

## Bighorn-Desert View Water Agency

### Board of Directors

Judy Corl-Lorono, President  
J. Dennis Staley, Vice President  
Terry Burkhart, Secretary  
Michael McBride, Director  
J. Larry Coulombe, Director



### Agency Office

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Marina D West, P.G., General Manager

A Public Agency

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## Finance/Public Relations/Education And Personnel Standing Committee Special Meeting Agenda April 15, 2015 - 9:00 a.m.

Board Meeting Office  
1720 N. Cherokee Trail, Landers, CA 92285

### Committee Members: Director McBride & Director Coulombe

The BDVWA Finance/Public Relations/Education & Personnel Committee meeting will be conducted in strict compliance with the Brown Act. Members of the Board not assigned to this Committee who attend may do so only as observers and may not participate in the meeting.

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of the Agenda

**Discussion and Action Items** - The Committee and Staff will discuss the following items and provide direction to staff, 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. Update of Dissolution of CSA 70/W-1 and Annexation to BDVWA
6. Review Draft Budget Fiscal Year 2015/2016

## **7. Review Investment Policy Resolution No. 13R-01**

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

a. Regular FPREP Committee Meeting Report, March 18, 2015

## **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**

- a. Committee Member Comments/Reports
- b. General Manager Report

## **11. Items for Next Agenda**

## **12. 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 has been prepared or organized with respect to each item of business listed on the agenda.

Copies of these materials and other discloseable 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](http://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.

## AGENDA ITEM # 6



DRAFT FISCAL YEAR

2015/16 BUDGET

For the Combined Entities

BIGHORN-DESERT VIEW WATER AGENCY

and

CSA 70/Zone W-1 (Goat Mountain)

FISCAL YEAR 2015/16  
DRAFT

SUMMARY									
	BDVWA Totals	W-1 Totals	2015/16 FY Combined Base Projection	FY 2015/16 original projection	FY 2016/17 Future Est	FY 2017/18 Future Est	FY 2018/19 Future Est	FY 2019/20 Future Est	
<b>TOTAL REVENUE</b>	\$1,330,854	\$547,050	\$1,868,904	\$1,868,904	\$1,943,669	\$1,979,345	\$2,015,955	\$1,784,628	
<b>OPERATING REVENUE</b>	\$998,979	\$352,550	\$1,351,529	\$1,351,529	\$1,425,038	\$1,459,444	\$1,494,773	\$1,531,051	
ADMINISTRATION EXPENSE	\$623,175	\$92,864	\$648,085	\$746,828	\$759,741	\$776,430	\$793,798	\$822,478	
OPERATION EXPENSE	\$425,133	\$198,170	\$623,303	\$633,691	\$648,235	\$672,668	\$698,055	\$724,436	
NET Operating Revenue Projection	-\$49,330	\$61,516	\$80,140	-\$28,991	\$17,061	\$10,346	\$2,920	-\$15,863	
<b>NON-OPERATING REVENUE</b>	\$331,875	\$194,500	\$517,375	\$517,375	\$518,632	\$519,901	\$521,182	\$253,577	
DEBT EXPENSE BDVWA	\$223,200		\$223,200	\$220,972	\$221,822	\$220,372	\$221,622	\$35,149	
DEBT EXPENSE W-1		\$101,887	\$101,887	\$101,887	\$101,887	\$101,887	\$101,887	\$0	
NET Non-Operating Revenue Projection	\$108,675	\$92,613	\$192,288	\$194,516	\$194,923	\$197,642	\$197,673	\$218,428	
<b>ANNUAL PROJECTED NET REVENUE</b>	\$59,345	\$154,129	\$272,428	\$165,525	\$211,984	\$207,988	\$200,593	\$202,565	
Total Operating and Non-Operating Revenue	\$1,330,854	547,050	\$1,868,904	\$1,868,904	\$1,943,669	\$1,979,345	\$2,015,955	\$1,784,628	
Percentage Net Revenue after Expenses			14.6%	8.9%	10.9%	10.5%	10.0%	11.4%	

FISCAL YEAR 2015/16  
DRAFT

REVENUE SUMMARY		FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Description	BDVWA Amount	W-1 Amount	Combined Base Projection	original projection	Future Est. w/rate Increase	Future Est w/rate increase
OPERATING REVENUE						
Metered Water Sales	\$390,929	\$149,320	\$540,249	\$540,249	\$576,493	\$615,518
Basic Service Charge	\$567,600	\$191,730	\$759,330	\$759,330	\$790,007	\$821,923
Other Operating Income	\$37,950	\$11,500	\$49,450	\$49,450	\$50,444	\$51,458
Interest Income Unrestricted	\$2,500	\$0	\$2,500	\$2,500	\$2,500	\$2,500
Water Sales from Ames	-	-	-	-	40,000	40,000
Grants and Funding Partners						
Subtotal	\$998,979	\$ 352,550	\$1,351,529	\$1,351,529	\$1,459,444	\$1,531,051
NON-OPERATING REVENUE						
Stand-By Income W-1	0	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000
Debt Service BDVWA ID "1"	\$175,900		\$175,900	\$175,900	\$175,900	\$0
Debt Service DV	\$48,825		\$48,825	\$48,825	\$48,825	\$48,825
Debt Service W-1		\$93,000	\$93,000	\$93,000	\$93,000	\$0
General Tax Income (portion of 1%)	\$102,650	\$23,000	\$125,650	\$125,650	\$128,176	\$130,752
Subtotal	\$327,375	\$190,000	\$517,375	\$517,375	\$519,901	\$523,577
NON-OPERATING REVENUE - New Services						
Meter Connect Fees (SL Install Fees)	\$1,785	1,785	\$3,570	\$5,355	\$8,925	\$23,205
Basic Facilities Charge (Buy In)	\$4,500	4,500	\$9,000	\$13,500	\$36,000	\$58,500
Subtotal	\$6,285	\$6,285	\$12,570	\$18,855	\$50,280	\$81,705
Total Revenue	\$1,332,639	\$548,835	\$1,868,904	\$1,868,904	\$1,979,345	\$1,784,628

FISCAL YEAR 2015/16  
DRAFT

ADMINISTRATIVE DEPARTMENT EXPENSE									
GL Account	Description	FY2015/16			FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
		BDVWA Amount	W-1 Amount	Combined Base Projection	original projection	Future Est	Future Est	Future Est	Future Est
56001	Directors Fees	\$31,200	\$0	\$31,200	\$35,947	\$32,448	\$33,421	\$34,424	\$35,457
56002	01 Director 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56002	02 Director 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56002	04 Director 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56002	05 Director 4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56002	06 Director 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56003	Administrative Compensation	\$277,530	\$0	\$277,530	\$277,530	\$288,631	\$289,479	\$296,659	\$304,198
56006	Contractual Services- Auditor	\$30,000	\$0	\$30,000	\$40,051	\$31,200	\$32,136	\$33,100	\$34,093
56007	Contractual Services- Legal	\$15,000	\$0	\$15,000	\$20,600	\$15,600	\$16,068	\$16,550	\$17,047
56008	PERS	\$60,115	\$13,680	\$73,795	\$61,244	\$76,747	\$79,049	\$81,421	\$83,863
56009	Payroll Tax	\$11,335	\$2,205	\$13,540	\$15,088	\$14,082	\$14,504	\$14,939	\$15,387
56011	Telephone & Fax	\$6,000	\$0	\$6,000	\$6,180	\$6,240	\$6,427	\$6,620	\$6,819
56012	Mailing Expenses	\$450	\$0	\$450	\$1,468	\$468	\$482	\$497	\$511
56014	Contractual Services- Other	\$34,000	\$3,500	\$37,500	\$41,475	\$39,000	\$40,950	\$42,998	\$45,147
56016	Property/Liability Insurance	\$27,200	\$9,000	\$36,200	\$31,825	\$37,648	\$38,777	\$39,941	\$41,139
56017	Workers Comp. Insurance	\$7,655	\$3,000	\$10,655	\$10,975	\$11,081	\$11,414	\$11,756	\$12,109
56018	Dues & Subscriptions	\$10,600	\$2,800	\$13,400	\$13,880	\$13,936	\$14,354	\$14,785	\$15,228
56020	Power- Office & Yards	\$4,500	\$1,500	\$6,000	\$7,858	\$6,240	\$6,490	\$6,749	\$7,019
56022	Bad Debt Expense	\$1,000	\$500	\$1,500	\$1,388	\$1,560	\$1,607	\$1,655	\$1,705
56025	Propane	\$1,000	\$0	\$1,000	\$1,854	\$1,040	\$1,071	\$1,103	\$1,136
56030	Office Supplies	\$6,500	\$500	\$7,000	\$7,416	\$7,280	\$7,498	\$7,723	\$7,955
56100	Employee Benefits Insurance	\$112,000	\$44,000	\$156,000	\$150,123	\$162,240	\$167,107	\$172,120	\$177,284
56110	Employee Education	\$3,000	\$0	\$3,000	\$4,063	\$3,120	\$3,214	\$3,310	\$3,409
56200	Office Equipment Expense	\$2,000	\$0	\$2,000	\$3,399	\$2,080	\$2,142	\$2,207	\$2,273
56300	Customer Relations	\$2,000	\$0	\$2,000	\$7,404	\$2,080	\$2,142	\$2,207	\$2,273
56400	Other Administrative Expenses	\$2,000	\$750	\$2,750	\$2,060	\$2,860	\$2,946	\$3,034	\$3,125
58100	Elections Costs	\$3,000	\$1,000	\$4,000	\$5,000	\$4,160	\$5,150	\$0	\$5,300
Total Administrative Expense		\$648,085	\$82,435	\$730,520	\$746,828	\$759,741	\$776,430	\$793,798	\$822,478

**OPERATIONS EXPENSE**

GL Account	Description	BDVWA Amount	W-1 Amount	Combined Base Projection	FY2015/16					FY 2015/16 original projection	FY 2016/17 Future Est	FY 2017/18 Future Est	FY 2018/19 Future Est	FY 2019/20 Future Est
					Year 1	Year 2	Year 3	Year 4	Year 5					
54102	Operations Staff Compensation	172,278	95,313	\$267,591	\$273,672	\$278,295	\$289,427	\$301,004	\$313,044	\$273,672	\$278,295	\$289,427	\$301,004	\$313,044
54103	Uniforms	2,525	757	\$3,282	\$3,509	\$3,413	\$3,516	\$3,621	\$3,730	\$3,509	\$3,413	\$3,516	\$3,621	\$3,730
54105	Auto Controls	720	-	\$720	\$3,521	\$749	\$771	\$794	\$818	\$3,521	\$749	\$771	\$794	\$818
54106	Vehicle/Tractor/Equip Expense	9,000	2,700	\$11,700	\$12,551	\$12,168	\$12,533	\$12,909	\$13,296	\$12,551	\$12,168	\$12,533	\$12,909	\$13,296
54107	Vehicle Expense- Fuel	21,000	6,300	\$27,300	\$28,509	\$28,392	\$29,244	\$30,121	\$31,025	\$28,509	\$28,392	\$29,244	\$30,121	\$31,025
54109	Field Materials and Supplies	25,000	12,500	\$37,500	\$38,625	\$39,000	\$40,170	\$41,375	\$42,616	\$38,625	\$39,000	\$40,170	\$41,375	\$42,616
54111	Water Testing	4,200	1,700	\$5,900	\$8,387	\$6,136	\$6,443	\$6,765	\$7,103	\$8,387	\$6,136	\$6,443	\$6,765	\$7,103
54112	Contractual Services- Engineering	40,000	27,500	\$67,500	\$69,525	\$70,200	\$72,306	\$74,475	\$76,709	\$69,525	\$70,200	\$72,306	\$74,475	\$76,709
54114	Water System Repairs	42,000	20,000	\$62,000	\$41,200	\$64,480	\$66,414	\$68,407	\$70,459	\$41,200	\$64,480	\$66,414	\$68,407	\$70,459
54115	Building Maintenance/Repair	10,000	1,000	\$11,000	\$14,420	\$11,440	\$11,783	\$12,137	\$12,501	\$14,420	\$11,440	\$11,783	\$12,137	\$12,501
54119	Communications Expense	1,860	300	\$2,160	\$2,430	\$2,246	\$2,314	\$2,383	\$2,455	\$2,430	\$2,246	\$2,314	\$2,383	\$2,455
54121	Disinfection Expense	5,000	1,600	\$6,600	\$6,835	\$6,864	\$7,070	\$7,282	\$7,500	\$6,835	\$6,864	\$7,070	\$7,282	\$7,500
54125	Power- Wells/Booster Pumps	75,000	25,000	\$100,000	\$105,788	\$104,000	\$109,200	\$114,660	\$120,393	\$105,788	\$104,000	\$109,200	\$114,660	\$120,393
54130	Other Operations Expense	9,050	3,500	\$12,550	\$11,845	\$13,052	\$13,444	\$13,847	\$14,262	\$11,845	\$13,052	\$13,444	\$13,847	\$14,262
55001	Bulk Pumping Plant Expense	7,500	-	\$7,500	\$7,725	\$7,800	\$8,034	\$8,275	\$8,523	\$7,725	\$7,800	\$8,034	\$8,275	\$8,523
55002	Bulk Operations and Maintenance	0	-	\$0	\$5,150	\$0	\$0	\$0	\$0	\$5,150	\$0	\$0	\$0	\$0
	<b>Total Operations Expense</b>	<b>425,133</b>	<b>198,170</b>	<b>\$623,303</b>	<b>\$633,691</b>	<b>\$648,235</b>	<b>\$672,668</b>	<b>\$698,055</b>	<b>\$724,436</b>	<b>\$633,691</b>	<b>\$648,235</b>	<b>\$672,668</b>	<b>\$698,055</b>	<b>\$724,436</b>



FISCAL YEAR 2015/16  
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DEBT EXPENSE		FY 2015/16 original projection	FY 2016/17 Future Est	FY 2017/18 Future Est	FY 2018/19 Future Est	FY 2019/20 Future Est
GL Account	Description	Current FY Combined Base Projection				
22300	BHM ID 1 Debt Principal*	\$85,000	\$94,000	\$98,000	\$104,000	\$0
57000	BHM ID 1 Debt Interest Payment	\$23,500	\$14,800	\$10,100	\$5,200	\$0
21101	DV Debt Principal	\$31,000	\$34,000	\$35,000	\$37,000	\$34,977
59100	DV Debt Interest Payment	\$10,400	\$5,722	\$3,972	\$2,122	\$172
57350	MWA Pipeline Debt	\$73,300	\$73,300	\$73,300	\$73,300	\$0
	<b>BDVWA Total Debt Expense</b>	<b>\$223,200</b>	<b>\$221,822</b>	<b>\$220,372</b>	<b>\$221,622</b>	<b>\$35,149</b>
TBD	W1 Debt Principal + Interest **	\$93,750	\$93,750	\$93,750	\$93,750	\$0
TBD	MWA Pipeline Debt	\$8,137	\$8,137	\$8,137	\$8,137	\$0
	<b>W-1 Total Debt Expense</b>	<b>\$101,887</b>	<b>\$101,887</b>	<b>\$101,887</b>	<b>\$101,887</b>	<b>\$0</b>
	<b>TOTAL</b>	<b>\$325,087</b>	<b>\$323,709</b>	<b>\$322,259</b>	<b>\$323,509</b>	<b>\$35,149</b>

\* Debt service payment for BDVWA from Debt Service schedules  
 \*\* Debt Service Payments for SDD can't be confirmed from SDD audits, used P+I for duration of debt service

EXPENSE DETAILS

GL Account	LINE ITEM DESCRIPTION	Description	FY2012/13 Actual Expenditures	2013/14 Actual Expenditures	BDVWA Approved Budget 2014/15	2014/15 YTD 2/28/2015 (67%)	Preliminary Budget 2015/16	W-1 Projected Addition	Total Projected Budget	FY 2015/16 original projection	FY 2016/17 Future Est	FY 2017/18 Future Est	FY 2018/19 Future Est	FY 2019/20 Future Est
54102	OPERATIONS COMPENSATION	Three field employees with on-call overtime and standby hours	\$ 171,823	\$ 170,872	\$167,833	65.6%	\$172,278	\$95,313	\$267,591	\$273,672	\$278,295	\$289,427	\$301,004	\$313,044
54103	UNIFORMS	Shoes \$450, Uniform Lease Service \$1700; jackets \$375	\$ 2,941	\$ 1,979	\$ 2,650	51.0%	\$ 2,525	\$ 757	\$3,282	\$3,509	\$3,413	\$3,516	\$3,621	\$3,730
54105	VERIZON-TELEMETRY	2-lines @ \$45 X 8 months- fixed lease (will remove all lines in this FY due to purchase of additional SCADA components)	\$ 2,564	\$ 2,556	\$ 2,640	41.0%	\$ 720	\$ -	\$720	\$3,521	\$749	\$771	\$794	\$818
54106	VEHICLE/TRACTOR/ EQUIP EXPENSE	Includes new tires for fleet, routine maintenance, large equipment repairs. Fuel tank vapor compliance testing \$500 and fuel system maintenance \$1000. Haz.Mat. Disposal \$500	\$ 21,286	\$ 12,257	\$ 9,000	62.9%	\$ 9,000	\$ 2,700	\$11,700	\$12,551	\$12,168	\$12,533	\$12,909	\$13,296
54107	VEHICLE EXPENSE- FUEL	Projections based on prior 7 month trend.	\$ 23,954	\$ 21,534	\$ 21,000	44.0%	\$ 21,000	\$ 6,300	\$27,300	\$28,509	\$28,392	\$29,244	\$30,121	\$31,025
54109	FIELD MATERIAL & SUPPLIES	All materials and supplies used in the maintenance of the water distribution system, safety/traffic control and small tools.	\$ 25,637	\$ 25,898	\$ 25,000	44.8%	\$ 25,000	\$ 12,500	\$37,500	\$38,625	\$39,000	\$40,170	\$41,375	\$42,616
54111	WATER TESTING	BacT, Gen. Phy. And Plate Counts \$3000, Nitrates all wells \$120, Pb/Cu testing cycle \$500, Misc. T22 (EDB/DBCP, Inorganics, Secondary GP, TDS, THM/HAA5) \$0, GAlUr \$100, contingency \$200. Cr 6 = \$250	\$ 4,331	\$ 3,409	\$ 6,300	37.5%	\$ 4,200	\$ 1,700	\$5,900	\$8,387	\$6,136	\$6,443	\$6,765	\$7,103
54112	ENGINEERING	Engineering consultant services	\$ 47,584	\$ 13,444	\$ 40,000	14.7%	\$ 40,000	\$ 27,500	\$67,500	\$69,525	\$70,200	\$72,306	\$74,475	\$76,709
54114	WATER SYSTEM REPAIRS	Routine repairs/maintenance for wells, pumps, boosters, pressure reducing stations, reservoirs, pipelines, airvac valves, etc.	\$ 27,538	\$ 36,425	\$ 27,500	113.0%	\$ 42,000	\$ 20,000	\$62,000	\$41,200	\$64,480	\$66,414	\$68,407	\$70,459
54115	BUILDING REPAIR AND MAINT	Trash and dump fee - \$1500; Protection One Security \$1500, fire extinguisher maintenance - \$500, safety and emergency supplies - \$500, cleaning service \$3500, landscape main. \$1,000. Non-routine maintenance items (one time expense) - \$1000,	\$ 8,951	\$ 16,783	\$ 13,000	76.0%	\$ 10,000	\$ 1,000	\$11,000	\$14,420	\$11,440	\$11,783	\$12,137	\$12,501
54119	COMMUNICATIONS EXP	AT&T Cell phones (\$105/mo) plus SCADA computer access (\$600/yr)	\$ 1,665	\$ 1,351	\$ 1,500	48.0%	\$ 1,860	\$ 300	\$2,160	\$2,430	\$2,246	\$2,314	\$2,383	\$2,455
54121	DISINFECTION EXPENSE	Chlorine \$3500, Misc \$1500	\$ 3,983	\$ 4,942	\$ 5,000	54.6%	\$ 5,000	\$ 1,600	\$6,600	\$6,835	\$6,864	\$7,070	\$7,282	\$7,500
54125	POWER WELLS & BOOSTER	Based on prior 12 months usage with projected rate increase	\$ 60,570	\$ 52,938	\$ 68,750	54.7%	\$ 75,000	\$ 25,000	\$100,000	\$105,788	\$104,000	\$109,200	\$114,660	\$120,393
54130	OTHER OPER EXPENSES	SWRCB filing fee \$400, bee service \$350, DPH (DHS) - \$3000, BLM rent for ID 1 system \$3500, AQMD fuel tank permit \$300, Misc. \$1,000, CoSB Excavation Permit fees - \$500	\$ 30,953	\$ 13,460	\$ 8,000	65.0%	\$ 9,050	\$ 3,500	\$12,550	\$11,845	\$13,052	\$13,444	\$13,847	\$14,262
55001	BULK PUMPING PLANT EXPENSE	3% of telemetry expense \$85, JV Well 10 power plus 3% of all other power expense \$6500, sampling for bacti, Gen. Phy., Plate Count and contingency \$860	\$ 6,942	\$ 5,665	\$ 7,500	57.0%	\$ 7,500	\$ -	\$7,500	\$7,725	\$7,800	\$8,034	\$8,275	\$8,523
55002	BULK OPERATIONS AND MAINTENANCE	Routine repairs/maintenance for bulk delivery systems (four locations)	\$ 7,591	\$ 9,983	\$ 5,000	15.4%	\$ -	\$ -	\$0	\$5,150	\$0	\$0	\$0	\$0
56001	DIRECTORS FEES	Regular and Special Meetings \$8268, Committee/Ad Hoc/Misc Meetings \$6650, Seminars per diem & Seminar Expenses \$16250	\$ 11,000	\$ 24,537	\$ 31,200	75.8%	\$ 31,200	\$ -	\$31,200	\$35,947	\$32,448	\$33,421	\$34,424	\$35,457
56002	DIRECTOR MEETING EXPENSE		N/A						\$0	\$0	\$0	\$0	\$0	\$0
56002 01	DIRECTOR 1 - McBride	All Director Expenses	\$ 3,750						\$0	\$0	\$0	\$0	\$0	\$0
56002 02	DIRECTOR 2 - Cori-Lorono	All Director Expenses	\$ 4,786						\$0	\$0	\$0	\$0	\$0	\$0
56002 04	DIRECTOR 4 - Burkhardt	All Director Expenses	\$ 365						\$0	\$0	\$0	\$0	\$0	\$0
56002 05	DIRECTOR 5 - Staley	All Director Expenses	\$ 345						\$0	\$0	\$0	\$0	\$0	\$0
56002 06	DIRECTOR 6 - Coulombe								\$0	\$0	\$0	\$0	\$0	\$0
56003	ADMINISTRATION COMP	Three full time office staff & General Manager	\$ 228,740	\$ 266,140	\$272,105.00	63.2%	\$277,530.28	\$0.00	\$277,530	\$277,530	\$288,631	\$289,479	\$296,659	\$304,198
56006	CONTRACTUAL SERVICES- AUDITOR	Auditor	\$ 32,364	\$ 29,918	\$ 30,000	62.2%	\$ 30,000	\$ -	\$30,000	\$40,051	\$31,200	\$32,136	\$33,100	\$34,093
56007	CONTRACTUAL SERV. LEGAL	Legal Fees	\$ 13,819	\$ 6,188	\$ 15,000	11.8%	\$ 15,000	\$ -	\$15,000	\$20,600	\$15,600	\$16,068	\$16,550	\$17,047
56008	PERS	All Full Time Equivalent (FTE) Employees.	\$ 39,928	\$ 46,245	\$ 53,860	68.4%	\$ 60,115	\$ 13,680	\$73,795	\$61,244	\$76,747	\$79,049	\$81,421	\$83,863
56009	PAYROLL TAXES	Unemployment \$3900, Medicare match \$6160, Social Security BOD only \$1275, W-1 UI \$870, Medi \$1335	\$ 10,724	\$ 11,581	\$ 11,730	29.5%	\$ 11,335	\$ 2,205	\$13,540	\$15,088	\$14,082	\$14,504	\$14,939	\$15,387

FISCAL YEAR 2015/16  
DRAFT

GL Account	LINE ITEM DESCRIPTION	Description	FY2012/13 Actual Expenditures	2013/14 Actual Expenditures	BDVWA Approved Budget 2014/15	2014/15 YTD 2/28/2015 (67%)	Preliminary Budget 2015/16	W-1 Projected Addition	Total Projected Budget	FY 2015/16 original projection	FY 2016/17 Future Est	FY 2017/18 Future Est	FY 2018/19 Future Est	FY 2019/20 Future Est
56011	PHONE, FAX LINES, INTERNET	Main office phones \$4200, Internet access \$1140; website hosting \$120, website maint. \$500	\$ 6,514	\$ 6,068	\$ 6,000	57.7%	\$ 6,000	\$ -	\$6,000	\$6,180	\$6,240	\$6,427	\$6,620	\$6,819
56012	MAILING EXPENSE	Routine Mail postage \$250 (1-yr.), UPS-FedEx \$200,	\$ 7,242	\$ 5,262	\$ 1,425	35.6%	\$ 450	\$ -	\$450	\$1,468	\$468	\$482	\$497	\$511
56014	CONTRACTUAL SERV- OTHER	Bank Fees \$3600, Springbrook Maintenance Contract \$14,795, CMT Maintenance \$1100, Copier Maintenance Agreement Est. \$2,800, Outsourced Billing \$9700, IT work \$2000	\$ 13,501	\$ 20,295	\$ 30,000	38.1%	\$ 34,000	\$ 3,500	\$37,500	\$41,475	\$39,000	\$40,950	\$42,998	\$45,147
56016	PROPERTY/LIABILITY EXPENSE	Property and Liability	\$ 27,814	\$ 26,558	\$ 22,850	83.1%	\$ 27,200	\$ 9,000	\$36,200	\$31,825	\$37,648	\$38,777	\$39,941	\$41,139
56017	WORKERS COMP INS	All Employees	\$ 6,730	\$ 6,923	\$ 7,655	66.7%	\$ 7,655	\$ 3,000	\$10,655	\$10,975	\$11,081	\$11,414	\$11,756	\$12,109
56018	DUES & SUBSCRIPTIONS and ANNUAL FEES	AWWA \$420, ACWA \$5400, DigAlert \$400, Hi Desert Star \$40, CRWA \$650, Weinhoff \$130, CSDA \$2700, LAFCO budget allocation \$140, ERNIE/I-Info Memb. \$400, GFOA \$175, Misc \$500	\$ 9,465	\$ 10,051	\$ 10,600	93.5%	\$ 10,600	\$ 2,800	\$13,400	\$13,880	\$13,936	\$14,354	\$14,785	\$15,228
56020	POWER OFFICE & YARDS	Based on prior 12 months usage	\$ 5,287	\$ 3,872	\$ 6,000	48.4%	\$ 4,500	\$ 1,500	\$6,000	\$7,858	\$6,240	\$6,490	\$6,749	\$7,019
56022	BAD DEBT EXPENSE	Bad debt (misc. unable to lien)	\$ 1,179	\$ 2,508	\$ 1,000	91.3%	\$ 1,000	\$ 500	\$1,500	\$1,388	\$1,560	\$1,607	\$1,655	\$1,705
56025	PROPANE	Office and Shop	\$ 1,712	\$ 1,262	\$ 1,800	15.3%	\$ 1,000		\$1,000	\$1,854	\$1,040	\$1,071	\$1,103	\$1,136
56030	OFFICE SUPPLIES/ PRINTING	Printed items such as envelopes, business cards, nameplates, checks. Toner refills for desktop printers, consumable office supplies (paper) and Boardroom supplies and other business meeting supplies. Copier "per print" costs (\$1000)	\$ 3,798	\$ 6,398	\$ 6,700	59.2%	\$ 6,500	\$ 500	\$7,000	\$7,416	\$7,280	\$7,498	\$7,723	\$7,955
56100	EMPLOYEE BENEFITS INS	Health, Dental, Vision, Life	\$ 81,816	\$ 90,419	\$ 101,750	73.5%	\$ 112,000	\$ 44,000	\$156,000	\$150,123	\$162,240	\$167,107	\$172,120	\$177,284
56110	EMPLOYEE EDUCATION	Miscellaneous employee education and outside training (inc. safety training)	\$ 2,316	\$ 2,402	\$ 3,000	36.0%	\$ 3,000		\$3,000	\$4,063	\$3,120	\$3,214	\$3,310	\$3,409
56200	OFFICE EQUIPMENT EXPENSE	phone system repairs \$1000, computer peripherals \$1000	\$ 1,482	\$ 14,845	\$ 3,300	16.3%	\$ 2,000		\$2,000	\$3,399	\$2,080	\$2,142	\$2,207	\$2,273
56300	CUSTOMER RELATIONS	Misc customer relations expense: Outreach: Orchid Festival Expenses \$500, 3rd July outreach \$250, Desert-wise Tour and Seminars \$500, Landers Ele. Programs \$250, Calendars \$300	\$ 4,638	\$ 7,589	\$ 5,200	19.5%	\$ 2,000	\$ -	\$2,000	\$7,404	\$2,080	\$2,142	\$2,207	\$2,273
56400	OTHER ADMIN EXPENSES	BOD Advertising (legal notices, etc.), GFOA COE application for audit, misc. meeting expenses. employment advertising including bid recruitment and legal advertising. employee screening.	\$ 1,883	\$ 3,124	\$ 2,000	53.0%	\$ 2,000	\$ 750	\$2,750	\$2,060	\$2,860	\$2,946	\$3,034	\$3,125
58100	ELECTION COSTS	No regular election in FY2014/15	\$ -	\$ 2,547	\$ -		\$ 3,000	\$ 1,000	\$4,000	\$5,000	\$4,160	\$5,150		\$5,300
59300	MISC EXPENSES		\$	\$ 1,775		0.0%			\$0					
NON-OPERATING EXPENSES									\$0					
see Debt Summary Worksheet for debt service breakdown									\$0					
									\$0					
									\$0					
									\$0					
									\$0					
TOTAL EXPENSES			\$ 969,511		\$1,033,848		\$1,073,219	\$280,605	\$1,353,824	\$1,380,519	\$1,407,977	\$1,449,098	\$1,491,853	\$1,536,609

REVENUE DETAILS														
GL ACCOUNT	DESCRIPTION	ADDITIONAL INFORMATION	FY11/12 Actual Revenue	FY12/13 Actual Revenue	FY13/14 Actual Revenue	BDVWA Approved Budget 2014/15	2014/15 YTD 2/28/15 (67%)	Preliminary Budget 2015/16	W-1 Base Revenue Summary	Total Projected Budget	FY 2015/16 original projection	FY 2017/18 Future Est	FY 2018/19 Future Est	FY 2019/20 Future Est
41000	SERVICE LINE INSTALLATION FEE- Revenues to cover the actual cost of customer ordered service line installation.	Estimate 1 service line installations with 1-in meter @ \$1785 ea	\$ -	3,960	1,320	\$1,255	0.0%	\$ 1,785	\$1,785	\$ 3,570	\$ 3,570	\$ 3,787	\$ 3,901	\$ 4,018
41001	BASIC FACILITIES CHARGE- This fee is charged to brand new service line customers as a "buy-in" to the system already partially funded by previous and current customers.	Estimate 1 service line installations @ \$4500 ea	\$ -	12,294	4,098	\$4,098	329.0%	\$ 4,500	\$4,500	\$ 9,000	\$ 9,000	\$ 9,548	\$ 9,835	\$ 10,130
41100	WATER SALES CHARGES- Total revenues from the sales of water to metered customers routes 01 - 11 (Bighorn and Desert View Service Areas) and all bulk accounts	Projected metered sales 95% of prior 12 months sales	\$ 415,449	412,756	399,457	\$389,631	63.4%	\$ 390,929	\$149,320	\$ 540,249	\$ 540,249	\$ 576,493	\$ 595,518	\$ 615,170
41300	BASIC SERVICE CHARGE- Bi monthly billing to cover fixed O&M costs plus capital projects (non-specified funds)	Estimate based on actual number of meters paying BSC (e.g. less those that continue to go to property lien)	\$ 595,375	587,490	594,885	\$567,600	65.6%	\$ 567,600	\$191,730	\$ 759,330	\$ 759,330	\$ 790,007	\$ 805,807	\$ 821,923
41400	INCOME METERED BULK WATER:	Projected bulk sales 95% of prior 12 months sales	\$ 51,160	52,108	52,323	\$47,728	74.4%		\$0	\$ -	\$ -	\$ -	\$ -	\$ -
41700	INCOME OTHER- Delinquent water billing revenues, unlock charges, non sufficient funds check charges, scrap metal sales, customer PIR fee, account setup charges.	Budget based on FY2012/13 monthly average.	\$ 40,134	38,250	37,781	\$37,950	67.7%	\$ 37,950	\$11,500	\$ 49,450	\$ 49,450	\$ 50,444	\$ 50,948	\$ 51,458
49100	INCOME GENERAL TAX LEVY Bighorn Imp "A" Area 1% General Levy Share- This revenue is the portion of the County 1% tax which is passed on to special districts for general operating expenses. Coded on the property tax apportionment schedule as GA02.	General tax projection, property valuation obtained from County Assessor ("Teeler" Letter)	\$ 50,120	50,440	50,858	\$51,100	56.6%	\$ 52,200		\$ 52,200	\$ 52,722	\$ 53,249	\$ 53,782	\$ 54,320
49101	INCOME BOND DEBT BH FMHA- This revenue is generated through the issuance of an annual advalorem tax and assessed to all properties within the Bighorn (north side of the Agency). Issued in 1979 for \$1,875,000 for the purpose of constructing and maintaining a water system. Term is 40 years, at 5%. Annual payment is approximately \$108,500. Payments are due December (Interest approx. \$11,750) and June (Interest \$11,750 and principal \$85,000). Extra revenue collected is used for replacement & refurbishment and is tagged as available revenue "restricted" for use in BHM.	Projection is based on accumulation of an additional \$70,000 for Replacement & Refurbishment of BH water system.												
49102	INCOME GENERAL TAX LEVY Bighorn-Desert View WA 1% General Levy Share- This revenue is the portion of the County 1% General tax which is passed on to special districts for general operating expenses. Coded on the property tax apportionment schedule as GA01.	General tax projection, property valuation obtained from County Assessor ("Teeler" Letter)	\$ 196,618	181,440	182,014	\$175,900	55.3%	\$ 175,900		\$ 175,900	\$ 175,900	\$ 175,900	\$ 175,900	\$ -
49103	FMHA SURCHARGE-Revenues generated via the bi-monthly billing of the Desert View customers to fund the debt service for the FMHA Revenue Bond. Issued in 1979 for \$700,000 for the purpose of constructing a water system. Term is 40 years at 5%. Annual Payment is approximately \$41,400. Payments due September (Interest approx. \$5,200) and April (Interest approx \$5,200 and principal \$31,000). Extra revenue collected is used for replacement & refurbishment and is tagged as available revenue "restricted" for use in DV.	Based on \$9.30 per customer per billing cycle.	\$ 48,448	48,767	48,854	\$49,102	57.2%	\$ 50,450		\$ 50,450	\$ 50,955	\$ 51,464	\$ 51,979	\$ 52,498
49200	INTEREST INCOME- Interest revenue from our Local Agency Investment Fund account.	Interest income Anticipate <1% interest	\$ 50,006	49,967	49,843	\$48,825	68.1%	\$ 48,825		\$ 48,825	\$ 48,825	\$ 48,825	\$ 48,825	\$ 48,825
49600	Income Other - Non-operating	This account offsets expense account no 01 59300	\$ 2,326	2,946	1,828	\$2,500	68.1%	\$ 2,500		\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
TBD	INCOME GENERAL TAX LEVY (W-1 area)		\$ -	196	4,399	\$0					\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
TBD	INCOME BOND DEBT (UD 82 DA01)								\$23,000	\$ 23,000	\$ 23,000	\$ 23,462	\$ 23,687	\$ 23,934
TBD	INCOME STAND-BY (W-1 area)								\$93,000	\$ 93,000	\$ 93,000	\$ 93,000	\$ 93,000	\$ 93,000
						\$74,000			\$74,000	\$ 74,000	\$ 74,000	\$ 74,000	\$ 74,000	\$ 74,000
	TOTAL		\$ 1,449,636	\$ 1,440,614	\$ 1,427,660	\$ 1,375,689		\$ 1,332,639	\$548,835	\$ 1,881,474	\$ 1,921,474	\$ 1,992,680	\$ 2,028,691	\$ 1,798,775

Fiscal Year 2015/16  
DRAFT

Account	Description	JULY 15	AUG 15	SEP 15	OCT 15	NOV 15	DEC 15	JAN 16	FEB 16	MAR 16	APR 16	MAY 16	JUNE 16	TOTAL
	<b>METERED WATER SALES</b>													
	Percentage vs previous 12 months BIGHORN 01-06		0.97		0.97		0.97		0.97		0.97		0.97	
	Consumption previous 12 mo.		1,500,099		1,209,825		910,957		710,686		686,367		1,077,438	
01-41100	Metered Water @ 95% of prior 12 mo.		43,653		35,206		26,509		20,681		19,973		31,353	\$177,375
	Percentage vs previous 12 months DESERT VIEW 07-11													
	Consumption previous 12 mo.	0.97		0.97		0.97		0.97		0.97		0.97		
	1,478,363			1,595,767		1,410,491		983,105		850,952		1,019,924		
01-41100	Metered Water @ 95% of prior 12 mo.	43,020		46,437		41,045		28,608		24,763		29,680		\$213,553
	<b>BASIC SERVICE CHARGE</b>													
	no of meters - BIGHORN 01-06		860		860		860		860		860		860	
01-41300	Basic Svs Charge @ \$55/ meter per cycle		47,300		47,300		47,300		47,300		47,300		47,300	\$283,800
	no of meters - DESERT VIEW 07-11	860		860		860		860		860		860		
01-41300	Basic Svs Charge @ \$55/ meter per cycle	47,300		47,300		47,300		47,300		47,300		47,300		\$283,800
	percentage of previous 12 months	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	
	consumption previous 12 mos.	0	-	-	-	-	-	-	-	-	-	-	-	
01-41400	Bulk Water @95% of prior 12 mo.	-	-	-	-	-	-	-	-	-	-	-	-	\$0
	<b>DEBT REVENUE</b>													
	# of Desert View Accounts	875		875		875		875		875		875		
01-49103	FHMA Desert View Revenue Bond @ 9.30	8,138		8,138		8,138		8,138		8,138		8,138		\$48,825
	Prop. Tax Ad Valorem Bighorn ID 1 Debt	-	-	-	-	72,000	36,250	9,200	2,100	20,000	16,350	20,000	-	\$175,900
	<b>GENERAL PROPERTY TAX REVENUE</b>													
01-49100	Bighorn Imp "A" Area 1% Gen Levy Share		-	-	-	-	21,500	4,100	1,500	3,100	6,500	11,000	4,500	\$52,200
01-49102	Bighorn-Desert View WA 1% Gen Levy Share	-	-	-	-	-	20,000	4,100	1,500	3,350	6,500	10,500	4,500	\$50,450
	<b>OTHER REVENUE</b>													
01-41700	Income Other (Operating)	3150	3150	3150	3200	3200	3150	3150	3150	3150	3150	3200	3150	\$37,950
01-49200	LAIF Interest Income (Unrestricted-Operating)	625	-	-	625	-	-	625	-	-	625	-	-	\$2,500
01-49600	Income Other (Non Op) DQ Standbys													\$0
	<b>METER SALES AND INSTALLATION</b>													
	Estimated # SL Installs						1							
01-41000	Service Line Installation Fees	-	-	-	-	-	1,785	-	-	-	-	-	-	\$1,785
01-41001	Basic Facilities Charge (Buy In)	-	-	-	-	-	4,500	-	-	-	-	-	-	\$4,500
	<b>TOTAL REVENUE</b>													\$1,332,639

THIS SPREADSHEET REPRESENTS THE FY2014/15 REVENUE PROJECTIONS FOR BDVWA'S BUDGET

## AGENDA ITEM # 7

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

**Meeting Date:** April 15, 2015

**To:** Financial/PR/Education/Personnel Comm. **Budgeted:** To Be Determined  
Board of Directors **Budgeted Amount:** To Be Determined  
**Cost:** n/a

**From:** Marina D. West **General Counsel Approval:** N/A  
**CEQA Compliance:** N/A

**Subject:** Review Investment Policy as Recommended by Agency Auditor

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**SUMMARY**

On January 22, 2013 the Board of Directors adopted *Resolution 13R-01 - Establishing an Investment Policy*.

At this time, the Agency does not invest any monies outside of the Local Agency Investment Fund (LAIF) with a current interest rate of 0.25%. If the Board desired to pursue alternative investments, they are guided by this investment policy.

Staff is not recommending any changes in investment strategy which might encumber cash for extended periods of time but the Auditor recommends that the Agency review its policy annually as a reminder of the investment options available.

**RECOMMENDATION**

Information only

**BACKGROUND/ANALYSIS**

No further information provided.

**PRIOR RELEVANT BOARD ACTION(S)**

**1/22/13 Motion 13-006** Resolution 13R-01 Establishing an Investment Policy

## RESOLUTION NO. 13R-01

### 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; and

WHEREAS, the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 53601 and 53635; 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

WHEREAS, this Resolution No. 13R-01 is updating and replacing Resolution No. 05R-07.

NOW THEREFORE, 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

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 District 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 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 will 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

The Agency is empowered by California Government Code Sections 53601 et seq. to invest in the following:

- a. Bonds issued by the Agency.
- b. United States Treasury Bills, Notes and Bonds.
- c. Registered state warrants or treasury notes or bonds issued by the State of California.
- d. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or joint powers agencies. The Local Agency Investment Fund (LAIF) is an approved pooled investment account.
- e. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- f. Bankers acceptances, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchase of bankers' acceptances may not exceed 180 days' maturity or 40% of the Agency's money that may be invested pursuant to this policy. However, no more than 30% of the

Agency's money can be invested in the bankers' acceptances of any single commercial bank.

- g. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by nationally-recognized statistical-rating organization (NRSPO). The entity that issues the commercial paper shall meet all of the following conditions in either subparagraph (1) or subparagraph (2):

(1) The entity meets the following criteria:

- (a) Is organized and operating in the United States as a general corporation.
- (b) Has total assets in excess of five hundred million dollars (\$500,000,000).
- (c) Has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

(2) The entity meets the following criteria:

- (a) Is organized within the United States as a special purpose corporation, trust or limited liability company.
- (b) Has programwide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
- (c) Has commercial paper that is rated "A-1" or higher, or the equivalent by a NRSRO.

(3) Eligible commercial paper shall have a maximum maturity of 270 days or less. The Agency shall invest no more than twenty-five percent (25%) of its money in eligible commercial paper. The Agency shall purchase no more than ten percent (10%) of the outstanding commercial paper of any single corporate issue."

- h. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the Agency's money which may be invested pursuant to this policy. The Board of Directors and the Treasurer are prohibited from investing Agency funds, or funds in the Agency's custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Directors, or any person with investment decision making authority within the Agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the

supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

- i. Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53601. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j).
- j. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this policy and may not exceed 30 percent of the Agency's money which may be invested pursuant to this policy.
- k. Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed 20 percent of the Agency's money that may be invested pursuant to this policy. However, no more than 10 percent of the Agency's money may be invested in any one mutual fund.
- l. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- m. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

- n. Any mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and the securities shall be rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the Agency's money that may be invested pursuant to this policy.
- o. Any other investment security authorized under the provisions of California Government Code 5922 and 53601.

A summary of the limitations and special conditions that apply to each of the above listed investment securities is attached and is included by reference in this Investment Policy.

Pursuant to Government Code Sections 53601.6 and 53631.5, the Agency shall not invest any funds covered by this Investment 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.

## 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

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

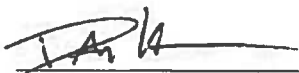
The Investment Policy shall be adopted by resolution of the Agency. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

**PASSED, APPROVED AND ADOPTED** by the Board of Directors of Bighorn-Desert View Water Agency this 22th day of January 2013.

By

  
Mike McBride, Board President

Attest:



David Larson, 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.

## AGENDA ITEM # 8



## Bighorn-Desert View Water Agency

### Board of Directors

Judy Corl-Lorono, President  
J. Dennis Staley, Vice President  
Terry Burkhardt, Secretary  
Michael McBride, Director  
J. Larry Coulombe, Director



### Agency Office

622 S. Jemez Trail  
Yucca Valley, CA 92284-1440

760/364-2315 Phone  
760/364-3412 Fax

Marina D West, P.G., General Manager

A Public Agency

[www.bdvwa.org](http://www.bdvwa.org)

## Finance/Public Relations/Education and Personnel Committee Regular Meeting Report

Board Meeting Office  
1720 N. Cherokee Trail, Landers, CA 92285  
Wednesday, March 18, 2015 - 9:00 a.m.

**Committee Members: Michael McBride & Larry Coulombe**

### Call to Order

Director McBride called the meeting to order at 9:02 a.m.

### Pledge of Allegiance

Led by Mary Coulombe

### Roll Call

Directors: Director McBride  
Director Coulombe

Staff: Marina West  
Michelle Corbin

### Approval of the Agenda

Director Coulombe and Director McBride approved the agenda as presented.

### Consider Continuation of Audit Services with Mayer Hoffman McCann P.C. for an Additional Three (3) Years ending June 30, 2015, 2016, and 2017

General Manager West introduced Ken Al-Imam of Mayer Hoffman McCann P.C.. Mr. Al-Imam joined the meeting via phone conference. Both General Manager West and Mr. Al-Imam agree that changing auditors after a few years in the best practice, however with the annexation of CSA 70 W-1, it would be very helpful to remain with the same auditor.

Mr. Al-Imam described the audit process and how it changes from year to year.

Director McBride and Director Coulombe agreed on the continuation with Mayer Hoffman McCann P.C. and requested the item be brought to the full Board of Directors at the next meeting.

No public comment.

The Committee directed staff to bring this item to the full Board of Directors.

### **CSA 70 W-1 Annexation Update**

General Manager West reviewed the protest process. West stated "up to today" the Local Agency Formation Commission (LAFCO) had received two protest ballots. West and staff member David Rewal toured the CSA 70/W-1 facilities and West said she feels comfortable with taking over the system. West also reported on a brief conversation she had with Jeff Rigby of Special Districts.

West also reported on the percentage of water allocation held by CSA 70/W-1 through the Mojave Water Pipeline.

Public comment:

Anonymous asked for clarification on the source of water the agency is pumping to the customers.

Anonymous commented on the hard water she has experienced with CSA 70/W-1 as well as her difficulty in understanding County Special District's Consumer Confidence Report.

### **Agency Fiscal Indicators as Calculated by the Local Agency Formation Commission**

General Manager West reported the Agency Fiscal Indicators is done by the Local Agency Formation Commission (LAFCO) and consists of the "Change in Assessed Values" of which the Agency has no control over. Items that make up the Fiscal Indicators include "Changes of Service", "Service Obligation", "Liquidity", "Changes in Cash", "Debt Service", and "Pension Payments". Both GM West and auditor Ken Al-Aman read through and commented on the report.

No public comment.

Adjourned for a Break at 9:49 a.m. - Reconvened from Break at 10:01 a.m.

### **Review Draft Budget Fiscal Year 2015/16.**

General Manager West gave a report on the draft budget. West reminded the Committee this budget is a "draft" only and for example, the draft does not include the projected Capital Improvement Projects. Also the draft budget is a base for the Bighorn-Desert View Water Agency and does not include the territory of CSA 70/W-1.

For the final budget to be approved by the Board of Directors, West would like to collapse and consolidate some of the general ledger fields.

West reviewed some of the line items the agency knows about regarding CSA 70/W-1. The territory of CSA 70W-1 will need a new backhoe and two new trucks. West stated that after this next year, the two territories "Bighorn-Desert View Water Agency" and

"CSA 70 W-1" should become one entity, pertaining to maintenance and capital replacement.

West also went into detail about the various bond debts, noting most bond debts will be paid off by fiscal year 2019/20.

Public Comment:

Anonymous stated her concerns over the billing should it be delayed.

The Committee recommended the draft budget be brought back to an FPREP Special Committee meeting in April 2015.

Adjourned for a Break at 11:02 a.m. - Reconvened from Break at 11:16 a.m.

### **Proposed Employee Funded Post-Retirement Health Insurance Program**

General Manager West asked the committee if they have any reservations in allowing retired employees to carry forward their health insurance at no cost to the Agency. The insurance may then be used as a bridge to Medicare. The employee will pay 100% of the cost. Guidelines include a minimum of ten years employment with the agency and a minimum retirement age of fifty-five (55).

No public comment.

The Committee recommended the item be brought to the full Board of Directors for consideration.

### **Review ACWA/JPIA Membership Benefits**

General Manager West reviewed the dues the agency pays to ACWA/JPIA (Association of California Water Agencies/Joint Powers Insurance Authority). The Agency receives its dental, life and vision insurance through this source. Of concern to the Agency is the cost paid to ACWA/JPIA and the thought that it may not be tailored to the Agency needs. If cancelled, the Agency would eventually move these insurance coverages to the primary entity it uses for health insurance, Special Districts Risk Management Authority (SDRMA).

For the time being, West is suggesting the Agency contract with a third party provider for the dental portion of the employee benefits.

No public comment.

Director McBride stated he does not see the benefit of staying with ACWA/JPIA.

The Committee recommended the ACWA/JPIA Membership Benefits be brought to the full Board of Directors as an action item.

### **Consent Items**

- a. Special FPREP Meeting Report, July 16, 2014.

No public comment.

Director Coulombe and Director McBride approved the report.

**Public Comment Period**

No public comment.

**Verbal Reports**

Committee Member Comments/Reports

No Director reports.

**General Manager's Report**

General Manager West announced the Desert Wise Living Series of which agency staff will participate in.

West also reported the agency has once again received the Government Finance Officers Association Certificate of Financial Reporting award.

**Items for Next Agenda**

No items suggested.

**Adjournment** - Director McBride adjourned the meeting at 11:48 a.m.

Pending Committee Approval