



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."

BOARD OF DIRECTORS' SPECIAL MEETING AGENDA

BOARD MEETING OFFICE
1720 N. CHEROKEE TR.
LANDERS, CALIFORNIA 92285



November 4, 2025
Time – 4:00 P.M.

MEETING ROOM IS OPEN FOR IN-PERSON ATTENDANCE PUBLIC WISHING TO PARTICIPATE REMOTELY

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/87377561043?pwd=sEVYUTpzlx7HilxvIX76AhgID6jrCk.1>

Passcode: 229409

OR

TELECONFERENCE LINE THRU ZOOM

1-669-900-6833

Webinar ID: 873 7756 1043

Passcode: 229409

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

APPROVAL OF AGENDA

Discussion and Action Items - The Board of Directors and Staff will discuss the following items and the Board will consider taking action, if so inclined. The Public is invited to comment on any item on the agenda during discussion of that item. When giving your public comment, please have your information prepared. If you wish to be identified for the record, then please state your name. Due to time constraints, each member of the public will be allotted three-minutes to provide their public comment.

1. **Public Workshop No. 4 – 2025 Rate Study (5-year period commencing 2026)**
2. **Resolution No. 25R-XX Establishing Criteria for Financial Reserves**
3. **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

November 4, 2025 Board of Directors' Special Meeting Agenda

Posted October 31, 2025

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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.

4. Items for Next or Future Agenda

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

- a. General Manager Report
- b. Director Reports

6. Adjournment

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Bighorn-Desert View Water Agency, 622 S. Jemez Trail, Yucca Valley, CA not less than 72 hours if prior to a Regular meeting, date and time above; or in accordance with California Government Code Section 54956 this agenda has been posted not less than 24 hours if prior to a Special meeting, date and time above. As a general rule, agenda reports or other written documentation have been prepared or organized with respect to each item of business listed on the agenda. Copies of these materials and other disclosable public records in connection with an open session agenda item, are also on file with and available for inspection at the Office of the Agency Secretary, 622 S. Jemez Trail, Yucca Valley, California, during regular business hours, 8:00 A.M. to 4:30 P.M., Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Bighorn-Desert View Water Agency.

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

Public Comments: You may wish to submit your comments in writing to assure that you are able to express yourself adequately. Per Government Code Section 54954.2, any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in the meeting, should contact the Board's Secretary at 760-364-2315 during Agency business hours.

Calendar Reminder - Upcoming Director Meetings

- Mojave Water Agency Board of Directors Meeting – Second and Fourth Thursday every month (regular schedule)
- Morongo Basin Pipeline Commission Meeting – Quarterly – March, June 12, September and December (check MWA website for location)
- ASBCSD Monthly Dinner Meeting – third Monday (regular schedule)
- Landers Homestead Valley Community Association Monthly Meeting – Second Monday at 5pm

**BIGHORN-DESERT VIEW WATER AGENCY
AGENDA ITEM SUBMITTAL**

Meeting Date: November 11, 2025

To: Board of Directors

Budgeted: Yes

Budgeted Amount: \$50,000

Cost: \$44,880

From: Marina West

General Counsel Approval: Necessary

CEQA Compliance: Required

Subject: Public Workshop No. 4 – Rate Study (5-year period commencing 2026)

SUMMARY

This is the 4th Public Workshop on the 2025 Rate Study being compiled by NBS Government Finance Group.

Following the September 9, 2025 regular meeting of the Board of Directors it was learned that the total number of meters input to the rate study model prepared by NBS Government Finance Group was actually 161 less than NBS had calculated at the onset of the Rate Study. This error has not exactly been traced as of the publication of this staff report but it is significant being a 6% error in the previously Board recommended rate structure.

Ms. Sara Mares, NBS Government Financial Group, will provide present a corrected/ updated financial model and present new rate options for consideration by the full Board of Directors. Staff will seek input from the Board of Directors as well as answer questions of the Board and public.

An additional Public Workshop will be held on November 18, 2025 for further discussion before proceeding to the formal Public Hearing concerning adoption of a new rate structure effective sometime in early 2026.

RECOMMENDATION

Information and Discussion Purposes Only.

BACKGROUND/ANALYSIS

No further background provided. Staff seeks discussion and input from the Board and public on the most reasonable rate structure for all customers of the Agency.

PRIOR RELEVANT BOARD ACTION(S)

9/9/2025 No Motion Public Workshop No. 3 – 2025 Rate Study (5-year period commencing 2026)

There was consensus from the Board members present to proceed with Option 2 (65%/35% with “smoothing route” of 0% annual revenue increase projection in year 1 and 4.4% thereafter). The Board of Directors concurred with staff’s recommendation to agendize Public Workshop No. 4 to discuss the

proposed rate and fee structure and setting the Public Hearing in accordance with Article XIII C and D of the California Constitution (Public Workshop No. 5) for December 14, 2025.

9/4/2025 Special Board of Directors Meeting Public Workshop No. 2 2025 Rate Study

09/02/2025 Special Finance Committee Meeting Public Workshop No. 1 2025 Rate Study

1/14/2025 Motion No. 25-004 Authorize Professional Services Agreement with NBS Government Financial Group to conduct a *Water Rate and Capacity Fee Study* for the Agency at a proposed cost not to exceed \$44,880.

4/13/2021 Motion No. 21-022 Motion made to adopt Resolution No. 21R-08 adjusting the basic service charge and water consumption charges for specific customer classes for a 5 year period

2/9/2021 Motion No. 21-013 Motion to authorize filing of Categorical Exemption for a Public Hearing on April 13, 2021 at 6:00 pm during which the Board of Directors Will Consider Adopting Water Rates, Fees and Charges; and Receive and file final Water Rate Study Report February 2021 along with the Proposition 218 Public Hearing Notice to be distributed in accordance with Article XIII C and D of the California Constitution.

**BIGHORN DESERT VIEW WATER AGENCY
AGENDA ITEM SUBMITTAL**

Meeting Date: November 4, 2025

To: Board of Directors

Budgeted: N/A

Budgeted Amount: N/A

From: Marina D. West

General Counsel Approval: N/A

Scott Nelson, Starting Line Advisors

CEQA Compliance: N/A

Subject: Resolution No. 25R-XX Establishing Criteria for Financial Reserves

SUMMARY

A properly designed Board adopted reserve policy sends a positive signal to the community of ratepayers, bondholders, rating agencies, and regulatory agencies that the Board is committed to the Agency's long-term financial health and viability.

Prudent financial management and best practices dictate that the Agency maintain appropriate reserves for emergency use, capital projects, obligations accruing on a current basis that will be paid in the future, and those required as a result of legal or external requirements. The challenge for a governmental agency is to set reserve levels that are sufficient to meet the needs of the agency now and in the future, while following the concept of inter-period equity, which means that ratepayers pay for the services provided and used by them in the current period.

Objectives of a reserve policy:

- Establish sound formal fiscal reserve policies, which will be the foundation that ensures strong fiscal management and policies that guide future Agency decisions.
- Build adequate reserves over time. This action will provide the Agency with resources to help stabilize the agency's finances and position it to easily absorb economic downturns or large-scale emergencies.
- The funding and subsequent uses of reserves helps smooth rates from year to year and promotes equity over the years to ratepayers.
- Help the Agency to meet its short-term and long-term obligations and ensure that the Agency maintains the highest possible credit rating.

The Reserve Policy has not undergone scrutiny since last adopted in November 2021. Beginning in September the Agency began holding Public Workshops to analyze and discuss the parameters affecting the new 5-year Rate Study being prepared by NBS Government Finance Group.

During those Public Workshops it was suggested that the Board review and make specific adjustments to the Reserve Policy. Therefore, staff is bringing a revised resolution for the Board's consideration for adoption.

RECOMMENDATION

That the Board considers taking the following action(s):

1. Adopt Resolution No. 25R-XX Establishing Criteria for Agency Financial Reserves.

BACKGROUND/ANALYSIS

The main areas of risk the Government Finance Officers Association (GFOA) recommend reviewing for determining appropriate Reserve levels are:

1. Revenue Source Stability:

Risks to revenue instability can occur as a result of voluntary and mandated water conservation and in times of economic downturn. The Agency could also become subject to minimum per capita usage mandates, changing fees from the State, and/or changing regulations regarding water quality, all which can cause lower net revenues to the Agency.

The Agency is dependent upon approximately 60% of its revenue from the basic service charge and 40% from commodity charges on a tiered rate. In 2021, the Agency adopted policies to deal with a dramatic increase in usage from a new customer class, Agriculture. The Agency presumes these agricultural activities will diminish in coming years due to high commodity price and the eradication of illegal agricultural operations (i.e. Cannabis). In 2025, this prediction has resulted in 26% less consumption primarily due to the eradication of the illegal cannabis.

The Agency has approximately 317 inactive meters that pay basic service charge to retain their access to water but are in essence “non-consumers” of water (i.e. vacant land with a meter). Many of these accounts decline to pay and the arrearages are collected through property tax rolls.

In a scenario where the Agency expenses exceed the revenues, the Agency’s reserves would have to be used to balance the budget.

2. Infrastructure:

Aging infrastructure presents a higher risk that an expected failure will require the use of Operating Reserves to repair or replace. Water Agencies are infrastructure intensive and are subject to the risk of unplanned failure and related costs in many parts of the distribution system.

3. Vulnerability to Extreme Event and Public Safety Concern:

The Agency is also subject to the risk an extreme event such as an earthquake which could seriously damage infrastructure that will need to be repaired or replaced immediately to protect the public health and safety. Even though such damage might be subject to reimbursement from the Federal Emergency Management Agency (FEMA) and other such sources, the Agency would need to have ample cash on hand for needed repairs.

Given the Agency’s ongoing evaluation of financial risks, cash flow needs, and long-term planning goals, the reserve policy is being updated to better balance available funds across operating, capital, and emergency needs. While some reserve targets are being reduced, the revised levels

still ensure the Agency maintains sufficient resources to manage cash flow, respond to unforeseen events, and support financial stability, while aligning more closely with best practice standards.

Proposed Reserve Policy

1. **Operating Reserve:** An Operating Reserve can be used as working capital to manage cash throughout the year. Based on the analysis of the Agency's risk factors, Staff recommends an Operating Reserve of 90 days of budgeted Agency operating expenses. Based on an updated review of the Agency's cash flow patterns and overall financial position, staff recommends reducing the Operating Reserve target from 180 days to **90 days** of annual operating expenses. This change reflects the Agency's improved ability to manage cash timing and maintain stability with a smaller reserve. The revised level is still sufficient to cover normal fluctuations in revenue and expenditures while allowing funds to be used more effectively in other reserve areas or Agency priorities.

Target Reserve Level: FY 25/26 Budgeted Expenditures are \$2,350,100 and 90/365 times that amount is \$579,477.

2. **Capital Reserve:** A Capital Reserve is used to fund the Agency's future Capital Improvement Program. Standard reserve levels for routine capital reserves can vary from 2-5% of total capital assets, or a set flat amount equal to one to five years of the Capital Improvement Plan. Staff recommends a 6% reserve to ensure adequate funding is on hand for emergency repairs.

Target Reserve Level: The cost of Agency assets as of 6/30/25 is \$13,227,501, and 6% of that amount is \$793,650.

3. **Rate Stabilization Reserve:** A Rate Stabilization Reserve can be used in the event of a large decline in revenues or increase in expenses. Based on the risk of revenue reductions due to water conservation, staff recommends a reserve of 25% of the next fiscal year's Operating Revenues.

Target Reserve Level: FY25/26 Budgeted Operating Revenues are \$2,185,000, and 25% of that amount is \$546,250.

4. **Compensated Absences:** The balance in this fund represents the approximate balance of accrued vacation owed to employees. Amounts are adjusted annually when the financial statement audit is complete.

Target Reserve Level: The 6/30/25 balance is \$211,419.

5. **Current Customer Deposits:** The balance in this fund represents the approximate balance of customer deposits held by the Agency and refunded per the current Rules and Regulations for Water Service. Amounts are adjusted annually when the financial statement audit is complete.

Target Reserve Level: The 6/30/25 balance is \$157,102.

6. **ID GM Restricted Reserve Fund:** This Fund represented the balance remaining of cash transferred from CSA 70/W-1 (Landers) that was to be held for the benefit of the ratepayers and property owners with the dissolved district. This fund was also "restricted" for use on "Capital Replacement

and Capital Expansion” per San Bernardino Local Agency Formation Commission (LAFCO) Resolution No. 3197 dated March 26, 2015. As of Fiscal Year End 2025, the balance has been expended as required (ref. Audited Financial Statements FY2024/25).

7. **San Bernardino Overpayment:** This amount owed to the County of San Bernardino for its overpayment of certain property taxes to the Agency. It was repaid over a five year period which ended June 30, 2025 (ref. Audited Financial Statements FY2024/25).
8. **Emergency Contingencies Fund:** Expenditures from this fund shall be authorized by the Board of Directors upon presentation of evidence that unencumbered cash is not available to meet an immediate need such as water system repairs or in response to an unforeseen circumstance (e.g. water quality issue or natural disaster).

Target Reserve Level: This amount is set a flat \$1,000,000 and can be adjusted as needed depending on future circumstances.

9. **Reserve for Grant Funded Capital Projects:** Expenditures from this fund shall be pay in the advance on projects the Agency is going to grant funding for but needs to apply for the funds on a reimbursement basis.

Target Reserve Level: The Agency anticipates getting \$5,000,000 in grant funding for capital projects and setting aside 5% of that would be \$250,000.

10. **Unrestricted Reserves:** This represents the amount of reserves left over after meeting the target level on all of the other reserve funds. This amount may fluctuate between positive and negative depending on if there is enough excess net income to fully fund the reserves or not.

For reference, all historical record of prior resolutions/policies on the issue of financial reserves are included with this staff report.

Lastly, the Q3/2025 Quarterly Financial Report showing the current balances of the reserve accounts.

PRIOR RELEVANT BOARD ACTION(S)

12/7/2021 Motion No. 21-063 Motion to adopt Resolution No. 21R-25 Establishing Criteria for Agency Financial Reserves.

8/23/2016 Motion No. 16-038 Adoption of Resolution No. 16R-11 a Policy Establishing Criteria for Financial Reserves.

9/24/2013 Motion No. 13-075 Motion to approve Resolution 13R-14 A Policy of the Board of Directors of Bighorn-Desert View Water Agency Establishing Criteria for Agency Financial Reserves.

5/22/2012 Motion No. 12-045 Consent Calendar L: Adopting Policy 12P-03 a Statement of Board Policy est. the Criteria for Agency Financial Reserves Adding a Bond Debt Service Category.

BIGHORN-DESERT VIEW WATER AGENCY



To: BOARD OF DIRECTORS
 From: Administration
 October 13, 2025 Calendar Year 2025 - Q3

CASH BALANCE DISTRIBUTION PER ADOPTED FINANCIAL RESERVE POLICY (Resolution No. 21R-25)

LOCAL AGENCY INVESTMENT FUND, PACIFIC WESTERN BANK, FIVE STAR BANK, CALIFORNIA CLASS and PARS 115 INVESTMENT TRUST

GL ACCOUNT NO.

01-00-132000	PARS 115 TRUST	\$	286,081
01-00-131250	BANC of CALIFORNIA (PACIFIC WESTERN BANK)	\$	174,533
01-00-131255	FIVE STAR BANK MONEY MARKET	\$	792,548
01-00-131350	FIVE STAR BANK	\$	215,885
01-00-131251	PACWEST HIGH YIELD SAVINGS	\$	864,942
01-00-133030	LAIF CASH ACCOUNT BALANCE	\$	17,104
01-00-133111	CALIFORNIA CLASS	\$	3,341,886
TOTAL CASH		\$	5,692,979

CASH BALANCE DISTRIBUTION - exact

01-00-226000	CUSTOMER DEPOSITS (actual quarterly balance)	\$	157,102
2 01-00-229100	ACCRUED EMP COMP BALANCES (est. from FY24/25 Audit)	\$	211,419
01-00-310005	ID GM RESTRICTED FUND (actual quarterly balance)	\$	-
1 Fund Goal	OPERATING RESERVE (est. 180 days from FY2025/26 budget)	\$	1,175,050
2 Fund Goal	CAPITAL RESERVE (est. 6% of total assets on 6/30/25)	\$	793,650
1 Fund Goal	RESERVE FOR GRANT FUNDED CAPITAL PROJECTS (5% of expected)	\$	387,450
1 Fund Goal	RATE STABILIZATION RESERVE (est. 25% of FY25/26 Op. Revenue)	\$	546,250
Fund Goal	EMERGENCY CONTINGENCY FUND (target)	\$	1,000,000
UNENCUMBERED CASH (All Investments)		\$	1,422,058
TOTAL CASH		\$	5,692,979
01-00-143011	INVENTORY - VALUE of WATER IN STORAGE at AMES/RECHE	INVENTORY	\$ 548,210

Date Printed: 10/28/2025

O://OPEN SHARE/BANK and LAIF/LAIF PWB CASH BALANCES

FOOTNOTES

- 1 From FY2025/26 Budget
- 2 From FY2024/25 Audit

RESOLUTION NO. 25R-XX

**A POLICY OF THE BOARD OF DIRECTORS OF
THE BIGHORN-DESERT VIEW WATER AGENCY
ESTABLISHING CRITERIA FOR AGENCY FINANCIAL RESERVES**

WHEREAS, the Board of Directors of the Bighorn-Desert View Water Agency, acting as the elected legislative body of the Agency, is required by law to fix and establish rates, fees and charges which will enable the Agency to cover its debt service payments, operate and maintain its water system, provide for the repairs and depreciation and a reasonable surplus for improvements pursuant to California State Water Code Appendix, Section 112-25.; and

WHEREAS, in order to fulfill the fiduciary responsibilities of the Agency, the financial reserve account shall be established, maintained and updated periodically; and

WHEREAS, a properly designed and Board adopted reserve policy sends a positive signal to the community of ratepayers, bondholders, rating agencies, and regulatory agencies that the Board is committed to the Agency's long-term financial health and viability.

WHEREAS, the objectives of a reserve policy are:

- Establish sound formal fiscal reserve policies, which will be the foundation that ensures strong fiscal management and policies that guide future Agency decisions.
- Build adequate reserves over time. This action will provide the Agency with resources to help stabilize the agency's finances and position it to easily absorb economic downturns or large-scale emergencies.
- The funding and subsequent uses of reserves helps smooth rates from year to year and promotes equity over the years to ratepayers.
- Help the Agency to meet its short-term and long-term obligations and ensure that the Agency maintains the highest possible credit rating.

WHEREAS, the main areas of risk the Government Finance Officers Association (GFOA) recommend reviewing for determining appropriate Reserve levels are:

1. Revenue Source Stability:

Risks to revenue instability can occur as a result of voluntary and mandated water conservation and in times of economic downturn. The Agency could also become subject to minimum per capita usage mandates, changing fees from the State, and/or changing regulations regarding water quality, all which can cause lower net revenues to the Agency.

2. Infrastructure:

Aging infrastructure presents a higher risk that an expected failure will require the use of Operating Reserves to repair or replace. Water Agencies are infrastructure intensive and are subject to the risk of unplanned failure and related costs in many parts of the distribution system.

3. Vulnerability to Extreme Event and Public Safety Concern:

The Agency is also subject to the risk an extreme event such as an earthquake which could seriously damage infrastructure that will need to be repaired or replaced immediately to protect the public health and safety. Even though such damage might be subject to reimbursement from the Federal Emergency Management Agency (FEMA), the Agency would need to have ample cash on hand for needed repairs.

NOW THEREFORE, it shall be the Policy of the Agency to manage financial reserves according to the following criteria.

Financial reserves consist of the funds retained in the Agency's account with the Local Agency Investment Fund (LAIF), California CLASS, Five Star Bank, Banc of CA or other authorized financial institution.

The existing financial reserve accounts are:

Account No. 01-00-131250 – Banc of CA Checking Account; and/or
Account No. 01-00-131251 – Banc of CA High Yield Savings Account; and/or
Account No. 01-00-131350 – Five Star Bank Checking Account; and/or
Account No. 01-00-131255 – Five Star Bank Money Market Account; and/or
Account No. 01-00-133030 – LAIF Cash Account; and/or
Account No. 01-00-133111 – California CLASS Account; and/or
Account No. 01-00-132000 – PARS 115 Trust Account

The Reserve Policy will include the following categories:

1. Operating Reserve
2. Capital Reserve
3. Rate Stabilization Reserve
4. Compensated Absences
5. Current Customer Deposits
6. Emergency Contingencies Fund
7. Reserve for Grant Funded Capital Projects
8. Unrestricted Reserves

Authorization for use of funds within the financial reserve sub-accounts shall be as follows:

1. Operating Reserve: An Operating Reserve can be used as working capital to manage cash throughout the year. Based on the analysis of the Agency's risk factors, Staff recommends an Operating Reserve of 90 days of budgeted Agency operating expenses.
2. Capital Reserve: A Capital Reserve is used to fund the Agency's future Capital Improvement Program. Standard reserve levels for routine capital reserves can vary from 2-5% of total capital assets, or a set flat amount equal to one to five years of the Capital Improvement Plan. Staff recommends a 6% reserve to ensure adequate funding is on hand for emergency repairs.
3. Rate Stabilization Reserve: A Rate Stabilization Reserve can be used in the event of a large decline in revenues or increase in expenses. Based on the risk of revenue reductions due to water conservation, staff recommends a reserve of 25% of the next fiscal year's Operating Revenues.
4. Compensated Absences: As The balance in this fund represents the approximate balance of accrued vacation owed to employees. Amounts are adjusted annually when the financial statement audit is complete.
5. Current Customer Deposits: The balance in this fund represents the approximate balance of customer deposits held by the Agency and refunded per the current Rules and Regulations for Water Service. Amounts are adjusted annually when the financial statement audit is complete.
6. Emergency Contingencies Fund: Expenditures from this fund shall be authorized by the Board of Directors upon presentation of evidence that unencumbered cash is not available to meet an immediate need such as water system repairs or in response to an unforeseen circumstance (e.g. water quality issue or natural disaster).
7. Reserve for Grant Funded Capital Projects: Expenditures from this fund shall be pay in the advance on projects the Agency is going to grant funding for but needs to apply for the funds on a reimbursement basis.
8. Unrestricted Reserves: This represents the amount of reserves left over after meeting the target level on all of the other reserve funds. This amount may fluctuate between positive and negative depending on if there is enough excess net income to fully fund the reserves or not.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bighorn-Desert View Water Agency that this Resolution establishes the criteria for Agency Financial Reserves and the basis for each reserve level;

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 resolution and that Resolution No. 21R-25 is hereby rescinded in its entirety.

PASSED, APPROVED, AND ADOPTED by the Board of Directors to Bighorn-Desert View Water Agency this XX day of XX, 20XX.

By _____
JoMarie McKenzie, President of the Board

ATTEST:

John R. Burkhart, Secretary of the Board

Official Seal

Prior Resolutions regarding Financial Reserve Policy

RESOLUTION NO. 16R-11

**A POLICY OF THE BOARD OF DIRECTORS OF
THE BIGHORN-DESERT VIEW WATER AGENCY
ESTABLISHING CRITERIA FOR AGENCY FINANCIAL RESERVES**

WHEREAS, the Board of Directors of the Bighorn-Desert View Water Agency, acting as the elected legislative body of the Agency, so far as practical, shall fix such rate or rates for water in the Agency.

WHEREAS, in each improvement district, provide for repairs and depreciation of all works, provide a reasonable surplus for improvements, extension, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due, pursuant to California State Water Code Appendix, Section 112-25.

WHEREAS, In order to fulfill the fiduciary responsibilities of the Agency, the financial reserve account shall be established, maintained and updated periodically.

NOW THEREFORE, it shall be the Policy of the Agency to manage financial reserves according to the following criteria.

Financial reserves consist of the funds retained in the Agency's account with the Local Agency Investment Fund (LAIF) or other authorized financial institution.

The Local Agency Investment Fund or other financial reserve accounts shall consist of the following sub-accounts:

Account No. 01-00--133030 – LAIF Cash Account **and/or**
Account No. 01-00-131250 Pacific Western Bank Cash Account

Sub-Accounts to LAIF and/or Pacific Western Bank

- 1) Customer Deposits
- 2) Emergency Contingencies
- 3) Replacement & Refurbishment
- 4) Encumbered for Projects
- 5) Bond Debt Service Fund
- 6) ID GM Restricted Reserve Fund

Authorization for use of funds within the financial reserve sub-accounts shall be as follows:

1. Current Customer Deposits: The balance in this fund represents the approximate balance of customer deposits held by the Agency and refunded per the current Rules and Regulations for Water Service.
2. Emergency Contingencies Fund: Expenditures from this fund shall be authorized by the Board of Directors upon presentation of evidence that unencumbered cash is not available to meet an immediate need such as water system repairs or in response to an unforeseen circumstance (e.g. water quality issue or natural disaster).

3. Replacement & Refurbishment Fund: Expenditures from this fund shall be authorized by the Board of Directors upon presentation of project costs not contemplated in the annual Operating Budget (e.g. well pump replacement or refurbishment, well rehabilitation, reservoir rehabilitation, etc.).
4. Encumbered Funds for Approved Projects: As the Board of Directors authorizes expenditures from another reserve account the specified account will be reduced and the Encumbered Funds account will be increased to show that the funds have been appropriately "set aside" for payment of invoices as the authorized work proceeds.
5. Bond Debt Service Fund: Represents the difference between the total cash reserves and the balances in the identified funds.
6. ID GM Restricted Reserve Fund: Represents the balance remaining of cash transferred from CSA 70/W-1 (Landers) that is to be held for the benefit of the ratepayers and property owners with the dissolved district. This fund is also "restricted" for use on "Capital Replacement and Capital Expansion" per San Bernardino Local Agency Formation Commission (LAFCO) Resolution No. 3197 dated March 26, 2015.

Fund Goals: The Board of Directors hereby establishes "fund goals", which should be reviewed periodically to maintain effectiveness, for the following reserve account funds:

- Emergency Contingencies Fund Minimum Goal: \$200,000
- Replacement & Refurbishment Fund Minimum Goal: \$300,000
- Bond Debt Service Fund Goal: \$233,000 (Annual Debt Service for Bighorn Mountains ID 1, Desert View, and Mojave Water Agency Morongo Basin Pipeline Debt)

BE IT RESOLVED by the Board of Directors of the Bighorn-Desert View Water Agency:

1. Adopts this Resolution 16R-11 Establishing Criteria for Agency Financial Reserves; and
2. Policy No. 13R-14 is hereby rescinded.

PASSED, APPROVED, AND ADOPTED by the Board of Directors to Bighorn-Desert View Water Agency this 23th day of August 2016.

By J. Larry Coulombe
J. Larry Coulombe, President of the Board

ATTEST:

Judy Cor-Lorono
Judy Cor-Lorono, Secretary

RESOLUTION NO.13R-14

A POLICY OF THE BOARD OF DIRECTORS OF THE BIGHORN-DESERT VIEW WATER AGENCY ESTABLISHING CRITERIA FOR AGENCY FINANCIAL RESERVES

WHEREAS, The Board of Directors of the Bighorn-Desert View Water Agency, acting as the elected legislative body of the Agency, so far as practical, shall fix such rate or rates for water in the Agency.

WHEREAS, in each improvement district, provide for repairs and depreciation of all works, provide a reasonable surplus for improvements, extension, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due, pursuant to California State Water Code Appendix, Section 112-25.

WHEREAS, In order to fulfill the fiduciary responsibilities of the Agency, the financial reserve account shall be established, maintained and updated periodically.

NOW THEREFORE, it shall be the Policy of the Agency to manage financial reserves according to the following criteria.

Financial reserves consist of the funds retained in the Agency's account with the Local Agency Investment Fund (LAIF) or other authorized financial institution.

The Local Agency Investment Fund or other financial reserve accounts shall consist of the following sub-accounts:

- Account No. 01-13303 – Unencumbered Cash
- Account No. 01-13306 – Basic Facilities Charge
- Account No. 01-13307 – Customer Deposits
- Account No. 01-13309 – Emergency Contingencies
- Account No. 01-13310 – Replacement & Refurbishment
- Account No. 01-13311 – Encumbered for Projects
- Account No. 01-13312 – Bond Debt Service Fund

Authorization for use of funds within the financial reserve sub-accounts shall be as follows:

1. Emergency Contingencies Fund: Expenditures from this fund shall be authorized by the Board of Directors upon presentation of evidence that unencumbered cash is not available to meet an immediate need such as water system repairs or in response to an unforeseen circumstance (e.g. water quality issue or natural disaster).

2. Replacement & Refurbishment Fund: Expenditures from this fund shall be authorized by the Board of Directors upon presentation of project costs not contemplated in the annual Operating Budget (e.g. well pump replacement or refurbishment, well rehabilitation, reservoir rehabilitation, etc.).
3. Basic Facilities Charges Fund: Expenditures from this fund shall be authorized by the Board of Directors as new capital projects (e.g. mainline extensions, new reservoirs, new wells, etc.).
4. Encumbered Funds for Approved Projects: As the Board of Directors authorizes expenditures from another reserve account the specified account will be reduced and the Encumbered Funds account will be increased to show that the funds have been appropriately "set aside" for payment of invoices as the authorized work proceeds.
5. Current Customer Deposits: The balance in this fund represents the approximate balance of customer deposits held by the Agency and refunded per the current Rules and Regulations for Water Service.
6. Unencumbered Cash Fund: Represents the difference between the total cash reserves and the balances in the identified funds.

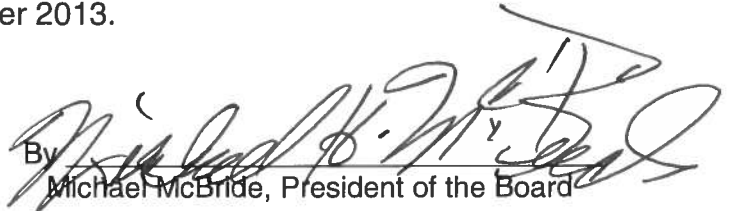
Fund Goals: The Board of Directors hereby establishes "fund goals", which should be reviewed periodically to maintain effectiveness, for the following reserve account funds:

- Emergency Contingencies Fund Minimum Goal: \$200,000
- Replacement & Refurbishment Fund Minimum Goal: \$200,000

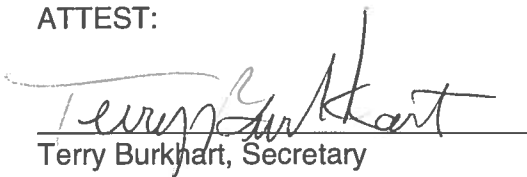
BE IT RESOLVED by the Board of Directors of the Bighorn-Desert View Water Agency:

1. Adopts this Resolution 13R-14 Establishing Criteria for Agency Financial Reserves; and
2. Policy No. 12P-03 is hereby rescinded.

PASSED, APPROVED, AND ADOPTED by the Board of Directors to Bighorn-Desert View Water Agency this 24th day of September 2013.

By 
Michael McBride, President of the Board

ATTEST:


Terry Burkhardt, Secretary

**POLICY STATEMENT
No. 12P-03**

**A POLICY OF THE BOARD OF DIRECTORS OF THE BIGHORN-DESERT
VIEW WATER AGENCY ESTABLISHING
CRITERIA FOR AGENCY FINANCIAL RESERVES**

The Board of Directors of the Bighorn-Desert View Water Agency, acting as the elected legislative body of the Agency, so far as practical, shall fix such rate or rates for water in the Agency and in each improvement district, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extension, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due, pursuant to California State Water Code Appendix, Section 112-25.

In order to fulfill the fiduciary responsibilities of the Agency, the financial reserve account shall be established, maintained and updated periodically based on the following criteria.

The financial reserve account shall consist of:

Account No. 01-13303 – LAIF Unencumbered Cash
Account No. 01-13306 – LAIF Basic Facilities Charge
Account No. 01-13307 – LAIF Customer Deposits
Account No. 01-13309 – LAIF Emergency Contingencies
Account No. 01-13310 – LAIF Replacement & Refurbishment
Account No. 01-13311 – LAIF Encumbered for Projects
Account No. 01-13312 – LAIF Bond Debt Service Fund

Authorization for use of funds within the financial reserve account shall be as follows:

1. Emergency Contingencies Fund: Expenditures from this fund shall be authorized by the Board of Directors upon presentation of evidence that unencumbered cash is not available to meet an immediate need such as water system repairs or in response to an unforeseen circumstance (e.g. water quality issue or natural disaster).
2. Replacement & Refurbishment Fund: Expenditures from this fund shall be authorized by the Board of Directors upon presentation of project costs not contemplated in the annual Operating Budget (e.g. well pump replacement or refurbishment, well rehabilitation, reservoir rehabilitation, etc.).

3. Basic Facilities Charges Fund: Expenditures from this fund shall be authorized by the Board of Directors as new capital projects (e.g. mainline extensions, new reservoirs, new wells, etc.).
4. Encumbered Funds for Approved Projects: As the Board of Directors authorizes expenditures from another reserve account the specified account will be reduced and the Encumbered Funds account will be increased to show that the funds have been appropriately "set aside" for payment of invoices as the authorized work proceeds.
5. Current Customer Deposits: The balance in this fund represents the approximate balance of customer deposits held by the Agency and refunded per the current Rules and Regulations for Water Service.
6. Unencumbered Cash Fund: Represents the difference between the total cash reserves and the balances in the identified funds.

Fund Goals: The Board of Directors hereby establishes "fund goals", which should be reviewed periodically to maintain effectiveness, for the following reserve account funds:

- Emergency Contingencies Fund Minimum Goal: \$200,000
- Replacement & Refurbishment Fund Minimum Goal: \$200,000

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bighorn-Desert View Water Agency:

1. Adopts this Policy No. 12P-03 Establishing Criteria for Agency Financial Reserves; and
2. Policy No. 12P-01 is hereby rescinded.

PASSED, APPROVED, AND ADOPTED by the Board of Directors to Bighorn-Desert View Water Agency this 22nd day of May 2012.

I, the undersigned, hereby certify that I am the duly-appointed Secretary of the Board of Directors of the Bighorn-Desert View Water Agency, and that at a regular meeting of the Board held on May 22, 2012, the foregoing Policy 12P-03 was adopted by said Board, and that it has not been rescinded or amended since the date of its adoption, and is now in full force and effect.



David Larson, Board Secretary