



BIGHORN-DESERT VIEW WATER AGENCY

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

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

Committee Members: Director McKenzie & Director Dicht

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

**July 18, 2023
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:

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--- NOTE ---

Director Dicht will attend via teleconference

From the location identified as

16 N. Martindale Ave., Ventnor City, New Jersey, 08406

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

APPROVAL OF AGENDA

Discussion and Action Items - The Committee Directors and Staff will discuss the following items, and the Committee will consider taking action, if so inclined.

The Public is invited to comment on any item on the agenda during discussion of that item.

When giving your public comment, please have your information prepared. If you wish to be identified for the record, then please state your name. Due to time constraints, each member of the public will be allotted three-minutes to provide their public comment.

- 1. Review Report of “True Bad Debt” Write-off from July 2022 through June 2023 of \$1,509.80**
- 2. Review Status Report of Bad Debt from Uncollectable Secured Property Tax Liens for FY2015/16**
- 3. Review Draft Bighorn-Desert View Water Agency Banking Policy**
- 4. Consent Items** – The following items are expected to be routine and non-controversial and will be acted on by the Board at one time without discussion, unless a member of the Public or member of the Board requests that the item be held for discussion or further action.
 - a. FPREP Committee Meeting Minutes April 18, 2023**
 - b. FPREP Committee Meeting Minutes May 17, 2023**
 - c. PARS Investment Statement April and May 2023**
 - d. Grant Status Report as of July 10, 2023**

Recommended Action:
Approve as presented.

5. Public Comment Period

Any person may address the Board on any matter within the Agency’s jurisdiction on items not appearing on this agenda.

When giving your public comment, please have your information prepared. If you wish to be identified for the record, then please state your name. Due to time constraints, each member of the public will be allotted three minutes to provide their public comment. State Law prohibits the Board of Directors from discussing or taking action on items not included on the agenda.

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

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

7. Adjournment

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Bighorn-Desert View Water Agency, 622 S. Jemez Trail, Yucca Valley, CA not less than 72 hours if prior to a Regular meeting, date and time

above; or in accordance with California Government Code Section 54956 this agenda has been posted not less than 24 hours if prior to a Special meeting, date and time above.

As a general rule, agenda reports or other written documentation have been prepared or organized with respect to each item of business listed on the agenda.

Copies of these materials and other disclosable public records in connection with an open session agenda item, are also on file with and available for inspection at the Office of the Agency Secretary, 622 S. Jemez Trail, Yucca Valley, California, during regular business hours, 8:00 A.M. to 4:30 P.M., Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Bighorn-Desert View Water Agency.

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

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

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

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

Meeting Date: July 18, 2023

To: FPREP Committee Members

Budgeted: Yes

Budgeted Amount: \$1,500

Cost: \$1,509.80

From: Rosie Carrick
Marina West

General Counsel Approval: N/A

CEQA Compliance: N/A

Subject: Review Report of “True Bad Debt” Write-off from July 2022 through June 2023 of \$1,509.80

SUMMARY

The “true bad debt” being presented for “write-off” from July 2022 to June 2023 is \$1,509.80. For comparison, the estimated amount that will be sent to the 2023 Secured Tax Roll is \$48,935.86.

RECOMMENDATION

Information only.

BACKGROUND/ANALYSIS

Each year the Agency budgets for “true bad debt” for unpaid water bills that cannot be collected for one of the following reasons:

- They cannot be tied to a property for a secured property lien (eg. property ownership changed without our knowledge and without an unsecured lien on the property); and/or
- The amount remaining on the account is less than \$25, and written off per Agency policy (Resolution 13R-05); and/or
- The debt is less than \$300 and therefore not flagged for a secured lien per Agency policy. These could be sent to a collections agency; and/or
- The person is deceased or had obtained bankruptcy judgment relieving them of past water account debt.

The secured tax lien process internally begins May of each year, at that time the “true bad debt” accounts are segregated from those that will be processed further. These are scheduled to be received by the Board of Directors following completion of the secured lien process and the fiscal year-end audit (est. Sept).

Therefore, the total true bad debt to be received and filed is \$1,509.80.

At the close of Fiscal Year 2022/23, a total of \$1,509.80 was determined to be the “true bad debt” amount. The amount does exceed the budget line item of \$1,500 for FY2022/23 but still a very small

percentage of overall expenses and far less than the amount sent to secured lien, which the Agency expects to eventually collect over time.

Below is a summary of the accounts requested for write-off:

- Total number of accounts..... 21
- Number of accounts under \$25..... 6
- Number of accounts between \$25 and \$125..... 11
- Number of accounts exceeding \$125..... 4

With respect to the four (4) accounts shown above with a balance exceeding \$125:

1. One account had a balance of \$245.53; this account was sold to a new owner one week prior to our recordation of an unsecured lien.
2. Another account was a bulk account that failed to pay their final bill of \$164.75, with no deposit on file.
3. The third account failed to pay their final bill of \$158.40 and the deposit did not cover the entire bill.
4. The last account unfortunately flipped owners before staff could place an unsecure lien on property, the final bill of \$139.21 was not paid.

Therefore, these four accounts represent \$707.89 or approximately 47% of the total bad debt.

Staff is presenting the “true bad debt” to the committee and anticipates bringing the final report to the Board in September to receive and file.

PRIOR RELEVANT BOARD ACTION(S)

9/13/2022 Motion No. 22-038 motion to approve True Bad Debt expenses “write-off” in the amount of \$4,859.50 for account balances which cannot be collected through the secured property lien process and for the period February 25, 2021 through July 18, 2022.

09/14/2021 Motion No. 21-054 Motion made to approve the “true bad debt” write-off of \$1,216.19 for fiscal year 2020/21 through February 24, 2021.

08/25/2020 Motion No. 20-056 Motion made to approve the “true bad debt” write-off of \$1,888.50 for fiscal year 2019/20.

07/23/2019 Motion No. 19-034 Motion to Approval of Bad Debt expenses “write-off” in the amount of \$1,951.16 for account balances which cannot be collected thru the property lien process.

06/26/2018 Motion No. 18-031 Motion to vote for approval of Bad Debt expenses “write-off” in the amount of \$1,207.57 for account balances which cannot be collected as a property the period August 2015 to present.

3/26/2013 Motion No. 13-020 Motion to adopt Resolution No. 13R-05 Establishing a Policy for the Approval of the Expense of Bad Debt.

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

Meeting Date: July 18, 2023

To: FPREP Committee Members

Budgeted: Yes, \$1,500

Funding Source: 01-00-139900 (Allowance for Bad Debt)

Cost: TBD

From: Rosie Carrick
Marina West

General Counsel Approval: N/A

CEQA Compliance: N/A

Subject: Status Report of Bad Debt from Uncollectable Secured Property Tax Liens for FY2015/16

SUMMARY

The remaining uncollected bad debt for secured property tax liens posted in Fiscal Year 2015/16 is \$242.72, which is lower than the budgeted estimate of \$1,500. Staff is awaiting the final Tax Apportionments from the County of San Bernardino to close out fiscal year 2022/23 receivables and is scheduled to bring the final report to the full Board of Directors in September 2023.

RECOMMENDATION

Information only.

BACKGROUND/ANALYSIS

Each May/June the Agency summarizes the report of Bad Debt expenses owed for the prior year period and prepares for the submission of a collections report to the County of San Bernardino for inclusion on the secured tax rolls. The "lien receivable" for any given fiscal year is then managed for a total of seven (7) tax cycles. Thereafter, the remaining balance is written-off as bad debt on the general ledger. However, the secured lien remains on the property and the Agency could still receive the funds in future years or it could actually be lost. If disbursements are distributed, then those funds would be applied to the current year as non-operating income.

In Fiscal Year 2015/16 the Agency submitted delinquent water bill amounts to the secured tax roll in the amount of \$43,270. As of June 30, 2023, the remaining balance on the account is \$242.72. Any balance remaining is to be written-off as bad debt since this is the 7th cycle.

Staff is awaiting the final Tax Apportionments from the County of San Bernardino to close out fiscal year 2022/23 receivables and is scheduled to bring the final report to the full Board of Directors in September 2023.

PRIOR RELEVANT BOARD ACTION(S)

Annual Action

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

Meeting Date: July 18, 2023

To: FPREP Committee Members

Budgeted: N/A

Funding Source: N/A

Cost: N/A

From: Marina West

General Counsel Approval: N/A

CEQA Compliance: N/A

Subject: **Review Draft Bighorn-Desert View Water Agency Banking Policy**

SUMMARY

Recently the Agency opened several new accounts with various banking and investment institutions in the past several months. Research indicated the Agency does not have a written policy for managing banking and investment accounts.

RECOMMENDATION

Staff is seeking feedback from the Committee on the Draft Banking Policy.

BACKGROUND/ANALYSIS

Up until recently, the Agency had two banking institutions: Pacific Western Bank and Local Agency Investment Fund (LAIF). Due to market instability and the failure of several “regional” banks in March 2023, the high cash balance held by Pacific Western Bank and fact that Pacific Western Bank appeared to be headed for failure staff opened two new accounts and moved cash out of Pacific Western Bank.

Staff opened an account with Five Star Bank and with the California Cooperative Liquid Assets Security System (CLASS). Neither of these banks required any kind of approval by the governing body (ie. Resolution or minute action) nor “wet” signatures of Agency Directors. In contrast, Pacific Western Bank and LAIF do require a resolution from the Board of Directors outlining authorized signatories and/or transaction requirements. Therefore, whenever there is a change in directorship, these resolutions are updated.

Staff researched Agency records to determine if there is any existing guidance for banking. The only policy that discusses banking is the Purchasing Policy (Resolution No. 17R-06) which has a section on “signatory authority”. However, this policy is not focused on banking in any other way.

Staff drafted the attached Banking Policy and is seeking comments from the Committee prior to finalizing for consideration by the full Board of Directors.

PRIOR RELEVANT BOARD ACTION(S)

None.



Bighorn-Desert View Water Agency Banking Policy

Resolution 23R-XX Exhibit "A"

Bighorn-Desert View
Water Agency

622 S. Jemez Trail, Yucca
Valley CA 92284

760-364-2315

www.bdvwa.org

Resolution 23R-XX Exhibit "A"

1.0 Purpose:

1.1 The purpose of this policy is to establish uniform procedures for banking. These guidelines are not intended to address every issue, exception, or contingency that may arise in the course of banking activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of agency resources.

2.0 Definitions:

2.1 “General Manager,” unless otherwise specified in this policy, shall be deemed to include the General Manager and his/her designee.

3.0 Responsibilities

Unless authority from the Board of Directors is required by a financial institution or another Agency policy, the General Manager is authorized to negotiate and execute contracts for all banking services including investment accounts such as the Local Area Investment Fund (LAIF), Certificates of Deposit, Money Market accounts, and the like.

4.0 Signatory Authority

4.1 Physical Checks: All physical checks require two (2) “wet” signatures of the Board of Directors. In addition, each invoice shall be presented with the physical check for acknowledgement by those providing the “wet” signature on the check. This is an internal Agency policy and not one overseen by any banking institution.

4.2 Electronic and/or Automated Clearinghouse (ACH): Where the General Manager has determined it to be in the best interest of the Agency, or where required by other entities, to pay invoices electronically then two “wet” (2) signatures from the Board of Directors shall be required on the invoice or related documentation in support of the payment. Such signature will constitute the authority for the General Manager to execute such payments. This excludes payroll obligations described in section 4.3 herein.

4.3 Payroll: Payroll checks are executed using an electronic signature created from two (2) “wet” signatures of the Board of Directors. All other routine payroll obligations shall be transacted by the General Manager without the obligation of further approval by signature of the Board of Directors. This includes all necessary payments related to payroll including but not limited to payments for federal withholding tax, state withholding tax, pension, ancillary benefits, and garnishments.

4.4 Wire Transfers: Where the General Manager has determined it to be in the best interest of the Agency, or where required by the banking institution, deposits and withdrawals from investment accounts will be made by “wire transfer”. Documentation related to wire transfers shall be counter-signed by one (1) signature of the Board of Directors.

5.0 Reporting

All disbursements, physical checks and/or electronic payments, are presented to the Board of Directors in an agendaized meeting as soon as possible following bank reconciliation for transparency to the public-at-large. This is known as the monthly disbursements report.

Investment reports are presented quarterly but all investment account balances are shown on the Balance Sheet report are routinely presented to the Board of Directors.

RESOLUTION NO. 23R-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
BIGHORN-DESERT VIEW WATER AGENCY
ADOPTING A BANKING POLICY**

WHEREAS, the Board of Directors has determined it to be in the best interest of the Bighorn-Desert View Water Agency to establish accounts with various banking institutions; and

WHEREAS, it is in the best interests of this Agency that it maintain limits, restrictions and procedures in a banking authority policy; and

WHEREAS, the guidelines set forth within the Banking Policy are not intended to address every issue, exception, or contingency may arise in the course of banking activities; and

WHEREAS, the basic standard that should always prevail is to exercise good judgement in the use and stewardship of Agency resources; and

WHEREAS, the Board desires to adopt a banking policy for the purpose of both routine financial as well as investment activities.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Agency do hereby adopt the following:

Exhibit "A" – Bighorn-Desert View Water Agency Banking Policy

BE IT FURTHER RESOLVED, that the General Manager and staff of the Agency are hereby authorized and directed to do such things and to take such actions as may be reasonably required to carry out the purpose and intent of this Banking Policy and as otherwise required in order to comply with applicable law.

PASSED, APPROVED, AND ADOPTED by the Board of Directors to Bighorn-Desert View Water Agency this XXth day of XX 2023.

By _____
John Burkhart, President of the Board

Attest,

By _____
Megan Close-Dees, Secretary of the Board

Official Seal



BIGHORN-DESERT VIEW WATER AGENCY

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

SPECIAL

Finance/Public Relations/Education and Personnel

Standing Committee Meeting Minutes

Committee Members: Director McKenzie & Director Dicht

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

**TUESDAY April 18, 2023
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/86894033204?pwd=YVp3QnNIT21aUFG3UVNtQVN0dIRCZz09>

Passcode: 806241

Or

Dial: 1-669-900-6833

Webinar ID: 868 9403 3204

Passcode: 806241

CALL TO ORDER

Chair McKenzie called the meeting to order at 4:03 pm.

PLEDGE OF ALLEGIANCE

Led by Chair McKenzie.

ROLL CALL

Directors Present: Chair McKenzie
Director Dicht

Staff Present: Marina West

Representatives: Mr. Scott Wallace – Treasurer, Pacific Western Bank
Ms. Shelley Licata, Pacific Western Bank
Mark Inskeep, Assistant Treasurer, Pacific Western Bank
Mr. Paul Fuller, CEO, Allied Public Risk

Public Present: 0 member(s) of the public indicated they were participating via teleconference. 0 members of the public were present in the meeting room. 1 member(s) of the Board arrived at 4:26pm and was present in the meeting room as an observer only.

APPROVAL OF AGENDA

Director McKenzie moved to approve the Agenda as presented. Seconded by Director Dicht.

Discussion and Action Items -

1. Presentation by Mr. Scott A. Wallace, EVP, Treasurer, Pacific Western Bank's Collateralizing of Accounts of the Bighorn-Desert View Water Agency

GM West introduced the item. She introduced local bank President, Ms. Shelley Licata who is the main point of contact for our daily banking needs. She then introduced Mr. Scott Wallace and Mr. Mark Inskeep from Pacific Western Bank's corporate office. Mr. Wallace introduced himself as Treasurer and Mr. Inskeep as Assistant Treasurer.

Mr. Inskeep summarized the Local Agency Security Program which the Agency participates in as part of public funds deposits. Weekly the bank reports the program certification to the state of California Local Agency Security Administrator. Therein they identify the balances for qualifying accounts and amounts of collateral required to be pledged which is 110% of the total deposits. He referenced the information in the Agenda noting that funds up to \$250,000 are FDIC insured and therefore removed from the total.

He continued to explain that the total securities pledged exceeds the requirement to allow flexibility for withdraws during the period. All deposits are "pooled together" for compliance purposes and held at US Bank governed by a Tri-Party Agreement, between US Bank, Pacific Western Bank and the Local Agency Security Program.

Chair McKenzie asked if they were limited on what types of accounts or where PWB can put this money for collateral. Mr. Wallace said it has to be with US Bank per the Tri-Party Agreement. She further asked what US Bank has done with the money. Mr. Wallace explained that the use of the collateral is used to pledge to secure all local agency deposits in the PWB deposit portfolio. PWB collateral is being used to secure Agency deposits controlled by the Tri-Party Agreement.

Director Dicht inquired of the total amount shown on the summary page noting that total deposits collateralized requirement is \$403,750,467 which includes Agency's funds. Mr. Wallace concurred. Director asked what department of the state the Local Agency Securities Administration was under. Mr. Inskeep responded that it is the Department of Financial Protection and Innovation (DFPI).

Director McKenzie inquired on how the Agency would access funds if the bank went insolvent. Mr. Wallace noted it is an awkward and difficult conversation but Pacific Western Bank does not expect to ever have to deal with. However, he noted two notable bank failures in March

2023. He stated that the experience of depositors at Silicon Valley Bank and Signature Bank had access to funds restored within one day or so.

Director McKenzie inquired about total balance of funds (checking account, CD's, etc.) being collateralized. Mr. Wallace discussed the CEDARS program which allows for the entire balance of a CD to be FDIC insured. If not CEDARS program then they are collateralized, by law, under the program described herein. Mr. Wallace confirmed that all deposits in excess of \$250,000 are secured through this collateralization process.

Director Dicht inquired about various items on the detail page. Mr. Wallace answered.

Mr. Wallace made a good observation noting that the bottom line on the spreadsheet is market value and the aggregate sum of \$509M market value is approximately \$90M greater than collateralization requirement so there is "a lot of margin for error" in the collateral pool to make sure there is enough value in there to cover the requirement. He further noted the pool is continuous and there is always excess collateral sitting in the pool.

Director Dicht asked if there was anything else we need to understand about the matter. Mr. Wallace answered that the collateralization requirements are really all there is to know about how funds are held and secured. Mr. Wallace said they are available at any time to review this issue with the Board of Directors.

2. Review Proposal Received from CalMutuals JPRIMA for Cybersecurity Insurance

GM West reminded the Committee that this item was first introduced during the draft budget workshop and staff was asked to pursue a quote and more information on the policy. To that end, a policy quote has been obtained and Mr. Paul Fuller, CEO, Allied Public Risk, LLC is present on Zoom to walk the Committee through the policy and answer any questions.

Mr. Fuller began by stating that the Agency has some level of cyber insurance coverage in the general liability/property policy and it covers litigation filed against us by a customer in the event of a data breach that compromises their personal/confidential information is compromised. He continued to explain that he was not able to find coverage, in California, for water and wastewater agencies for ransomware as well as "first party coverages" where the Agency system is compromised and must be restored through data forensics or worse, system is compromised and operations are suspended until ransom is paid. Ransomware coverage is difficult to achieve because the number of ransomware claims in water sector became so prevalent that he couldn't find any providers. After speaking to Lloyd's of London, who originally declined due to the volume of claims. Ultimately, Lloyd's and Allied Public Risk came to "common ground" which provides the water sector affordable protection from ransomware, crisis managers, privacy attorneys, data forensics experts to patch system if breached. In return Allied Public Risk would elevate the security standards for enrollment.

The cost of the insurance is \$3,200 per year. He is not aware of any other offering for small entities with under \$50M in annual revenue. This program is for the under \$50M class but does require upgrade to existing security standards for the Agency at an estimated cost of \$3,000 per year for the “two-factor authentication” or “2FA” processes. However, Mr. Fuller believes these minimum standards will ultimately be required by the government (federal and/or state) in the future.

Director McKenzie asked what security system upgrades will be required by Agency. GM West responded the items being evaluated are a policy on wire transfers, Payment Card Industry Data Security Standard (PCI) compliance and the 2FA. Mr. Fuller stated that our IT Consultant, Pat Grady, has essentially been cleared by Lloyd’s stating all the other security measures required are in place currently.

Directors asked questions regarding the policy and costs. (:52min). Director Dicht asked about the level of safety when the Agency implements the requirements. Mr. Fuller stated that Lloyd’s has indicated that when fully implemented then the risk is reduced by 87%. He further stated that breaches are costing an average of \$500,000 each. Mr. Fuller noted that the Agency should look at the issue in terms of layers. First layer would be to definitely implement the 2FA (two-factor authentication) standards, then strong IT services followed by cyber insurance then you have done everything you can to protect your customers.

Director Dicht asked about statistics on benefits to the Agency from instituting these measures. Mr. Fuller responded that it is 87% increase in preventing the likelihood of a breach. He also noted that the average breach for a small agency, <\$5M revenue, is approximately \$460,000 ransom and \$100,000 of expenses in patching, etc.

Director McKenzie asked about personal devices being used for work and whether that is the weak link or a factor in breaches. Mr. Fuller explained that the breaches generally comes from a phishing scam, malware, bug where any well intended employee ends up “clicking” on something they should not have. That creates the opening for the breach and allows the system to be “taken over”.

Director McKenzie and Director Dicht asked about the claims process and for clarification of the structure between broker, insurance administrator, and Lloyd’s of London perceiving that it is basically the same for our Property Liability, Automotive and/or Workers Compensation claim processes. Mr. Fuller explained the background processes. During a cyber-claim we would be working with the Wilson-Elsner, the San Diego law firm that is contracted by Lloyd’s of London to cover and adjudicate claims against the policy.

Director McKenzie inquired about what breaches happened, how they happened, and sharing that amongst the other insured entities to make sure others don’t fall for the same thing. Mr. Fuller responded that he does speak with the Department of Homeland Security and about

20% of his total 4,000 members have been hacked in the past seven years. He is not able to disclose the details of hacks. He noted only recently is the DHS willing to even discuss this in a public forum.

Director Dicht inquired of one of the bullet points on the list of “what is not insured?” (page 15 of the Agenda packet). Mr. Fuller responded regarding “anti-spam legislation” that these exceptions are boiler plate and this statement is more about being sued for certain codes of ethics like sending unsolicited emails.

Director Dicht inquired about Artificial Intelligence (AI) influence on this issue. Mr. Fuller responded that it is the Microsoft vulnerabilities and operating systems where greatest risk is. Mr. Fuller indicated that he could arrange a webinar with Mr. Brian Keith, Department Homeland Security Cybersecurity and Infrastructure Security Agency (CISA). This would be a “privileged” discussion but could provide more clarity on threat actors and areas of greatest pain for water/wastewater agencies.

Director Dicht noted he thought the cost was reasonable and appropriate backstop. Director McKenzie agreed that it is worth it to the community that the Agency is taking care of it.

3. Public Workshop No. 3: Final Draft Budget for Fiscal Year 2023/2024

GM West stated that the only change to the draft budget since the April 11, 2023 Public Workshop No. 2 was the addition of funds to cover advertising costs for the recruitment and update to the narrative descriptions. GM West stated she didn’t intend to review the budget but the purpose of tonight’s workshop is to keep the item open to the public for their questions, comments or input until such time as the final draft is presented to the full Board for consideration of adoption on May 2, 2023.

GM West answered questions from the Committee members.

4. Consent Items –

- a. FPREP Committee Meeting Minutes March 21, 2023**
- b. PARS Investment Statement February 2023**
- c. Grants Status Report April 13, 2023**

Recommended Action:

Approve as presented (Items a-c):

Committee approved the Consent Items a-c.

5. Public Comment Period

None.

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

1. Committee Members' Comments/Reports – None.
2. General Manager's Report – GM West noted that as a follow-up to the April 11, 2023 meeting item regarding the fence installed within the easement, General Counsel Kennedy will be meeting with the Board of Directors in Closed Session on June 13, 2023 to answer questions from the Board and provide legal background on the issue. Thereafter, the Board will reconvene on the matter.

She further reported that the fieldtrip after the April 22, 2023 Workshop will commence no sooner than 11:30am and we will have stops in Landers near an alignment connecting the systems, Goat Mountain Well 13 site, the blending pipeline/intertie pump station site and then Well 4 which has elevated uranium we intend to blend down. She is expecting the fieldtrip portion to last approximately 2 hours.

7. Adjournment

Chair McKenzie adjourned the meeting at 5:35 pm.

Approved by:

JoMarie McKenzie, Committee Chair

Official Seal



BIGHORN-DESERT VIEW WATER AGENCY

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SPECIAL

Finance/Public Relations/Education and Personnel

Standing Committee Meeting Minutes

Committee Members: Director McKenzie & Director Dicht

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

**WEDNESDAY May 17, 2023
Time – 4:00 P.M.**

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Passcode: 769094

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Dial: 1-669-900-6833

Webinar ID: 868 9403 3204

Passcode: 769094

CALL TO ORDER

Chair McKenzie called the meeting to order at 4:00 pm.

PLEDGE OF ALLEGIANCE

Led by Chair McKenzie.

ROLL CALL

Directors Present: Chair McKenzie
Director Dicht

Staff Present: Marina West

Consultant(s): Ms. Cindy Byerrum, CPA – Eide Bailly LLP

Public Present: 0 member(s) of the public indicated they were participating via teleconference. 0 members of the public were present in the meeting room. 2 member(s) of the Board was present in the meeting room as an observer only.

APPROVAL OF AGENDA

Director McKenzie moved to approve the Agenda as presented. Seconded by Director Dicht.

Discussion and Action Items –

1. Review Agency Cash Accounts and Discuss Investment Strategies

GM West introduced this subject by showing a PowerPoint with the current distribution of cash/investment accounts. Talked briefly about the withdrawing of money from Pacific Western Bank into Local Area Investment Fund (LAIF) and opened a new account with Five Star Bank. She then turned the meeting over to Ms. Byerrum to provide the report.

Ms. Byerrum, CPA, Eide Bailly, addressed the Committee on the nature of our “investment policy” which is based on safety, liquidity and yield (“SLY”). She summarized that the Agency has come a long way with its cash balance. She talked of Five Star Bank; background of bank and account types. Some of the benefits of Five Star Bank is the Money Market account that compliments the checking account. The banks, money market and Certificates of Deposits are the safest investment types.

She compared the collateralization of Five Star Bank (FSB) verses Pacific Western Bank. FSB has a “letter of credit” whereas investments in PWB would have to be sold at a loss if liquidated early.

Regarding Local Area Investment Fund (LAIF) she noted that their rate of return is less than California Cooperative Liquid Assets Securities System (CLASS) due to the manner in which LAIF invests. CLASS is capable of higher returns on a faster timeline because they engage in more short-term investments.

Regarding the PARS Trust, she reminded the Committee that our account was opened to hedge against California Public Employment Retirement System (CalPERS) and pension trusts were doing well until more recently. She recommends that the Agency not deposit any additional funds there until things stabilize in the market.

Ms. Byerrum noted that the Agency is taking the correct action to shield cash from risk and to seek returns where possible.

Chair McKenzie asked if BDVWA would close the Pacific Western Bank. GM West stated that she is not recommending closing the Pacific Western Bank account at this time.

Director Dicht inquired about the fees that PWB charges. GM West gave examples of bank fees.

Director McKenzie asked about liquidity from the LAIF account. Ms. Byerrum stated that it is possible to retrieve funds the same day.

Director Dicht inquired about tax liability on interest earnings. GM West stated that we don't pay income tax, only sales tax. He further inquired about management fees at LAIF, CLASS, PARS, Money Market, etc. Ms. Byerrum responded as to her experience those type of fees are in the background and not always clear so one has to evaluate their returns (in hindsight). She did note PARS has a graduated fees schedule that one can compare to a pension trust like CalPERS. She also noted the returns for CalPERS were 22% in 2021 but -7.5% in 2022.

Director Dicht inquired about current Certificate of Deposit (CD) interest rates and then returns at CLASS. Staff provided some context of CD rates from the PacWest Bank website. In terms of CLASS, Dir. Dicht noted that they state no principle has been lost. Ms. Byerrum talked about the LAIF Fair Market Value calculation made during the annual audit noting an account could be valued below actual if investment pool is "below market". For CLASS, it is probably the same, with a fair market value adjustment. This means, CLASS is "so short" in their investments you probably cannot lose money, but there is a point where if all accounts were cashed out, the Agency could lose principle.

GM West asked if the State of California ever looked to the LAIF balances of Special Districts to assist the state budget process. Ms. Byerrum reminded the Committee when the State of California did take the property taxes of Special Districts some years ago.

Staff concluded that a banking policy will be developed with an eye on good return and lowest possible cost.

Public Comment: None.

2. Adopt Resolution No. 22R-XX Establishing the Agency's Investment Policy

GM West gave the staff report as provided in the Agenda packet noting this to be an annual action and that there were no significant changes to the policy following review by General Counsel Kennedy and the resolution is ready to move to the full Board of Directors for consideration and adoption.

Director Dicht and Chair McKenzie asked questions about the policy. GM West and Ms. Byerrum answered as appropriate. Additional conversation regarding "surplus" cash and cash reserve management.

Public Comment: None.

3. Review Resolutions Recommending Changes to Certain User Fees and Charges for Specific Individualized Services

GM West gave the staff report as outlined in the Agenda packet and a summary presentation. Essentially, Agency costs have gone up and so these “user” fees should be updated to reflect actual cost of service. She clarified that these are fees for specific miscellaneous services provided upon request or as dictated by policy which are not of general benefit to the customer base.

Director McKenzie asked about the After-hours callouts and how the customer is informed. Director Dicht agreed the customer does need to be informed of potential fees being charged for service.

GM West agreed that a “during hour’s calls” fee will be calculated and the all the resolutions would be reposted in preparation for the Board of Directors consideration.

Public Comment: None.

4. Status of Delinquent Accounts and Property Tax Lien Process for Tax Year 2023

GM West reviewed the status of delinquent accounts and the schedule for the application of special assessments to the County of San Bernardino property tax rolls.

GM West reported a total of 106 accounts with an outstanding balance of at least \$300 as of February 28th. She explained that bills are not late until 120-days past due and past due is now 80-days. She stated the current total past due of \$93,715 but it is a net of approximately \$64,000 because this number includes deposits owed by old agricultural accounts which have been locked-off. She intends to remove these deposits before moving forward. She noted the trend is for agricultural class properties to convert to residential status by having the site inspected and backflow device removed.

She then gave a breakdown of account types noting that five (5) accounts are active with a high balance because they have not hit a lock-off cycle yet. There are also 75 residential and 26 agricultural classes which are locked and “inactive”. She indicated the balance is much lower than last cycle since we were unable to lock-off unpaid accounts due to state restrictions stemming from Covid. GM West closed her presentation with a schedule of activities prior to the formal public hearing currently scheduled for July 11, 2023.

Public Comment: None.

5. Recommendation for Water Distribution Supervisor: New Job Title and Position Description

GM West gave the staff report as provided in the Agenda packet. She has scheduled the update to the Organizational Chart and employee count for the full Board of Directors on June 13th and desires to add this position and description at that time. This position does not increase staffing levels as it is a job description and job title assignment to the existing “lead”

employee. That is a position that was flagged for update/modernization in the 2021 Benchmark Salary Survey.

The main distinction between this job description and employee responsibilities is the direct supervision, including training, performance evaluations and discipline, performed by Mr. Rewal which are well beyond those duties contemplated in a “lead worker” position.

Since the recommended “lead” position for the Administrative department has evolved into an Assistant General Manager position, the current progression steps of Level I to III in the Accounting Technician/Customer Service Representative job title would remain unchanged. However, it should be noted that a Range 4 – Accounting Technician/Customer Service Representative Job Description (Job Classification) does not exist at this time.

GM West further stated that this would have no impact on the Fiscal Year 2023/24 Operating Budget as the employee is already within this pay range.

Chair McKenzie asked about “exempt” vs. “non-exempt” status of employee. GM West explained that the Supervisor position would be non-exempt because he will still be responsible for on-call duties. The Asst. GM will be exempt. She also asked about Acct. Tech. “lead” position shown on the range and step scale. GM West said that the new AGM position would be primarily focused on administration of Agency activities so they would be closely supervising the accounting and customer service responses. There was no further discussion about the “lead” categories.

Director Dicht inquired about oversight of this position and GM West confirmed that the position would report to GM and/or AGM. He further inquired if Mr. Rewal held the licenses required for the position. GM West affirmed he has achieved all the requirements for licenses and experience.

Public Comment: None.

6. Consent Item(s) –

a. PARS Investment Statement March 2023

Recommended Action:

Approve as presented (Items a):

Committee approved the Consent Item(s) a.

7. Public Comment Period

None.

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

1. Committee Members' Comments/Reports – None.
2. General Manager's Report – None.

9. Adjournment

Chair McKenzie adjourned the meeting at 5:44 pm.

Approved by:

JoMarie McKenzie, Committee Chair

Official Seal

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Monthly Account Report for the Period
04/01/2023 to 04/30/2023

Marina West

BIGHORN-DESERT WATER
Bighorn-Desert View Water Agency PARS PAPEBT**Plan Summary**

Beginning Plan Value as of 04/01/2023	\$239,527.82
Change in Plan Value	\$1,479.06
Ending Plan Value as of 04/30/2023	\$241,006.88

Activity Summary by Source

Source	Balance on 04/01/2023	Contributions	Earnings	Expenses	Distributions	Transfers	Balance on 04/30/2023
PENSION	\$239,527.82	\$0.00	\$1,594.25	\$(115.19)	\$0.00	\$0.00	\$241,006.88
Totals	\$239,527.82	\$0.00	\$1,594.25	\$(115.19)	\$0.00	\$0.00	\$241,006.88

Transactions for the Period

Source	Date	Description	Amount
PENSION	04/26/2023	ASSET MGMT FEES	\$(65.29)
PENSION	04/27/2023	INTER-ACCOUNT TRANSFER IN	\$49.90
PENSION	04/27/2023	INTER-ACCOUNT TRANSFER OUT	\$(49.90)
PENSION	04/27/2023	TRUST ADMINISTRATOR FEES	\$(49.90)
PENSION	04/30/2023	ACCOUNT GAINS/(LOSSES)	\$1,594.25

Investment Selection

Source	Selected Investment
PENSION	HighMark Index PLUS Moderately Conservative

Investment Objective

Selected Investment	Description
HighMark Index PLUS Moderately Conservative	The dual goals of the Moderately Conservative Strategy are current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.

Investment Performance

Source	1-Month	3-Month	1-Year	Annualized Return			Inception Date
				3-Years	5-Years	10-Years	
PENSION	0.67%	0.30%	0.68%	-	-	-	06/16/2020

TRUSTED SOLUTIONS. LASTING RESULTS.

Monthly Account Report for the Period
04/01/2023 to 04/30/2023

Marina West

BIGHORN-DESERT WATER
Bighorn-Desert View Water Agency PARS PAPEBT

Information as provided by US Bank, Trustee for PARS. Investments are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal. Past performance does not guarantee future results. Account balances are inclusive of Trust Administration, Trustee and Investment Management fees if applicable. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Annualized Return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return. Information is deemed reliable but may be subject to change. The plan's Rate of Return may differ from the rate of return in the above linked document. Reasons for the difference may include the timing of transactions into and out of the plan, the duration of time the plan's funds reside in the sweep account and differences in the methodology used to calculate performance.

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TRUSTED SOLUTIONS. LASTING RESULTS.

Monthly Account Report for the Period
05/01/2023 to 05/31/2023

Marina West

BIGHORN-DESERT WATER
Bighorn-Desert View Water Agency PARS PAPEBT**Plan Summary**

Beginning Plan Value as of 05/01/2023	\$241,006.88
Change in Plan Value	\$(2,417.77)
Ending Plan Value as of 05/31/2023	\$238,589.11

Activity Summary by Source

Source	Balance on 05/01/2023	Contributions	Earnings	Expenses	Distributions	Transfers	Balance on 05/31/2023
PENSION	\$241,006.88	\$0.00	\$(2,300.93)	\$(116.84)	\$0.00	\$0.00	\$238,589.11
Totals	\$241,006.88	\$0.00	\$(2,300.93)	\$(116.84)	\$0.00	\$0.00	\$238,589.11

Transactions for the Period

Source	Date	Description	Amount
PENSION	05/19/2023	ASSET MGMT FEES	\$(66.63)
PENSION	05/26/2023	INTER-ACCOUNT TRANSFER IN	\$50.21
PENSION	05/26/2023	INTER-ACCOUNT TRANSFER OUT	\$(50.21)
PENSION	05/30/2023	TRUST ADMINISTRATOR FEES	\$(50.21)
PENSION	05/31/2023	ACCOUNT GAINS/(LOSSES)	\$0.03
PENSION	05/31/2023	ACCOUNT GAINS/(LOSSES)	\$(2,300.96)

Investment Selection

Source	Selected Investment
PENSION	HighMark Index PLUS Moderately Conservative

Investment Objective

Selected Investment	Description
HighMark Index PLUS Moderately Conservative	The dual goals of the Moderately Conservative Strategy are current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.

TRUSTED SOLUTIONS. LASTING RESULTS.

Monthly Account Report for the Period
05/01/2023 to 05/31/2023

Marina West

BIGHORN-DESERT WATER
Bighorn-Desert View Water Agency PARS PAPEBT**Investment Performance**

Source	1-Month	3-Month	1-Year	Annualized Return			Inception Date
				3-Years	5-Years	10-Years	
PENSION	-0.95%	1.79%	-0.86%	1.12%	-	-	06/16/2020

Information as provided by US Bank, Trustee for PARS. Investments are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal. Past performance does not guarantee future results. Account balances are inclusive of Trust Administration, Trustee and Investment Management fees if applicable. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Annualized Return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return. Information is deemed reliable but may be subject to change. The plan's Rate of Return may differ from the rate of return in the above linked document. Reasons for the difference may include the timing of transactions into and out of the plan, the duration of time the plan's funds reside in the sweep account and differences in the methodology used to calculate performance.

STATUS OF AGENCY GRANTS					7/10/2023
Brief Description of Grant (Agreement No./Project No.)	Amount Awarded (Date)	Date Awarded	Status	Approx. % Complete	
Proposition 1 Water Bond 2014 - State Water Resources Control Board Planning Grant (MWA IRWMP)	\$500,000	9/7/2017	Planning Grant: Grant is Finalized/Closed. Retention until 2055. Total Reimbursed \$499,234.	100%	
2016 Proposition 1 Integrated Regional Water Management Plan Disadvantaged Community Involvement Grant Department of Water Resources (DWR) CA Water Code Sec. 79740 et. seq. and Colorado River Basin Funding Area - Uranium Treatment Alternatives (MWA Small Water Systems Program/IRWMP)	\$50,000	1/23/2019	Project Investigation Complete: Uranium Treatment Alternatives project was an investigation of the uranium concentrations throughout the water column in Agency wells 3 and 4. The information would be helpful in determining the actual Uranium concentration in the water at different depths.	100%	
Department of Water Resources Prop. 1 Round 1 IRWM Implementation Grant (Prop. 1 2014) Goat Mountain Replacement Well	\$500,000	2/8/2021	New Well: Board awarded Contract No. PWC22-001 to Abundant Water Wells for approx. \$708,000. Limited Notice to Proceed issued. Awaiting project schedule from contractor to issue second Notice to Proceed.	20%	
2016 Proposition 1 Integrated Regional Water Management Plan Disadvantaged Community Involvement Grant Department of Water Resources (DWR) CA Water Code Sec. 79740 et. seq. and Colorado River Basin Funding Area - "Drought Round 2022" Water Meter Replacement Program	\$298,036	4/12/2022 - but BDVWA not notified until 10/5/2022	Project Mgmt: Successful in adjusting budget, methodology and schedule. Completion now 5/2025. Project Bidding Phase: Meter Service Material bids received and recommendation submitted to BOD on July 11. Meter bids were rejected and revised bid package circulated on July 10. Bids due late July for possible August 8 submission to BOD.	10%	
Department of Water Resources Prop. 1 Round 2 IRWM Implementation Grant (Prop. 1 2014) (MWA) - Winters Intertie with HDWD - Agreement No. 4600014979	\$675,000	Awarded 4/11/2023	Project Execution Phase: Develop and approve "Inter-tie Agreement with Hi-Desert Water District. Evaluate and secure right-of-way for pipeline. Explore option to use mutual aid with HDWD (or 29 Palms WD) to assist with installation of pipelines and pump station.	5%	
State Water Resources Control Board Drinking Water Construction Grant Agreement No. D2102065 Project No. 3610009-002C Potable Water System Improvements Consolidation of Water Systems	\$11,000,000	Awarded 4/20/2023	Project Design Phase: Develop Project Management Plan for execution. Staff soliciting proposals for acquisition of remaining easements for pipelines. Awaiting transfer of one parcel from BLM via Cong. Obernolte's office. Staff evaluating ability to install pipelines thru mutual aid or to develop Request for Proposals for Engineering Design Services. Planning meeting with Grantor to discuss execution.	0%	

STATUS OF AGENCY GRANTS		7/10/2023					
Funds Authorization	Grantor - Funding source or program // Expiration	Expiration	Agreement No./ Project No./Date Awarded/Amount	Funding Purpose	Status	Next Steps	Reimbursement/ Completion Status
Proposition 1 Water Bond 2014	SWRCB-Prop. 1 Planning (thru MWA SWS Program/IRWMP)/ COMPLETED	COMPLETE	No. D17-02022/ 361009-002P// 9/7/2017/ \$500,000	and Preliminary Design, CEQA, cost estimates for infrastructure needs of the Agency including physical consolidation of BDV and Goat Mtn. and Uranium Treatment thru	Received final reimbursement with small adjustment of denied charges.	Grant is FINAL. Total reimbursement received \$499,234, Retention until 2055	\$499,234// 100%
2016 Proposition 1 Integrated Regional Water Management Plan Disadvantaged Community Involvement Grant CA Water Code Sec. 79740 et. seq.	DWR DACI - Uranium Treatment Alternatives (thru MWA SWS Program/IRWMP)// COMPETED	COMPLETE	No. 4600012245// 1/23/2019// \$50,000	Uranium Treatment Alternatives project was an investigation of the uranium concentrations throughout the water column in Agency wells 3 and 4.	The study concluded that Uranium levels at the bottom of the deepest, youngest groundwater production well remain elevated at 19 pCi /L (20 pCi/L being the current MCL).	COMPLETE	\$50,000// 100%
Department of Water Resources Prop. 1 Round 1 IRWM Implementation Grant (Prop. 1 2014)	GM Replacement Well (thru MWA SWS Program/IRWMP)	12/31/2025	No. 4600013807// 2/8/2021// \$500,000	Replaced GM Well No. 2 which "failed" in 2018. Well inspection revealed casing was compromised and too shallow to repair.	Contract submittals received, reviewed and approved. Limited Notice to Proceed issued May 30, 2023.	Awaiting project schedule from contractor and submittals for review Maintain awareness to other grant opportunities which could fund the remaining costs for equipping well (\$150K est) and for NV5 Contract Admin and Drilling Oversight (\$115K est).	\$22,300// 20%
2016 Proposition 1 Integrated Regional Water Management Plan Disadvantaged Community Involvement Grant CA Water Code Sec. 79740 et. seq.	DWR DACI - Drought Round (thru MWA SWS Program/IRWMP) - "Water Meter Replacement Program - Drought Grant" & MOU IRWM Colorado River Basin Funding Area	5/31/2023, extended to 5/31/2025	No. 4600012245//4/12/2022 but notified 10/5/2022// \$298,036	Replace old meters and provide customer ball valve/check valve (30%) to encourage conservation resulting water and power savings.	Letter of Justification modifying budget, execution strategy and completion date was accepted without comment and without an Amendment. Bid packages received and evaluated. Meter Service Materials submitted to BOD on July 11. Descrrepancy in meter bids led to a reissuance of a new bid package.	Issue PO for meter service materials. Receive and evaluate meter bids for recommendation to BOD August 8. Expenses to date include engineering services and staff project management.	\$18,100// 12%
Department of Water Resources Prop. 1 Round 2 IRWM Implementation Grant (Prop. 1 2014)	MWA Round 2 IRWMP Implementaion Grants	7/1/2026	No. 4600014979// 04/11/2023// \$675,000	System Interconnection at Winters and Rainbow Road – Zone B Pumping Station with Hi-Desert Water District	No change: Met with HDWD to discuss draft intertie Agreement for water delivered thru interties. Discuss possibility of using HDWD (29 Palms expressed interest as well) staff resources/equipment to complete pipeline portion of project with direct procurement of materials to save on costs. Submitted required reports.	Continue development of project execution approach. Discuss with Grantor. Determine Right-of-Way needs and pursue R/W.	\$0// 5%
SWRCB, Sec. 79724 Water Code & SWRCB Resolution No. 2022-0041. SB 129 ref. Budget Act 2021, Provision 1	SWRCB Prop. 1	3/31/2026	Agreement No. D2102065/ Proj. No. 3610009-002C Potable Water System Improvements Consolidation of Water Systems// 04/20/2023// \$11M	The Engineering Report supported a construction application for a majority of the projects identified therein. Primarily the physical intertie of the BDV and GM water systems (9,00 ft and the pipeline to bring fresh water from the east side of Pipe's Wash to the west side to blend with high uranium. Other refurbishment projects: A-Booster pump station and B-tank rehabilitation.	Request for Proposals for acquisition of necessary easements circulated. Proposals due June 30, 2023.	Bids packages due June 30, 2023. Expect to recommend award of Purchase Orders at July 11, 2023 Board meeting. Discussing possibility of using in-house staff with assistance from neighboring water district to construct pipeline alignments and PRV stations. Set-up meeting with Grantor to discuss further. Expenses to date concern Legal Opinion Letter which are non-reimbursable.	\$0// 0%