staff time to process, notarize and forward the lien release documents to the new property owner. Staff is not recommending any changes to the fee to release unsecured liens but just to restate the fee.*
- Reversing Payments for Non-Sufficient Funds (NSF): \$25. *Payments are processed as received into the utility billing customer account. Whenever a payment is returned for Non-Sufficient Funds resulting from a variety of banking issues such as "unidentified account", "closed account", "account with insufficient funds" and the like. In such cases, Agency staff must reverse the payment in the utility billing customer account, dispatch a field technician (Water Distribution Operator) to hang a tag at the residence and pay banking fees associated with the transaction. Staff is not recommending any changes to the "NSF Fee" but just to restate the fee.*
- Unlock Fee: \$40. *The Agency may turn off service on or after the 15th day after a bill becomes delinquent (see Article 3.17 of the Agency Rules and Regulations). Applicable charges, such as the basic service charge, will continue to accrue while service is turned off. Water service turned off for non-payment of bills shall not be turned on again until all accrued fees and charges, including turn-off and turn-on charges, have been paid in full and another guarantee deposit made.*

At least 48 hours prior to "lock off" the customer will be notified via phone or written notice (hand delivered or mailed). The method of notification will be determined by Agency staff (e.g. verbal or written).

- Notary Public Fee: \$15. *The Agency now has a Notary Public on staff and can offer such services to the public. The Agency can provide this service free of charge when the document is related to Agency business (e.g. notarized termination letter) but if a customer desires to use this service for documents unrelated to Agency business then a minimum fee of \$15 is required by law (Government Code section 8211). This is a new fee for the Agency.*

The Proposition 218 process does not apply to an increase in these fees; the Mitigated Fee Act (Gov. Code section 66016) does. Pursuant to this code section, the Agency must hold at least one noticed open, public meeting as part of a regularly scheduled meeting, at which oral and written presentations can be made on the fee or charge prior to the levy of the new fee or charge. In addition, the Notice of such must be mailed at least 14 days prior to any interested party who had previously requested such notice. Furthermore, the staff report containing data about the fees to be levied must be made available at least 10 days prior to the meeting.

Publication of the Finance/Public Relations/Education and Personnel Committee Agenda on May 10, 2019 meets the notification criteria for action the Board of Directors' might take at the regularly scheduled Board of Directors' meeting on May 28, 2019 where they will consider adoption of the proposed Resolution 19R-XX Establishing Certain Fees and Charges for the Agency.

PRIOR RELEVANT BOARD ACTION(S)

6/27/2017 Motion No. 17M-034 Resolution No. 17R-18 Restating Certain Fees and Charges.

6/22/2004 Resolution No. 04R-02 Resolution Establishing Certain Fees and Charges.

RESOLUTION NO. 19R-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE BIGHORN-DESERT VIEW WATER AGENCY
ESTABLISHING CERTAIN FEES AND CHARGES**

(Delinquent Account Service Charge, Public Information Request "Paper" Copy Charge, Variance Application Processing Fee, Backflow Test Reminder Fee, Release of Unsecured Lien Fee, Reversing Payments for Non-Sufficient Funds Fee, Unlock Fee and Notary Public Fee)

WHEREAS, the Board of Directors of the Bighorn-Desert View Water Agency ("Agency") is required by law to fix and establish rates, fees and charges which will enable the Agency to operate and maintain its water system, provide for debt service payments, repairs and depreciation plus a reasonable surplus for capital improvements; and

WHEREAS, certain charges imposed by the Agency are subject to the Mitigation Fee Act Procedure described in Government Code Section 66016; and

WHEREAS, the Agency Rules and Regulations for Water Service (adopted by Ordinance) provides for the amendment of certain charges by resolution, by majority vote of the Board of Directors; and

WHEREAS, the Board of Directors of the Agency desires to fairly allocate the costs of specified services listed below in a fair and equitable manner to be paid by those persons who are the actual beneficiaries or recipients of the services; and

WHEREAS, the Delinquent Account Service Charge is a fee assessed per the Agency Rules and Regulations (Ordinance No. 17O-01), water bills which shall be delinquent twenty (20) days after the date of the billing, and shall be assessed a delinquent charge of a minimum of \$5.00 or 5% of the "past due" amount; and

WHEREAS, the Public Information Request "Paper" Copy Charge (8.5" X 11" paper) is allowed pursuant to the Public Records Act wherein it establishes that the Agency can charge a fee to cover the direct cost of duplication; and

WHEREAS, the Variance Application Processing Fee covers the cost for staff to analyze customer requests for variances from the Rules and Regulations and to develop staff recommendation to the Board of Directors for consideration of the requested variance; and

WHEREAS, the Backflow Test Reminder Fee is assessed whenever an account fails to exercise its responsibility to complete the required annual backflow device testing and recertification and therefore must be notified in writing of said requirement; and

WHEREAS, the Release of an Unsecured Lien for Delinquent Water Charges Fee covers staff time to process, notarize and mail documents to release unsecured liens from a property's title record. "Unsecured Liens" are filed to protect the Agency from bad debt should a property change hands prior to the imposition of the annual "Secured Lien" process; and

WHEREAS, the Reversing Payments for Non-Sufficient Funds Fee is intended to cover the cost of reversing the payment in the utility billing customer account, dispatch a field technician to "hang a tag" to immediately notify the customer and to pay banking fees associated with the transaction. Non-Sufficient Funds result from a variety of banking issues such as an "unidentified account number", "closed account", "account with insufficient funds" and the like; and

WHEREAS, the Unlock Fee is imposed whenever the Agency turns off service on or after the 15th day after a bill becomes delinquent per the Agency Rules and Regulations (adopted by Ordinance). Water service turned off for non-payment of bills shall not be turned on again until all accrued fees and charges, including turn-off and turn-on charges, have been paid in full; and

WHEREAS, the Notary Public Fee is levied on all requests for Notary Public signature acknowledgements on all non-Agency documents. Notary Public signature acknowledgements will be provided at no cost for Agency related documents; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Bighorn-Desert View Water Agency that the fees and charges identified below are set as follows:

- | | |
|----------------------------------------------------------------|------------------------------------------------------|
| 1) Delinquent Account Service Charge | \$5.00 minimum charge or 5% of the “past due” amount |
| 2) Public Information Request “Paper” Copy Charge | \$0.10 per page (8.5” x 11” paper) |
| 3) Variance Application Processing Fee | \$100.00 each |
| 4) Backflow Test Reminder Fee | \$10.00 each occurrence |
| 5) Release of an Unsecured Lien | \$25.00 each |
| 6) Reversing an Account Payment for Non-Sufficient Funds (NSF) | \$25.00 each occurrence |
| 7) Unlock fee (locked off non-payment) | \$40.00 each occurrence |
| 8) Notary Public Fee (non-Agency document) | \$15.00 each document |

BE IT FURTHER RESOLVED that the foregoing fees and charges shall become effective immediately and that the foregoing fees and charges shall be applicable to all existing, new and/or transferred customer accounts, until further action by the Board of Directors of the Agency; and

BE IT FURTHER RESOLVED, that the General Manager and staff of the Agency are hereby authorized and directed to do such things and to take such actions as may be reasonably required to carry out the purpose and intent of this resolution and that Resolution Nos. 04R-02 and 17R-18 are rescinded in their entirety.

PASSED, APPROVED, AND ADOPTED by the Board of Directors to Bighorn-Desert View Water Agency this XX day of XX, 2019.

By _____
Michael McBride, President of the Board

ATTEST:

John R. Burkhardt, Secretary

Item # 7

**BIGHORN DESERT VIEW WATER AGENCY STANDING COMMITTEE
FINANCE/PUBLIC RELATIONS/EDUCATION/PERSONNEL
AGENDA ITEM SUBMITTAL**

Meeting Date: May 15, 2019

To: FPREP Committee Members

Budgeted: N/A
Budgeted: N/A
Budgeted Amount: N/A
Cost: N/A

From: Marina D. West

General Counsel Approval: N/A
CEQA Compliance: N/A

Subject: Resolution No. 19R-XX Establishing the Investment Policy for the Bighorn-Desert View Water Agency

SUMMARY

California Government Code requires the Agency to have a written investment policy which defines the type of investments the Agency can utilize for the investment of surplus monies not required for immediate necessities.

Annually the Board of Directors shall review and approve any modifications to the investment policy. The attached draft resolution is being updated from the last version approved in 2013. All additions are underlined. Staff is aware that the policy has not been reviewed annually as required and has taken steps to prevent such oversight in the future.

At this time, Agency monies are held at either Pacific Western Bank (i.e. Agency checking account) or with the CA Local Agency Investment Fund. The balances of all Agency monies are shown in the attachment.

RECOMMENDATION

Agendize for the May 28, 2019 Board of Directors Meeting:

1. Adopt Resolution No. 19R-XX Establishing the Agency's Investment Policy.

BACKGROUND/ANALYSIS

No additional analysis is provided.

PRIOR RELEVANT BOARD ACTION(S)

1/22/2013 Motion No. 13-006 Resolution No 13R-01 establishing the Agency's investment policy

BIGHORN-DESERT VIEW WATER AGENCY



To: BOARD OF DIRECTORS
From: GENERAL MANAGER
April 30, 2019

CASH BALANCE DISTRIBUTION

LOCAL AGENCY INVESTMENT FUND AND/OR PACIFIC WESTERN BANK

GL ACCOUNT NO.

01-00-133030	LAIF CASH ACCOUNT BALANCE	\$	2,466,245
01-00-131250	PACIFIC WESTERN BANK	\$	892,014
	TOTAL CASH	\$	3,358,259

CASH BALANCE DISTRIBUTION - exact

UNENCUMBERED CASH PACIFIC WESTERN BANK	\$	537,014
UNENCUMBERED CASH LAIF	\$	1,384,563
CUSTOMER DEPOSITS	\$	101,100
EMERGENCY CONTINGENCY FUND	\$	200,000
REPLACEMENT / REFURBISHMENT FUND	\$	300,000
ENCUMBERED FOR PROJECTS	\$	355,000
BOND DEBT SERVICE FUND	\$	62,000
ID GM RESTRICTED FUND	\$	418,582
TOTAL CASH	\$	3,358,259

Date Printed: 5/10/2019

O://OPEN SHARE/BANK/LAIF PWB CASH BALANCES

RESOLUTION NO. 19R-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BIGHORN-DESERT VIEW WATER AGENCY ESTABLISHING ITS INVESTMENT POLICY

1. POLICY

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code Section 53600.6); and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5920 and 53600; and

WHEREAS, the Treasurer or fiscal officer of the Bighorn-Desert View Water Agency ("Agency") must annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting; and

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Agency that it shall be the policy of the Agency to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the Agency's daily cash flow demands and conforming to all statutes governing the investment of Agency funds.

2. SCOPE

This investment policy applies to all financial assets of the Agency. These funds are accounted for in the annual Agency audit.

3. PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4. OBJECTIVES

As specified in California Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing Agency funds, the primary objectives, in priority order, of the investment activities shall be:

- a. Safety: Safety of principal is the foremost objective of the investment program. Investments of the Agency shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b. Liquidity: The investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements which might be reasonably anticipated.
- c. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5. DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, who, where appropriate, shall establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and such procedures as may be established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish controls to regulate the activities of subordinate officials. Under the provisions of California Government Code Section 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard. The Treasurer shall be limited to investments in LAIF except in instances where specifically authorized by Board action to invest in other areas.

6. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall fully comply with the Agency's Conflict of Interest Code in the execution of this policy, and shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer may maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security

broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Agency shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the Agency's account with that firm has reviewed the Agency's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the Agency that are appropriate under the terms and conditions of the Investment Policy.

Where all funds of the Agency not placed in FDIC-insured accounts are invested through the Local Agency Investment Fund (LAIF), the Treasurer need not be concerned with the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

8. AUTHORIZED AND SUITABLE INVESTMENTS

a. Permitted Investments: Agency funds may be invested as authorized by, and subject to the limitations and special conditions of California Government Code Section 53601 et. seq.

b. Prohibited Investments: Under the provisions of California Government Code Section 53601.6 and 53631.5, the Agency shall not invest any funds covered by this Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9. AUTHORIZED SIGNATORIES

Every financial transaction shall require two authorized signatures. Each transaction shall require one Authorized Board Member and one Authorized Agency Staff Member to complete the transaction or two authorized Board Members. The aforementioned are authorized to transfer funds between the Local Agency Investment Fund accounts of the Agency with the approval and signature of any two of them. The Bank is authorized to honor all such transactions.

10. COLLATERALIZATION

All certificates of deposits must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(j)(2).

11. SAFEKEEPING AND CUSTODY

All security transactions entered into by the Agency shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the Agency by book entry, physical delivery or by third party custodial agreement, as required in California Government Code 53601 (i)(2).

12. DIVERSIFICATION

The Agency will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically, if determined necessary to meet Agency goals. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- b. Maturities selected shall provide for stability of income and liquidity.
- c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

13. REPORTING

In accordance with California Government Code Section 53646(b)(1), the Treasurer shall submit an investment report to the Board of Directors at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Agency by third party contracted managers. The report will also include the source of the portfolio valuation. If all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the Agency will meet its expenditure obligations for the next six months, as required by Government Code Section 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

14. INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Board of Directors. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

15. RESCISSION

This Investment Policy adopted pursuant to Resolution No. 13R-01 is hereby superseded by this Resolution and of no further force and effect.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Bighorn-Desert View Water Agency this XX day of XXX.

By _____
Michael McBride, Board President

Attest:

John R. Burkhardt, Board Secretary

<u>Govt. Code Section</u>	<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Authorized Limit (%)</u>	<u>Required Rating</u>
53601(a)	Bonds issued by Bighorn-Desert View Water Agency	5 years	None	None
53601(b)	U.S. Treasury Bills, Notes and Bonds	5 years	None	None
53601(c)	State Warrants or Bonds	5 years	None	None
53601(d)	Local Agency Investment Fund (LAIF)	N/A	None	None
53601(e)	U.S. Agencies or Enterprises	5 years	None	None
53601(f)	Bankers Acceptances	180 days	40% (30% in any one bank)	None
53601(g)	Prime Commercial Paper	270 days	25% (10% in any one entity's paper)	A
53601(h)	Negotiable Certificates of Deposit	5 years	30%	None
53601(i)	Repurchase/Reverse Repurchase Agreements	1 year *	20%	None
53601(j)	Medium-Term Corporate Notes	5 years	30%	A
53601(k)	Money Market Mutual Funds and Mutual Funds **	5 years	20% (10% in any single fund)	***
53601(l)	Bond/COP Funds	N/A	None	None
53601(m)	Collateralized Bank Deposits	5 years	None	None
53601(n)	Mortgage Pass-Through Securities	5 years	20%	AA

* the one year limitation for Repurchase/Reverse Repurchase Agreements is subject to a further limitation set forth in Government Code Section 53601(i)(4), which, if applicable, may limit the maturity to 92 days.

** Mutual Funds maturity may be defined as the weighted average maturity; money market mutual funds must have an average maturity of 90 days or less, per SEC regulations.

*** Highest ratings from two of the top three rating agencies.

Consent Items



BIGHORN-DESERT VIEW WATER AGENCY

"To provide a high quality supply of water and reliable service to all customers at a fair and reasonable rate."

Finance/Public Relations/Education and Personnel Standing Committee Meeting Minutes

Committee Members: President McBride & Director Coulombe

BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92285

March 20, 2019
Time – 9:00 A.M.

Call to Order

President McBride called the meeting to order at 9:18 A.M.

Pledge of Allegiance

Led by John Burkhart

Roll Call

Directors: Michael McBride
Larry Coulombe

Staff: Marina West
Seth Kish

Public Members Present: 2

Approval of the Agenda

President McBride and Director Coulombe approved the agenda as presented.

Public Budget Workshop – Fiscal Year 2019/20 Budget Cycle

General Manager West discussed the revenue details of the Agency. Topics covered were service line installations and selling of meters, basic facilities charges, metered water consumption sales charges, standby/availability charges, basic service charges, income from JV bulk station and other earning credits and general tax levies. GM West then reviewed the Agencies expense details which include office equipment expenses, customer relation expenses, and contractual services with the auditors and legal counsel, PERS contributions (Retirement Plan), mailing expenses, payroll taxes, legislative affairs, property/liability expenses, office supplies, employee benefits, uniforms, vehicle equipment expenses, fuel, water system repairs, materials, water testing and engineering.

Consent Items

- a. FPREP Committee Meeting Minutes, January 16, 2019
- b. LAIF Performance Report

Public comment: None

President McBride and Director Coulombe approved the minutes as presented.

Public Comment Period

No public comment

Verbal Reports

No verbal reports

Adjournment – President McBride adjourned the meeting at 10:45 A.M.

Approved by:

Michael McBride, Committee Chair



BIGHORN-DESERT VIEW WATER AGENCY

"To provide a high quality supply of water and reliable service to all customers at a fair and reasonable rate."

Finance/Public Relations/Education and Personnel Standing Committee Special Meeting Minutes

Committee Members: President McBride & Director Coulombe

BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92285

April 29, 2019
Time – 9:00 A.M.

Call to Order

President McBride called the meeting to order at 9:18 A.M.

Pledge of Allegiance

Led by John Burkhart

Roll Call

Directors: Michael McBride
Larry Coulombe

Staff: Marina West
Seth Kish

Public Members Present: 2

Approval of the Agenda

President McBride and Director Coulombe approved the agenda as presented.

Public Budget Workshop – Fiscal Year 2019/20 Budget Cycle

General Manager West noted that the Agency advertised on the February and March water bills that Public Budget Meetings were being held. GM West stated that if the public was interested with how the Agency spends money, they should attend the workshops. GM West continued and explained that when the Committee met on the March 20, 2019 FPREP, every budget line item was reviewed and discussed. NO new information has been added so the budget is ready to be brought to the April 30, 2019 Special Board Meeting for approval.

No public comment

Public Comment Period

No public comment

Verbal Reports

General Manager West reported that the Desert-Wise Landscape Tour was a success and the next event the Agency is apart of is the Water Education Festival at LaContenta Middle School on May 16th, 2019.

Adjournment – President McBride adjourned the meeting at 10:45 A.M.

Approved by:

Michael McBride, Committee Chair

Pending Board Approval