



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

October 22, 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/84897708983?pwd=WUtzZlBUOHBpcWFON2NybWUzVVZEU09>

Passcode: 100573

Or Dial:

1-669-900-6833

Webinar ID: 848 9770 8983

Passcode: 100573

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

Chairman McBride called the meeting to order at 4:18 pm. Chairman McBride read the introductory statement referring to the Governor's Executive Order N-25-20.

PLEDGE OF ALLEGIANCE

Led by Megan Close-Dees.

ROLL CALL

Directors Present: Chairman McBride
Director McKenzie

Staff Present: Marina West
Cindy Byerrum, CPA – Consultant to the Agency

Public Present: 0 member(s) of the public indicated they were participating via teleconference. 3 member of the public were present in the meeting room. Ms. Kim Boehler and Jordan Taylor, representatives from NBS Government Finance Group were present for the Rate Study presentation.

APPROVAL OF AGENDA

Chairman McBride and Director McKenzie approved the revised Agenda (original agenda posted Friday October 16th, revision posted Monday October 19th) as presented.

Discussion and Action Items

1. Status Report: Water Rate and Capacity Fee (Connection Fee) Study by NBS Government Finance Group

GM West introduced Kim Boehler and Jordan Taylor of NBS Government Finance, consultants who have been engaged by the Agency to complete a comprehensive Rate/Fee and Capacity Fee Study. She also introduced Cindy Beyrrum, CPA, of Eide Bailly. She is the Agency's financial consultant. GM West further stated that the capacity fee discussion will be deferred to another meeting in the future.

Ms. Boehler gave an overview of the Rate and Fee Study via a PowerPoint presentation. She reviewed several components of the rate study including a long-term financial plan, cost of service analysis and proposed rate alternatives. The Financial Plan analyzes operations and maintenance costs, debt service, capital improvements and reserve fund goals for a 10-15 year period applying inflation markers each year. The Cost of Service Analysis evaluates capacity costs, customer costs, imported supplies and commodity costs. Throughout the presentation questions were taken from directors and the public.

The rate study introduces some new fees not previously implemented by the Agency as well as new customer classes to separate three distinct customer uses. The new fees relate to larger water meter sizes and fire flow connections. One of the important components of the rate study is to calculate the monthly basic service fee based on the demand a particular usage imposes on the water system. For instance, the larger the meter size the greater the capacity needed to serve that meter. Therefore, a higher monthly basic service charge is warranted. This same concept applies to large fire service connections such as Dollar General and the Morongo Unified School District Landers Elementary School. The customer classes proposed are: Residential, Commercial/Institutional and Agriculture. The study also justifies the imposition of tiered water rates to address those who use more than the calculated baseline consumption of 12.5 billing units per month (25 billing units per billing cycle).

NBS was asked to return to staff a fourth alternative which is weighted more heavily on the monthly basic service charge than Alternative C. NBS was also asked to calculate the impact on the Agency financial model if all agricultural customers were to cease operations.

No Public Comment.

Adjournment to Break at 5:30pm - Resume at 5:38pm

2. Review Q3 Investment Report, Possible Banking Strategies and Develop a Recommendation for a Revised Resolution Establishing Financial Reserves and Funding Goals for Reserve "Sub-Accounts"

GM West updated the Committee stating that the Resolution does require updating but that staff is not yet ready to make a clear recommendation to the Committee. She explained that based on the Rate Study a new set of reserve accounts and reserve targets is warranted based on best practices in the industry.

GM West provided some history on the Agency's financial condition since 1990 and the effect of voter approved initiatives in 1990 (Measures Q, S and T) which reduced cash reserves to as low as \$15,000 in 2002.

She expects to bring this draft resolution back to the Committee at a later date for further discussion and analysis.

No Public Comment.

3. Finance /Personnel Committee Discussion with General Manager Regarding General Manager Request for Contract Renewal Including Terms of Employment, Compensation and Other Benefit Provisions

GM West began the negotiations by providing a narrative of her professional experience and educational background which spans 33 years. Accomplishments of the Agency were also summarized and include multiple awards, annexation of the Improvement District Goat Mountain and completion of the Ames/ Reche Groundwater Storage and Recovery Project. Lastly, GM West showed the history of financial reserves from 1990 to the present with particular focus on her tenure since 2004. During this timeframe, cash reserves rose from less than \$100,000 to \$3,300,000.

She also summarized some of the differences between staffing levels at this Agency versus other water agencies in the Morongo Basin noting that the quantity and type of expertise needed to run this Agency is no different than a larger entity except the volume of work. However, many local entities utilize assistant general managers, department managers and other high level positions above the "line staff" to handle the volume. This Agency just happens to have a general manager that has the knowledge base to operate the Agency without all the other layers of staff.

GM West then presented her proposal for consideration and discussion by the Committee. She is requesting a 5-year contract term with a 7% annual salary increase for the first three years. In addition, GM West noted that she was granted vacation time accruals that have since been lost and therefore she is requesting that time be returned going forward plus one additional week of vacation.

GM West answered questions from the Committee members.

4. Consent Items

- a. FPREP Committee Meeting Minutes September 16, 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 - Chairman McBride adjourned the meeting at 6:40 pm.

Approved by:



Michael McBride, Committee Chair



Official Seal