

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

www.bdvwa.org

Finance/Public Relations/Education And Personnel Standing Committee Regular Meeting Agenda

Wednesday, November 18, 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. Dental Insurance Plan Proposal for Employees and Directors and Cancellation of Membership in the Association of California Water Agencies (ACWA)

6. Renewable Energy Strategic Objectives: Energy Independence and Environmental Sustainability

7. 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, July 15, 2015

8. 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.

9. Verbal Reports

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

10. 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.

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.

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

Meeting Date: November 18, 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: Dental Insurance Plan Proposal for Employees and Directors and Cancellation of Membership in the Association of California Water Agencies (ACWA)

SUMMARY

One issue that prevents the Agency from cancelling its annual membership with the Association of California Water Agencies (ACWA) is dental insurance. We are not able to move from ACWA to Special Districts Risk Management Authority (SDRMA) due to contract limitations imposed by Delta Dental. The Agency has to contract with a third party broker for at least 1-year.

Staff is recommending that dental insurance beginning January 1, 2016 be obtained through Premier Access via the third party broker, WSP Corporate Benefits & Insurance Services, Inc. Changing service providers will enable the Agency to retain dental benefits at a level at or above the current benefit provisions while allowing the Agency to cancel its annual membership with the Association of California Water Agencies (ACWA).

There would be an increase to the Agency's cost for dental premiums which is approximately \$1,300 per year. However, the Agency would achieve a cost savings of \$6,480 if it does not renew the annual membership with the ACWA.

This plan will also allow Directors to enroll. Staff is therefore recommending that Directors be allowed to enroll at their own cost and with no guaranteed access to dental benefits should the Agency return to a plan, such as with SDRMA, which does not allow director access to dental or other health benefits.

RECOMMENDATION

That the Committee recommends to the full Board:

1. To authorize execution of documents necessary to contract dental insurance through WSP Corporate Benefits & Insurance Services, Inc. beginning January 1, 2016 for a minimum 1-year period; and to allow qualifying directors to obtain dental benefits through a 100% reimbursement arrangement with the Agency.

BACKGROUND/ANALYSIS

At the October 27, 2015 meeting, the Board of Directors agreed the Agency should cancel its annual membership with the Association of California Water Agencies (ACWA). Membership dues for 2016 are \$6,480. However, dental, vision and life insurance are health benefits provided to Agency employees via a contract with the ACWA/JPIA (Joint Powers Insurance Authority) which makes membership compulsory.

On October 27, 2015, the Board authorized contracts with Special Districts Risk Management Authority (SDRMA) for vision and life insurance benefits beginning January 1, 2016. This was one step forward in enabling the Agency to cancel its ACWA membership.

However, the dental plan available through both ACWA and SDRMA is Delta Dental. For whatever reason, Delta Dental does not allow an agency to switch "brokers". BDVWA must leave the Delta Dental insurance plan for a minimum of 1-year.

In March 2015 staff began reviewing dental benefit plans and was referred to WSP Corporate Benefits and Insurance Services, Inc., a health benefits broker, by a number of water agencies facing a similar dilemma. WSP provided comprehensive quotes from a number of insurance companies. The costs proposed varied widely but staff had settled on the proposal from Premier Access. Due to staff turnover and other work priorities this issue was tabled. Since the ACWA membership is for the calendar year action needs to be taken now if the Agency does intend to cancel membership. Staff requested an update from WSP for the Premier Access dental insurance. The rates proposed are actually slightly lower than proposed in March due to an increase in the number of eligible employees plus interested directors. In other words, a cost break occurs when the enrolled count is 10 or above. If all directors were to decline enrollment then the Agency costs would be slightly higher but still insignificant compared to the savings from cancelling the ACWA membership.

Staff is recommending the Agency contract with WSP for dental benefits through Premiere Access. The monthly costs for this plan, which provides a somewhat better dental plan than Delta Dental, is approximately \$5.00 more per month per person enrolled. Since the Agency provides dental benefits to all employees and their dependents the total annual cost increase is projected to be \$1,300.

This situation also poses an opportunity for the Agency Directors to have access to dental insurance which would not be allowed under either ACWA/JPIA or SDRMA. Staff is proposing that Directors be allowed access to the dental benefit so long as they reimburse the Agency for the monthly premium. Staff recommends a policy whereby payments are made at least 60-days in advance so that a member could be cancelled should they fail to reimburse the Agency. This opportunity cannot be guaranteed should the Agency, in the future, contract with another dental insurance provider such as SDRMA.

PRIOR RELEVANT BOARD ACTION(S)

none

**BIGHORN DESERT VIEW WATER AGENCY STANDING COMMITTEE
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To: Financial/PR/Education/Personnel Comm. **Budgeted:** To Be Determined
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Cost: n/a

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

Subject: Renewable Energy Strategic Objectives: Energy Independence and
Environmental Sustainability

SUMMARY

Regarding the subject of finances and public relations, staff desires to look more broadly at renewable energy options for the Agency. To that end, locally there has been talk of forming a Community Choice Aggregation or CCA solution in the Morongo Basin as a measure to bring some benefit to our service area through lower electric rates for the Agency as well as individual energy consumers.

Should the Agency implement a process for including renewable energy in our energy portfolio there would be an complementary benefit towards an environmentally sustainable energy footprint for the Agency.

RECOMMENDATION

That the FPREP Committee and the Solar Ad Hoc Committee:

Monitor and encourage development of Community Choice Aggregation in San Bernardino County and consider participation in Morongo Basin events which focus on educating ourselves and the public of the pros and cons while leading the effort in our own community by acting responsibly to manage the future of our water/energy footprint.

BACKGROUND/ANALYSIS

The Agency strives to be a leader in the community and continues to seek opportunities to reduce customer costs as well as promote a clean energy footprint today and in the future. One obvious answer is to install solar panels at various Agency facilities. Another would be to become a partner in a more regional solution that provides the same renewable energy benefit without the burden of out-of-pocket capital costs or infrastructure maintenance.

Participation in a Community Choice Aggregation (CCA) energy program would provide greater long term opportunity for energy cost savings and reduced carbon footprint by gaining direct access to renewable energy sources through the existing transmission and distribution

system operated by Southern California Edison (SCE). CCA's give local governments the authority to manage energy resources on behalf of their communities and customers.

In just the past few years a lot has transpired with respect to the development of CCA's in California. In San Bernardino the concept is taking hold at the same time that the county is finalizing long-term land use planning objectives that involve the proposition of significant development of solar and/or wind power on both public and private lands of the Mojave Desert and surrounding areas (e.g. Desert Renewable Energy Conservation Plan – DRECP).

On November 5, 2015 the San Bernardino County Association of Governments City/County Managers Technical Advisory Committee (SANBAG-TAC) the subject of a CCA Power Purchasing Model was introduced. The staff recommendation to the SANBAG Board is to fund a feasibility study. At the same time, SANBAG is involved in a "regional energy partnership" which focuses on energy efficiency and may be another avenue to achieve our objectives .

Staff recommends that the Solar Ad Hoc Committee continue to monitor the development of these issues and develop public relations that assist in the conversation about renewable energy benefits to both the Agency and our constituents. Staff further recommends that the FPREP Committee monitor the issues from the perspective of finance, public relations and education.

PRIOR RELEVANT BOARD ACTION(S)

2/25/2014 M14-009 Board authorizes formation of Ad Hoc Committee to assist with the evaluation of renewable energy (solar power) options for Agency facilities.

Community Choice Aggregation in California

Operational Models and Best Practices

May, 2015

Community Choice Aggregation (CCA) gives residents and businesses an opportunity to purchase electricity from local government agencies, and gives local governments the authority to manage energy resources on behalf of their communities and customers. CCAs can provide many environmental, consumer, and economic benefits to California communities. Central to the concept of CCA is *local choice*. CCA allows customers to choose between energy providers and service options, such as renewable energy products. It gives communities the authority to make choices about energy resource portfolios and investments, both within and from outside their local service area.

Learning From One Another

New CCAs can mitigate risk and ensure best practices by learning from the experiences of operational CCA programs and organizations. Communities investigating whether to create a CCA may be able to avoid problems and identify opportunities by understanding the business strategies, lessons learned, and best practices of Marin Clean Energy, Sonoma Clean Power, Lancaster Energy Choice, as well as other jurisdictions in the early stages of CCA formation.

Best Practices of Existing CCAs in California:

- Serve community goals and local policy objectives, including greenhouse gas reductions and increased renewable energy supply
- Control and safeguard customer revenues to ensure long-term financial viability and local government ownership, even when power supply costs fluctuate
- Offer competitive rates and choice in customer electricity services
- Plan for long-term financial viability through integrated resource planning, in-house fiscal management, transparent rate setting, and policies that build program reserves
- Maintain a firewall between the assets and liabilities of the CCA program and those of municipal general funds
- Pursue long-term power procurement strategies and local power ownership that hedge market risk and incorporate diversity of energy suppliers, technologies and products
- Implement effective risk management practices
- Adhere to all applicable statutory and regulatory compliance requirements
- Engage meaningfully with the community and provide responsive service
- Ensure transparency and accountability to the local community and oversight agencies
- Offer complementary programs that serve community interests such as energy efficiency, demand response, community solar, EV charging and battery storage

Operational Models for CCAs:

There are currently three operational models available in California. To date, two have been successfully implemented and a third has more recently been proposed.

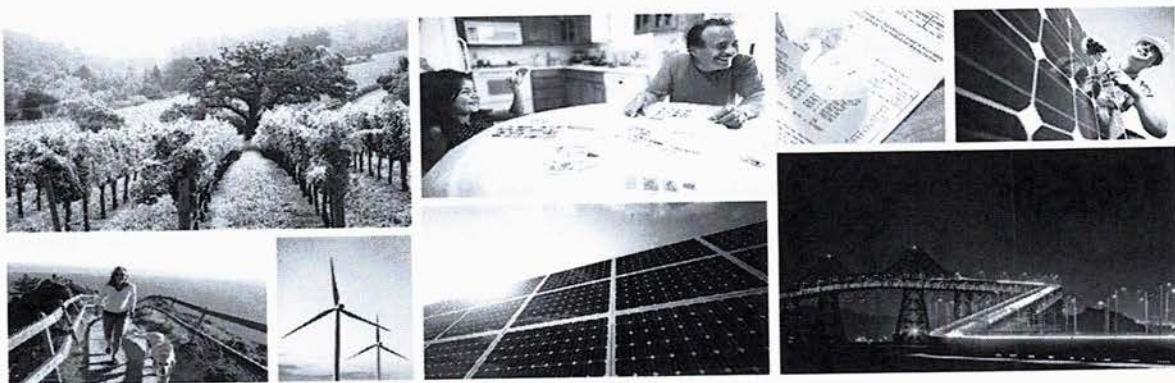
Joint Powers Authority (Existing) – A JPA is an independent, public agency that operates the CCA on behalf its member municipalities. JPAs are a common legal structure in California for the administration of cooperative multi-jurisdictional programs. Marin Clean Energy and Sonoma Clean Power have successfully implemented CCA under this model.

Single Jurisdiction (Existing) – A city or county individually establishes and operates a CCA as an enterprise fund within the municipality. This model has the same benefits of the JPA model, but differs in that the City (or County) retains full program autonomy and all revenue. Lancaster Energy Choice is the first to launch this model in California.

Commercial Vendor Package (Proposed in some Communities) – A private company manages the CCA on behalf of local government(s). This model is new in California and has limited publically available operational details or vetted risks and benefits. Under the commercial model, the local government will need to exercise strong operational involvement and control customer revenues to allow local transparency, public engagement and long-term success.

Communities exploring various CCA models should consider...

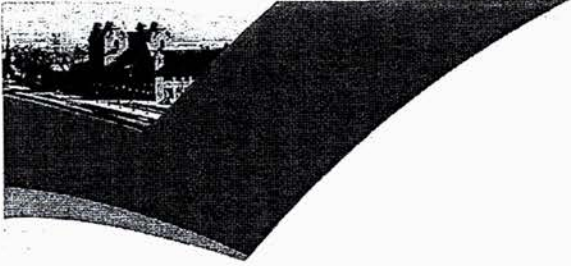
- Responsiveness to local environmental and economic goals
- Control and allocation of ratepayer revenues and building program reserves
- Level of autonomy and operational decision-making
- Impact of the chosen structure on public transparency and accountability
- Long-term costs and benefits of each approach
- Opportunities for long-term procurement to balance/hedge short-term procurement
- Funding opportunities for local energy programs and new power generation
- Jobs, GHG impacts, and local renewable development in the community
- The risk profile, management team, and track record of each model



More information on existing CCA programs is available at:

www.mcecleanenergy.org
www.sonomacleanpower.org

www.lancasterchoiceenergy.com
www.leanenergyus.org



Community Choice Aggregation

City/County Managers Technical Advisory Committee
November 5, 2015

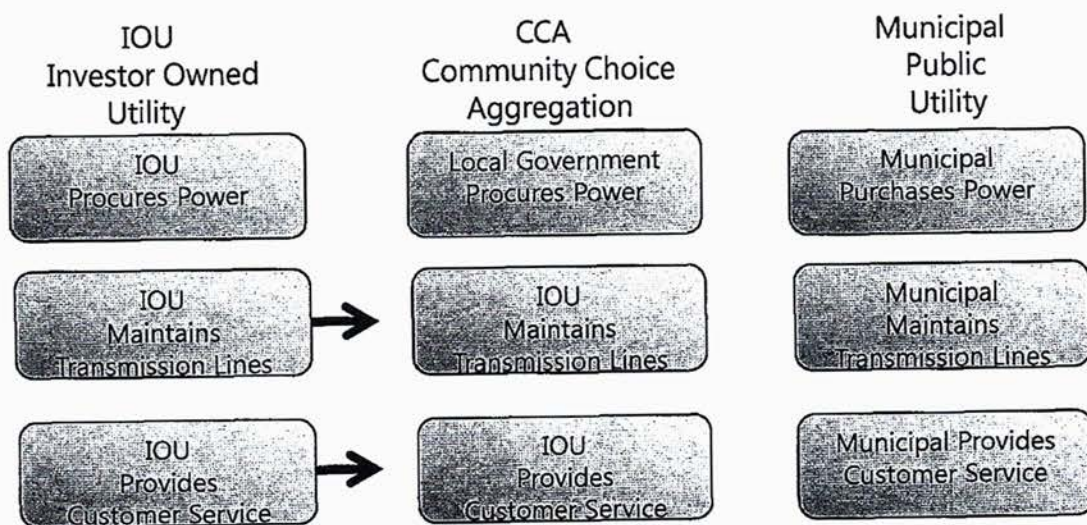
Overview

1. What is Community Choice Aggregation?
2. Potential benefits of a CCA
3. Where have CCAs been implemented?
4. What about SCE?
5. Types of CCA formations
6. An idea for a CCA in this subregion
 - Development process
 - Feasibility study
 - What could SANBAG's role be?

What is Community Choice Aggregation ?

- A program that enables local governments to come together to purchase electricity for constituents
- A blend between a Investor Owned Utility (IOU) and Municipal Owned Utility
- Allows for provision of greener electricity, usually at a lower rate than what customers currently pay for *their electric bill*
- A CCA maintains its existing electricity provider (in this case Southern California Edison) for customer billing, transmission and distribution services

CCA is a hybrid energy procurement model



- Private investor owned utilities (IOU) provide about 70% of the U.S. electricity.
- Municipal Owned Utilities provide most of the remaining U.S. electricity.
- CCAs offer a hybrid model: energy procurement by local governments, and the IOU provides the services.

Potential benefits of a CCA

- Promote the use of renewables and development of local projects
- Local control on rates and energy efficiency programs
- Higher renewable content to meet the Governor's Executive Orders and AB 32 requirements
- Economic development – provide jobs in subregion

Where have CCAs been implemented?

- Marin County's "Marin Clean Energy"
 - Started with 14,000 customers three years ago; now serves 100,000 customers.
- Sonoma County's "Sonoma Clean Power" in 2014.
- City of Lancaster's "Lancaster Choice Energy" in May 2015.
 - Phase 1 was for City owned accounts
 - Phase 2 opened for the residents and businesses to participate
- Counties of Alameda, Los Angeles, San Mateo, and the Monterey Bay Area jurisdictions and the City of Fontana are moving forward with feasibility studies.

What about SCE?

- SCE will be a key partner in the CCA if it moves forward.
- The CCA is responsible for buying and/or developing electricity required to meet the resource demands of its customers.
 - Even with a CCA in place, customers can choose to stay with SCE if they desire.
- SCE would retain ownership and management of the pole and wire infrastructure and continue to handle all line maintenance and power outage issues.
 - If a customer selects to participate in the CCA, that customer would need to pay an exit fee, called the "Power Charge Indifference Adjustment" (PCIA), for the departing load.
 - The exit fee would be examined in the feasibility study and used to calculate the cost effectiveness of implementing a program.



The CCA Handbook

A Guide to Conducting Business with
Southern California Edison
under Community Choice Aggregation

Version 2.0
May 1, 2015

Types of CCA formations

There are three (3) ways to form a CCA

1. Single city/enterprise fund
2. Multi-jurisdictional joint powers authority (JPA)
3. Commercial managed services

Types of CCA formations

1. Single city/enterprise fund

- Each jurisdiction develops its own CCA
- Provides a localized presence when dealing with customers and issues
- Does not offer a large economy of scale
- The City of Lancaster has used this model

Types of CCA formations

2. Multi-jurisdictional joint powers authority (JPA)

- Jurisdictions join together to create a new JPA
- Provides greater economy of scale
- Provides local control
- Counties of Marin and Sonoma County use this model
- Counties of Alameda and San Mateo, and Monterey Bay area jurisdictions are in the process of completing feasibility studies to use this model

Types of CCA formations

3. Commercial managed services

- A jurisdiction or a JPA would contract with a third party provider to provide the upfront costs of formation and to administer the CCA
- This model has not been used in California, but is an area that could be explored as part of a feasibility study
- Uncertainty of the actual costs to implement

Development process

1. Pre-planning and due diligence
 - Conduct feasibility study
 - Determine market size
 - Determine costs and return on investment
 - Prepare analysis of current and future utility rates
 - Prepare market analysis on energy procurement, etc.
2. Community outreach; JPA/CCA Planning and development
 - Determine agency configuration
 - Meet regulatory requirements
 - Develop implementation plan for CPUC, etc.
3. Preparing for launch
 - Receive CPUC approval
 - Develop energy purchasing agreements
 - Outreach with customers, etc.

Feasibility study

- The study would:
 - Examine current and projected future utility rate structures
 - Potential customers
 - Costs associated with implementation
 - Infrastructure needs
 - Analyze electricity markets
 - Provide recommendations on whether moving forward is favorable
- Estimated cost: \$250,000 - \$400,000, depending on the study size.
 - The County of Los Angeles has \$300,000 to conduct its feasibility study
 - The Counties of Sonoma and San Mateo spent approximately \$200,000 for their feasibility studies
 - Probable cost savings if SANBAG partners with WRCOG on study
 - Costs would be recouped when the Program launches.

What would SANBAG's role be?



- SANBAG procures energy & replaces SCE's generation charges on customer bills
- SCE maintains transmission & distribution and billing
- Customers receive one bill from SCE

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

Board Meeting Office
1720 N. Cherokee Trail, Landers, CA 92285
Wednesday, July 15, 2015 - 9:00 a.m.

Committee Members: Michael McBride & Larry Coulombe

Call to Order

Director McBride called the meeting to order at 9:00 a.m.

Pledge of Allegiance

Led by David Rey

Roll Call

Directors: Director McBride
Director Coulombe

Staff: Marina West
Michelle Corbin

Approval of the Agenda

Director McBride and Director Coulombe approved the agenda as presented.

State-wide Emergency Drought Declaration:

- **Draft Water Conservation Plan Ordinance; and**
- **Draft Interim Ordinance Adopting Emergency Conservation Measures**

General Manager West reported that due to the Governor's Drought Declaration, the Agency is required to follow suit with a similar declaration. Step one is to adopt an interim ordinance declaring that we are in a state of drought. Step two is to adopt a Water Conservation Plan Ordinance for the Agency. The plan will be written in such a way that it would revert back to normal conditions once the state mandates are lifted.

Public comment:

Anonymous commented on gray water.

Education: Clair A. Hill Scholarship Program Implementation

General Manager West gave a report on the Agency role in administering and advertising the scholarship financed by the Association of California Water Agencies (ACWA). West also went over the specific criteria of the scholarship and suggested this committee choose the final candidates with ACWA determining the award winner.

Public comment:

Anonymous commented on where the scholarship should be awarded.

Update on Dissolution of CSA 70/W-1 and Annexation to BDVWA

General Manager West gave the staff report. West reported on the damaged water tank and the progress of the repairs. Other infrastructure repairs include mending and replacing of fences around the facilities as well as the installation of sampling stations and other items necessary for compliance with the State Health Department. West also reviewed the general levy and bond debt for the newly acquired territory.

Public Comment:

Anonymous commented on the closing utility bills for County Special District.

Adjourned for a Break at 10:05 a.m. - Reconvened from Break at 10:12 a.m.

California Public Employee Retirement System (CalPERS) Fiscal Year 2015-2016 Employer Payment of Unfunded Liability in the Amount of \$24,943

General Manager West reviewed the two separate CalPERS plans the Agency participates in. West reviewed the unfunded liability costs and both the employee and agency share of costs.

West discussed with the committee the cost savings when paying the unfunded liability in one payment compared to making payments throughout the year.

No public comment.

Committee concurred with Staff's recommendation.

Consent Items

- a. Regular FPREP Meeting Report, April 15, 2015

No public comment.

Director McBride and Director Coulombe approved the report.

Public Comment Period

Leslie Miller of Landers thanked the Agency for the low flow water toilet and also stated her appreciation for the Agency staff member that recently helped her on the phone.

Verbal Reports

Committee Member Comments/Reports
No committee reports.

General Manager Report

General Manager West reported repairs are complete from the damage caused by a recent lightning strike.

Adjournment - Director McBride adjourned the meeting at 10:34 a.m.

Pending Committee Approval