



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: Director McBride & Director McKenzie

BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92284

January 20, 2021
Time – 4:00 P.M.

PUBLIC AND BOARD WISHING TO PARTICIPATE REMOTELY

****TELECONFERENCE LINE THRU ZOOM 669-900-6833****

OR

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Please note that all requirements of the Brown Act requiring the physical presence of the board or staff have been waived per Executive Order N-29-20

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

APPROVAL OF AGENDA

Discussion and Action Items - The Board of Directors and Staff will discuss the following items, and the Board 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.

- 1. Discuss Definition of “Customer Classes” Under New Rate and Fee Alternatives Selected by the Board of Directors**
- 2. Discussion on Modifying Cross Connection Control Program (Backflow Protection)**
- 3. Consent Items** – The following items are expected to be routine and non-controversial and will be acted on by the Board at one time without discussion, unless a member of the Public or member of the Board requests that the item be held for discussion or further action.

- a. FPREP Special Committee Meeting Minutes November 19, 2020

Recommended Action:

Approve as presented (Items a):

4. Public Comment Period

Any person may address the Board 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 Board of Directors from discussing or taking action on items not included on the agenda.

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

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

6. 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 # 1

Discuss Definition of “Customer Classes”
Under New Rate and Fee Alternatives
Selected by the Board of Directors

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

Meeting Date: January 20, 2021

To: FPREP Committee Members

Budgeted: N/A

Budgeted Amount: N/A

From: Marina D. West

General Counsel Approval: TBD

CEQA Compliance: N/A

Subject: Discuss Definition of “Customer Classes” Under New Rate and Fee Alternatives Selected by the Board of Directors

SUMMARY

On January 12, 2021 the Board authorized staff to begin the Prop. 218 procedures for initiating a rate and fee increase in conformance with Article XIIID of the California State Constitution and the Proposition 218 Omnibus Implementation Act. If adopted by the Board the increase would be for the maximum duration of 5-years.

The rate and fee structure proposed has been developed by the Agency’s consultant NBS Government Finance Group (NBS). The alternative rate and fee schedules propose multiple “customer classes” for billing purposes. Depending on the customer class, a different rate structure is imposed based on the financial model developed by NBS.

Staff would like to discuss with the Committee the proposed definitions applicable to imposing a particular customer class on an account.

RECOMMENDATION

Information and discussion only. Staff seeking feedback from the Committee prior to drafting a new Ordinance concerning rules and regulations for water service.

BACKGROUND/ANALYSIS

The Board Selected Alternative D (i.e. 60%/40% weighted) Plan (attached) to be brought forward for adoption via the Prop. 218 Notice and Public Hearing procedures.

This is the first time the Agency will be dividing customers into various “customer classes”. The customer classes are: Bulk, Residential, Commercial/Institutional/Industrial/Non-Agriculture and (Stand-by/Static) Fire Service connections.

Staff is proposing language to amend the Ordinance regarding Rules and Regulations for Water Service to define the various “customer classes” prior to modifying the utility billing accounts.

Proposed Definitions for modification of Article 2.13 Customer Classes Served:

2.13 Customer Classes Served.

Any person or entity connected to the water system and immediately able to receive water service from the Agency under these rules and regulations will be placed into a unique Customer Class-

2.13.1 Residential Customer: A place where people reside. A legally permitted dwelling and/or “vacation” parcel (e.g. “inactive”) which has a meter connected to the water system and readily able to receive water service.

2.13.2 Bulk Hauling Customer and/or (Temporary) Construction Meters: A bulk hauling customer is one who obtains water from one of the Agency’s “bulk water station” facilities. A construction meter is connected to a fire hydrant to supply water to a project on a temporary basis thru application for such.

2.13.3 Commercial/Institutional/Industrial/Non-Agriculture: A facility that is neither residential, bulk nor agriculture. Such facility may or may not have a cross connection control device (backflow device). Examples of such facilities are restaurants, retail stores, schools and other types of “commercial” businesses.

2.13.4 Agriculture (Non-Residential and Non-Commercial/Institutional): Agricultural customer classes will be the default class whenever any of the following are met:

- Cross Connection Control device mandated per an analysis by staff of the Water Use Questionnaire completed and signed by the customer at time of application for water service (new or renewed).
- A property with, or without, a permitted residential dwelling but also with irrigation of non-ornamental landscaping or “vegetable gardens”. For reference, an “ornamental landscape” shall be defined as a permanent landscape designed which serves the primary purpose of adding visually pleasing plants to the landscape. Non-ornamental landscaping or crops are those that are “harvested” on a routine basis and are not a permanent part of the landscape. Such crops could also be defined as specialized botanicals or otherwise botanicals that are harvested for extraction or consumption.
- Livestock (horses, cows, pigs, poultry, etc.) that are raised for commercial purposes such as food processing or commercial sales.

2.13.5 Fire Service Connections: Parcels which have separate and distinct connections for fire sprinklers or on-site fire hydrants or other fire suppression devices or systems. Such fire service connections are static and only consume water during firefighting efforts.

It shall be at the Agency’s discretion to determine the applicable Customer Class whenever a dispute arises as the intended use on a particular parcel.

If a customer continues to dispute the customer class assigned, they shall be allowed to pursue a variance from these rules and regulations. Refer to Article 1.5 Variances.

PRIOR RELEVANT BOARD ACTION(S)

1/12/2021 Motion No. 21-XXX Selecting Rate and Fee “Alternative D” (i.e. 60% fixed/40% variable weighting) Plan per the Rate and Fee Draft report prepared and presented by NBS Government Finance Group.

RATE ALTERNATIVE D

| Rate Alternative D - Net Revenue Requirements (60% Fixed / 40% Variable) | | | | | | |
|---|---------------|-----------------------|------------|------------|------------|------------|
| Water Rate Schedule | Current Rates | Proposed Rates | | | | |
| | | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 |
| Projected Increase in Rate Revenue per Financial Plan: | | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Fixed Meter Charges | | | | | | |
| Bi-Monthly Fixed Service Charges: | | | | | | |
| 3/4 inch | \$66.84 | \$61.78 | \$64.25 | \$66.82 | \$69.49 | \$72.27 |
| 1 inch | \$66.84 | \$61.78 | \$64.25 | \$66.82 | \$69.49 | \$72.27 |
| 1.5 inch | \$66.84 | \$111.36 | \$115.81 | \$120.44 | \$125.26 | \$130.27 |
| 2 inch | \$66.84 | \$170.86 | \$177.69 | \$184.80 | \$192.19 | \$199.88 |
| 3 inch | \$66.84 | \$329.53 | \$342.71 | \$356.42 | \$370.68 | \$385.51 |
| 4 inch | -- | \$508.03 | \$528.35 | \$549.48 | \$571.46 | \$594.32 |
| 6 inch | -- | \$1,003.87 | \$1,044.02 | \$1,085.78 | \$1,129.21 | \$1,174.38 |
| Bi-Monthly Fire Service Charges: | | | | | | |
| 3/4 inch | \$16.00 | \$30.62 | \$31.84 | \$33.11 | \$34.43 | \$35.81 |
| 1 inch | \$16.00 | \$30.62 | \$31.84 | \$33.11 | \$34.43 | \$35.81 |
| 2 inch | \$16.00 | \$71.14 | \$73.99 | \$76.95 | \$80.03 | \$83.23 |
| 3 inch | \$34.43 | \$141.14 | \$146.79 | \$152.66 | \$158.77 | \$165.12 |
| 4 inch | \$57.38 | \$270.09 | \$280.89 | \$292.13 | \$303.82 | \$315.97 |
| 6 inch | \$114.75 | \$601.66 | \$625.73 | \$650.76 | \$676.79 | \$703.86 |
| 8 inch | \$183.60 | \$1,043.76 | \$1,085.51 | \$1,128.93 | \$1,174.09 | \$1,221.05 |
| Commodity Charges | | | | | | |
| Rate per hcf of Water Consumed: | | | | | | |
| Bulk Meters | \$9.57 | \$7.83 | \$8.14 | \$8.47 | \$8.81 | \$9.16 |
| Commercial, Institutional, Fire & Other | \$3.38 | \$3.58 | \$3.72 | \$3.87 | \$4.02 | \$4.18 |
| Residential, 3/4" and 1" Meters | \$3.38 | -- | -- | -- | -- | -- |
| Tiered Rate - Residential Customers: | | | | | | |
| | | <u>Proposed Break</u> | | | | |
| Tier 1 | 0-25 hcf | \$3.38 | \$3.03 | \$3.15 | \$3.28 | \$3.41 |
| Tier 2 | 26+ hcf | \$3.38 | \$4.61 | \$4.80 | \$4.99 | \$5.19 |
| Tiered Rate - Agriculture Customers: | | | | | | |
| | | <u>Proposed Break</u> | | | | |
| Tier 1 | 0-25 hcf | \$3.38 | \$3.23 | \$3.36 | \$3.49 | \$3.63 |
| Tier 2 | 26+ hcf | \$3.38 | \$4.82 | \$5.01 | \$5.21 | \$5.42 |

Item # 2

Overview of Cross Connection Control Program (Backflow Protection)

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

Meeting Date: January 20, 2021

To: FPREP Committee Members

Budgeted: N/A

Budgeted Amount: N/A

From: Marina D. West

General Counsel Approval: N/A

CEQA Compliance: N/A

Subject: Overview of Cross Connection Control Program (Backflow Protection)

SUMMARY

In recent years the Agency has seen an increase in the number of customers that have been required to install devices for cross connection control (i.e. backflow device).

Administration of the program has expanded leading staff to evaluate other means of effectively operating the program.

Staff will provide an overview of the current program and share implementation and administrative alternatives seeking feedback from the Committee.

RECOMMENDATION

Information and discussion only. Staff seeking feedback from the Committee on the Cross Connection Control Program administration.

BACKGROUND/ANALYSIS

None.

PRIOR RELEVANT BOARD ACTION(S)

None

Item # 3

Consent Items

Item a



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 Special Committee Meeting Minutes

Committee Members: Director McBride & Director McKenzie

BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92284

November 19, 2020
Time – 4:00 P.M.

PUBLIC AND BOARD WISHING TO PARTICIPATE REMOTELY
TELECONFERENCE LINE THRU ZOOM 669-900-6833
OR

Join Zoom Meeting

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/84724316176?pwd=aHpOcGdXZ3hDNkVURFRkdWsxZzQyZz09>

Passcode: 686316

Or Dial:

1-669-900-6833

Webinar ID: 847 2431 6176

Passcode: 686316

Please note that all requirements of the Brown Act requiring the physical presence of the board or staff have been waived per Executive Order N-29-20

CALL TO ORDER

Director McBride called the meeting to order at 4:00 m.

PLEDGE OF ALLEGIANCE

Led by John Burkhart

ROLL CALL

Directors Present: Chairman McBride
Director McKenzie

Staff Present: Marina West
Cindy Byerrum, CPA – Consultant to the Agency – via teleconference
Jordan Taylor, Consultant, NBS Government Finance
Kim Boehler, Director NBS Government Finance – via teleconference

Public Present: 0 member(s) of the public indicated they were participating via teleconference.
1 members of the public were present in the meeting room.

APPROVAL OF AGENDA

Chairman McBride and Director McKenzie approved the Agenda as presented.

Discussion and Action Items

1. Public Workshop – Water Capacity Fee (Connection Fee) Study

GM West introduced Jordan Taylor and Kim Boehler of NBS Government Finance to give the presentation on Capacity Fee. Jordan went through a PowerPoint presentation providing background on development of a capacity fee. She noted that the Agency staff and consultants felt the “buy-in” method as opposed to the two other methods that can also derive a capacity fee. These models for capacity fee development are AWWA standards.

The model shows a justified cost of \$14,154 for a 1-inch meter. This is the maximum amount that the Board could charge. They could go lower and raise up over a series of years but it was explained that technically this number should be increased every year by the Consumer Price Index at a minimum to keep up with inflation.

Staff and consultants answered questions from the Committee and ultimately were directed to bring the matter before the full Board for consideration and possible adoption in accordance with the provisions of the Mitigation Fee Act.

2. Public Workshop No. 3 - Review Proposed Options for Variable and Fixed Charge Increases

Planned for the Prop. 218 Process in Preparation for Fiscal Year 2021/2022 Rate Increase
Jordan Taylor, Consultant, NBS Government Finance gave the presentation on fixed and variable charges including Alternative D requested by the Committee at the October meeting.

The presentation reviewed how the financial plan is created based on Operations and Maintenance, Debt, Capital Improvement Plan and Financial Reserves. The financial modeling shows that current revenues do not cover operations and maintenance after fiscal year 2021/22 with all factors input to the model. Ms. Taylor walked the Board thru the steps in developing the financial model.

Ms. Taylor reviewed the formulas used for reserve fund targets appropriate for an Agency this size.

Questions from the Committee were received and answered.

Next Ms. Taylor reviewed the basis for calculating the four fixed and variable rate alternatives and the new customer classes NBS has developed: Residential, Commercial/Institutional, Agriculture and Bulk. Each alternative is designed to collect the same amount of revenue just through a different rate design for a net 4% increase in rates and fees. Ms. Taylor reminded the Directors that the tiers were justified based on the Ames/Reche Judgement pumping cap

of 908 Acre-Ft per year allocated equally to all current parcels served. The result was that 25 billing units per bi-monthly billing cycle should be the top of Tier 1. Ms. Jordan again reviewed all four the rate and fee alternatives they developed which are part of the staff report as well.

There was a discussion about the impact of certain customer classes dropping usage to zero. NBS said the loss in revenue is between 5% and 6% if all agricultural customers vacated their properties. It was also clarified that Alternative D is closest the current model utilized. NBS noted that the rate increases under this model are based on implementation ideally during the month of January.

Adjournment to break at 5:51pm – Back in Session 6:15pm

3. Review Resolution No. 20R-15 and Consider Investment of Funds in Money Market for Additional Investment Returns

GM West gave the staff report asking the Committee’s opinion on investing some money in a Business High Yield Money Market. No objections from the Committee were received. GM West stated that she will further explore this option for investing Agency funds.

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

- a. FPREP Special Committee Meeting Minutes October 22, 2020

Recommended Action:

Approve as presented (Items a):

No Public Comment.

Committee members approved the minutes as presented.

5. Public Comment Period

No Public Comment.

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

- 1. Committee Members’ Comments/Reports – none.
- 2. General Manager’s Report – none.

7. Adjournment – Director McBride adjourned the meeting at 6:28 pm.

Approved by:

Michael McBride, Committee Chair

Official Seal